

SERFF Tracking Number: SAFA-125740445 State: Arkansas
First Filing Company: First National Insurance Company of America, ...State Tracking Number: EFT \$100
Company Tracking Number: PL-08-200356
TOI: 35.0 Interline Filings Sub-TOI: 35.0001 Personal Interline Filings
Product Name: Interline Filing
Project Name/Number: Fee Filings/PL-08-200356

Filing at a Glance

Companies: First National Insurance Company of America, Safeco Insurance Company of America, Safeco Insurance Company of Illinois

Product Name: Interline Filing	SERFF Tr Num: SAFA-125740445	State: Arkansas
TOI: 35.0 Interline Filings	SERFF Status: Closed	State Tr Num: EFT \$100
Sub-TOI: 35.0001 Personal Interline Filings	Co Tr Num: PL-08-200356	State Status: Fees verified and received
Filing Type: Rule	Co Status:	Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding
	Author: Sandy Jackson	Disposition Date: 07/21/2008
	Date Submitted: 07/21/2008	Disposition Status: Filed
Effective Date Requested (New): 10/01/2008		Effective Date (New): 10/01/2008
Effective Date Requested (Renewal): 10/01/2008		Effective Date (Renewal): 10/01/2008

State Filing Description:

General Information

Project Name: Fee Filings	Status of Filing in Domicile:
Project Number: PL-08-200356	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 07/21/2008	Deemer Date:
State Status Changed: 07/21/2008	
Corresponding Filing Tracking Number:	
Filing Description:	
Regarding: Interline Filing for Personal Lines including:	
Private Passenger, RV and Classic Car Automobile Programs; Independent Homeowners Program, Dwelling Fire Program, Off Road Vehicle Program, Personal Motorcycle Program, Personal Umbrella Program, and Personal Watercraft Program	

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Safeco Insurance Company of Illinois 163-39012
Safeco Insurance Company of America 163-24740
First National Insurance Company of America 163-24724

Proposed

Effective Date: October 1, 2008 New and Renewal Business

Filing Number: PL-08-200356

This letter introduces changes in our billing payment plan service charges as well as to our Transaction Fees for Late Payments and Returned Bank Items. These changes are October 1, 2008. Enclosed you will find Exhibit I providing support for the proposed changes.

We are adding the option of paying by recurring credit card. Once this option launches we will charge the same installment that we charge our EFT customers.

Customers using the monthly plans, whether paying electronically or by check, can combine as many accounts as they would like on the same monthly statement and will incur only one billing fee per mailing.

Company and Contact

Filing Contact Information

Kelda Weber, Senior Product Manager kelweb@safeco.com
Safeco Plaza (206) 473-5591 [Phone]
Seattle, WA 98185 (206) 473-6730[FAX]

Filing Company Information

First National Insurance Company of America	CoCode: 24724	State of Domicile: Washington
SAFECO PLAZA	Group Code: 163	Company Type: P&C
SEATTLE, WA 98185	Group Name:	State ID Number:
(800) 562-1018 ext. [Phone]	FEIN Number: 91-0742144	

Safeco Insurance Company of America	CoCode: 24740	State of Domicile: Washington

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SAFECO PLAZA
SEATTLE, WA 98185
(800) 562-1018 ext. [Phone]

Group Code: 163
Group Name:
FEIN Number: 91-0742148

Company Type: P&C
State ID Number:

Safeco Insurance Company of Illinois
2800 West Higgins Road
Suite 1100
Hoffman Estates, IL 60195-5205
(800) 544-2614 ext. [Phone]

CoCode: 39012
Group Code: 163
Group Name:
FEIN Number: 91-1115311

State of Domicile: Illinois
Company Type: P&C
State ID Number:

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Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: 100.00 per filing.
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
First National Insurance Company of America	\$0.00	07/21/2008	
Safeco Insurance Company of America	\$100.00	07/21/2008	21508037
Safeco Insurance Company of Illinois	\$0.00	07/21/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/21/2008	07/21/2008

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Disposition

Disposition Date: 07/21/2008
Effective Date (New): 10/01/2008
Effective Date (Renewal): 10/01/2008
Status: Filed
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Billing Plan Manual		Replacement	xxx_bi.pdf

Countrywide

Billing Plan



Applies to all states except:
AL, AK, CA, FL, GA, IA, KY,
MD, MI, MO, NE, NH, NC,
OK, TN, TX, VA, WV

Safeco Insurance Companies



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Billing Overview

Full

Four-Pay Annual Policies and
Two-Pay Semi-annual Policies

Monthly with Automatic
Deduction

Monthly without Automatic
Deduction

Commissions

Payment Methods

Automatic Deduction

Agency Sweep

Online Check

Credit Card

Check

C.O.D.

Fees

Companies and Copyrights

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Safeco Insurance Companies consist of one or more of the
following:

Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Insurance Company of Illinois
Safeco National Insurance Company
First National Insurance Company of America
General Insurance Company of America
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon
American States Preferred Insurance Company
American States Insurance Company
American Economy Insurance Company



Billing Overview

Plan	Plan Description	Customer Involvement	Payment Methods	Down Payment	Service Fees
Full	Your customer pays the full premium amount at the beginning of a policy period.	<p>New customers pay the full-term premium.</p> <p>Renewals may be made via automatic deduction. New customers would need to follow the sign up information under Payment Methods.</p>	<ul style="list-style-type: none"> • Automatic deduction • Agency sweep • Online check • Credit card • Check 	All customers pay the full-term premium.	None
Four-Pay Annual Policies and Two-Pay Semi-annual Policies	<p>We bill your customer in equal installments at least 15 days before the due date.</p> <p>First payment is due at the start of the policy period.</p> <p>Subsequent payments are due in approximately 60-day intervals.</p>	<p>New customers make the appropriate down payment.</p> <p>Future payments and renewals may be made via automatic deduction. To sign up a new customer follow the sign-up information under Payment Methods.</p>	<ul style="list-style-type: none"> • Automatic deduction • Agency sweep • Online check • Credit card • Check 	<p>All customers:</p> <ul style="list-style-type: none"> • With auto and rec vehicle policies require 50 percent down payment • With any other policies require 25 percent down payment 	Yes

Plan	Plan Description	Customer Involvement	Payment Methods	Down Payment	Service Fees
<p>Monthly with Automatic Deduction</p>	<p>Between one and 15 policies can be on the same account.</p> <p>We send a notice to your customer at least 10 days before the first deduction. We update the notice if the amount of the deduction or the selected deduction date changes.</p>	<p>New customers send a signed automatic deduction authorization form and the down payment. Payments will be deducted from the account on which the down payment is drawn unless separate bank information (such as a voided check) is also included.</p> <p>Renewal customers have monthly payments deducted from their checking account on or after the deduction day they select. To switch to monthly with automatic deduction your customer should mark the box and send in the appropriate amount, or they can change their account options at www.safeco.com and sign up online.</p>	<p>Automatic deduction</p>	<p>New customers:</p> <ul style="list-style-type: none"> • Pay no down payment if the policy is effective more than 30 days in the future (applies to motorcycle, rec vehicle, umbrella and watercraft policies only) • Pay one-month down payment (20 percent down for standard auto; 25 percent down for non-standard auto) if effective date is less than 30 days in the future • Pay a minimum of two-months down payment if the policy effective date is in the past (applies to motorcycle, rec vehicle, umbrella and watercraft policies only) • The down payment must be paid separately and will not be automatically deducted <p>Renewal customers:</p> <ul style="list-style-type: none"> • Pay amount shown on the initial renewal billing statement equaling one-month down payment • Pay no down payments on subsequent policy terms 	<p>Yes</p>

Plan	Plan Description	Customer Involvement	Payment Methods	Down Payment	Service Fees
Monthly without Automatic Deduction	We send a bill to your customer every month.	<p>New customers make the down payment.</p> <p>For motorcycle business a minimum \$300 annual premium is required unless your customer has other policies with Safeco®.</p>	<ul style="list-style-type: none"> • Agency sweep • Online check • Credit card • Check 	<p>New customers:</p> <ul style="list-style-type: none"> • Pay no down payment if policy is effective more than 60 days in the future • Pay one-month down payment if policy is effective more than 30 days in the future • Pay two-months down payment if effective less than 30 days in the future • Pay three-months down payment if effective date is in the past <p>Once on the plan, customers will continue to receive bills monthly, even after renewal.</p>	Yes

Commissions

Regardless of payment method, commissions are paid for the full-term premium at the beginning of each policy period.

Payment Methods

Method	Description
Automatic Deduction	<p>This payment option allows monthly payments to be automatically withdrawn from your customer's bank account. The initial down payment must be made by any of the other payment methods and automatic deduction will be set up for all future installments.</p> <p>Customers must complete an authorization form (either paper form or e-sign found on Safeco.com). Future payments will be deducted from the checking or savings account provided. This payment method is available for all billing plans.</p>
Agency Sweep	<p>This payment option allows you to input the amount of the payment you receive from your customer into Safeco Now™ and the payment will credit their account that day. You then deposit your customer's payments into your business or premium trust account and we will sweep the funds in three business days. For more information on agency sweep or how to sign up, go to our frequently asked questions document and the authorization form which are available online.</p>
Online Check	<p>This payment option allows your customers to make a one-time payment from their checking account by providing their nine-digit bank routing number and account number. This payment option is available in Safeco Now, Safeco.com and the customer self-service line. Payments are posted the day the transaction is completed.</p>
Credit Card	<p>This payment option allows customers to make a one-time credit card payment by providing their credit card number and expiration date. This payment option is available in Safeco Now, Safeco.com and the customer self-service line. Payments are posted the day the transaction is completed.</p>
Check	<p>This payment option requires mailing your customer's check to us (Safeco). Payments will not be posted the same day as they are received in your office due to mail and processing time.</p>

Method	Description
C.O.D.	When writing a new business policy, you may choose to issue the policy on a C.O.D. basis. If you do so, we will bill your customer based on the billing plan selected. Please note, if the policy cancels for nonpayment of the C.O.D. bill, you will be responsible for any earned premium due. C.O.D. is not available for non-standard, specialty or motorcycle policies and is not available in Florida.

Fees

Payments received after a fee has been incurred will apply to the fee first, with the remainder applied to the policy.

Service Fees

Payment Method	Fee Amount by Line of Business			
	Off-Road	Non-Standard Auto	Preferred and Standard Auto, Home and Landlord Protection Policy	Motorcycle, Umbrella, Watercraft and Classic Car
With Automatic Deduction Two-Pay, Four-Pay and Monthly	\$2	\$3	\$2	\$2
Without Automatic Deduction	\$3	\$6	\$5	\$5

Other Fees

Fee	Description	Fee Amount for All Personal Lines*
Late Fee	Unpaid bills result in fees, which are reflected in your customer's next billing statement.	\$10
Returned Bank Item Fee	Payments from customers that are dishonored by their bank for non-sufficient funds (NSF) result in a fee. Payment types include: paper check, online check and automatic deduction.	\$25

*Homeowners policies paid by mortgagees are excluded.

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Supporting Document Schedules

Satisfied -Name: Filing **Review Status:** Filed 07/21/2008

Comments:

Attachments:

Interline.pdf

Fee Filing Support Exhibit V2.pdf



SAFECO PROPERTY & CASUALTY INSURANCE COMPANIES

Safeco Plaza
Seattle, WA 98185-0001

Phone: (206) 545-5000
www.safeco.com

July 21, 2008

Regarding: Interline Filing for Personal Lines including:
Private Passenger, RV and Classic Car Automobile Programs; Independent
Homeowners Program, Dwelling Fire Program, Off Road Vehicle Program, Personal
Motorcycle Program, Personal Umbrella Program, and Personal Watercraft Program

Safeco Insurance Company of Illinois	163-39012
Safeco Insurance Company of America	163-24740
First National Insurance Company of America	163-24724

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Customers using the monthly plans, whether paying electronically or by check, can combine as many accounts as they would like on the same monthly statement and will incur only one billing fee per mailing.

Should you have any questions, or require further information, feel free to contact me.

Respectfully submitted,

Kelda Weber, CPCU
AVP, Senior Product Manager
(206) 473-5591
FAX: (206) 473-6730
kelweb@safeco.com
KW/sj

Payment Plan and Related Fees

Summary

Safeco's payment plans are intended as a service to our customers. Service charges are charged to recoup the additional cost to administer the plan. These expenses are incurred at the time of down payment as well as throughout the policy period.

When a new SAFECO customer chooses a monthly bill plan SAFECO's revenue management department processes a transaction to set up the payment account. This transaction is an additional step not required for the paid-in-full customer and is a manual step. Estimates indicate that any step that requires human intervention incurs a cost of \$3-\$6 dollars.

In addition, one significant cost to the company of offering payment plans is the investment income lost on funds that we receive later. Using our average auto premium of \$675 dollars as an example, we calculated a simple example of investment income lost over the first month of the policy period. Applying our investment income rate of 1.77% annually, the monthly bill account generates \$0.67 less in investment income in the first month of the policy period. This is a cost of bill plans that is incurred with the first payment.

Both initial set up costs and lost investment income are incurred at the time of purchase or within the first month of the policy, before a second payment is due. These two costs are a significant portion of the extra cost of administering the billing plans, and justify the assessment of a charge when a policy is purchased.

There are many other costs of bill plans. Our approach is charge billing fees over the policy period to cover these costs Included are:

- *Mailing and processing costs for additional statements and cancel warnings*
- *Payment Processing Costs – This includes the cost of processing the additional payments resulting from payment plans.*
- *Bank Fees*
- *IT costs to support the payment plans*
- *Service and Payment Centers calls relating to billing and payment issues*
- *Further Lost investment income from not receiving all moneys in full*
- *Waived premiums and write-offs* Offering payment plans increases the exposure for balances due after policies cancel for nonpayment.
-

Spreading the total cost of the payment plans over the policies currently on these plans, the per policy average cost is \$26.96.

2007 Cost Detail Associated with Payment Plans	\$ amount
Mailing, Processing and Printing	\$ 3,829,198
Bank Fees	\$ 1,548,260
Annual SPI Credit Card fees *	\$ 3,280,399
ISO Write offs	\$ 12,269,022
Payment Center Related Expenses	\$ 4,072,491
Service Center Related Expenses	\$ 5,649,862
IT Costs to Support Pay Plans	\$ 1,149,983
Lost Investment Income	\$ 9,123,738
Estimate Additional CC Fees for Recurring Credit Card *	\$ 4,423,481
Product and Filing Support for Bill Plan Maintenance	\$ 28,600
Total Costs	\$ 45,375,034
# of policies on pay plans	\$ 1,683,327
\$ per policy	\$ 26.96

* We are introducing recurring credit card capability in the 4th quarter. In order to recoup the rising costs associated with payment plan services we are increasing our related fees. As you can see below, even with these changes we have not covered all of our costs. The remainder will be reflected in overall pricing.

Projected Annual Billing Costs	\$ 45,375,034
Projected 2008 Fee Income with no changes	\$ 21,729,933
Projected 2009 Annual Fee Income with changes	\$ 43,660,999
Projected Profit/(shortfall)	\$ (1,714,034)

Current Country Wide Fees:

Payment Method	Off Road	Non-standard Auto	Preferred and Standard Auto, Home and Landlord Protection Policy	Motorcycle Umbrella and Classic Car
All reoccurring Billing Plans-paid (e.g. EFT or recurring Credit Card)	\$ 0.00	\$3.00	\$ 0.0 0	\$ 0.00
All non-reoccurring Billing Plans (e.g. Manual payments by check)	\$ 2.00	\$ 6.00	\$ 4.00	\$ 4.00

Other Related Fee Changes	Description	All Personal Lines
Late Fee	Bills not paid by the due date-reflected in the customers next billing statement	\$5
Returned Bank Item Fee	Payments from customers that are dishonored by their bank for non-sufficient funds (NSF) result in a fee. Payments types include paper check, online check, and automatic deduction	\$20

New Country Wide Fees:

Payment Method	Off Road	Non-standard Auto	Preferred and Standard Auto, Home and Landlord Protection Policy	Motorcycle Umbrella and Classic Car
All reoccurring Billing Plans-paid (e.g. EFT or recurring Credit Card)	\$ 2.00	\$3.00	\$ 2.00	\$ 2.00
All non-reoccurring Billing Plans (e.g. Manual payments by check)	\$ 3.00	\$ 6.00	\$ 5.00	\$ 5.00

Other Related Fee Changes	Description	All Personal Lines
Late Fee	Bills not paid by the due date-reflected in the customers next billing statement	\$10

Returned Bank Item Fee

Payments from customers that are dishonored by their bank for non-sufficient funds (NSF) result in a fee. Payments types include paper check, online check, and automatic deduction

\$25