

52,124

**REPORT TO THE  
NEW MEXICO DEPARTMENT OF INSURANCE  
Regarding Force Placed Insurance**

November 1, 1998

*The David Cox Company*

*The David Cox Company*  
Consulting Actuary

November 1, 1998

The Honorable Christopher Krahlung  
Superintendent of Insurance  
New Mexico Department of Insurance  
P.O. 1269  
Santa Fe, NM 87504-1269

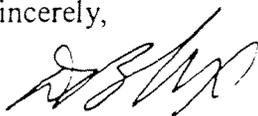
**RE: Report on Force-Placed Insurance**

Dear Mr. Krahlung:

My report entitled "Report to The New Mexico Department of Insurance Regarding Force Placed Insurance" is attached. This report summarizes the results of an Insurance Department survey on force placed credit property insurance. The survey requested information on premiums, losses and expenses for 1995, 1996 and 1997 for New Mexico and countrywide. A detailed questionnaire requested information on data reporting, policy provisions, claims, and market conduct. A total of 10 insurers had meaningful responses, which are summarized in this report.

It has been a pleasure working with you and the Insurance Department staff on this important project.

Sincerely,



David B. Cox, FCAS, MAAA  
Consulting Actuary

**REPORT TO THE  
NEW MEXICO DEPARTMENT OF INSURANCE  
Regarding Force Placed Insurance**

**November 1, 1998**

**Purpose and Scope**

The New Mexico Department of Insurance (NMDOI) requested that *The David Cox Company* (Cox) conduct a survey of insurers transacting force placed credit property insurance in New Mexico. The purpose of the survey is to determine credit property operating results and market practices. This report summarizes the results of the survey.

**Qualifications**

My name is David B. Cox. I am an independent consulting actuary. I am a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. I meet the qualification requirements of the American Academy of Actuaries to practice in the area of credit property insurance. My professional experience spans twenty years.

**Background**

The NMDOI is considering the merits of a proposed regulation on force-placed credit property insurance (CPI). The hearing docket number is 98-364-IN. A survey of CPI insurers was conducted in order to determine market practices and operating results. A copy of the survey is provided in the Appendix.

The survey requested information on premiums, losses and expenses for 1995, 1996 and 1997 for New Mexico and countrywide. A detailed questionnaire requested information on data reporting, policy provisions, claims, and market conduct. A total of 10 insurers had meaningful responses, which are summarized in this report.

**Data Sources and Reliances**

In preparation of this report, I relied on information provided by CPI insurers operating in New Mexico, the NMDOI, the *Report on Profitability By Line By State* published by the National Association of Insurance Commissioners, and *Best's Aggregates and Averages*.

**Distribution and Use**

This report is for the use of the NMDOI. I have no objection to further distribution. The user is requested to use the report in its entirety. Any questions about the report should be directed to David B. Cox, FCAS, MAAA.

*The David Cox Company*

## Summary of Results

### Market Shares

Exhibit 1 shows written premium net of terminations for each insurer for each year. Market shares show a high concentration in Balboa Group (Balboa and Meritplan) and Southern Insurance Company. These two insurers controlled 73% of the market in 1997. The Hirschman-Herfand index, a measure of market concentration, was 3,572 in 1997. Markets with an index above 1,800 are considered to be highly concentrated.

Exhibit 2 shows market shares for 1995 to 1997 by type of collateral. 87% of net premiums are for vehicles. This segment is very highly concentrated in Balboa Group and Southern (83%) with a Hirschman-Herfand index of 4,073. Mobile homes and other residential property compose 14% of the market. This segment has 4 major insurers and one smaller insurer. Very little experience was reported for "other property".

### Operating Results

Exhibit 3 shows the New Mexico CPI operating results for 1995 to 1997, as summarized below. A pie chart of the 1997 results is shown in Chart 1.

#### New Mexico CPI Operating Ratios

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Year Total</u>
Loss + LAE	43%	44%	43%	43%
Expenses	<u>53%</u>	<u>49%</u>	<u>39%</u>	<u>47%</u>
Losses & Expenses	96%	93%	83%	90%
Underwriting Profit	4%	7%	17%	10%

Profits exclude investment income and are before tax.

Figures may not add due to rounding.

Loss and loss adjustment expense (LAE) ratios are very stable. This may be due to the fact that both premiums and losses are subject to inflationary pressures. This is because premiums are a percentage of the loan balance.

Expenses have been trending downward sharply, dropping 14 points in three years. This is due primarily to reductions in commissions and other compensation paid to lenders. General expenses are down somewhat as well. Profits have increased sharply during the experience period.

Note that since loss ratios are stable, 1997 experience most accurately represents current operating results. On a prospective basis, results of operations will improve even more if expenses continue to trend downward.

The countrywide experience for these same insurers is more profitable due to lower expenses. Expenses are trending down while profits are trending up. The experience shown below is from Exhibit 8:

Countrywide CPI Operating Ratios

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Year Total</u>
Loss + LAE	44%	46%	43%	44%
Expenses	<u>43%</u>	<u>38%</u>	<u>34%</u>	<u>38%</u>
Losses & Expenses	87%	84%	76%	83%
Underwriting Profit	13%	16%	24%	17%

Profits exclude investment income and are before tax.

Exhibit 4 shows individual insurer experience for each of the 3 years while Exhibit 9 shows the corresponding countrywide experience for these insurers.

Exhibit 5 shows New Mexico experience by type of collateral for each of the 3 years. A pie chart of the 1997 results is shown in Charts 2 to 4. Mobile homes and other property are the most profitable segments. Loss ratios are about the same as vehicles but expenses are considerably lower.

New Mexico CPI Operating Ratios  
1997

	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
Loss + LAE	42%	39%	51%	112%	43%
Expenses	<u>42%</u>	<u>23%</u>	<u>25%</u>	<u>53%</u>	<u>39%</u>
Losses & Expenses	84%	61%	76%	165%	83%
Underwriting Profit	16%	39%	24%	-65%	17%

Exhibit 10 shows countrywide experience by type of collateral for each of the 3 years. New Mexico vehicle 1997 CPI profits are about the same as countrywide but loss ratios are lower and expense ratios are higher. The extremely profitable CPI property coverages are even more profitable on a countrywide basis.

For countrywide experience, loss ratios for mobile homes and other property are somewhat lower than for vehicles. Expenses for mobile homes and other property are significantly lower than for vehicles.

Countrywide CPI Operating Ratios  
1997

	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
Loss + LAE	47%	33%	38%	41%	43%
Expenses	<u>39%</u>	<u>14%</u>	<u>28%</u>	<u>63%</u>	<u>34%</u>
Losses & Expenses	86%	47%	67%	104%	76%
Underwriting Profit	14%	53%	33%	-4%	24%

Exhibit 6 shows individual insurer experience for each of the 3 years while Exhibit 11 shows the corresponding countrywide experience for these insurers.

Similar experience for non-force-placed private passenger automobile physical damage and homeowners is shown below. A pie chart of New Mexico experience is shown in Charts 5 and 6. Force-placed loss ratios are much lower than non-force-placed. Force-placed vehicle insurance expense ratios are much higher than for non-force-placed. Force-placed mobile homeowners and other real property expense ratios are only a little higher than for homeowners.

Private Passenger Auto Physical Damage and Homeowners  
Operating Ratios  
1996

	<u>New Mexico</u>		<u>Countrywide</u>	
	<u>Auto Phys Dam</u>	<u>Home Owners</u>	<u>Auto Phys Dam</u>	<u>Home Owners</u>
Loss + LAE	72%	80%	79%	89%
Expenses	23%	28%	22%	29%
Losses & Expenses	95%	109%	101%	117%
Underwriting Profit	5%	-9%	-1%	-17%

Profits exclude investment income and are before tax.

Source: NAIC

Exhibit 7 shows expenses incurred for commissions, service fees to creditors and other compensation paid to creditors. Commissions typically are not paid to creditors. No experience has been reported for service fees paid to creditors. Other compensation consists of cash payments to creditors. Other expenses consist of other acquisition costs, general expenses and taxes licenses and fees. Loan tracking funded by the insurer could

be reflected in the commission (if a general agent conducts the tracking), or other expenses (if the insurer conducts the tracking or pays a third party to conduct tracking).

#### New Mexico CPI Expense Ratios

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Year Total</u>
Commission	19%	16%	13%	16%
Service Fees	0%	0%	0%	0%
Other Compensation	8%	7%	5%	7%
Other Expenses	<u>25%</u>	<u>26%</u>	<u>22%</u>	<u>25%</u>
Total Expenses	53%	49%	39%	47%

Expense ratios for non-force-placed coverages are shown below:

#### Private Passenger Auto Physical Damage and Homeowners Expense Ratios 1996

	<u>New Mexico</u>		<u>Countrywide</u>	
	<u>Auto Phys Dam</u>	<u>Home Owners</u>	<u>Auto Phys Dam</u>	<u>Home Owners</u>
Commission	10%	13%	9%	15%
Policyholder Dividends	1%	0%	1%	0%
Other Expenses	<u>12%</u>	<u>15%</u>	<u>13%</u>	<u>14%</u>
Total Expenses	23%	28%	22%	29%

#### The Questionnaire

Responses to the questionnaire are summarized in the exhibits labeled "Survey". Not all of the questions are shown since some questions did not lend themselves to tabulation.

Question 1: Force placed versus non-contributory.

Non-contributory is a small segment. Non-contributory is credit property that is not force-placed. One insurer reported about \$1 million in non-contributory net premiums in 1997.

Question 2: Dual verses single interest.

A large majority of policies are written on a limited dual interest basis.

Question 3: Annual statement reporting.

Practices vary. Vehicles are commonly reported as commercial auto. Mobile homes are commonly reported as commercial auto or fire & allied lines. Other real property is commonly reported as fire & allied lines. Personal property is commonly reported as inland marine.

Question 4: Statistical agent reporting.

Typically companies report to statistical agents in the same way as annual statement reporting.

Question 5: How does your company market credit property insurance to lenders?

Practices vary but almost all insurers employ direct sales some of the time.

Questions 6 and 7: Licensing of creditors as insurance agents.

A large majority of creditors are not licensed as CPI agents nor are they appointed as such.

Question 8: Notices to the debtor.

One to three notices are provided before force-placement. Two notices is most common.

Question 9: How tracking is conducted.

Tracking is conducted by a wide variety of different entities. It appears that it is common for creditors to conduct their own loan tracking, at least in part.

Question 10: Who pays for insurance tracking on force placed credit property insurance?

50-50 insurer pays and 50-50 lender pays. Sometimes both.

Question 11: Who pays for insurance tracking on non-force placed credit property insurance?

Typically there is no tracking or the lender pays for tracking.

Question 12: What type of compensation is paid to lenders for force placed insurance by your company, your agents, MGA's or affiliates?

Usually the lender is paid an expense reimbursement.

Question 13: Maximum length of retroactive coverage.

Practices vary among insurers. It appears to be common for the application of retroactive coverage to be limited in some fashion.

Question 14: Underwriting guidelines regarding under-collateralized loans.

Only a few insurers underwrite on the basis of collateralization.

Question 15: Underwriting standards.

Typically force-placed insurance is not underwritten.

Question 16: Policy term.

All insurers reported using a one-year policy term.

Question 17: Certificate of insurance provided to debtor.

A large majority of creditors provide a certificate of insurance to the debtor.

Question 18: Debtor named as additional insured.

A majority of creditors name the debtor as an additional insured on dual interest policies.

Question 19: Placement of insurance when the remaining term of the loan is short.

Practices vary but it is common for the lender to decide when to place insurance in this case.

Question 20: Placement of insurance when the remaining balance of the loan is small.

Practices vary but it is common to not force-place insurance when the loan balance is below a specific threshold.

Question 21: Refund of premium upon cancellation.

Practices vary but the pro rata method appears to be most common.

Question 22: Coverages that are prohibited under the proposed regulation.

Practices vary but it appears that these coverages are not commonly offered. Mexico coverage and repossession expense are offered by a few insurers.

Question 23: Deductibles.

Practices vary. The lowest deductibles offered range from zero to \$250. The highest deductibles offered range from \$200 to \$5,000. The most common deductible appears to be \$200 or \$250.

Question 24: Claim practices.

A. Some claims are denied because the borrower or the collateral is ineligible even if premium was previously paid.	Only two insurers reported this claim practice.
B. The borrower is usually interviewed in order to determine the date the damage occurred.	Most insurers interview the borrower.
C. Settlement is usually delayed until the repossessed collateral is sold.	Only two insurers reported this claim practice.
D. The damaged collateral is usually inspected by a NM licensed claims adjuster.	Most insurers inspect the damaged collateral.
E. The salvage value is usually the amount recovered by the lender upon disposal of repossessed collateral.	Responses were about 50-50.

Question 24: Claim practices (continued).

F. A written statement of loss is provided to the borrower by the insurer.	Responses were about 50-50.
G. Notice is provided to the borrower that the borrower may incur storage charges after the date that the claim is paid.	Only 3 insurers provide notice.

Question 25: CPI sample premium calculation for a 1998 Honda Civic, \$13,500 loan balance.

- First year premiums vary from \$1,063 to \$2,049.
- One day of coverage varies from \$0 to \$151.
- One month of coverage varies from \$ 90 to \$496.

Question 26: CPI sample premium calculation for a mobile home \$35,000 loan balance and land worth \$10,000.

- First year premiums vary from \$355 to \$1,014.
- One day of coverage was \$0 to \$1.
- One month of coverage varies from \$0 to \$32.

**New Mexico Force Placed Insurance  
Insurance Department Survey**

**Written Premium Net of Terminations  
New Mexico Experience  
By Company & Year**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
American Bankers	\$599,221	\$327,471	\$611,121	\$1,537,814
American Security	305,912	464,545	411,326	1,181,783
Associates	107,415	123,537	118,580	349,532
Balboa	1,735,165	1,917,753	2,285,845	5,938,763
Cumis	414,884	375,957	429,256	1,220,097
Merit Plan	3,150,283	3,087,434	2,951,162	9,188,879
MIC	733,357	689,303	562,918	1,985,578
Southern IC	2,820,000	1,957,583	1,612,334	6,389,917
Vogager	226,442	269,243	372,046	867,731
Yosemite	32,000	(90,000)	(6,000)	(64,000)
Total	\$10,124,679	\$9,122,826	\$9,348,588	\$28,596,094

**Market Share**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
American Bankers	6%	4%	7%	5%
American Security	3%	5%	4%	4%
Associates	1%	1%	1%	1%
Balboa	17%	21%	24%	21%
Cumis	4%	4%	5%	4%
Merit Plan	31%	34%	32%	32%
MIC	7%	8%	6%	7%
Southern IC	28%	21%	17%	22%
Vogager	2%	3%	4%	3%
Yosemite	0%	-1%	0%	0%
Balboa+Merit Plan	48%	55%	56%	53%
Total	100%	100%	100%	100%
Hirschman-Herfand (With Balboa & Meritplan combined)	3,224	3,595	3,572	3,421

**New Mexico Force Placed Insurance  
Insurance Department Survey**

***Written Premium Net of Terminations, 1995-97  
New Mexico Experience  
By Company & Type of Collateral***

	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
American Bankers	\$37,267	\$770,409	\$730,138	\$0	\$1,537,814
American Security	203,202	0	978,581	0	1,181,783
Associates	0	0	349,532	0	349,532
Balboa	5,125,844	0	812,919	0	5,938,763
Cumis	1,220,097	0	0	0	1,220,097
Merit Plan	9,188,879	0	0	0	9,188,879
MIC	1,985,578	0	0	0	1,985,578
Southern IC	6,175,340	36,062	173,004	5,511	6,389,917
Vogager	867,731	0	0	0	867,731
Yosemite	(64,000)	0	0	0	(64,000)
<b>Total</b>	<b>\$24,739,938</b> 87%	<b>\$806,471</b> 3%	<b>\$3,044,174</b> 11%	<b>\$5,511</b> 0%	<b>\$28,596,094</b> 100%

***Market Share, 1995-97***

	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
American Bankers	0%	96%	24%	0%	5.4%
American Security	1%	0%	32%	0%	4.1%
Associates	0%	0%	11%	0%	1.2%
Balboa	21%	0%	27%	0%	20.8%
Cumis	5%	0%	0%	0%	4.3%
Merit Plan	37%	0%	0%	0%	32.1%
MIC	8%	0%	0%	0%	6.9%
Southern IC	25%	4%	6%	100%	22.3%
Vogager	4%	0%	0%	0%	3.0%
Yosemite	0%	0%	0%	0%	-0.2%
<b>Balboa+Merit Plan</b>	<b>58%</b>	<b>0%</b>	<b>27%</b>	<b>0%</b>	<b>53%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100.0%</b>
Hirschman-Herfandahl (With Balboa & Meritplan combined)	4,073	9,146	2,486	10,000	3,421

**New Mexico Force Placed Insurance  
Insurance Department Survey**

***Operating Ratios  
New Mexico Experience  
By Year***

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
<b>Industry Total</b>				
Loss + LAE	43%	44%	43%	43%
Commissions	19%	16%	13%	16%
Other Compensation	8%	7%	5%	7%
General Expenses	<u>25%</u>	<u>26%</u>	<u>22%</u>	<u>25%</u>
Subtotal Expenses	53%	49%	39%	47%
Losses & Expenses	96%	93%	83%	90%
Underwriting Profit (Without investment income) (Before tax)	4%	7%	17%	10%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

**Operating Ratios  
New Mexico Experience  
By Company & Year**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
<b>American Bankers</b>				
Loss + LAE	72%	59%	66%	67%
Commissions, Fees & Other Comp	14%	12%	8%	12%
Expenses	7%	7%	15%	9%
Profit	7%	22%	11%	12%
<b>American Security</b>				
Loss + LAE	15%	32%	35%	29%
Commissions, Fees & Other Comp	29%	22%	13%	20%
Expenses	17%	10%	9%	11%
Profit	39%	36%	43%	40%
<b>Associates</b>				
Loss + LAE	22%	0%	39%	20%
Commissions, Fees & Other Comp	0%	0%	0%	0%
Expenses	6%	8%	9%	8%
Profit	72%	92%	52%	72%
<b>Balboa</b>				
Loss + LAE	43%	44%	47%	45%
Commissions, Fees & Other Comp	50%	46%	40%	45%
Expenses	21%	22%	17%	20%
Profit	-13%	-12%	-3%	-9%
<b>CUMIS</b>				
Loss + LAE	50%	60%	42%	50%
Commissions, Fees & Other Comp	10%	9%	8%	9%
Expenses	48%	36%	34%	40%
Profit	-7%	-5%	16%	1%
<b>Merit Plan</b>				
Loss + LAE	46%	49%	42%	46%
Commissions, Fees & Other Comp	28%	23%	18%	23%
Expenses	21%	22%	18%	20%
Profit	5%	5%	21%	10%
<b>MIC</b>				
Loss + LAE	55%	34%	23%	39%
Commissions, Fees & Other Comp	0%	0%	0%	0%
Expenses	28%	34%	14%	25%
Profit	17%	32%	63%	36%
<b>Southern</b>				
Loss + LAE	28%	39%	40%	35%
Commissions, Fees & Other Comp	30%	19%	7%	20%
Expenses	35%	41%	40%	39%
Profit	7%	1%	12%	7%
<b>Voyager</b>				
Loss + LAE	33%	39%	74%	53%
Commissions, Fees & Other Comp	33%	6%	3%	10%
Expenses	9%	9%	8%	8%
Profit	24%	47%	15%	29%
<b>Yosemite</b>				
Loss + LAE	-34%	48%	-5%	-238%
Commissions, Fees & Other Comp	0%	0%	0%	0%
Expenses	-2%	-16%	0%	23%
Profit	136%	68%	105%	315%
<b>Industry Total</b>				
Loss + LAE	43%	44%	43%	43%
Commissions, Fees & Other Comp	28%	23%	18%	23%
Expenses	25%	26%	22%	25%
Profit	4%	7%	17%	10%

**New Mexico Force Placed Insurance**  
Insurance Department Survey

***Operating Ratios***  
***New Mexico Experience***  
***By Type of Collateral & Year***

	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
<b><u>1995</u></b>					
Loss + LAE	42%	46%	52%	2%	43%
Commissions, Fees & Other Comp	29%	16%	19%	116%	28%
Expenses	28%	8%	11%	0%	25%
Profit	2%	30%	19%	-18%	4%
<b><u>1996</u></b>					
Loss + LAE	44%	39%	47%	6%	44%
Commissions, Fees & Other Comp	24%	12%	17%	20%	23%
Expenses	29%	7%	10%	0%	26%
Profit	4%	42%	26%	74%	7%
<b><u>1997</u></b>					
Loss + LAE	42%	39%	51%	112%	43%
Commissions, Fees & Other Comp	18%	6%	14%	53%	18%
Expenses	23%	16%	11%	0%	22%
Profit	16%	39%	24%	-65%	17%
<b><u>Total 1995-97</u></b>					
Loss + LAE	43%	41%	50%	39%	43%
Commissions, Fees & Other Comp	24%	11%	17%	76%	23%
Expenses	27%	11%	11%	0%	25%
Profit	7%	37%	23%	-16%	10%
	42%	39%	51%	112%	43%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

**Operating Ratios, 1995-97  
New Mexico Experience  
By Company & Type of Collateral**

	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
<b>American Bankers</b>					
Loss + LAE	35%	41%	87%		67%
Commissions, Fees & Other Comp	34%	10%	13%		12%
Expenses	19%	12%	8%		9%
Profit	11%	37%	-7%		12%
<b>American Security</b>					
Loss + LAE	33%		28%		29%
Commissions, Fees & Other Comp	12%		21%		20%
Expenses	14%		11%		11%
Profit	42%		40%		40%
<b>Associates</b>					
Loss + LAE			20%		20%
Commissions, Fees & Other Comp			0%		0%
Expenses			8%		8%
Profit			72%		72%
<b>Balboa</b>					
Loss + LAE	45%		39%		45%
Commissions, Fees & Other Comp	47%		25%		45%
Expenses	20%		19%		20%
Profit	-12%		16%		-9%
<b>CUMIS</b>					
Loss + LAE	50%				50%
Commissions, Fees & Other Comp	9%				9%
Expenses	40%				40%
Profit	1%				1%
<b>Merit Plan</b>					
Loss + LAE	46%				46%
Commissions, Fees & Other Comp	23%				23%
Expenses	20%				20%
Profit	10%				10%
<b>MIC</b>					
Loss + LAE	39%				39%
Commissions, Fees & Other Comp	0%				0%
Expenses	25%				25%
Profit	36%				36%
<b>Southern</b>					
Loss + LAE	34%	37%	55%	38%	35%
Commissions, Fees & Other Comp	20%	30%	17%	76%	20%
Expenses	40%	0%	0%	0%	39%
Profit	6%	33%	28%	-14%	7%
<b>Voyager</b>					
Loss + LAE	53%				53%
Commissions, Fees & Other Comp	10%				10%
Expenses	8%				8%
Profit	29%				29%
<b>Yosemite</b>					
Loss + LAE	-238%				-238%
Commissions, Fees & Other Comp	0%				0%
Expenses	23%				23%
Profit	315%				315%
<b>Industry Total</b>					
Loss + LAE	43%	41%	50%	39%	43%
Commissions, Fees & Other Comp	24%	11%	17%	76%	23%
Expenses	27%	11%	11%	0%	25%
Profit	7%	37%	23%	-16%	10%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

**Commission, Service Fees & Other Compensation  
New Mexico Experience  
By Company & Year**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
<b>American Bankers</b>				
Commission	19%	12%	8%	12%
Service Fees	0%	0%	0%	0%
Other Compensation	8%	0%	0%	0%
Total	28%	12%	8%	12%
<b>American Security</b>				
Commission	29%	22%	13%	20%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	29%	22%	13%	20%
<b>Associates</b>				
Commission	0%	0%	0%	0%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	0%	0%	0%	0%
<b>Balboa</b>				
Commission	34%	34%	32%	34%
Service Fees	0%	0%	0%	0%
Other Compensation	16%	12%	7%	11%
Total	50%	46%	40%	45%
<b>CUMIS</b>				
Commission	0%	0%	0%	0%
Service Fees	0%	0%	0%	0%
Other Compensation	10%	9%	8%	9%
Total	10%	9%	8%	9%
<b>Merit Plan</b>				
Commission	11%	10%	10%	10%
Service Fees	0%	0%	0%	0%
Other Compensation	17%	14%	9%	13%
Total	28%	23%	18%	23%
<b>MIC</b>				
Commission	0%	0%	0%	0%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	0%	0%	0%	0%
<b>Southern</b>				
Commission	30%	19%	7%	20%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	30%	19%	7%	20%
<b>Voyager</b>				
Commission	33%	6%	3%	10%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	33%	6%	3%	10%
<b>Yosemite</b>				
Commission	0%	0%	0%	0%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	0%	0%	0%	0%
<b>Industry Total</b>				
Commission	19%	16%	13%	16%
Service Fees	0%	0%	0%	0%
Other Compensation	8%	7%	5%	7%
Total	28%	23%	18%	23%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

***Operating Ratios  
Countrywide Experience  
By Year***

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
<b>Industry Total</b>				
Loss + LAE	44%	46%	43%	44%
Commissions	19%	15%	12%	15%
Other Compensation	4%	3%	3%	3%
General Expenses	<u>21%</u>	<u>19%</u>	<u>19%</u>	<u>20%</u>
Subtotal Expenses	43%	38%	34%	38%
Losses & Expenses	87%	84%	76%	83%
Underwriting Profit (Without investment income) (Before tax)	13%	16%	24%	17%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

**Operating Ratios  
Countrywide Experience  
By Company & Year**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
<b>American Bankers</b>				
Loss + LAE	44%	46%	48%	45%
Commissions, Fees & Othe	22%	13%	8%	14%
Expenses	21%	7%	7%	9%
Profit	13%	34%	37%	32%
<b>American Security</b>				
Loss + LAE	45%	39%	30%	38%
Commissions, Fees & Othe	36%	24%	13%	24%
Expenses	15%	7%	9%	10%
Profit	4%	31%	48%	27%
<b>Associates</b>				
Loss + LAE	31%	32%	31%	31%
Commissions, Fees & Othe	0%	0%	0%	0%
Expenses	6%	8%	9%	7%
Profit	62%	61%	60%	61%
<b>Balboa</b>				
Loss + LAE	40%	46%	46%	45%
Commissions, Fees & Othe	32%	29%	25%	28%
Expenses	21%	22%	17%	20%
Profit	8%	2%	12%	7%
<b>CUMIS</b>				
Loss + LAE	44%	41%	36%	40%
Commissions, Fees & Othe	7%	7%	7%	7%
Expenses	71%	60%	55%	62%
Profit	-23%	-8%	2%	-9%
<b>Merit Plan</b>				
Loss + LAE	50%	54%	54%	53%
Commissions, Fees & Othe	44%	35%	26%	34%
Expenses	22%	16%	18%	18%
Profit	-16%	-4%	2%	-6%
<b>MIC</b>				
Loss + LAE	48%	58%	53%	53%
Commissions, Fees & Othe	0%	0%	0%	0%
Expenses	31%	34%	38%	34%
Profit	21%	8%	9%	13%
<b>Southern</b>				
Loss + LAE	28%	39%	40%	35%
Commissions, Fees & Othe	30%	19%	7%	20%
Expenses	35%	41%	40%	39%
Profit	7%	1%	12%	7%
<b>Voyager</b>				
Loss + LAE	38%	101%	46%	43%
Commissions, Fees & Othe	15%	201%	-17%	23%
Expenses	5%	5%	5%	5%
Profit	41%	-207%	66%	29%
<b>Yosemite</b>				
Loss + LAE	84%	66%	33%	70%
Commissions, Fees & Othe	2%	0%	0%	1%
Expenses	7%	3%	2%	4%
Profit	8%	32%	64%	25%
<b>Industry Total</b>				
Loss + LAE	44%	46%	43%	44%
Commissions, Fees & Othe	22%	19%	15%	19%
Expenses	21%	19%	19%	20%
Profit	13%	16%	24%	17%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

***Operating Ratios  
Countrywide  
By Type of Collateral & Year***

	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
<b><u>1995</u></b>					
Loss + LAE	49%	26%	39%	1817%	44%
Commissions, Fees & Other Comp Expenses	25%	7%	21%	95%	22%
Profit	26%	12%	15%	7%	21%
	1%	56%	25%	-1819%	13%
<b><u>1996</u></b>					
Loss + LAE	51%	33%	41%	71%	46%
Commissions, Fees & Other Comp Expenses	19%	5%	19%	90%	19%
Profit	26%	4%	13%	0%	19%
	5%	59%	26%	-62%	16%
<b><u>1997</u></b>					
Loss + LAE	47%	33%	38%	41%	43%
Commissions, Fees & Other Comp Expenses	13%	5%	16%	50%	15%
Profit	26%	9%	13%	13%	19%
	14%	53%	33%	-4%	24%
<b><u>Total 1995-97</u></b>					
Loss + LAE	49%	30%	40%	49%	44%
Commissions, Fees & Other Comp Expenses	19%	6%	18%	58%	19%
Profit	26%	8%	13%	11%	20%
	6%	56%	28%	-18%	17%
	47%	33%	38%	41%	43%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

**Operating Ratios, 1995-97  
Countrywide Experience  
By Company & Type of Collateral**

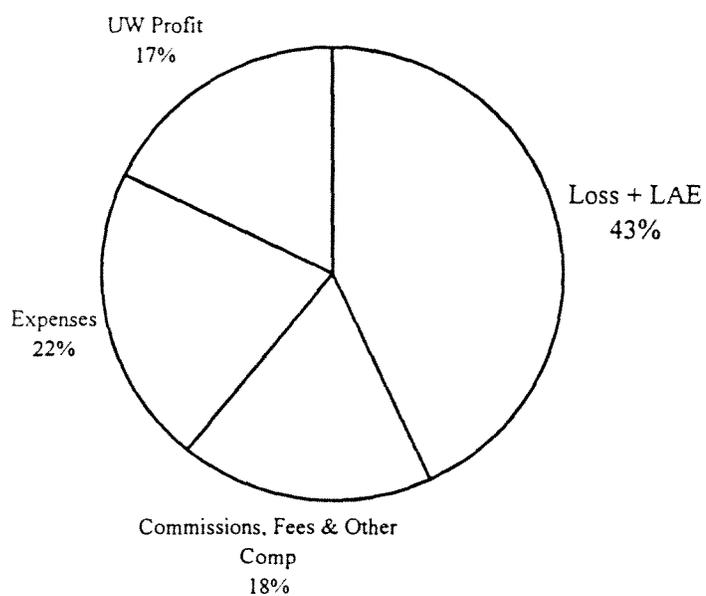
	<u>Vehicles</u>	<u>Mobile Homes</u>	<u>Other Dwellings</u>	<u>Other Property</u>	<u>Total</u>
<b>American Bankers</b>					
Loss + LAE	49%	30%	48%	42%	45%
Commissions, Fees & Other Comp	16%	6%	14%	42%	14%
Expenses	8%	8%	9%	11%	9%
Profit	26%	56%	28%	5%	32%
<b>American Security</b>					
Loss + LAE	37%		39%		38%
Commissions, Fees & Other Comp	32%		21%		24%
Expenses	9%		11%		10%
Profit	22%		29%		27%
<b>Associates</b>					
Loss + LAE			31%		31%
Commissions, Fees & Other Comp			0%		0%
Expenses			7%		7%
Profit			61%		61%
<b>Balboa</b>					
Loss + LAE	51%		37%	131%	45%
Commissions, Fees & Other Comp	35%		21%	256%	28%
Expenses	20%		20%	7%	20%
Profit	-6%		23%	-294%	7%
<b>CUMIS</b>					
Loss + LAE	40%				40%
Commissions, Fees & Other Comp	7%				7%
Expenses	62%				62%
Profit	-9%				-9%
<b>Merit Plan</b>					
Loss + LAE	53%		50%		53%
Commissions, Fees & Other Comp	37%		23%		34%
Expenses	18%		19%		18%
Profit	-9%		8%		-6%
<b>MIC</b>					
Loss + LAE	53%				53%
Commissions, Fees & Other Comp	0%				0%
Expenses	34%				34%
Profit	13%				13%
<b>Southern</b>					
Loss + LAE	34%	37%	55%	38%	35%
Commissions, Fees & Other Comp	20%	30%	17%	76%	20%
Expenses	40%	0%	0%	0%	39%
Profit	6%	33%	28%	-14%	7%
<b>Voyager</b>					
Loss + LAE	43%				43%
Commissions, Fees & Other Comp	23%				23%
Expenses	5%				5%
Profit	29%				29%
<b>Yosemite</b>					
Loss + LAE	72%		61%		70%
Commissions, Fees & Other Comp	0%		5%		1%
Expenses	4%		6%		4%
Profit	24%		29%		25%
<b>Industry Total</b>					
Loss + LAE	49%	30%	40%	49%	44%
Commissions, Fees & Other Comp	19%	6%	18%	58%	19%
Expenses	26%	8%	13%	11%	20%
Profit	6%	56%	28%	-18%	17%

**New Mexico Force Placed Insurance  
Insurance Department Survey**

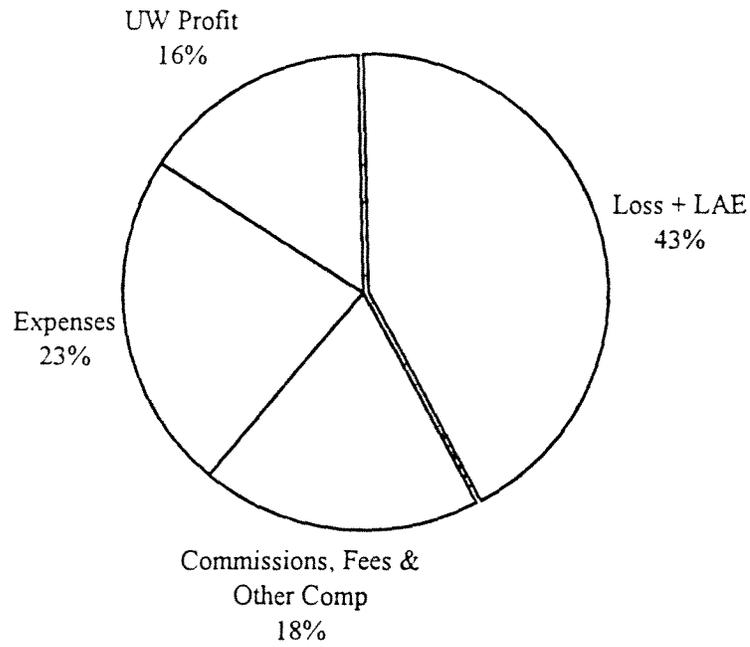
**Commission, Service Fees & Other Compensation  
Countrywide Experience  
By Company & Year**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>3 Yr Total</u>
<b>American Bankers</b>				
Commission	19%	13%	8%	14%
Service Fees	0%	0%	0%	0%
Other Compensation	4%	0%	0%	0%
Total	22%	13%	8%	14%
<b>American Security</b>				
Commission	36%	24%	13%	24%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	36%	24%	13%	24%
<b>Associates</b>				
Commission	0%	0%	0%	0%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	0%	0%	0%	0%
<b>Balboa</b>				
Commission	21%	21%	19%	21%
Service Fees	0%	0%	0%	0%
Other Compensation	10%	8%	5%	8%
Total	32%	29%	25%	28%
<b>CUMIS</b>				
Commission	0%	0%	0%	0%
Service Fees	0%	0%	0%	0%
Other Compensation	7%	7%	7%	7%
Total	7%	7%	7%	7%
<b>Merit Plan</b>				
Commission	29%	23%	19%	23%
Service Fees	0%	0%	0%	0%
Other Compensation	15%	12%	7%	11%
Total	44%	35%	26%	34%
<b>MIC</b>				
Commission	0%	0%	0%	0%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	0%	0%	0%	0%
<b>Southern</b>				
Commission	30%	19%	7%	20%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	30%	19%	7%	20%
<b>Voyager</b>				
Commission	15%	140%	-17%	20%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	61%	0%	4%
Total	15%	201%	-17%	23%
<b>Yosemite</b>				
Commission	2%	0%	0%	1%
Service Fees	0%	0%	0%	0%
Other Compensation	0%	0%	0%	0%
Total	2%	0%	0%	1%
<b>Industry Total</b>				
Commission	19%	15%	12%	15%
Service Fees	0%	0%	0%	0%
Other Compensation	4%	3%	3%	3%
Total	22%	19%	15%	19%

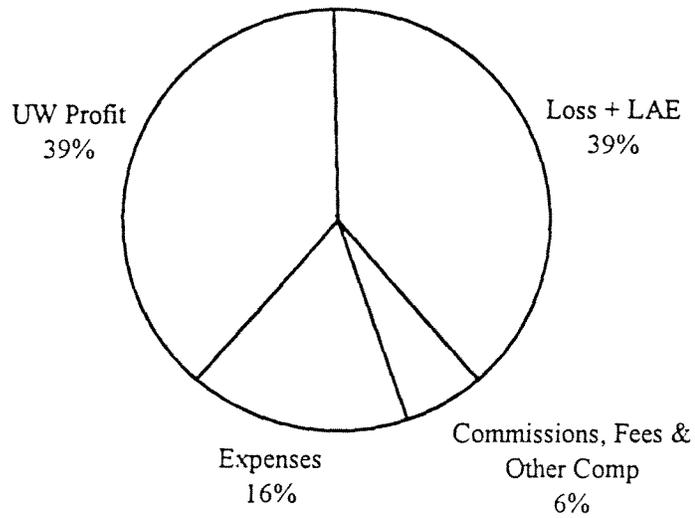
**Force Placed Insurance in New Mexico  
1997  
All Coverages Combined**



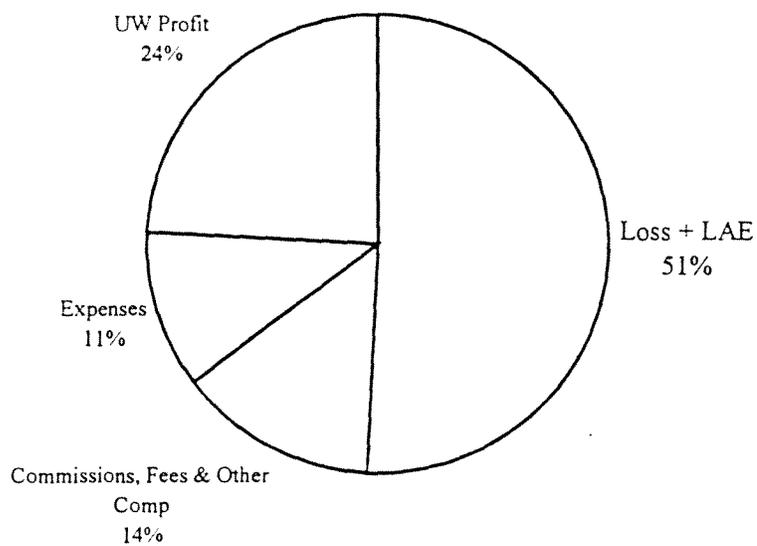
### Force Placed Insurance in New Mexico 1997 Vehicle Coverages



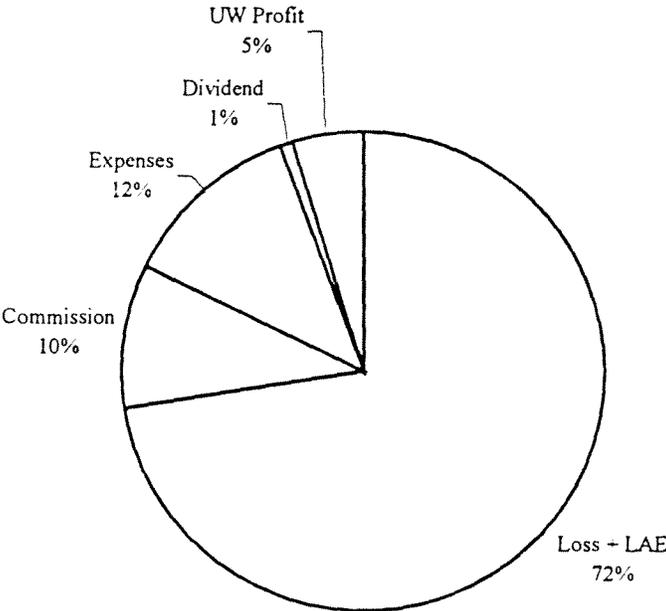
**Force Placed Insurance in New Mexico  
1997  
Mobile Home Coverages**



**Force Placed Insurance in New Mexico  
1997  
Other Dwellings**



**New Mexico Statewide  
1996  
Private Passenger Auto Physical Damage**



Source: NAIC Profitability By Line By State.

New Mexico Force Placed Insurance  
Insurance Department Survey

	American Bankers	American Security	Associates	Balboa	Cumis	Merit Plan	MIC	State National	Southern	Voyager	Yosemite
1997 Market Shar	7%	4%	1%	24%	5%	32%	6%	0%	17%	4%	0%

Question 2: Dual versus single interest coverage.

PPA		Dual			Dual		Dual		Dual --50%	Single	Single
CA	Dual			Dual		Dual					
Res Prop	Dual	Dual	Single	Dual					Dual		
Mob Home	Dual 95%								Dual		
Comm Prop		Dual									
Per Prop									Dual		

5. How does your company market credit property insurance to lenders?

Direct	RP,MII	A,RP	A,PP	A,RP,PP	A,MII	A	A	A	A,RP,MII,PP		A,PP
Ind Agent		RP	A	A,RP,PP		A				A	
MGA		RP									
Other				MII "Included"							

6. This question applies to force-placed credit property insurance. Are insured lenders New Mexico insurance agents licensed to transact vehicle insurance in the case of vehicles and property insurance in all other cases?

License Yes										100%	
License No	32%	100%	No Auto	100%	100%	100%	100%	100%	100%	100%	100%

7. This question applies to force-placed credit property insurance. Are insured lenders appointed by your company as insurance agents in New Mexico?

Appoint Yes			100%								
Appoint No	32%	100%		100%	100%	100%	100%	100%	100%	100%	33%

New Mexico Force Placed Insurance  
Insurance Department Survey

	American Bankers	American Security	Associates	Balboa	Cunils	Merit Plan	MHC	State National	Southern	Voyager	Yosemite
1997 Market Shar	7%	4%	1%	24%	5%	32%	6%	0%	17%	4%	0%

8. How many notices are customarily provided to the borrower prior to force placement?

Auto	3	2		2	2	1	2	2	2	2	1
Real Prop	2	2	2	2					2		
Mobile Home	3				2				2		
Per Prop									2		

9. How is insurance tracking conducted? Check all that apply.

Insurer	A,RP,MHI	RP		A	A,MHI	A			All		
Insurer Affiliate				RP				A			
Agent of MGA	A,MHI	RP		A		A					
Lender	A,RP,MHI	A,RP	RP	RP	A,MHI				All		A
Ind 3rd	RP						A			A	
None										A	PP
Other	PP										

10. Who pays for insurance tracking on force placed credit property insurance? Check all that apply.

Insurer	A,RP,MHI			A,RP	A	A	A	A,RP,MHI,PP		
Lender		A,RP	RP	RP	A,MHI				A	A
No Tracking										

11. Who pays for insurance tracking on non-force placed credit property insurance? Check all that apply.

Insurer								A,RP,MHI,PP		
Lender		A			A,MHI					
No Tracking			RP	A,RP		A			A	PP

12. What type of compensation is paid to lenders for force placed insurance by your company, your agents, MGA's or affiliates? Check all that apply.

Commission	RP,MHI										
Policy Fee											
Rents											
Salary Reim											
Other		Exp Reim	None	Exp Reim	Exp Reim	None	Exp Reim, Prof	Paid to Agent	None	Other (Not	None

13. What is the maximum length of time that your company will force-place insurance on a retroactive basis?

<=30											A
31 to 60							A		All		
61 to 180			RP								
181 to 365	A,RP,MHI	RP						A		A	
< 2 year											
> 2 year				RP							
Loan Length		A		A	A,MHI						

A=auto; RP=real property; MHI=mobile home; PP= personal property.

New Mexico Force Placed Insurance  
Insurance Department Survey

	American Bankers	American Security	Associates	Balboa	Cumis	Merit Plan	MIC	State National	Southern	Voyager	Yosemite
1997 Market Share	7%	4%	1%	24%	5%	32%	6%	0%	17%	4%	0%

14. Does your company have any underwriting guidelines restricting the availability of force placed coverage for loans that are under-collateralized?

None	A,RP,MH	A,RP	RP	A,RP		A	A	A	RP,MH,PP	A	A
<=110%											
<=100%					A,MH						
<=90%											
Other								A, Use ACV if les than loan balance			

16. What is the length of the policy term most commonly used by your company in New Mexico for force placed insurance?

<=1 year	A,RP,MH	A,RP	RP	A,RP	A,MH	A	A	A	All	A	A
Loan Term											
Other											

A=auto; RP=real property; MH=mobile home; PP=personal property.

New Mexico Force Placed Insurance  
Insurance Department Survey

	American Bankers	American Security	Associates	Balboa	Cumis	Merit Plan	MIC	State National	Southern	Voyager	Yosemite
1997 Market Share	7%	4%	1%	24%	5%	32%	6%	0%	17%	4%	0%

17. Is the borrower provided with a certificate of insurance for force placed insurance?

Yes Always	A,RP		RP	A	A,MH	A	A	A	All	A	A
Yes, Dual	MH	A									
No											
Other		RP full policy		RP, Lender Provides letter							

18. Is the borrower an additional named insured for force placed insurance?

Yes Always				RP							A
Yes, Dual	A,MH	A,RP	RP	A		A					
No					A,MH but	A, but debtor	A			A	
Other	Varies by product				borrower, with credit union approval, may exercise rights under loss settlement options	may make claims and retain possession of vehicle			A,RP,MH,PP ForAuto, borrower is named insured, lender is lienholder		

New Mexico Force Placed Insurance  
Insurance Department Survey

	American Bankers	American Security	Associates	Balboa	Cumis	Merit Plan	MIC	State National	Southern	Voyager	Yosemite
1997 Market Share	7%	4%	1%	24%	5%	32%	6%	0%	17%	4%	0%

19. Is insurance force-placed in New Mexico when the remaining term of the loan is very short?

Not if < 1 year											
Not if < 6 months		A									
Not if < 3 months							A				A
Always			RP		A,MH						
Other	Lender	Named Insured		Lender		Lender		Lender	Lender		

20. Is insurance force-placed in New Mexico when the remaining balance of the loan is very small?

Please indicate the minimum loan balance that is customarily necessary for force-placement. If there is no minimum, write in zero.

Auto	Lender	10,000		1,000	300	2,500	6,000	750 to 2000	1,000	1,000	1,000
Real Prop	0	Lender	10,000	Lender					1,000		
Mobile	Lender				300				1,000		
Pers Prop									1,000		

21. How are force placed premiums refunded upon cancellation in New Mexico?

Pol Fee											
Min Prem											
Rule 78											A
Short Pro Rata			RP		A,MH				A,RP,MH,PP		
Av 78, PR											
Other	Pro Rata	Pro Rata		Pro Rata		Daily Pro Rata	Pro Rata Michigan	Special Short			

**New Mexico Force Placed Insurance  
Insurance Department Survey**

	American Bankers	American Security	Associates	Balboa	Cumis	Merit Plan	MIC	State National	Southern	Voyager	Yosemite
1997 Market Share	7%	4%	1%	24%	5%	32%	6%	0%	17%	4%	0%

**22. Are any of the following coverages provided under your company's force-placed credit property insurance?**

Cost of Repo	A,MH							A	A	Endorsement	
Damage Repo								A		Endorsement	
Skip	A,MH									Endorsement	
Mexico	A,MH			A	A,MH	A			A		
Loan/Prem Def	A,MH										
Liens	A,MH									Endorsement	
Non-Filing	A,MH							A		Endorsement	

A=auto; RP=real property; MH=mobile home; PP=personal property.

**23. What is the range of deductibles that your company offers on force-placed credit property insurance? Lowest/Highest/Most common**

Auto	100/1000/250	250/250/250		0/500/200	100/1000/200	0/1000/200	200/200/200	0/250/*	200/235/235	250/250/250	100/250/250
Real	250/1000/250	100/5000/250	250/500/500	250/1000/250				*100 Lender	1%/1%/1%		
Mobile	100/2500/250							*200 Borrower	100/250/250		
Pers Prop (& 10% EQ)									100/100/100		

New Mexico Force Placed Insurance  
Insurance Department Survey

1997 Market Share	American Bankers 7%	American Security 4%	Associates 1%	Balboa 24%	Cumis 5%	Merit Plan 32%	MIC 6%	State National 0%	Southern 17%	Voyager 4%	Yosemite 0%
----------------------	---------------------------	----------------------------	------------------	---------------	-------------	-------------------	-----------	-------------------------	-----------------	---------------	----------------

24. Identify the claims settlement procedures most often employed by your company for force placed insurance in New Mexico.

A				Λ		Λ					
B	Λ,RP,MH	Λ,RP	RP	Λ,RP,MH,PP		Λ	Λ	Λ		Λ	
C						Λ			Λ,RP,MH,PP		
D	Λ,RP,MH	Λ,RP	RP	Λ,RP,MH,PP	Λ,MH	Λ	Λ	Λ		Λ	Λ
E				Λ	Λ,MH	Λ			Λ,RP,MH,PP	Λ	Λ
F	Λ,RP,MH	Λ,RP	RP	Λ		Λ					Λ
G		Λ,RP		Λ		Λ					Λ

- A Some claims are denied because the borrower or the collateral is ineligible even if premium was previously paid
- B The borrower is usually interviewed in order to determine the date the damage occurred
- C Settlement is usually delayed until the repossessed collateral is sold
- D The damaged collateral is usually inspected by a NM licensed claims adjuster
- E The salvage value is usually the amount recovered by the lender upon disposal of repossessed collateral
- F A written statement of loss is provided to the borrower by the insurer
- G Notice is provided to the borrower that the borrower may incur storage charges after the date that the claim is paid

New Mexico Force Placed Insurance  
Insurance Department Survey

1997 Market Share	American Bankers 7%	American Security 4%	Associates 1%	Balboa 24%	Cumis 5%	Merit Plan 32%	MIC 6%	State National 0%	Southern 17%	Voyager 4%	Yosemite 0%
----------------------	---------------------------	----------------------------	------------------	---------------	-------------	-------------------	-----------	-------------------------	-----------------	---------------	----------------

25. Please provide a sample force placed credit property insurance rate calculation for a 1998 Honda Civic; cost new \$15,000; loan balance \$13,500; 60 month loan; located in Albuquerque. Provide the total premiums for the full 5 years of the loan.

Use no surcharges or credits, experience rating, expense modification, or other rate modifications. State additional assumptions.

Year 1	\$1,164				\$1,826	\$1,396	\$1,063	\$2,049	\$1,800		\$1,487
Year 2	\$1,004				\$1,530		\$939	\$1,640	\$1,440		(based on
Year 3	\$807				\$1,202		\$1,562	\$1,230	\$1,170		Rule 78,
Year 4	\$598				\$840			\$820	\$930		\$865 if
Year 5	\$345				\$441			\$774	\$750		pro rata)
5 Year Total	\$3,918	\$4,322	No Auto	\$7,682	\$5,839	\$6,980	\$3,564	\$6,513	\$6,090	Answered Incorrectly	\$3,458
Rate	8.6% to 11%				13.53%				12%		
Notes	+940 Dual			\$200 Ded	\$100 Ded	\$200 Ded	\$200 Ded	\$100 Ded	\$235 Ded		\$250 Ded
				Limit Dual	10% Int Rate			Mult Claims	Dual Included		
								Past Due Pmts			
1 Day	\$58	Answered			\$92	\$0	\$3	\$151	\$18	Answered	\$0
1 Month	\$221	Incorrectly			\$273	\$116	\$90	\$496	\$216	Incorrectly	\$138

New Mexico Force Placed Insurance  
Insurance Department Survey

	American Bankers	American Security	Associates	Balboa	Cumis	Merit Plan	MIC	State National	Southern	Voyager	Yosemite
1997 Market Share	7%	4%	1%	24%	5%	32%	6%	0%	17%	4%	0%

26. Please provide a sample force placed credit property insurance rate calculation for a mobile home; mobile home cost new \$30,000; land \$10,000; loan balance \$35,000; 10 year loan; located in Bernalillo County. Provide the total premiums for the full 10 years of the loan. State additional assumptions.

Year 1	\$355				\$1,014				\$374		
Year 2	\$351				\$952				\$327		
Year 3	\$348				\$883				\$276		
Year 4	\$338				\$807				\$203		
Year 5	\$324				\$723				\$238		
Year 6	\$302				\$631				\$173		
Year 7	\$293				\$528				\$152		
Year 8	\$280				\$415				\$139		
Year 9	\$245				\$290				\$131		
Year 10	\$178				\$142				\$118		
Total	\$3,014				\$6,385				\$2,131		
Rate					3.38%						
Notes	1% to 3.7%				\$100 Ded				\$100 Ded		
					10% Int Rate				\$250 Hail		
					Based lesser of value and loan balance						
1 Day	\$1				\$0				\$1		
1 Month	\$29				\$0				\$32		

## **APPENDIX**

### **The CPI Data Survey and Questionnaire**

August 8, 1998

President of the Company  
Address

Dear Mr/Ms xxx:

This inquiry is made pursuant to NMSA 1978, section 59A-4-3, concerning credit property insurance. Accordingly, you are required to provide the following:

1. The completed enclosed questionnaire;
2. Forms A, B and C for each calendar year 1995, 1996 and 1997;
3. A copy of the currently effective force placed credit property insurance policy form and rate filings made to the New Mexico Department of Insurance; and,
4. A completed affidavit attesting to the accuracy of the information provided, signed by a responsible officer of your company.

The above information is due in my office no later than September 10, 1998. Forms A, B, and C are to be provided in both an electronic format (EXCEL, LOTUS or QuatroPro - diskette enclosed) and on paper. Provide a separate response for each company in your group that writes force placed credit property insurance in New Mexico. Address your response to **Attention: Mr. Brad Gardner**.

If you have any questions, please direct them to:

David B. Cox, FCAS, MAAA  
P.O. Box 15356  
Santa Fe, NM, 87506  
(505) 989-7429  
FAX 983-8114

Very Truly Yours,

Christopher Krahling  
Superintendent of Insurance

**New Mexico Department of Insurance  
Credit Property Insurance  
Definitions**

1. **actual cash value** means the cost of replacing damaged or destroyed property with comparable new property, minus depreciation and obsolescence.
2. **agent** has the meaning given in NMSA 1978 Section 59A-12-2.
3. **collateral** means property that is pledged as security for the satisfaction of a debt.
4. **credit agreement** means the written document that sets forth the terms of the credit transaction and includes the security agreement.
5. **credit property insurance** is property insurance written in connection with loans or other credit transactions under which the lender is the primary beneficiary.
6. **credit transaction** means a transaction by the terms of which the repayment of money loaned or credit commitment made, or payment for goods, services, or properties sold or leased, is to be made at a future date.
7. **creditor** means a lender of money or vendor or lessor of goods, services, property, rights or privileges for which payment is arranged through a credit transaction, or any successor to the right, title or interest of a lender, vendor or lessor.
8. **debtor** means a borrower of money or a purchaser or lessee of goods, services, property, rights, or privileges for which payment is arranged through a credit transaction.
9. **dual interest** means credit property insurance other than single interest credit property insurance.
10. **force-placed insurance** means the placement of insurance by a creditor on the collateral of a debtor in accordance with the terms of a credit agreement, with the cost of such coverage being charged to the debtor.
11. **insurance tracking** means monitoring evidence of insurance on collateralized credit transactions to determine whether insurance required by the credit agreement has lapsed, and communicating with debtors concerning the status of insurance coverage.
12. **lapse** means that the insurance coverage required by the credit agreement is not in force.
13. **motor vehicles** means those vehicles subject to the Mandatory Financial Responsibility Act, NMSA 1978 Sections 66-5-201 through 66-5-239.
14. **net debt** means the amount necessary to liquidate the remaining debt in a single lump-sum payment, excluding all unearned interest and other unearned charges.

15. **residence** has the meaning given in 13 NMAC 13.2, Residential Property Insurance Coverage Requirements, and does not include mobile homes.
16. **single interest insurance** means force-placed insurance that places any of the following limitations on the payment of losses:
- a) the debtor has defaulted in payment on the credit transaction;
  - b) the creditor has legally repossessed the collateral, unless the collateral has been stolen from the debtor; or
  - c) the creditor has suffered an impairment of interest.
17. **skip, confiscation and conversion coverage** means coverage protecting the creditor from fraud, theft, larceny, conversion, embezzlement or secretion on the part of the debtor.

FORM A - SUMMARY EXPERIENCE REPORT

Name of Insurer:

NAIC Code:

Calendar Year: 0

Contact Person:

Telephone Number:

FORCE PLACED COLLATERAL PROTECTION INSURANCE

Type of Data (1)	New Mexico					Countrywide				
	Vehicles (2)	Mobile Homes (3)	Other Dwellings (4)	All Other Poperty (5)	Total (6)	Vehicles (7)	Mobile Homes (8)	Other Dwellings (9)	All Other Poperty (10)	Total (11)
A. Gross Written Premium					0					0
B. Refunds on Terminations					0					0
C. Net Written Premium (A)-(B)	0	0	0	0	0	0	0	0	0	0
D. Beginning Premium Reserve					0					0
E. Ending Premium reserve					0					0
F. Net Earned Premium (C)+(D)-(E)	0	0	0	0	0	0	0	0	0	0
G. Other Income Less Other Expense					0					0
H. Dividends to Policyholders					0					0
I. Incurred Losses					0					0
J. Allocated LAE Incurred					0					0
K. Unallocated LAE Incurred					0					0
L. Commissions Incurred					0					0
M. Service Fees Incurred					0					0
N. Other Incurred Compensation					0					0
O. Other Underwriting Expenses					0					0
P. Total Loss & Expense [Sum (H) to (O)]	0	0	0	0	0	0	0	0	0	0
Q. Underwriting Profit (F)+(G)-(P)	0	0	0	0	0	0	0	0	0	0

Instructions:

1. The data provided shall be direct as to reinsurance.
2. Data is to be reported for all property insurance in connection with loans or other credit transactions entered into for personal, family or household purposes, under which the creditor is the primary beneficiary.
3. Exclude insurance written on a non-contributory basis, agricultural loans, and insurance not written under a master policy.
4. This form applies to force placed collateral protection insurance only.
5. LAE means Loss Adjustment Expense. Other Underwriting Expenses is the sum of Taxes Licenses & Fees, Other Acquisition Expenses and General Expenses.



**FORM C - RECONCILIATION REPORT**

Name of Insurer: 0

Calendar Year: 0

**New Mexico**

Type of Data (1)	New Mexico Form A Total (2)	All Other Credit Property Insurance (3)	All Other Property & Auto Phys Dam (4)	Total (2)+(3)+(4) (5)	NM Page 14/15 Property & Auto Phys Dam Total (6)	Difference (5)-(6) (7)
A. Direct Written Premium	0			0		0
B. Ending Premium reserve	0			0		0
C. Direct Earned Premium	0			0		0
D. Dividends to Policyholders	0			0		0
E. Direct Incurred Losses	0			0		0
F. Direct Allocated LAE Incurred	0			0		0
G. Commissions Incurred	0			0		0

Columns (4) and (6) should consist of all lines of insurance listed in page 14/15 that include credit property insurance.  
 Please identify these lines of insurance:  
 Please explain any non-zero differences:

**Countrywide**

Type of Data (1)	Countrywide Form A Total (7)	All Other Credit Property Insurance (8)	All Other Property & Auto Phys Dam (9)	Total (7)+(8)+(9) (10)	IEE Part III Property & Auto Phys Dam Total (11)	Difference (10)-(11) (12)
A. Direct Written Premium	0			0		0
B. Direct Earned Premium	0			0		0
C. Other Income Less Other Expense	0			0		0
D. Dividends to Policyholders	0			0		0
E. Incurred Losses	0			0		0
F. Allocated LAE Incurred	0			0		0
G. Unallocated LAE Incurred	0			0		0
H. Commissions Incurred	0			0		0
I. Service Fees Incurred	0			0		0
J. Other Incurred Compensation	0			0		0
K. Other Underwriting Expenses	0			0		0
L. Total Loss & Expense [Sum (D) to (K)]	0	0	0	0	0	0
M. Underwriting Profit (B)+(C)-(L)	0	0	0	0	0	0

EE is the Insurance Expense Exhibit of the annual statement.  
 Columns (9) and (11) should consist of all lines of insurance listed in the IEE Part III that include credit property insurance.  
 Please identify these lines of insurance:  
 Please explain any non-zero differences:

**New Mexico Department of Insurance  
Credit Property Insurance  
Questionnaire**

Name of Insurer: \_\_\_\_\_

NAIC Code: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Assume that the questions apply to New Mexico credit property insurance unless otherwise specified. Attach additional pages if necessary to explain your response.

1. Please provide calendar year 1997 New Mexico direct written premiums (net of terminations) for the following:

	Force Placed	Non Contributory	Total Credit Property
Private Passenger Automobile			
Commercial Automobile			
Residential Property			
Mobile Homes			
Commercial Property			
Personal Property Other Than Auto			
All Other (Please Explain)			
Total Credit Property			

2. Please provide calendar year 1997 New Mexico direct written premiums (net of terminations) for the following:

	Force Placed Single Interest	Force Placed Dual Interest	Total Force Placed Credit Property
Private Passenger Automobile			
Commercial Automobile			
Residential Property			
Mobile Homes			
Commercial Property			
Personal Property Other Than Auto			
All Other (Please Explain)			
Total Credit Property			

3. How does your company report credit property insurance experience in the statutory annual statement? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Fire and allied lines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Homeowners and farmowners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private passenger automobile physical damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial automobile physical damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inland marine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Write-in	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. How does your company report credit property insurance experience to your statistical agent? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Fire and allied lines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Homeowners and farmowners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private passenger automobile physical damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial automobile physical damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inland marine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Write-in	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Name of statistical agent: \_\_\_\_\_

5. How does your company market credit property insurance to lenders? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Direct sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Independent agents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managing general agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide names of managing general agents and their NM license numbers:

9. How is insurance tracking conducted? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
The insurer conducts insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
An insurer affiliate conducts insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The agent or MGA conducts insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The lender conducts insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
An independent third party conducts insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No insurance tracking is conducted.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Who pays for insurance tracking on force placed credit property insurance? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
The insurer pays for the cost of insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The lender pays for the cost of insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance tracking is not conducted.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Who pays for insurance tracking on non-force placed credit property insurance? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
The insurer pays for the cost of insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The lender pays for the cost of insurance tracking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance tracking is not conducted.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. What type of compensation is paid to lenders for force placed insurance by your company, your agents, MGA's or affiliates? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Commissions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policy fees or minimum premiums	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Salary reimbursement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. What is the maximum length of time that your company will force-place insurance on a retroactive basis?

	Auto	Real Property	Mobile Homes	Personal Property
No more than 30 days	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Between 31 and 180 days	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Between 181 and 365 days	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More than 1 year but less than 2 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More than 2 year but less than 3 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More than 3 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The entire length of the loan, if necessary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Does your company have any underwriting guidelines restricting the availability of force placed coverage for loans that are under-collateralized?

	Auto	Real Property	Mobile Homes	Personal Property
There are none	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The loan must be no more than 110% of the value of the collateral at the time of the loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The loan must be no more than 100% of the value of the collateral at the time of the loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The loan must be no more than 90% of the value of the collateral at the time of the loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Please outline your underwriting standards for force placed credit property insurance. How do they vary by type of collateral?

16. What is the length of the policy term most commonly used by your company in New Mexico for force placed insurance? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
One year or less	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The term of the loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Is the borrower provided with a certificate of insurance for force placed insurance? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Yes always	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes for dual interest policies only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No never	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18. Is the borrower an additional named insured for force placed insurance? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Yes always	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes for dual interest policies only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No never	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. Is insurance force-placed in New Mexico when the remaining term of the loan is very short?

	Auto	Real Property	Mobile Homes	Personal Property
No placement if the remaining term is less than 1 year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No placement if the remaining term is less than 6 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No placement if the remaining term is less than 3 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Always make placement regardless of loan term	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Is insurance force-placed in New Mexico when the remaining balance of the loan is very small? Please indicate the minimum loan balance that is customarily necessary for force-placement. If there is no minimum, write in zero.

Automobile \_\_\_\_\_

Real Property \_\_\_\_\_

Mobile Homes \_\_\_\_\_

Personal Property \_\_\_\_\_

21. How are force placed premiums refunded upon cancellation in New Mexico? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Policy fee is fully earned	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Minimum premium is fully earned	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rule of 78's applies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Short rate pro rata applies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The average of the rule of 78's and short rate pro rata	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please explain on separate sheet)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

22. Are any of the following coverages provided under your company's force-placed credit property insurance? Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Cost of repossession	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Damage sustained after repossession	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skip, confiscation and conversion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coverage that applies outside of the US and Canada	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loan deficiency or insurance premium deficiency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mechanics' or other liens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loss sustained by reason of failing to record instruments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

23. What is the range of deductibles that your company offers on force-placed credit property insurance?

	<u>Lowest</u>	<u>Highest</u>	<u>Most Common</u>
Automobile	_____	_____	_____
Real Property	_____	_____	_____
Mobile Homes	_____	_____	_____
Personal Property	_____	_____	_____

24. Identify the claims settlement procedures most often employed by your company for force placed insurance in New Mexico. Check all that apply.

	Auto	Real Property	Mobile Homes	Personal Property
Some claims are denied because the borrower or the collateral is ineligible even if premium was previously paid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The borrower is usually interviewed in order to determine the date the damage occurred	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Settlement is usually delayed until the repossessed collateral is sold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The damaged collateral is usually inspected by a NM licensed claims adjuster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The salvage value is usually the amount recovered by the lender upon disposal of repossessed collateral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A written statement of loss is provided to the borrower by the insurer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Notice is provided to the borrower that the borrower may incur storage charges after the date that the claim is paid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Question 26 (continued)

	<u>Minimum</u>	<u>Maximum</u>
Lender's commission	\$ _____	\$ _____
Lender's fees & other compensation	\$ _____	\$ _____

	<u>Minimum</u>	<u>Maximum</u>
Percentage rate modifications available:		
Deductibles above & below \$100	_____ %	_____ %
Schedule modification	_____ %	_____ %
Experience modification	_____ %	_____ %
Expense modification	_____ %	_____ %
Other (itemize all other rate modifications)		
_____	_____ %	_____ %
_____	_____ %	_____ %
_____	_____ %	_____ %
_____	_____ %	_____ %
Total available rate modification (probably multiplied, not added)	_____ %	_____ %

Please attach an explanation of your methods and assumptions: