

CALIFORNIA CREDIT PROPERTY INSURANCE and CREDIT UNEMPLOYMENT INSURANCE EXPERIENCE REPORT

(Pursuant to California Insurance Code §779.36)

REPORT INSTRUCTIONS

CLASSES OF BUSINESS:

For the purpose of this report, Classes of Business means credit property or credit unemployment insurance providing coverage within one of the following groups:

For Column [3] of the report, use the following Classes:

Class A: Industrial Loan Companies - credit insurance subject to Financial Code *§18290-18292*; California Finance Lenders - credit insurance subject to Financial Code *§22314* and *§22315* (*"Regulated loans"*).

Class B: All business not otherwise classified.

Class C: Credit Unions.

Class D: Finance Companies – installment sales finance;
Industrial Loan Companies, California Finance Lenders – loans other than Class A or E.

Class E is defined as:

- *Banks and Savings & Loan Associations - home improvement loans, other loans secured by real estate, and mobile home loans;*
- *Mobile Home Dealers;*
- *Home Improvement Contractors and Dealers (including swimming pool dealers);*
- *Industrial Loan Companies, California Finance Lenders – loans secured by real estate;*
- *Land Development Companies – loans secured by real estate; and*
- *Mortgage Loan Companies specializing in second trust deeds.*

Do Not Report Data under Class E.

BENCHMARK CATEGORIES:

For Column [5] on the Credit Property Insurance Report Form and Column [6] on the Credit Unemployment Insurance Report Form:

The Department of Insurance has identified Seven Benchmarks for Credit Property Insurance and Credit Unemployment Insurance. We ask that each product/program under Credit Property Insurance be identified as either Benchmark Number 1, 2, or 3 per the following definitions. Likewise, for Credit Unemployment Insurance, each product/program is to be identified as either Benchmark Number 6, 7, 8, or 9 per the following definitions. **For each product type or program, please submit a detailed description of the product and coverage for each.**

In circumstances in which an insurance product/program is not defined by the Benchmarks, please submit an experience report for each product/program and include the detailed description of the type of product and coverages provided.

Benchmarks for Credit Property Insurance

Benchmark Number One:

Dual Interest Credit Property Insurance on an Open End Plan of Indebtedness

Coverage is effective on the date the certificate of insurance holder's (the "*certificate holder's*") account has a balance, and continues for as long as there is an open balance in the account(s). Coverage ends on the date the certificate holder's account does not reflect an open balance, and is automatically reinstated when there is an open balance. Coverage will continue for up to 36 months from the date the item of personal property was financed. Coverage covers the insured property anywhere in the world.

The insurance covers the interest of the master policyholder and the certificate holder in personal property purchased by the certificate holder and financed under an open-end plan of indebtedness. The insurance covers the interest of the master policyholder and the certificate holder up to the maximum(s) stated in the certificate of insurance.

Benchmark Number Two:

Dual Interest Credit Property Insurance on a Closed End Plan of Indebtedness

Coverage is effective at 12:01 a.m. on the effective date specified in the certificate. The insurance attaches from the time the personal property is purchased or encumbered until the termination of the master policyholder's financial interest therein. Coverage applies within the United States and Canada, during transportation or otherwise, while the property is in the custody of the seller for packing or awaiting shipment or for repair or adjustment, and while in the custody of the certificate holder.

The insurance covers the interests of the master policy holder and the certificate holder in personal property which is purchased by the certificate holder, in which the master

policyholder has a financial interest, and which is financed under a closed end plan of indebtedness.

Benchmark Number Three:

Dual Interest Credit Property Insurance on a Closed End Loan Secured by Personal Property

Coverage is in effect for the term of years set forth in the certificate of insurance, from 12:01 a.m. on the effective date of coverage to 12:01 a.m. on the expiration date of coverage.

The insurance covers the interest of the master policy holder and the certificate holder in personal property pledged as security for a closed end loan made by the master policy holder to the certificate holder, which property is specifically described in the security agreement.

Benchmarks for Credit Unemployment Insurance

Benchmark Number Six:

30-Day Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Paying Minimum Monthly Payment

Coverage is in effect from the time the certificate holder's account has a balance and continues as long as there is an open balance in the account(s). Insurance coverage will cease when the certificate holder's account does not reflect an open balance, and will be automatically reinstated when there is an open balance.

The insurance covers the interests of the master policyholder and the certificate holder in connection with purchases under an account agreement. All benefits apply to account payments and will be paid to the master policyholder to pay off or reduce the certificate holder's debt. The insurer will pay the minimum monthly payment on the certificate holder's account if he or she is unemployed for more than 30 consecutive days. After the 30-day waiting period benefits will be paid retroactively to the first day of unemployment and while the unemployment continues.

Benchmark Number Seven:

30-Day Non-Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Paying Minimum Monthly Payment for Six Months

Coverage is in effect from the time the certificate holder's account has a balance and continues as long as there is an open balance in the account(s). Insurance coverage will

cease when the certificate holder's account does not reflect an open balance, and will be automatically reinstated when there is an open balance.

The insurance covers the interests of the master policyholder and the certificate holder in connection with purchases under an account agreement. All benefits apply to account payments and will be paid to the master policyholder to pay off or reduce the certificate holder's debt.

The insurer will pay the minimum monthly payment on the certificate holder's account if he or she is unemployed for more than 30 consecutive days. After the 30-day waiting period, benefits will be paid beginning on the 31st day, and while the unemployment continues, up to a maximum of six months.

Benchmark Number Eight:

30-Day Retroactive Credit Unemployment Insurance on an Installment Loan Plan of Indebtedness, Paying Monthly Payment on Installment Loan Up to Twelve Monthly Payments

Coverage is in effect for the term of years set forth in the certificate of insurance, from 12:01 a.m. on the effective date of coverage to 12:01 a.m. on the expiration date of coverage.

The insurer will pay loss payment benefits to the master policyholder for the benefit of the certificate holder's account on a loan agreement or sales contract between the certificate holder and the master policyholder. The loan agreement or sales contract must provide for equal monthly installment payments or loans with a variable interest feature, or loans with a balloon payment. For loans with a variable interest rate of loans with a balloon payment the monthly benefit will not exceed the original monthly payment amount. The balloon payment is not covered.

The insurer will pay the certificate holder's scheduled monthly payment on the loan agreement or sales contract if the certificate holder is involuntarily unemployed for at least 30 consecutive days. After the 30-day waiting period the insurer will pay the scheduled monthly payment retroactively to the first day of unemployment and while the unemployment continues. The scheduled monthly payment on the certificate holder's indebtedness must be at least 30 days delinquent for coverage to begin.

Benchmark Number Nine:

30-Day Non-Retroactive Credit Unemployment Insurance on an Open End Plan of Indebtedness, Paying Outstanding Balance Up to Policy Limit

Coverage is in effect from the time the account has an open balance and continues as long as there is an open balance in the certificate holder's account(s). The insurance will cease when the certificate holder's account does not reflect an open balance, and will be automatically reinstated when there is an open balance.

The insurance covers the interests of the master policyholder and the certificate holder in connection with purchases under an account agreement. The insurer will pay benefits for loss of employment income of the certificate holder resulting from involuntary unemployment. The benefits payable will apply to account payments. The benefit provided will be the amount of the outstanding balance as of the date of loss, or the maximum amount per account indicated in the certificate, whichever is less. Benefits will be paid after expiration of the 30-day waiting period specified in the certificate.