

SERFF Tracking Number: KEMP-125726735 State: Arkansas  
Filing Company: Trinity Universal Insurance Company State Tracking Number: EFT \$25  
Company Tracking Number: BILLFEE101508  
TOI: 35.0 Interline Filings Sub-TOI: 35.0001 Personal Interline Filings  
Product Name: BillFee101508  
Project Name/Number: BillFee101508/BillFee101508

## Filing at a Glance

Company: Trinity Universal Insurance Company

Product Name: BillFee101508

TOI: 35.0 Interline Filings

Sub-TOI: 35.0001 Personal Interline Filings

Filing Type: Rate

Effective Date Requested (New): 10/15/2008

Effective Date Requested (Renewal): 10/15/2008

State Filing Description:

This is a rule filing.

SERFF Tr Num: KEMP-125726735 State: Arkansas

SERFF Status: Closed

Co Tr Num: BILLFEE101508

Co Status:

Authors: Jennifer Brown, Gilbert Birdwell

Date Submitted: 07/10/2008

State Tr Num: EFT \$25

State Status: Fees verified and received

Reviewer(s): Becky Harrington, Betty Montesi

Disposition Date: 07/11/2008

Disposition Status: Filed

Effective Date (New): 10/15/2008

Effective Date (Renewal): 10/15/2008

## General Information

Project Name: BillFee101508

Project Number: BillFee101508

Reference Organization:

Reference Title:

Filing Status Changed: 07/11/2008

State Status Changed: 07/11/2008

Corresponding Filing Tracking Number:

Filing Description:

The purpose of this filing is to update our billing fees for the following lines of business: Home, Auto, Dwelling Fire, Inland Marine and Package.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

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## Company and Contact

### Filing Contact Information

Jennifer Brown, Asst. 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  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$25.00  
 Retaliatory? No  
 Fee Explanation: \$25 per rule x 1 rule =\$25.00  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Trinity Universal Insurance Company	\$25.00	07/10/2008	21350223

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/11/2008	07/11/2008

*SERFF Tracking Number:*      *KEMP-125726735*                      *State:*                      *Arkansas*  
*Filing Company:*              *Trinity Universal Insurance Company*              *State Tracking Number:*      *EFT \$25*  
*Company Tracking Number:*      *BILLFEE101508*  
*TOI:*                      *35.0 Interline Filings*                      *Sub-TOI:*                      *35.0001 Personal Interline Filings*  
*Product Name:*              *BillFee101508*  
*Project Name/Number:*      *BillFee101508/BillFee101508*

## **Disposition**

Disposition Date: 07/11/2008

Effective Date (New): 10/15/2008

Effective Date (Renewal): 10/15/2008

Status: Filed

Comment:

Rate data does NOT apply to filing.

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<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Supporting Documentation	Filed	Yes

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Project Name/Number: BillFee101508/BillFee101508

## Supporting Document Schedules

**Satisfied -Name:** Supporting Documentation

**Review Status:**

Filed

07/11/2008

**Comments:**

Supporting Documentation for Billing Fee Update

**Attachments:**

Policy Fees - Summary.pdf

Policy Fees - Analysis.pdf

Arkansas cover memo.pdf

## 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>
<b>Late Charge</b>	Kemper may in Kemper's sole discretion, accept late payments from the policyholder. If Kemper does accept late payments, then subject to state law and Kemper's sole discretion, 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.
<b>Returned Payment Fee</b>	If the policyholder's payment to Kemper is justifiably dishonored or not permitted by the financial institution to which the policyholder directed Kemper should receive payment, the policyholder must pay Kemper a Returned Payment Fee. This fee will be included on the next bill issued after Kemper receives notice of the dishonor from the financial institution.
<b>Reinstatement Fee</b>	The policyholder must pay Kemper a Reinstatement Fee if Kemper agrees to reinstate the policyholder's policy after it has been cancelled for non-payment during the policy term. The fee will be added to the policyholder's balance and will be included on the first bill issued after the reinstatement.

### 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:

February 8, 2008

<b>Charges and Fees</b>	<b>Countrywide<sup>1</sup> Current</b>	<b>Indicated</b>	<b>Countrywide Recommended</b>
<b>Late Charge</b>	\$10.00	\$20.32	\$20.00
<b>Returned Payment Fee</b>	\$20.00	\$22.51	\$25.00
<b>Reinstatement Fee</b>	\$0.00	\$19.88	\$15.00

<sup>1</sup>Countrywide current is the average of current factors as of October 15, 2007.

# 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	15,000	

# Kemper

Countrywide Indicated - Policy Fees - 2008

## COSTS (ANALYSIS)

### RETURNED PAYMENT FEE

Description of Cost	Amount	
Total KAH Premium Write-Off Amount		
2000	5,003,605.380	[1]
2001	5,512,099.090	[2]
2002	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 NSF Payment (60 day)	1.694	[12] = [8] * (((1+[10]) ^ 1/12) - 1)
Opportunity Cost Per Auto NSF Payment (60 day)	1.777	[13] = [9] * (((1+[11]) ^ 1/12) - 1)
Premium Average	1.744	[14] = ([13] + [12]) / 2
Personnel		
Billing	2.283	[15]
Underwriting	1.750	[16]
Programming	0.419	[17]
Supervisor (Billing)	0.308	[18]
Call Center	1.553	[19]
Mailing		
Presort	0.016	[20]
Postage	0.341	[21]
Envelopes		
Outside	0.020	[22]
Remittance	0.019	[23]
Paper	0.016	[24]
Image/Printing		
\$0.0498 per side X 2	0.100	[25]
Indicated Returned Payment Fee	22.510	[26] = [7]+[14]+[15]+[16]+[17]+...+[24]
Proposed Returned Payment Fee	25.000	

### REINSTATEMENT FEE

Description of Cost	Amount	
Average Countrywide Home Policy Premium	862.739	[1]
Average Countrywide Auto Policy Premium	1,331.741	[2]
Home Other Acquisition Expense		
2004	0.064	[3]
2005	0.057	[4]
2006	0.045	[5]
Average	0.055	[6] = ([3]+[4]+[5]) / 3
Auto Other Acquisition Expense		
2004	0.059	[7]
2005	0.053	[8]
2006	0.042	[9]
Average	0.051	[10] = ([7]+[8]+[9]) / 3
35% of Other Acquisition Expenses		
Reincurred Upon Reinstatement:		
Home	0.019	[11] = 0.35 * [6]
Auto	0.018	[12] = 0.35 * [10]
Average Cost Per Reinstatement		
Home	16.749	[13] = [1] * [11]
Auto	23.888	[14] = [2] * [12]
Premium Average	20.318	[15] = ([13] + [14]) / 2
Indicated Reinstatement Fee	20.318	[16] = [15]
Proposed Reinstatement Fee	15.000	



A UNITRIN BUSINESS

12926 Gran Bay Parkway West  
Jacksonville, FL 32258

July 9, 2008

Commissioner of Insurance  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201

**RE:** Arkansas Billing Fee Update for all lines  
Trinity Universal Insurance Company

Dear Commissioner:

The above captioned company respectfully submits the enclosed billing fee updates. 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.

Information regarding the updates we are making can be found in the two supporting documents attached to this filing. "Policy Fees – Summary" includes the current and proposed rates we wish to implement. "Policy Fees – Analysis" contains a detailed actuarial analysis of how we arrived at the proposed fees.

Thank you for your time and consideration in reviewing our proposal. If you have questions or concerns about the enclosed proposal and supporting documentation, please don't hesitate to contact me.

Respectfully,

A handwritten signature in black ink that reads "J. Brown".

Jennifer Brown  
Kemper, A Unitrin Business  
12926 Gran Bay Parkway West  
Jacksonville, FL 32258  
904-245-5614 Voice  
[jbrown@eKemper.com](mailto:jbrown@eKemper.com)