

HAUSE ACTUARIAL SOLUTIONS, INC.

The Credit Insurance Database

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Introduction

The CREDIT INSURANCE DATABASE was the product of some outstanding vision and hard work of Gary Fagg and the people at CREDITRE. It originally started as a “wish list”. The first attempts to extract report information from the NAIC CIEE database used Basic programs to build more useable records, which were then imported into Microsoft (MS) Excel. In this time consuming process, the Excel data was then formatted and interpreted. The next attempt incorporated MS Access into the process. Numerous macros were used to speed up the process; however, it was still necessary to export data into Excel for formatting. A simple report could take up to 30 minutes to produce.

Data errors were also a problem. Small and large errors were discovered. One large set of errors in the 1993 data increased the countrywide disability loss ratio by 5%. Basic programs were used to find the small errors and to make the necessary corrections. These errors, most of which were plus or minus a dollar from rounding, are recorded in error files. In the case of larger errors, companies were contacted directly to confirm the problem and to provide corrections to the database.

Finding a better way to extract and display the data brought us to Version 1.0 of the CREDIT INSURANCE DATABASE. This version includes a Class designation, which allows the user to decide which companies’ data to include for analysis.

In 2007, this latest version incorporates the best of the CREDITRE design and the considerable expertise of the Hause Actuarial programming staff. While we are quite proud of the result, we are always looking for ways to improve the database and its usability. Any reasonable suggestion will be considered.

We use the database every day in our work and believe that you will gain from the data contained within it. This database provides a low-cost, high return tool that you can use to:

- Get to the knowledge you need
- Understand your marketplace
- Compare your business position to the industry in general
- See relevant competitor information
- Obtain a clearer understanding of where the credit insurance industry is heading

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System Requirements and Software Installation

System Requirements.

The destination system must have at least a Pentium III 450 or better processor, 100 MB of free disk space, 512MB of RAM, IE6 with current service packs or better, Windows Operating System (Win98b or better), and MS Access 2000 or better must be installed.

Menu System

The menu system for the current version of The Credit Insurance Database (TCID) has been changed significantly. Similar to the older system, command buttons are used to move you through the system.

When you first open the system the following menu will appear.

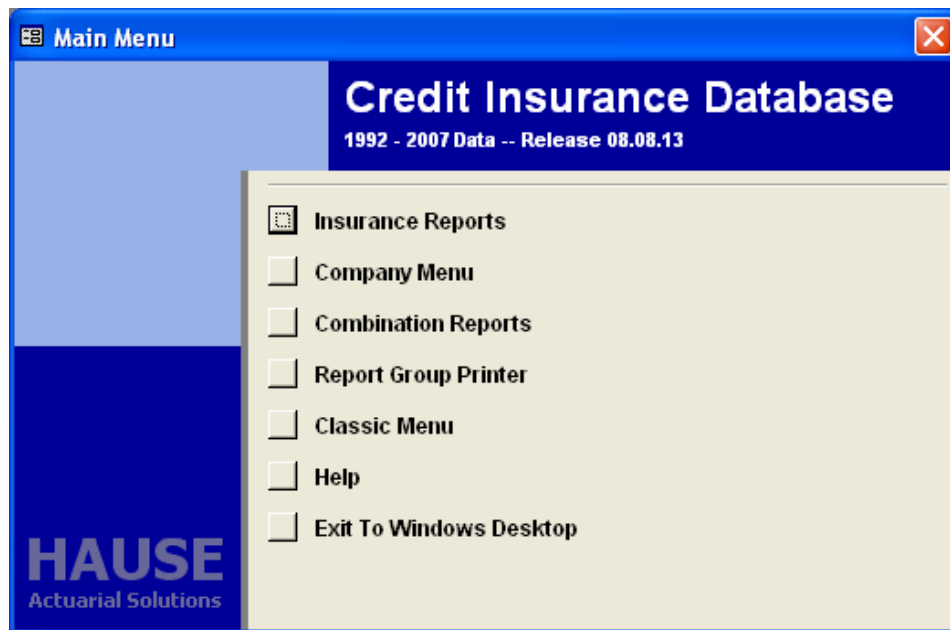


FIGURE 2.1 TCID Main Menu

Company Menu

Find Company

Choosing Find Company allows you to locate a specific company's information from the options:

- Company name
- Company NAIC code
- Group name

Find Company

Company Names Find company information by selecting the company name or company code or group name from the selection boxes above.

Company Codes

Group Names

Company Name:

Company Code:

Address:

City, ST Postal:

Domicile:

Inception Year:

Federal ID:

Business Type:

Company Type:

Class:

Annual Statement Contact:

President:

Telephone:

Group Name:

Group Code:

CCIA:

Record: of 1

FIGURE 2.2 Find Company user form.

Use *Company Code* if you know the five digit NAIC code and are interested in finding company information.

To use either *Company Name* or *Group Name* options, select the appropriate button and enter as much of the name as you know. Wildcards are accepted if you know at least the first three letters.

CCIA Companies

Choosing CCIA Companies allows you to compile data based on CCIA membership.

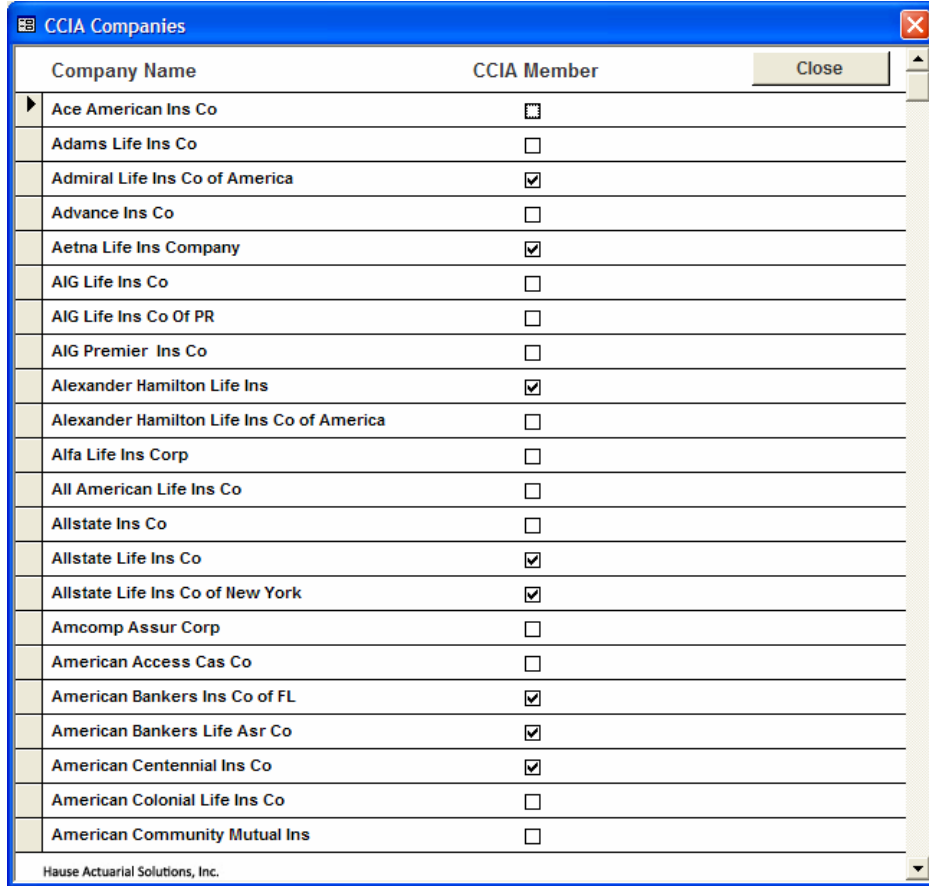


FIGURE 2.3 Find Company user form.

Choose Class

Choosing “Class” allows you to compile data by class of business. For example, if you want to review auto dealer data, press the **Auto** button. This will select and include all insurers whose business has been classified as predominately produced by automobile dealers.

Company Name	Include - 537
▶ Ace American Ins Co	<input checked="" type="checkbox"/>
Adams Life Ins Co	<input checked="" type="checkbox"/>
Admiral Life Ins Co of America	<input checked="" type="checkbox"/>
Advance Ins Co	<input checked="" type="checkbox"/>
Aetna Life Ins Company	<input checked="" type="checkbox"/>
AIG Life Ins Co	<input checked="" type="checkbox"/>
AIG Life Ins Co Of PR	<input checked="" type="checkbox"/>
AIG Premier Ins Co	<input checked="" type="checkbox"/>
Alexander Hamilton Life Ins	<input checked="" type="checkbox"/>
Alexander Hamilton Life Ins Ct	<input checked="" type="checkbox"/>
Alfa Life Ins Corp	<input checked="" type="checkbox"/>
All American Life Ins Co	<input checked="" type="checkbox"/>
Allstate Ins Co	<input checked="" type="checkbox"/>
Allstate Life Ins Co	<input checked="" type="checkbox"/>

FIGURE 2.4 Choose Class form.

Adding/Eliminating Companies

To add additional companies to specific Class selections, simply browse the company listing, and, by clicking, place a check mark in the selection box to the right of each name you wish to add.

To eliminate a specific company, simply remove the check mark from the selection box to the right of the name of each company you want removed from the report.

For studies of specific companies, select the None button, which will unselect all companies. Browse through the company listing and select only those companies you want to include in the study.

Insurance Reports

Life

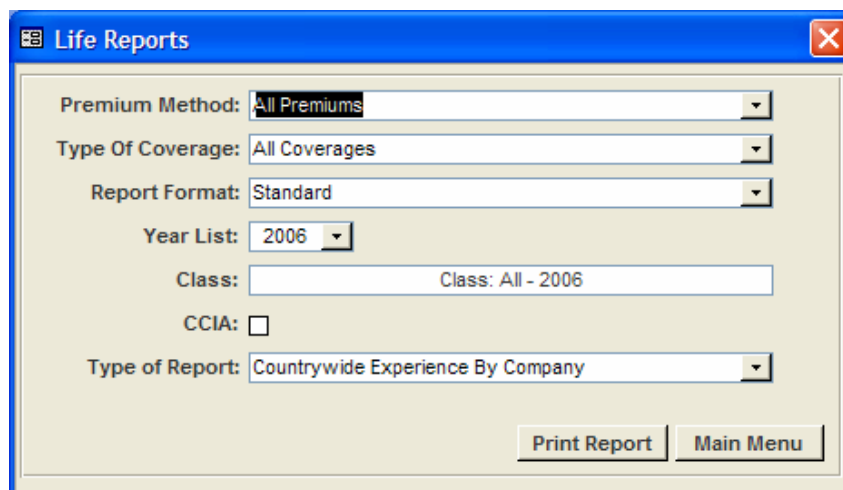
Choosing “Life” leads you to the Life Reports selection screen, where you may select the information you want to review. (See the REPORTS section for descriptions of the available reports).

Select Premium Method from the options:

- All Premiums
- Single Premium
- All MOB Premium
- Open-End MOB (generally credit card and revolving charge card, and some credit union)
- Closed-End MOB (primarily credit union and real estate secured business)

Select Type of Coverage from the options:

- All Coverages
- Single Life
- Joint life



The screenshot shows a software window titled "Life Reports" with a close button in the top right corner. The window contains several form fields:

- Premium Method:** A dropdown menu with "All Premiums" selected.
- Type Of Coverage:** A dropdown menu with "All Coverages" selected.
- Report Format:** A dropdown menu with "Standard" selected.
- Year List:** A dropdown menu with "2006" selected.
- Class:** A text input field containing "Class: All - 2006".
- CCIA:** An unchecked checkbox.
- Type of Report:** A dropdown menu with "Countrywide Experience By Company" selected.

At the bottom right of the form, there are two buttons: "Print Report" and "Main Menu".

FIGURE 2.5 Life Report form.

Note - When a State, Company, or Group report selection is made, a pop up box will appear, asking you to enter the state, company, or group information. Input your choice by typing or clicking on the drop-down box. If you want to amend your report request, select Cancel.

Disability

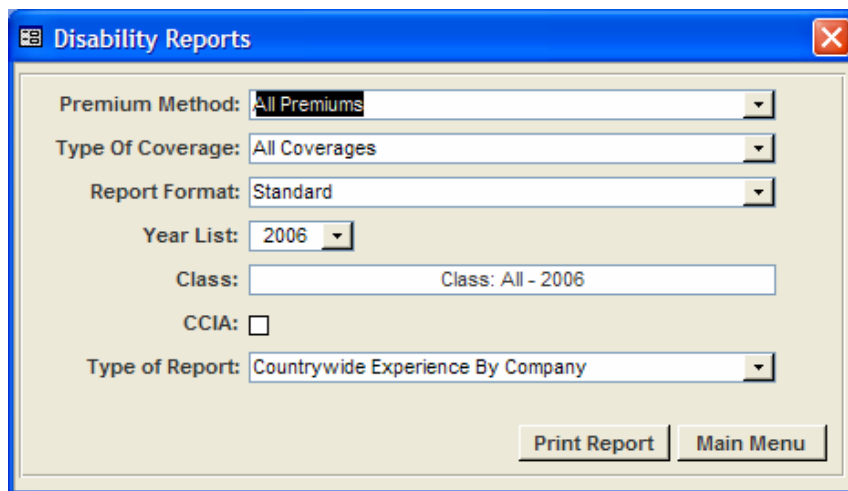
Choosing “Disability” leads you to the Disability Reports selection screen, where you may select the information you want to review.

Select one Premium Method from the options:

- All Premiums
- Single Premium
- All MOB Premium
- Open-End MOB (generally credit card and revolving charge card, but some credit union)
- Closed-End MOB (primarily credit union and real estate secured business)

Select Type of Coverage from the options:

- All Coverages
- 7-R
- 14-R
- 14-NR
- 30-R
- 30-NR
- Other Coverages



The screenshot shows a software window titled "Disability Reports". Inside the window, there are several form fields and buttons. At the top, there is a "Premium Method" dropdown menu set to "All Premiums". Below it is a "Type Of Coverage" dropdown menu set to "All Coverages". The next field is "Report Format" set to "Standard". Below that is a "Year List" dropdown menu set to "2006". There is a "Class" text input field containing "Class: All - 2006". Below the class field is a "CCIA" checkbox, which is currently unchecked. At the bottom of the form is a "Type of Report" dropdown menu set to "Countrywide Experience By Company". At the bottom right of the window, there are two buttons: "Print Report" and "Main Menu".

FIGURE 2.6 Disability Report form.

Note - When a State, Company, or Group report selection is made, a pop up box will appear, asking you to enter the state, company, or group information. Input your choice by typing or clicking on the drop-down box. If you want to amend your report request, select Cancel.

IUI

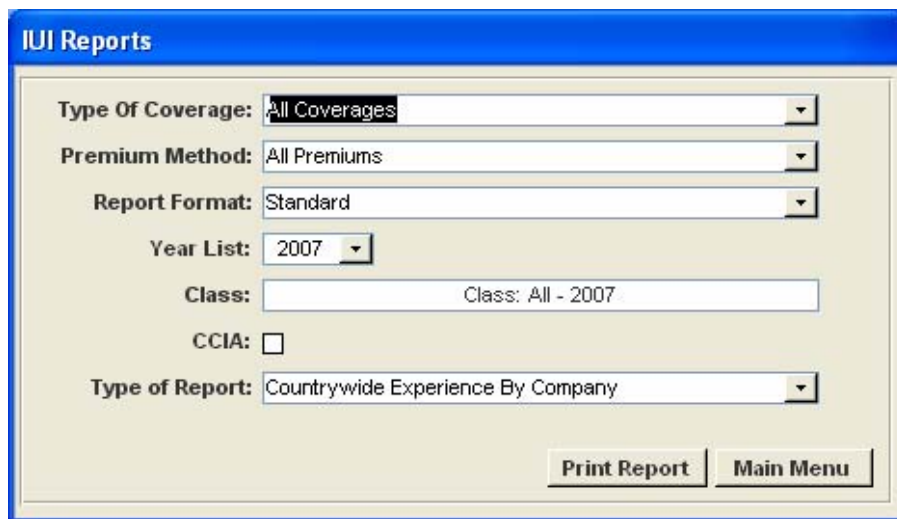
Choosing IUI (Involuntary Unemployment Insurance) leads you to the IUI Reports selection screen, where you may select the information you want to review.

Select Premium Method from the options:

- All Premiums
- Single Premium
- All MOB Premium

Select Type of Coverage from the options:

- All Coverages
- 30-R
- 30-NR
- Other Coverages



The screenshot shows a software window titled "IUI Reports". It contains several form fields and buttons. The fields are: "Type Of Coverage:" with a dropdown menu showing "All Coverages"; "Premium Method:" with a dropdown menu showing "All Premiums"; "Report Format:" with a dropdown menu showing "Standard"; "Year List:" with a dropdown menu showing "2007"; "Class:" with a text box containing "Class: All - 2007"; "CCIA:" with an unchecked checkbox; and "Type of Report:" with a dropdown menu showing "Countrywide Experience By Company". At the bottom right, there are two buttons: "Print Report" and "Main Menu".

FIGURE 2.7 IUI Report form.

Note - The database does not request detail of the other IUI by Premium Method or Coverage. If you choose Other, you will get all Other IUI.

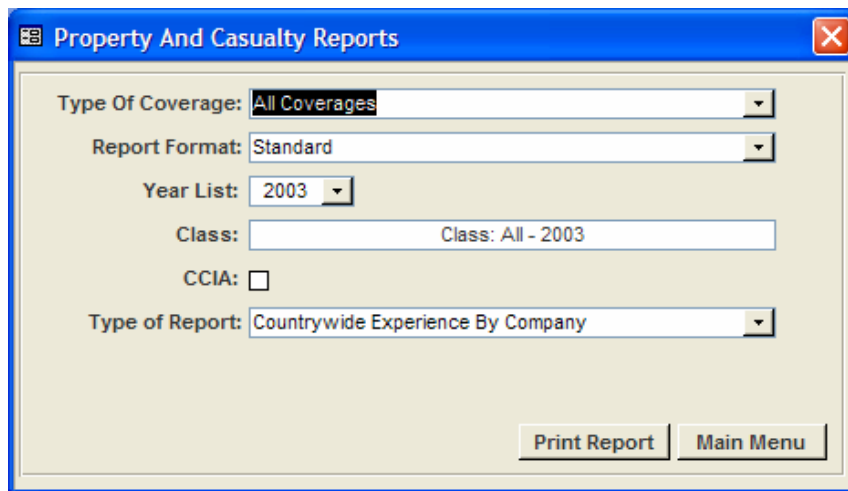
Note - When a State, Company, or Group report selection is made, a pop up box will appear, asking you to enter the state, company, or group information. Input your choice by typing or clicking on the drop-down box. If you want to amend your report request, select Cancel.

Property Pre 2004

Choosing “Property Pre 2004” leads you to the Property and Casualty Reports selection screen, where you may select the information you want to review.

Select Type of Coverage from the options:

- All Coverages
- Auto Physical Damage
- Fire & Extended Coverage
- Forced Placement
- Other Coverages



The screenshot shows a software window titled "Property And Casualty Reports". The window contains several input fields and buttons. The "Type Of Coverage" dropdown is set to "All Coverages". The "Report Format" dropdown is set to "Standard". The "Year List" dropdown is set to "2003". The "Class" text box contains "Class: All - 2003". The "CCIA" checkbox is unchecked. The "Type of Report" dropdown is set to "Countrywide Experience By Company". At the bottom right, there are two buttons: "Print Report" and "Main Menu".

FIGURE 2.8 Property and Casualty Report form.

Note - When a State, Company, or Group report selection is made, a pop up box will appear, asking you to enter the state, company, or group information. Input your choice by typing or clicking on the drop-down box. If you want to amend your report request, select Cancel.

Property Post 2003

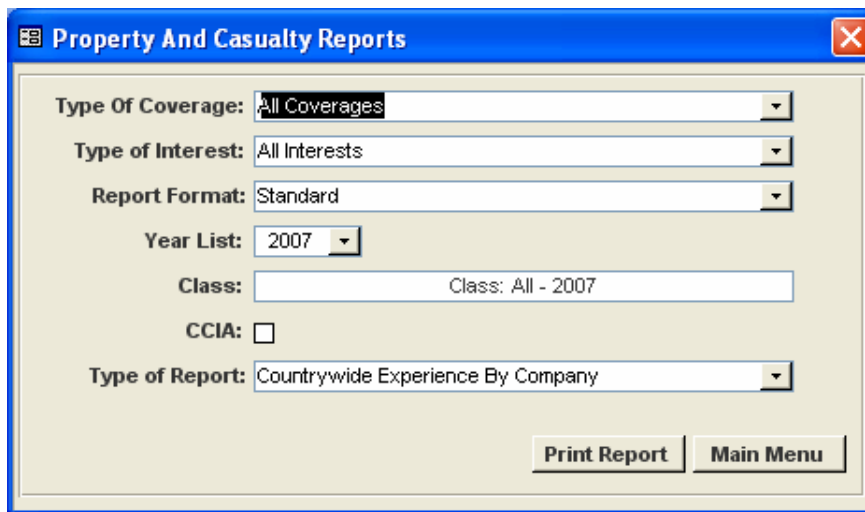
Choosing “Property Post 2003” leads you to the Property and Casualty Reports selection screen, where you may select the information you want to review.

Select Type of Coverage from the options:

- All Coverages
- Creditor Placed Home
- Creditor Place Auto
- Personal Property
- Other Coverages

Select Type of Interest from the options:

- All Interests
- Single Interest
- Dual Interest



The screenshot shows a web application window titled "Property And Casualty Reports". The window contains several form fields and buttons. The fields are: "Type Of Coverage" (dropdown menu with "All Coverages" selected), "Type of Interest" (dropdown menu with "All Interests" selected), "Report Format" (dropdown menu with "Standard" selected), "Year List" (dropdown menu with "2007" selected), "Class" (text input field containing "Class: All - 2007"), "CCIA" (checkbox, currently unchecked), and "Type of Report" (dropdown menu with "Countrywide Experience By Company" selected). At the bottom right of the form are two buttons: "Print Report" and "Main Menu".

FIGURE 2.8 Property and Casualty Report form.

Note - When a State, Company, or Group report selection is made, a pop up box will appear, asking you to enter the state, company, or group information. Input your choice by typing or clicking on the drop-down box. If you want to amend your report request, select Cancel.

Other P/C Post 2003

Choosing “Other P/C Post 2003” leads you to the Other Credit Insurance Reports selection screen, where you may select the information you want to review.

Select Type of Coverage from the options:

- All Coverages
- Family Leave
- Personal GAP
- Other Coverages



The screenshot shows a web-based form titled "Other Credit Insurance Reports". The form is enclosed in a blue border. It contains the following elements:

- Type Of Coverage:** A dropdown menu with "All Coverages" selected.
- Report Format:** A dropdown menu with "Standard" selected.
- Year List:** A dropdown menu with "2007" selected.
- Class:** A text input field containing "Class: All - 2007".
- CCIA:** A checkbox that is currently unchecked.
- Type of Report:** A dropdown menu with "Countrywide Experience By Company" selected.
- Buttons:** Two buttons at the bottom right: "Print Report" and "Main Menu".

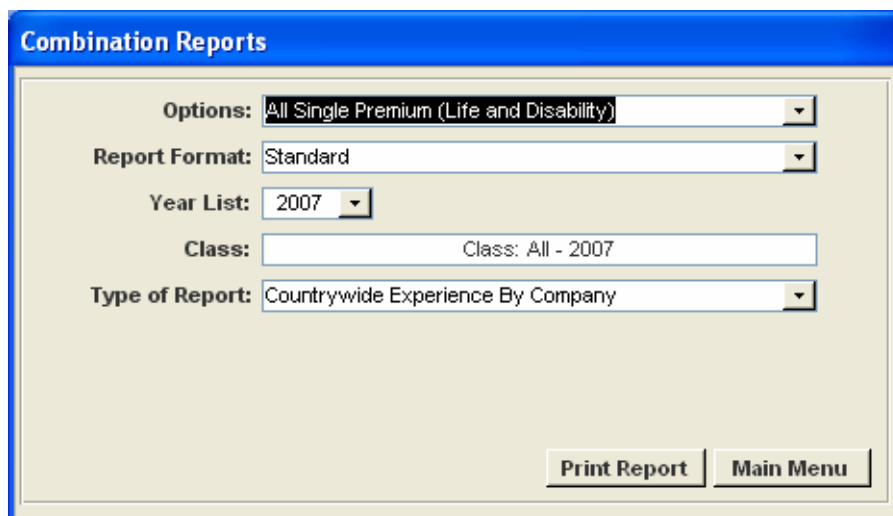
FIGURE 2.9 Other Credit Insurance Report form.

Note - When a State, Company, or Group report selection is made, a pop up box will appear, asking you to enter the state, company, or group information. Input your choice by typing or clicking on the drop-down box. If you want to amend your report request, select Cancel.

Combination Reports

Choosing Combination Reports leads you to the Combination Reports selection screen, where you may select the information you want to review. Choose one of the three available options:

- All Single Premium (Life and Disability)
- All Open-End MOB (Life, Disability and IUI)
- All Closed-End MOB (Life and Disability)



The screenshot shows a software window titled "Combination Reports" with a blue header. Inside the window, there are five dropdown menus and two buttons. The "Options" dropdown is set to "All Single Premium (Life and Disability)". The "Report Format" dropdown is set to "Standard". The "Year List" dropdown is set to "2007". The "Class" dropdown is set to "Class: All - 2007". The "Type of Report" dropdown is set to "Countrywide Experience By Company". At the bottom right, there are two buttons: "Print Report" and "Main Menu".

FIGURE 2.10 Combination Report form.

Report Group Printer

Choosing Report Group Printer leads you to the Group Reports selection screen, where you may select the information you want to print.

Select Type of Insurance Report from the options:

- Life Reports
- Disability Reports
- IUI Reports
- Property Pre 2004

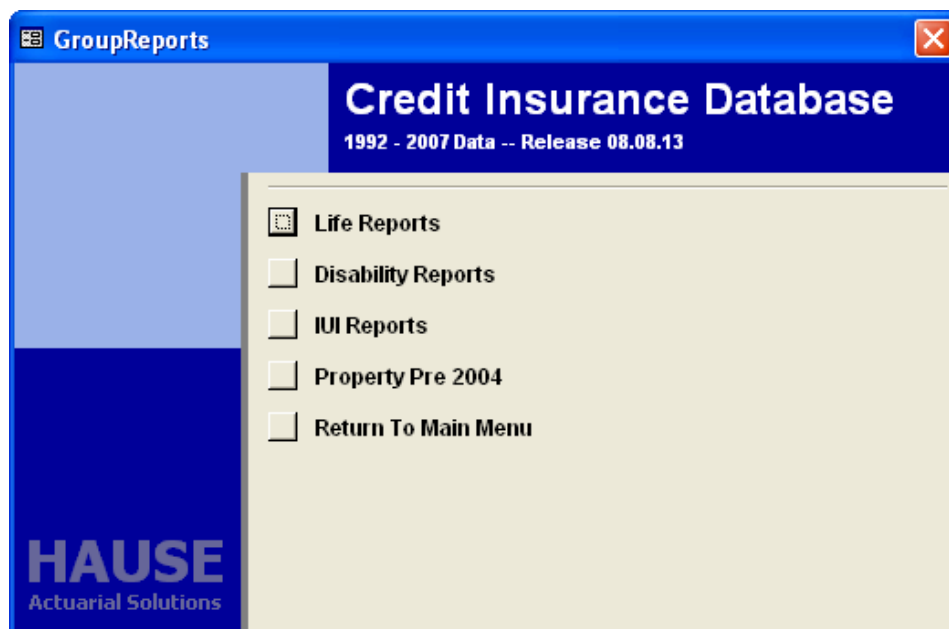


FIGURE 2.11 Group Report form.

Choosing a type of insurance report leads you to the Credit Insurance Report Printer selection screen where you may select the information you want to print.

Select Premium Method (if applicable), Type of Coverage, Report Format, Type of Report, and Year from the available options. You may select more than one option from each menu simply by clicking on the options you want to print or you may select all of the options by clicking “Select All” or “All Years.”

Credit Life Insurance Report Printer

Premium Method:
All Premiums
Single Premium
All MOB Premium
Open-End MOB
Closed-End MOB
Select All

Type of Coverage:
All Coverages
Single Life
Joint Life
Select All

Report Format:
Standard
Earned Premiums
Claim Reserves
Claim Costs
Refunds
Select All

Type of Report:
Countrywide Experience By Company
Countrywide Experience By State
Individual State Experience By Company
Individual Company Experience By State
Group - Countrywide Experience By Group
Group - Individual State Experience By Group
Group - Individual Group Experience By State
Select All

Year List:
2007
2006
2005
2004
2003
.....
All Years

Please select at least one Report Type, Report Format and Premium/Coverage Type. Select individual years from the list box or press the "All Years" button to select every available year.

Print **Cancel**

FIGURE 2.12 Credit Insurance Report Printer form

Classic Menu

Choosing Classic Menu leads you to a Main Menu similar to that of the previous version of The Credit Insurance Database. This is available if you are more familiar with this version.

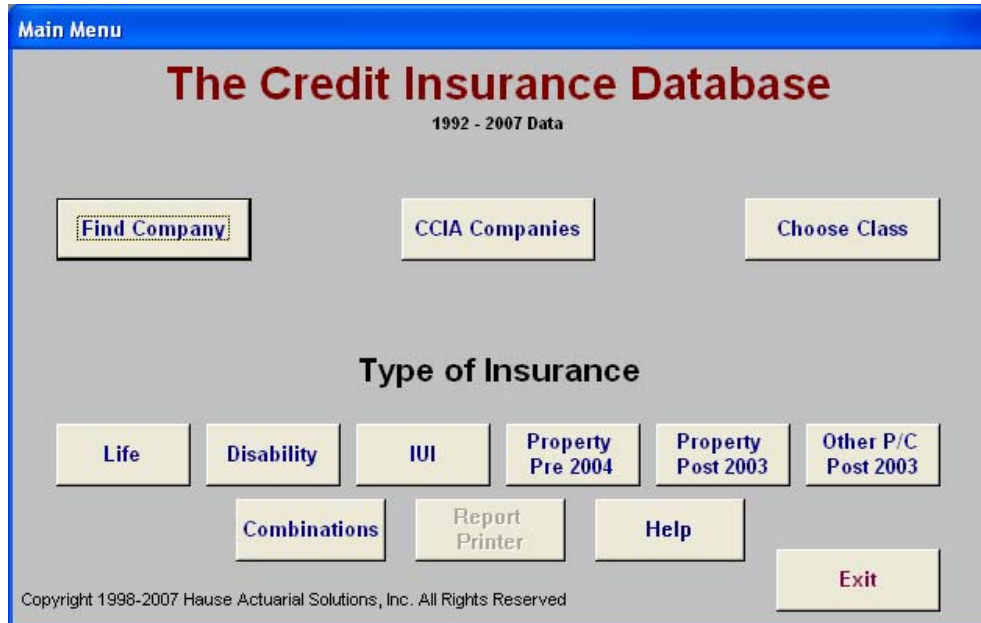


FIGURE 2.13 Classic Menu

Reports

There are five formats on which a report may be generated:

- Standard Report
 - Net Written Premiums
 - Earned Premiums
 - Earned Premiums at Prima Facie Rate
 - Incurred Claims
 - Front Compensation
 - Loss Ratio
 - Loss Ratio at Prima Facie Rate

- Earned Premiums Report
 - Net Written Premiums
 - Beginning and Ending Unearned Premium Reserves
 - Earned Premiums
 - Earned Premiums at Prima Facie Rate
 - Ratio of Earned Premiums to Earned Premiums at Prima Facie Rate

- Claim Reserves Report
 - Paid Claims
 - Beginning and Ending Unearned Claim Reserves
 - Incurred Claims
 - Reserve Factors – Beginning and End of Year
 - Reserve Per \$1,000 In-Force (Credit Life Only)

- Refunds Report
 - Gross Written Premiums
 - Refunds
 - Net Written Premiums
 - Earned Premiums
 - Refunds to Gross Written Premiums
 - Refunds to Earned Premiums

- Claim Costs Report (Credit Life Only)
 - Earned Premiums at Prima Facie Rate
 - Incurred Claims
 - Loss Ratio at Prima Facie Rate
 - Prima Facie Rate per \$100
 - Single Premium Claim Cost per \$100 per Year (in cents)
 - Insurance In-force (1,000s)
 - Monthly Qx per \$1,000

There are seven report types available:

- Countrywide Experience by Company
 - Countrywide experience for selected Premium Method and Coverage by individual company.
- Countrywide Experience by State
 - Countrywide experience for selected Premium Method and Coverage by individual state.
- Individual State Experience by Company
 - Experience for selected Premium Method and Coverage by individual company within a selected state. Enter the state name in the drop-down box.
- Individual Company Experience by State
 - Experience for selected Premium Method and Coverage by individual state for a selected company. Enter the company name in the drop-down box.
- Group - Countrywide Experience by Group
 - Countrywide experience for selected Premium Method and Coverage by company group.
- Group - Individual State Experience by Group
 - Experience for selected Premium Method and Coverage by company group within a selected state. Enter the state name in the drop-down box.
- Group - Individual Group Experience by State
 - Experience for selected Premium Method and Coverage by individual state for a selected company group. Enter the group name in the drop-down box.

Note: On some occasions, the report will show up behind the menu boxes. If this occurs, close the report and run it again.

Glossary

Class of Business - These class options are available to choose from:

- Auto: Business produced by automobile dealers.
- Bank: Business produced by banks.
- Credit Union: Business produced by credit unions.
- Finance Company: Business produced by finance companies.
- Mixed: Business produced by more than one class of producers.
- Retail: Business produced by a retail marketer.

Closed-End Loan - A loan for a specified amount and a fixed term. The amount borrowed cannot be increased.

Combination Reports - Reports in which coverages have been pre-set in the following combinations:

- Single premium: Life and Disability
- Open-End MOB: Life, Disability and IUI
- Closed-End MOB: Life and Disability.

Company Code - The 5-digit code assigned to each company by the NAIC.

Company Experience by State - All experience for selected coverage by individual state for a selected company.

Company Name - The legal name for a specific insurance company. Entering as few as three letters will open the selection screen. TIP: If you don't want to browse multiple pages of names, enter the full company name.

Credit Disability Insurance - Disability insurance purchased in conjunction with a consumer credit transaction which provides a monthly benefit equal to the required monthly payment, during the continued disability of the insured, during the term of the coverage.

Credit Life Insurance - Term life insurance purchased in conjunction with a consumer credit transaction, excluding first mortgage loans, which provides a benefit sufficient to pay off the credit obligation in the event of the insured's death during the term of the coverage.

Credit Property Insurance - Provides for payment of a loss when the property described is damaged or destroyed by a peril covered by the policy, but does not guarantee the payment of the loan and does not provide for payment in case of default. The Credit Property coverages are:

- Auto and Homeowners: Insurance secured by a lender in the event that the borrower fails to provide coverage as required by the lender.
- Fire and extended coverage: Provides coverage for loss due to: Fire, Lightning, Extended Coverage, (windstorm, hail, smoke, riot, explosion), Burglary and Robbery, Theft, Vandalism, or Malicious Mischief.
- Family Leave: Provides coverage for taking an approved leave of absence due to health or other family matters.
- Personal GAP: Provides coverage after a total loss of a vehicle due to a primary automobile insurer settlement falling short of the outstanding balance of the loan on a vehicle.
- Personal Property: Provides coverage on personal property that is a subject of financing for loss due to: Fire, Lightning, Extended Coverage, (windstorm, hail, smoke, riot, explosion), Burglary and Robbery, Theft, Vandalism, or Malicious Mischief.
- Forced placement: Insurance secured by a lender in the event that the borrower fails to provide property coverage required by the lender on the collateral of a loan.
- Other: Credit property insurance not covered by specific categories.

Dual Interest – Provides coverage above the outstanding balance of the loan, usually up to the value or purchase price of the item financed.

Elimination Period - The specified waiting period that either a disability or unemployed claimant must remain disabled or unemployed before benefit payments begin. The most common disability elimination periods are 14 day or 30 day. Unemployment typically uses a 30 day elimination period.

Group Name - The consolidated group name or fleet name of a group of affiliated companies. TIP: If you don't want to browse multiple pages of names, enter the full group name.

Involuntary Unemployment Insurance - Unemployment insurance purchased in conjunction with a consumer credit transaction which provides a monthly benefit equal to the required minimum monthly payment, in the case of the involuntary unemployment of the insured, during the term of the coverage.

MOB (Monthly Outstanding Balance) - Coverage written on the outstanding balance of a loan. Monthly premiums are charged for the insurance provided during the month. This coverage can be written for:

- Open-End Loans
- Closed-End Loans

Non-Retroactive Coverage - Disability or Unemployment coverage in which no claim payments are made during the elimination period. Credit Union disability insurance is the most common use for non-retroactive business.

Open-End Loan - The loan balance may be increased at any time by additional borrowing. The term of the loan is not fixed. Monthly payments may be for any amount from the required minimum up to the outstanding balance of the loan.

Premium Methods - The methods in which credit insurance premiums are paid. The available options are:

- Single premium: Credit insurance policy in which the entire premium is paid at the inception date.
- Open-End MOB: Monthly premiums charged on the balance of an open-end loan.
- Closed-End MOB: Monthly premiums charged on the balance of a closed-end loan.
- All MOB: Combination of all MOB business.

Retroactive Coverage - Benefits which are payable from the first day of either disability or unemployment provided the claimant has remained disabled/unemployed for the required elimination period. Automobile dealers, banks, and finance companies generally sell retroactive disability coverages. Most IUI business has retroactive benefits.

Single Interest – Provides only coverage for the lender, usually limited to the balance owed at the time of loss.

State Experience by Company - All experience for selected coverage by individual company within a selected state. Enter the state name when prompted.