

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: William E. Kovacic, Chairman
Pamela Jones Harbour
Jon Leibowitz
J. Thomas Rosch

FTC Matter No. P044804

ORDER TO FILE A SPECIAL REPORT

Pursuant to a resolution of the Federal Trade Commission (henceforth the Commission or the FTC) dated May 16, 2008, titled “*Resolution Directing the Use of Compulsory Process to Study the Effects of Credit Scores and Credit-Based Insurance Scores Under Section 215 of the FACT Act,*” a copy of which is enclosed, [FIRM NAME], hereinafter referred to as “the Company,” is ordered to file a Special Report with the Commission no later than 60 days after the issuance of this Order, containing the

- d. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, market or actual-cash value) for each type of coverage on this policy (e.g., dwelling, other structures, personal property or contents)
- e. The limits in dollar amounts and/or percentage terms for each type of coverage. If the Company provides a percent figure, please indicate here or in Specification (11)(a or b) the denominator used to determine this percentage (e.g., replacement costs, the limit for another specific coverage)
- f. The limit in time/duration units for Loss of Use coverage or Additional Living Expenses coverage
- g. Any applicable deductible(s) in dollar amounts and/or percentage terms for each type of coverage. If the Company provides a percent figure, please indicate here or in Specification (11)(a or b) the denominator used to determine this percentage (e.g., tents)

- c. Territory/Zone code/class base rate or premium adjustment amount or factor/percent
- d. Fire Protection or Town class or code (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Fire Protection/Town code/class base rate or premium adjustment amount or factor/percent
- f. Earthquake zone, class, or

8. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the policies identified in the Company's response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data using a separate data line or record for each Policy Period (and for any further time sub-interval(s) during a Policy Period if any changes to such information were made or registered within a Policy Period):

- a. Policy number (and any other unique policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The name(s), number(s), form code(s), or other identify

- iii. approved the application and issued a policy
- e. Length of the Policy Period offered or quoted (e.g., one year)
- f. Price/premium quoted
- g. Name of company or entity to which application was submitted
- h. Name of company or entity for which coverage/policy was offered
- i. Whether a credit score or any credit history information was used for rating, tier placement, or any other underwriting procedures, in order to generate the premium/quote. If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(b) to (6)(e)
- j. All other information the Company recorded at the time the quote request or

- b. Documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year) from January 1, 2004, to the date of this Order. If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (i.e. single-family owner-occupied homeowner policies, excluding condominium and coop policies), then provide this information for all homeowners insurance applications.

13. **Questions on the Development and Use of Credit-Based Insurance Scores and any Other Credit History Information.** Please provide narrative responses to the following questions regarding the use of credit history information for underwriting, tier placement, and/or rating the Company's Policies, and provide any accompanying documents requested:

- a. Does the Company use any credit history data, credit-based scoring, or financial stability classification based on credit information for underwriting, tier placement, and/or rating? If so, please specify how this material is used, including but not limited to:
 - i. Whether this material is used in connection with renewals, as well as new Policies
 - ii. How often this material is obtained or updated for a given policy or res and any

14. **Business Channel, and Agent Compensation and Pricing Discretion.** Please provide the following information regarding the business channel(s) the Company operated through, and the Company's relevant by-laws, rules, and procedures in effect, from January 1, 2004, to the date of this Order.

- a. Documents or a narrative response sufficient to describe the proportions or percentages of the Company's Policies written through each business channel (e.g., direct, captive agents, independent agents)
- b. Documents sufficient to describe the Company's compensation plans with respect to all insurance agents, brokers, salespeople, underwriters, and/or Company employees involved in selling and/or issuing the Company's Policies, including but not limited to individual and team-based bonus or incentive plans.
- c. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in setting prices/premiums for an applicant with a given set of risk characteristics and seeking a Policy with a given set of attributes (e.g., a specific Form code(s) with a given set of limits, deductibles, and endorsements).

EXHIBIT A

DEFINITIONS AND INSTRUCTIONS

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

DEFINITIONS

1. “You,” “Your,” or “the Company” refers to **[FIRM NAME]**, including all entities which may possess responsive material in **[FIRM NAME]** custody or control. However, it excludes **[NAME ENTITIES WITH DATA NOT IN CUSTODY OR CONTROL OF FIRM]**.
2. “Data” means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, “Data” must be submitted in a manner that conforms to the Instructions below.
3. “Document” or “Document(s)” means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meet “Data8oa (of0.935 -1.002 Tc -0.0ui)-24 Tg-16.305 -1

5. “In Place” or “In Force” describes policies providing coverage during any portion of a specified time period.
6. “Relevant Time Period” means January 1, 2004, up to and including December 31, 2006.
7. “Policy Period” is the period beginning on the start or renewal date of a policy and expiring on the date the policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given policy In Place at the beginning of the Relevant Time Period (i.e., as of January 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the policy is renewed then a new Policy Period starts on September 15, 2004.)

INSTRUCTIONS

1. **Submission Information.** Please send your responses to Matias Barenstein, Federal

documents. A statement of the Company's data or document retention policy should also be submitted.

5. **Verb Tenses, Plural v. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested policy data or information as of the start of the Relevant Time Period. If a policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that policy.
7. **Distinct Data Files and Cross-File Links.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
 - a. Specification (2)
 - b.

- e. For Specification (10) (Application and Quote data): Submit data for multiple quote requests and/or applications for the same person, family, or household, on separate data lines or records.
9. **Blank Fields and/or Empty Records.** To the extent that the data the Company provides in response to Specifications (2) to (10) contain fields or variables that are blank or empty for some or all records, please

accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

- ii. For Specifications (11) to (14) (i.e. documents and/or narrative responses): All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the Company's files and shall not be shuffled or otherwise rearranged.

- 1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*

- 2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in original, hard copy format in a timely manner. Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

c. Security

- i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
 - ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: "MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL ii.

12. Submission of Documents in Hard Copies. Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (14) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than

VERIFICATION

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of _____, State of _____,
this _____ day of _____, 2008.

Notary Public

My commission expires: _____.

By direction of the Commission.

William E. Kovacic
Chairman

SEAL

Date of Order: _____, 2008

The Special Report required by this Order,
or any inquiry concerning it, should be
addressed to the attention of:

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