2018 Lender-Placed Auto and Home MCAS Scorecard Ratios

(Adopted 8/7/18)

Claims

Ratio 1. **Number of claims closed without payment to total number of claims closed**

$$\left[\frac{(\#\text{of claims closed without payment})}{(\#\text{of claims closed with payment}) + (\#\text{ of claims closed without payment })}\right]$$

Ratio 2. **Claims open at the end of the period to total claims during the period**

$$\left[\frac{\begin{pmatrix}\#\text{ of claims open at the beginning of period} + \#\text{ of claims opened during period} \\ -\ \#\text{of claims closed with payment} - \#\text{of claims closed without payment}\end{pmatrix}}{(\#\text{ of claims open at the beginning of period} + \#\text{ of claims opened during the period})}\right]$$

Ratio 3. **Claims paid beyond 60 days to total claims closed with payment**

$$\left[\frac{\begin{pmatrix}\#\text{of claims settled } 61-90 \text{ days} + \#\text{of claims settled } 91-180 \text{ days} \\ +\ \#\text{of claims settled } 181-365 \text{ days} + \#\text{of claims settled beyond } 365 \text{ days}\end{pmatrix}}{(\text{total }\#\text{of claims closed with payment})}\right]$$

Ratio 4. **Loss Ratio – Incurred claims to earned premium**

$$\left[\frac{(\text{dollars of claims incurred during the period})}{(\text{dollar amount of premium earned during the period})}\right]$$

Cancellations

Ratio 5. **Master policy cancellations to master policies in force at beginning of the period**

$$\left[\frac{(\textbf{total }\#\textbf{of master policy cancellations})}{(\textbf{total }\#\textbf{of master policies in force at beginning of period})}\right]$$

Ratio 6. **A. Flat cancellations beyond 45 days to total flat cancellations: Certificates**

$$\left[\frac{(\#\text{of certificates flat cancelled beyond 45 days})}{(\text{total }\#\text{of certificates flat cancelled during the period})}\right]$$

B. Flat cancellations beyond 45 days to total flat cancellations: Individual policies

$$\left[\frac{(\#\text{of individual policies flat cancelled beyond 45 days})}{(\text{total }\#\text{of individual policies flat cancelled during the period})}\right]$$

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Ratio 7. **A. Total cancelations to coverages issued - Certificates**

$$\left[\frac{\left(\begin{array}{c}\textbf{\#of certificates flat cancelled during the period}\\ \textbf{+\# of certificates cancelled for reasons other than flat cancellations during the period}\end{array}\right)}{(\textbf{\# of certificates written during the period})}\right]$$

B. Total cancelations to coverages issued – Individual policies

$$\left[\frac{\left(\begin{array}{c}\text{\#of individual policies flat cancelled during the period}\\ \text{+ \# of individual policies cancelled for reasons other than flat cancellations during the period}\end{array}\right)}{(\text{\# of individual policies written during the period})}\right]$$

Ratio 8. **A. Flat cancellations to total cancellations - Certificates**

$$\left[\frac{(\text{\# of certificates flat cancelled during the period})}{\left(\begin{array}{c}\text{\#of certificates flat cancelled during the period}\\ \text{+ \#of certificates cancelled for reasons other than flat cancellations}\end{array}\right)}\right]$$

B. Flat cancellations to total cancellations – Individual policies

$$\left[\frac{(\text{\#of individual policies flat cancelled during the period})}{\left(\begin{array}{c}\text{\#of individual policies flat cancelled during the period}\\ \text{+ \#of individual policies cancelled for reasons other than flat cancellations}\end{array}\right)}\right]$$

Ratio 9. **A. Flat cancellations to coverages written – Certificates**

$$\left[\frac{(\text{\#of certificates flat cancelled during the period})}{(\text{\#of certificates written during the period})}\right]$$

B. Flat cancellations to coverages written – Individual policies

$$\left[\frac{(\text{\#of individual policies flat cancelled during the period})}{(\text{\#of individual policies written during the period})}\right]$$

Ratio 10. **A. Total cancellations to average exposures – Certificates**

$$\left[\frac{\left(\begin{array}{c}\text{\#of certificates flat cancelled during the period}\\ \text{+ \#of certificates cancelled for reasons other than flat cancellations}\end{array}\right)}{\left(\begin{array}{c}\text{\#of certificates written during the period}\\ \text{/average gross plcement rate}\end{array}\right)}\right]$$

B. Total cancellations to average exposures – Individual policies

$$\left[\frac{\begin{pmatrix}\#\text{of individual policies flat cancelled during the period}\\ +\ \#\text{of individual policies cancelled for reasons other than flat cancellations}\end{pmatrix}}{\begin{pmatrix}\#\text{of individual policies written during the period}\\ /\text{average gross placement rate}\end{pmatrix}}\right]$$

Ratio 11. **A. Total flat cancellations to average exposures – Certificates**

$$\left[\frac{(\#\text{of certificates flat cancelled during the period})}{\begin{pmatrix}\#\text{of individual policies written during the period}\\ /\text{average gross placement rate}\end{pmatrix}}\right]$$

B. Total flat cancellations average exposures – Individual policies

$$\left[\frac{(\#\text{of individual policies flat cancelled during the period})}{\begin{pmatrix}\#\text{of individual policies written during the period}\\ /\text{average gross placement rate}\end{pmatrix}}\right]$$

Suits

Ratio 12. **Suits opened during the period to claims closed without payment**

$$\left[\frac{(\#\text{of suits open during the period})}{\#\text{ of claims closed without payment during the period}}\right]$$

Ratio 13. **Suits closed with consideration for the consumer to suits closed**

$$\left[\frac{(\#\text{of suits closed during the period with consideration for the borrower})}{(\#\text{of suits closed during the period})}\right]$$

Ratio 14. **Suits open at beginning of period to sum of certificates in force and individual policies in force at beginning of the period**

$$\left[\frac{(\#\text{of suits open at the beginning of the period})}{\begin{pmatrix}\#\text{of certificates in force at beginning of period}\\ +\ \#\text{of individual policies in force at beginning of period}\end{pmatrix}}\right]$$

Ratio 15. **Suits opened during the period to sum of average coverages in force**

$$\left[\frac{(\#\text{of suits opened during the period})}{\begin{pmatrix}(\#\text{of certificates in force at beginning} + \text{certificates in force at end})\\ +\ (\#\text{individual policies in force beginning} + \#\text{individual policies in force end})\end{pmatrix}/2}\right]$$

Complaints

Ratio 16. **Total complaints to coverages written**

$$\left[\frac{\begin{pmatrix}\text{\#of complaints received directly from the DOI}\\ +\ \text{\#of complaints received directly from any person or entity other than the DOI}\end{pmatrix}}{\begin{pmatrix}\text{\#of certificates issued during the period}\\ +\ \text{\#of individual policies issued during the period}\end{pmatrix}}\right]$$

Ratio 17. **Total complaints to claims opened**

$$\left[\frac{\begin{pmatrix}\text{\#of complaints received directly from the DOI}\\ +\ \text{\#of complaints received directly from any person or entity other than the DOI}\end{pmatrix}}{(\text{\#of claims opened during the period})}\right]$$

Placement Rate

Ratio 18. **Average gross placement rate**

First calculate industry aggregate sum of average exposures by coverage:

$$\sum all\ insurers \left[\frac{\begin{pmatrix}\text{\#of certificates issued during the period}\\ +\text{\#of individual policies issued during the period}\end{pmatrix}}{\text{average gross placement rate}}\right]$$

Then calculate aggregate average gross placement rate by coverage by dividing the sum of industry coverages written for a coverage by the sum of the industry number of exposures:

$$\left[\frac{\sum all\ insurers \begin{pmatrix}\text{\#of certificates issued during the period}\\ +\ \text{\#of individual policies issued}\end{pmatrix}}{\sum all\ insurers\ (\text{number ofaverage exposures})}\right]$$