

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

Lines of Business: Lender-Placed Auto and Lender-Placed Homeowners

Reporting Period: January 1, 2019 through December 31, 2019

Filing Deadline: April 30, 2020

Contact Information

MCAS Administrator	The person responsible for assigning who may view and input company data.
MCAS Contact	The person most knowledgeable about the submitted MCAS data. This person can be the same as the MCAS Administrator.
MCAS Attestors	The person who attests to the completeness and accuracy of the MCAS data.

Interrogatories

Were there policies/certificates in-force during the reporting period that provided single-interest lender-placed auto coverage? (Y/N) If Yes, enter the percentage of all lender-placed auto policies/certificates issued during the period which were single-interest lender-placed auto.	Comment (if necessary)
Were there policies/certificates in-force during the reporting period that provided dual-interest lender-placed auto coverage? (Y/N) If Yes, enter the percentage of all lender-placed auto policies/certificates issued during the period which were dual-interest lender-placed auto.	Comment (if necessary)
Were there policies/certificates in-force during the reporting period that provided single-interest lender-placed homeowners hazard coverage? (Y/N) If Yes, enter the percentage of all lender-placed homeowners hazard policies/certificates issued during the period which were single-interest lender-placed homeowners hazard.	Comment (if necessary)
Were there policies/certificates in-force during the reporting period that provided dual-interest lender-placed homeowners hazard coverage? (Y/N) If Yes, enter the percentage of all lender-placed homeowners hazard policies/certificates issued during the period which were dual-interest lender-placed homeowners hazard.	Comment (if necessary)

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

<p>Were there policies/certificates in-force during the reporting period that provided single-interest lender-placed homeowners flood coverage? (Y/N) If Yes, enter the percentage of all lender-placed homeowners flood policies/certificates issued during the period which were single-interest lender-placed homeowners flood.</p>	Comment (if necessary)
<p>Were there policies/certificates in-force during the reporting period that provided dual-interest lender-placed homeowners flood coverage? (Y/N) If Yes, enter the percentage of all lender-placed homeowners flood policies/certificates issued during the period which were dual-interest lender-placed homeowners flood.</p>	Comment (if necessary)
<p>Were there policies/certificates in-force during the reporting period that provided single-interest lender-placed homeowners wind-only coverage? (Y/N) If Yes, enter the percentage of all lender-placed homeowners wind-only policies/certificates issued during the period which were single-interest lender-placed homeowners wind-only.</p>	Comment (if necessary)
<p>Were there policies/certificates in-force during the reporting period that provided dual-interest lender-placed homeowners wind-only coverage? (Y/N) If Yes, enter the percentage of all lender-placed homeowners wind-only policies/certificates issued during the period which were dual-interest lender-placed homeowners wind-only.</p>	Comment (if necessary)
<p>Was the company still actively writing policies/certificates in the state at year end? (Y/N)</p>	
<p>Has the company had a significant event/business strategy that would affect data for this reporting period? (Y/N) (If yes, add additional comments)</p>	Comment (if necessary)
<p>Has this block of business or part of this block of business been sold, closed or moved to another company during the year? (Y/N) (If yes, add additional comments)</p>	Comment (if necessary)
<p>How does the company treat subsequent supplemental payments on previously closed claims (or additional payments on a previously reported claim)? For example: Re-open original claim/open new claim</p>	Comment
<p>Does the company require third parties it contracts with to forward insurance-related complaints to the company so the company may report the complaints in its complaints logs? (Y/N) (Add additional comment if desired)</p>	Comment (if necessary)

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

Does the company monitor third parties it contracts with to ensure insurance complaints are forwarded to the company? (Y/N) (Add additional comment if desired)	Comment (if necessary)
Claims Comments	Comment (if necessary)
Underwriting Comments	Comment (if necessary)

Coverages

Single-Interest Lender-Placed Auto
Dual-Interest Lender-Placed Auto
Single-Interest Lender-Placed Homeowners Hazard
Dual-Interest Lender-Placed Homeowners Hazard
Single-Interest Lender-Placed Homeowners Flood
Dual-Interest Lender-Placed Homeowners Flood
Single-Interest Lender-Placed Homeowners Wind-Only
Dual-Interest Lender-Placed Homeowners Wind-Only

Lender-Placed Auto and Homeowners Claims Activity, Counts Reported by Claimant, by Coverage

Report the number of reserves/lines/features opened for each coverage part per claim.

Description
State Indicator (State for which data is being submitted) Automatically loaded
NAIC Company Code Automatically loaded
NAIC Group Code Automatically loaded
Coverage Identifier Automatically loaded
Number of claims open at the beginning of the period
Number of claims opened during the period
Number of claims closed during the period, with payment
Number of claims closed during the period, without payment
Number of claims remaining open at the end of the period
Number of claims closed with payment within 0-30 days
Number of claims closed with payment within 31-60 days
Number of claims closed with payment within 61-90 days
Number of claims closed with payment within 91-180 days
Number of claims closed with payment within 181-365 days
Number of claims closed with payment beyond 365 days
Number of claims closed without payment within 0-30 days

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

Number of claims closed without payment within 31-60 days
Number of claims closed without payment within 61-90 days
Number of claims closed without payment within 91-180 days
Number of claims closed without payment within 181-365 days
Number of claims closed without payment beyond 365 days
Median days to final payment
Number of suits open at beginning of the period
Number of suits opened during the period
Number of suits closed during the period
Number of suits closed during the period with consideration for the borrower
Number of suits open at end of the period

Lender-Placed Auto and Home Underwriting Elements

Description
State Indicator (State for which data is being submitted) Automatically loaded
NAIC Company Code Automatically loaded
NAIC Group Code Automatically loaded
Coverage Identifier Automatically loaded
Number of master policies in-force at beginning of the period
Number of master policies added during the period
Number of master policies canceled for any reason during the period
Number of master policies in-force at the end of the period
Number of certificates in-force at the beginning of the period
Number of certificates written during the period
Number of certificates in-force at the end of the period
Number of certificates flat-cancelled during the period
Number of certificates cancelled for reasons other than flat cancellations during the period
Number of flat cancellations on certificates within 45 days of placement
Number of flat cancellations on certificates within 45-90 days of placement
Number of flat cancellations on certificates after 90 days from placement
Number of individual policies in-force at the beginning of the period
Number of individual policies written during the period
Number of individual policies in-force at the end of the period
Number of individual policies cancelled for reasons other than flat cancellations during the period
Number of individual policies flat-cancelled during the period

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

Number of flat cancellations on individual policies within 45 days of placement
Number of flat cancellations on individual policies within 45-90 days of placement
Number of flat cancellations on individual policies after 90 days from placement
Average gross placement rate during period
Dollar amount of gross written premium during the period
Dollar amount of net written premium during the period
Net written premium during period for policies/certificates for which no separate charge is made to the borrower
Dollar amount of premium earned during the period
Dollars of claims paid during the period
Dollars of claims incurred during the period
Number of complaints received directly from the DOI
Number of complaints received directly from any person or entity other than the DOI

Participation Requirements: All companies licensed and reporting at least \$50,000 of lender-placed auto or \$50,000 of lender-placed homeowners (hazard, wind-only and flood collectively) gross premium within any of the participating MCAS jurisdictions. (This threshold is subject to individual jurisdiction requirements.)

Definitions:

Lender-placed insurance has the same meaning as "Creditor-placed insurance" to be reported in the Credit Insurance Experience Exhibit (CIEE) of the Statutory Annual Statement. Lender-placed insurance means insurance that is purchased unilaterally by the creditor, who is the named insured, subsequent to the date of the credit transaction, providing coverage against loss, expense or damage to the property as a result of fire, theft, collision or other risk of loss that would either impair a creditor's interest or adversely affect the value of collateral.

Except for data element "Net premium written during period for policies/certificates for which no separate charge is made to the borrower," report experience for lender-placed insurance products for which a separate charge is made to the borrower regardless of whether the charge to the borrower is made at loan origination, periodically while the loan is outstanding or following issuance of coverage under the master policy.

Lender-placed auto has the same meaning as "creditor-placed auto" to be reported in the CIEE. Lender-placed auto means lender-placed insurance on autos, boats or other vehicles.

Lender-placed homeowners has the same means as "creditor-placed homeowners" to be reported in the CIEE. Lender-placed homeowners means lender-placed insurance on homes, mobile homes and other real estate.

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

In determining what business to report for a particular state, unless otherwise indicated in these instructions, all companies should follow the same methodology/definitions used to file the CIEE. Specifically, the business to be reported is the direct business of the reporting company. Reinsurance ceded is not deducted and reinsurance assumed is not included.

Lender-placed homeowners hazard means that portion of lender-placed homeowners required to be reported in the CIEE covering perils other than flood or wind-only (in those states in which insurers may exclude wind coverage).

Lender-placed homeowners flood means that portion of lender-placed homeowners required to be reported in the CIEE covering the peril of flood only.

Lender-placed wind-only means that portion of lender-placed homeowners required to be reported in the CIEE covering the peril of wind only.

Single-interest means insurance that protects only the creditor's interest in the collateral securing the debtor's credit.

Dual-interest means insurance that protects the creditor's and the debtor's interest in the collateral securing the debtor's credit transaction. Dual-interest includes insurance commonly referred to as limited dual-interest.

Average Gross Placement Rate – The total number of coverages placed before cancellations during the reporting period divided by the average number of exposures during the reporting period. Average number of exposures means the average number of vehicles covered by Lender Placed Auto policies or average number of properties covered by Lender Placed Home policies during the reporting period.

Cancellations – Includes all cancellations of the policies/certificates where the cancellation was executed during the reporting year regardless of the date of placement of the coverage.
See also Flat Cancellation

Certificate – Lender-placed insurance issued under a master policy for an individual vehicle or property, respectively.

Example:

- If the insurer issues 300 certificates under a lender-placed master policy or policies, report 300.

Claim – A request or demand for payment of a loss that may be included within the terms of coverage of an insurance policy/certificate. Each claimant/insured reporting a loss is counted separately.

Include:

- Both first and third party claims.

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

Exclude:

- An event reported for “information only”.
- An inquiry of coverage if a claim has not actually been presented (opened) for payment.
- A potential claimant if that individual has not made a claim nor had a claim made on his or her behalf.

Claims Closed With Payment – Claims closed with payment where the claim was closed during the reporting period regardless of the date of loss or when the claim was received. The number of days to closure, however, should be measured as the difference between the date of the final payment and the date the claim was reported or between the date of the final payment and the date the request for supplemental payment was received. *See also “Date of Final Payment”.*

Exclude:

- Claims where payment was made for company loss adjustment expenses if no payment was made to an insured/claimant.
- Claims that are closed because the amount claimed is below the insured’s deductible.

Clarifications:

- If a claim is reopened for the sole purpose of refunding the insured’s deductible, do not count it as a paid claim.
- For claims where the net payment is \$0 due to subrogation recoveries, report the number of claims in which any amount was paid to the insured; do not net the payment with subrogation recoveries when counting the number of paid claims.

Calculation Clarification:

- For each coverage identifier, the sum of the claims settled with payment across each closing time interval should equal the total number of claims closed with payment during the reporting period.

Handling additional payment on previously reported claim/subsequent supplemental payment for claims closed with payment during the reporting period:

- If a claim is reopened for a subsequent supplemental payment, count the reopened claim as a new claim. Calculate a separate aging on the supplemental payment from the time the request for supplemental payment was received to the date the final payment was made.

Claims Closed Without Payment – Claims closed with no payment made to an insured or third party. The number of days to closure is the difference between the date the claim was closed and the date the claim was reported and/or reopened. *See also “Date of Final Payment”.*

Include:

- All claims that were closed during the reporting period regardless of the date of loss or when the claim was received.

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

- Claims where no payment was made to an insured/claimant even though payment was made for company loss adjustment expenses.
- A demand for payment for which it was determined that no relevant policy/certificate was in-force at the time of the loss if a claim file was set up and the loss was investigated.
- Claims that are closed because the amount claimed is below the insured's deductible.

Complaints Received Directly from any Person or Entity Other than the Department of Insurance – any written communication that expresses dissatisfaction with a specific person or entity subject to regulation under the state's insurance laws. An oral communication, which is subsequently converted to a written form in order to be analyzed and acted upon, will meet the definition of a complaint for this purpose.

Include:

- Any complaint regardless of the subject of the complaint (claims, underwriting, marketing, etc.)
- Complaints received from third parties, including, but not limited to, lenders or servicers

Complaints Received Directly from the Department of Insurance – All complaints:

- As identified by the DOI as a complaint.
- Related to LPI or insurance tracking.
- Sent or otherwise forwarded by the DOI to the reporting company.

Date of Final Payment – The date final payment was issued to the insured/claimant.

Calculation Clarification:

- If partial payments were made on the claim, the claim would be considered closed with payment if the final payment was made during the reporting period regardless of the date of loss or when the claim was received.
- Report a claim as "closed with payment" or "closed without payment" if it is closed in the company's claims system during the reporting period (even if the final payment was issued in a prior reporting period.)
- If a claim remains open at the end of the reporting period (even though a final payment has been issued) it should be reported as open. Only when the claim is closed in the company's claims system, would you report the days to final payment.

Example:

- A claim is open on 11/1/00 and final payment is made on 12/1/00. The claim is left open until 2/1/01 to allow time for supplemental requests.
 - The claim would be reported as open in the "00" MCAS submission and closed in the "01" MCAS submission.
 - The number of days to final payment would be calculated as 30 days and reported in the "01" MCAS submission.

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

Date the Claim was Reported – The date an insured or claimant first reported his or her claim to either the company or insurance agent.

Dollars of Claims Incurred During Period – The total dollars incurred for claims for the particular type of lender-placed insurance during the period. Include incurred claim dollars only for lender-placed insurance for which a separate charge is made to the borrower.

Dollars of Claims Paid During Period – The total dollars paid for claims for the particular type of lender-placed insurance during the period. Include paid claim dollars only for lender-placed insurance for which a separate charge is made to the borrower.

Flat Cancellation – The coverage was cancelled effective the date of coverage with 100% refund of premium.

Gross Premium Written During Period – The total premium written before any reductions for refunds for the particular type of lender-placed insurance during the reporting period. Include premium only for lender-placed insurance for which a separate charge is made to the borrower.

In-force – A master policy, individual policy, or certificate in effect during the reporting period.

Individual Policy – Lender-placed insurance issued for an individual vehicle or property, respectively.

Example:

- If the insurer issues 300 lender-placed policies for individual vehicles or properties (as opposed to issuing master policies to lenders or servicers), report 300.

Lawsuit – An action brought in a court of law in which one party, the plaintiff, claims to have incurred a loss as a result of the action of another party, the defendant.

For purposes of reporting lawsuits in the MCAS blank:

- Include only lawsuits brought by an applicant for insurance, a policyholder or a beneficiary as a plaintiff against the reporting insurer or its agent as a defendant;
- Include all lawsuits, whether or not a hearing or proceeding before the court occurred;
- Do not include arbitrations of any sort;
- If one lawsuit seeks damages under two or more policies, count the number of policies involved as the number of lawsuits. For example, if one lawsuit seeks damages under three policies, count the action as three lawsuits;
- If one lawsuit has two or more complainants, report the number of complainants as the number of lawsuits. For example, if one lawsuit has two complainants, report two lawsuits. If the lawsuit is a class action, see instructions for treatment of class action lawsuits;
- Report a lawsuit in the jurisdiction in which the policy was issued with the exception of class action lawsuits;

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

- Treatment of class action lawsuits: Report the opening and closing of a class action lawsuit once in each state in which a potential class member resides. Include an explanatory note with your submission stating the number of class action lawsuits included in the data and the general cause of action.

Lawsuits Closed During the Period with Consideration for the Consumer – A lawsuit closed during the reporting period in which a court order, jury verdict, or settlement resulted in payment, benefits, or other thing of value, i.e., consideration, to the applicant, policyholder, or beneficiary in an amount greater than offered by the reporting company before the lawsuit was brought.

Master Policy – A group policy providing coverage for the vehicles or property serving as collateral for a portfolio of loans. Individual coverage, typically in the form of a certificate, is issued from the Master Policy at the direction of the lender/servicer or automatically at the point in time when the borrower's required voluntary insurance ceases to be in-force.

Median Days to Final Payment – The median value for all claims closed with payment during the period.

Calculation for claims with one final payment date during the reporting period:

- Date the claim was reported to the company to the date of final payment.

Calculation for claims with multiple final payment dates during the reporting period:

- Date the request for supplemental payment was received to the date of final payment (for each different final payment date.)

Exclude:

- Subrogation payments.

Calculation Clarification / Example:

- To determine the Median Days to Final Payment you must first determine the number of days it took to settle each claim. This is the difference between the date the claim was reported to the company, or the date the request for supplemental payment was received, to the date of final payment. The Median Days to Final Payment is the median value of the number of days it took to settle all claims closed with payment during the period.

Median - A median is the middle value in a distribution arranged in numerical order (either lowest to highest or highest to lowest). If the distribution contains an odd number of elements, the median is the value above and below which lie an equal number of values. If the distribution contains an even number of elements, the median is the average of the two middle values. It is not the arithmetic mean (average) of all of the values.

Consider the following simple example of the number of days it took to settle each of the following seven claims:

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

	Nbr 1	Nbr 2	Nbr 3	Nbr 4	Nbr 5	Nbr 6	Nbr 7
Days to Settle	2	4	4	5	6	8	20

In this situation, the Median Days to Final Payment would be 5 because it is the middle value. There are exactly 3 values below the median (2, 4, & 4) and 3 values above the median (6, 8, & 20). If the data set had included an even number of values, then the median would be the average of the two middle values as demonstrated below.

	Nbr 1	Nbr 2	Nbr 3	Nbr 4	Nbr 5	Nbr 6
Days to Settle	2	4	5	6	8	20

Median Days to Final Payment = $(5 + 6)/2 = 5.5$

The median should be consistent with the paid claim counts reported in the closing time intervals.

Example: A carrier reports the following closing times for paid claims.

Closing Time # of Claims

< 30	22
31-60	13
61-90	18
91-180	11
181-365	12
>365	15

The sum of the claims reported across each closing time interval is 91, so that the median is the 46th claim. This claim falls into the closing time interval "61-90 days." Any reported median that falls outside of this range (i.e. less than 61 or greater than 90) will indicate a data error.

NAIC Company Code – The five-digit code assigned by the NAIC to all U.S. domiciled companies which filed a Financial Annual Statement with the NAIC.

NAIC Group Code – The code assigned by the NAIC to identify those companies that are a part of a given holding company structure. A zero indicates that the company is not part of a holding company.

Net Premium Written During Period – Gross premium written less refunds for the particular type of lender-placed insurance during the reporting period. Include premium only for lender-placed insurance for which a separate charge is made to the borrower.

Property & Casualty Market Conduct Annual Statement

Lender-Placed Data Call & Definitions

Net Premium Written During Period for Policies/Certificates for Which No Separate Charge is Made to the Borrower – Gross premium written less refunds for the particular type of lender-placed insurance during the reporting period. Include premium only for lender-placed insurance for which no separate charge is made to the borrower.

Premiums Earned During Period – Earned premiums for the particular type of lender-placed insurance during the reporting period. Include premium only for lender-placed insurance for which a separate charge is made to the borrower.