

SERFF Tracking Number: KEMP-125937709 State: Arkansas
Filing Company: Trinity Universal Insurance Company State Tracking Number: EFT \$25
Company Tracking Number: LATEFEEUPDATE030109
TOI: 35.0 Interline Filings Sub-TOI: 35.0001 Personal Interline Filings
Product Name: LateFeeUpdate021509
Project Name/Number: LateFeeUpdate021509/LateFeeUpdate021509

Filing at a Glance

Company: Trinity Universal Insurance Company

Product Name: LateFeeUpdate021509

TOI: 35.0 Interline Filings

Sub-TOI: 35.0001 Personal Interline Filings

Filing Type: Rate/Rule

SERFF Tr Num: KEMP-125937709 State: Arkansas

SERFF Status: Closed

Co Tr Num:

LATEFEEUPDATE030109

Co Status:

Authors: Jennifer Brown, Gilbert Birdwell

Date Submitted: 12/09/2008

State Tr Num: EFT \$25

State Status: Fees verified and received

Reviewer(s): Becky Harrington, Betty Montesi

Disposition Date: 12/10/2008

Disposition Status: Filed

Effective Date Requested (New): 02/15/2009

Effective Date Requested (Renewal): 02/15/2009

Effective Date (New): 02/15/2009

Effective Date (Renewal): 02/15/2009

State Filing Description:

General Information

Project Name: LateFeeUpdate021509

Project Number: LateFeeUpdate021509

Reference Organization:

Reference Title:

Filing Status Changed: 12/10/2008

State Status Changed: 12/10/2008

Corresponding Filing Tracking Number:

Filing Description:

The above captioned company(ies) proposed to update our late fee to \$20 in all lines of business including Auto, Home, Boat, Dwelling Fire, Inland Marine, Personal Catastrophe Liability and Package business.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Company and Contact

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Filing Contact Information

Jennifer Brown, Product Analyst jbrown@ekemper.com
 12926 Gran Bay Parkway West (904) 245-5614 [Phone]
 Jacksonville, FL 32258 (904) 245-5601[FAX]

Filing Company Information

Trinity Universal Insurance Company CoCode: 19887 State of Domicile: Texas
 12926 Gran Bay Parkway West Group Code: 215 Company Type:
 Jacksonville, FL 32258 Group Name: State ID Number:
 (904) 245-5600 ext. [Phone] FEIN Number: 75-0620550

Filing Fees

Fee Required? Yes
 Fee Amount: \$25.00
 Retaliatory? No
 Fee Explanation: \$25.00 per rule X 1 rule = \$25.00
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Trinity Universal Insurance Company	\$25.00	12/09/2008	24419015

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	12/10/2008	12/10/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	12/10/2008	12/10/2008	Jennifer Brown	12/10/2008	12/10/2008

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Disposition

Disposition Date: 12/10/2008

Effective Date (New): 02/15/2009

Effective Date (Renewal): 02/15/2009

Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Late Fee Update Supporting Doc	Filed	Yes
Supporting Document	Objection1-Manual Pages	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 12/10/2008
Submitted Date 12/10/2008
Respond By Date

Dear Jennifer Brown,

This will acknowledge receipt of the captioned filing.

Objection 1

No Objections

Comment: Please provide the manual page with the new late fee rule.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 12/10/2008
Submitted Date 12/10/2008

Dear Becky Harrington,

Comments:

Response 1

Comments: Please see the attached current and proposed manual pages that contain the billing fees and what is changing. If you have any further questions please do not hesitate to contact me directly at 904-245-5614.

Thank you,

Jennifer Brown

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Related Objection 1

Comment:

Please provide the manual page with the new late fee rule.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Objection1-Manual Pages

Comment: Please see the attached manual pages in response to your objection. Thank you.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Gilbert Birdwell, Jennifer Brown

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Supporting Document Schedules

Satisfied -Name: Late Fee Update Supporting Doc **Review Status:** Filed 12/10/2008
Comments:
Please see the attached supporting documentation to update the late fee.
Attachments:
Policy Fees - Analysis.pdf
Policy Fees - Summary.pdf

Satisfied -Name: Objection1-Manual Pages **Review Status:** Filed 12/10/2008
Comments:
Please see the attached manual pages in response to your objection. Thank you.
Attachments:
AR Current Billing Fees.pdf
AR Proposed Billing Fees.pdf

Kemper

Countrywide Indicated - Policy Fees - 2008

COSTS (ANALYSIS)

LATE CHARGE

Description of Cost	Amount	
Total KAH Premium Write-Off Amount (4-Qtr Ending)		
200703	5,003,605.380	[1]
200706	5,512,099.090	[2]
200709	5,197,929.660	[3]
Average Premium Write-Off Amount	5,237,878.043	[4] = ([1]+[2]+[3]) / 3
Monthly	436,489.837	[5] = [4] / 12
Avg Monthly Count of Late/NSF Payments	31,308.353	[6]
Premium Write-Off Per Late/NSF Payment	13.942	[7] = [5] / [6]
Average Monthly Home Payment (Avg Prem/12)	71.895	[8]
Average Monthly Auto Payment (Avg Prem/12)	110.978	[9]
Return on Equity For Home	0.150	[10]
Return on Equity For Auto	0.100	[11]
Opportunity Cost Per Home Late Payment (30 day)	0.842	[12] = [8] * (((1+[10]) ^ 1/12) - 1)
Opportunity Cost Per Auto Late Payment (30 day)	0.885	[13] = [9] * (((1+[11]) ^ 1/12) - 1)
Premium Average	0.868	[14] = ([13] + [12]) / 2
Personnel		
Billing	2.283	[15]
Programming	0.419	[16]
Supervisor (Billing)	0.308	[17]
Call Center	1.553	[18]
Mailing		
Presort	0.016	[19]
Postage	0.341	[20]
Envelopes		
Outside	0.020	[21]
Remittance	0.019	[22]
Paper	0.016	[23]
Image/Printing		
\$0.0498 per side X 2	0.100	[24]
Indicated Late Charge	19,884	[25] = [7]+[14]+[15]+[16]+[17]+...+[24]
Proposed Late Charge	20,000	

Policy Charges and Fees - 2008 Analysis

Executive Summary:

In addition to the premium listed on the declarations page, a policyholder may be required to pay other charges and fees depending on the payment plan the policyholder has selected and the policyholder's payment history. The following is a list of those policy charges and fees with a corresponding description.

<u>Fee</u>	<u>Description</u>
Late Charge	If Kemper accepts late payments from the policyholder, then subject to state law, Kemper may also use the policyholder's late payment as a reason to nonrenew the policyholder's policy. Furthermore, the fact that Kemper may accept the late payment from the policyholder one or more times does not effectuate any waiver of Kemper's right to cancel or refuse to reinstate or refuse to renew the policyholder's policy at other times when the policyholder's payment is not timely. If Kemper does not receive payment within five (5) calendar days after its due date, a Late Charge will be added to the policyholder's balance. This charge will be included on the next bill issued along with any applicable billing charges.

Data Overview:

This analysis includes several different data-sets from several different sources. Collected monthly fee amounts by type-of-fee from January 2004 to December 2006 were provided by Operations and Billing. Annual write-off amounts for 2004, 2005, and 2006 were provided by Financial Controls. Current transaction costs were provided by Operations. Acquisition costs were calculated based on 2004, 2005, and 2006 Annual Statements. All data is on a countrywide aggregate basis.

Method Overview:

Transaction costs are calculated separately for the Programming, Billing, Underwriting, and the Call Center department based on time spent on each transaction and the wages of personnel spending time on each transaction. These average transaction costs are then added to the other transaction costs such as paper, printing, envelopes, and postage. In addition, for all charges and fees other than billing charge, average premium write-offs and average opportunity costs on the return of equity are added to create the final indicated cost per transaction of each policy charge/fee.

Conclusion:

Charges and Fees	Countrywide¹ Current	Indicated	Countrywide Recommended
Late Charge	\$10.00	\$19.88	\$20.00

¹Countrywide current is the average of current factors as of October 15, 2007.

BILLING FEES

- \$5.00 Bill Fee per paper bill produced
- ~~\$15.00 Late Fee~~
- \$15.00 Reinstatement Fee
- \$25.00 NSF Fee

BILLING FEES

- \$5.00 Bill Fee per paper bill produced
- \$20.00 Late Fee
- \$15.00 Reinstatement Fee
- \$25.00 NSF Fee