

Earned Premium Recovery Best Practices And Benchmarking



ICE Anti-Trust Statement - All participants should duly note that a copy of the ICE ANTI-TRUST POLICY has been given to you. The statement reminds us that the policy restricts decision-making and discussion. These restrictions are designed to prevent even so much as an appearance of impropriety. The policy statement should guide us in all our discussions.

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Introduction

- ❑ Background
- ❑ Objective of Webinar
- ❑ CCS Companies – Participants & Contacts:
 - Bruce Shapiro – Sr. Vice President of Operations
 - Andy Lynch – Sr. Vice President, Partnership Development
 - Chris Delgado – Regional Vice President



1st Party (Pre-Collect) Services



Polling Question # 1

1st Party Pre-Collect



1st Party (Pre-Collect) Services

□ Internal Billing Processes

➤ Measurement of Recovery Performance

- ✓ How To Measure Internal Efforts
- ✓ Best Practice On Letter And Call Strategy
- ✓ How To Quantify Cost Of Internal Efforts
 - ❖ Personnel
 - ❖ Programming
 - ❖ Postage & Telephony

➤ Private Label Services

- ✓ Tailored Recovery Strategy
- ✓ Company Letterhead
- ✓ Customized Phone Number



*Quantify Internal Performance To Assure
Maximized Recovery*

3rd Party Recovery Services



3rd Party Recovery Services

□ Best Practices

➤ Account Information

- ✓ Name
 - ❖ Consumer: Policyholder
 - ❖ Commercial: Company / Principal
- ✓ Address
- ✓ Phone Number (Home & Work)
- ✓ Social Security Number
- ✓ Policy Number
- ✓ Vehicle(s) / Property Information
- ✓ Agent Information
- ✓ Effective Date of Policy
- ✓ Date of Cancellation
- ✓ Date of Last Payment
- ✓ Amount of Last Payment
- ✓ Balance Due



*Complete and Detailed Information Drives
Maximum Recoveries*

3rd Party Recovery Services ... Continued

❑ Referral Process

➤ Electronic Capture

- ✓ Secure Format
- ✓ Complete and Accurate Information
- ✓ Acknowledgment / Reconciliation

➤ Formats

- ✓ Client Generated File Formats (CSV, Comma Delimited, Excel, etc.)
- ✓ Secure FTP Sites
- ✓ Secure VPN Tunnel

❑ Online Access

- ✓ Verify Direct Payments
- ✓ Produce Statement of Premiums
- ✓ Verify Vehicle / Property Information



*Secure Electronic Capture Protects Data
and Drives Efficiency*



3rd Party Recovery Services ... Continued

❑ Skip Tracing Process (Executed On Every Account)

➤ Consumer

- ✓ Bankruptcy/Deceased Scrub
- ✓ NCOA
- ✓ White Pages
- ✓ Credit Headers
- ✓ Proprietary Databases
- ✓ Property and Deed
- ✓ Magazine Subscriptions
- ✓ DMV
- ✓ Electronic Directory Assistance
- ✓ Account Monitoring



3rd Party Recovery Services ... Continued

- ❑ **Skip Tracing Process (Executed On Every Account)**
 - Commercial
 - ✓ Address & Phone
 - ✓ Secretary of State
 - ✓ Agents
 - ✓ Dun and Bradstreet
 - ✓ Judgments & Liens



*Verify Account Information
Commence Recovery Process*



3rd Party Recovery Services ... Continued

❑ Letter Strategy

- First Notice
- Dynamic Letter Generation
- Settlement Opportunity Notice

❑ Telephony

- Live Agent Calling
- Predictive Dialing Capability
- Planned Frequency
- Hours of Live Agent Access
- Bi-lingual Capability

*Robust Combination of Phone & Letter
Strategies Drives Success*



Polling Question # 2

Settlement Authority



3rd Party Recovery Services ... Continued

❑ Escalation Techniques

- Pre-defined escalation techniques provide for an efficient partnership
 - ✓ Response Time
 - ✓ Leveraging Settlement Authority
 - ✓ Seamless Process
 - ✓ Impacting Recovery Performance



3rd Party Recovery Services ... Continued

❑ Escalation Techniques

➤ Personal Lines

- ✓ Settlement Authority
 - ❖ In the absence of credit reporting, a settlement strategy provides the requisite leverage to make your payment obligation a “high priority”
 - ❖ It costs nothing to implement and actually lifts overall recoveries
 - ❖ A creditor that “settles” versus another that does not will always be paid first
 - ❖ Recommended Settlement Guidelines
 - 40% - 50% Settlement Authority @ Agency Level
 - 75% Settlement Authority @ Representative Level
 - ❖ Example (40% Settlement Authority):
 - Balance = \$200.00
 - Collection representative settle for \$150.00 - \$200.00
 - Supervisor / Manager settle for \$80.00 - \$150.00
- ✓ Credit Bureau Reporting – Driven by Client Preference
- ✓ Secondary Recovery Process



3rd Party Recovery Services ... Continued

❑ Escalation Techniques

➤ Commercial Lines

- ✓ Settlement Authority
- ✓ Credit Bureau Reporting – Driven by Client Preference
- ✓ Litigation
 - ❖ Asset Identification
 - ❖ Dollar Threshold
- ✓ Secondary Recovery Process



Defined Escalation Strategy Drives Recoveries

3rd Party Recovery Services ... Continued

❑ Remittance

- Net Versus Gross Remittance
- EFT Versus Physical Check
- Reconciliation at Policy Level
- Timeliness / Scheduled Monthly

❑ Update

- Transfer Data Electronically
- Direct Payments
- Adjustments
- Drops / Holds (Client Direction)
- Account Status Changes
- Demographic changes



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*Thorough Account Level Remittance & Update
Procedures Drive Accounting Accuracy*

3rd Party Recovery Services ... Continued

□ Reporting

- Accounts Placed
- Total Dollar Volume Placed
- Average Age Of Accounts
- Disposition of Inventory
- Total Recoveries
- Run Rate Versus Gross Recovery Rate
- Recovery Rate Analysis
 - ✓ Auto vs. Home
 - ✓ Standard vs. Non-Standard
 - ✓ Casualty vs. Indemnity
 - ✓ State

*Thorough Recovery Reporting =
Documented Performance*

3rd Party Recovery Services ... Continued

Actuarial Report (Percentages)

| Placement Month | CCS Gross | Total Recovered | Gross | Months Old | | | | | | | | | | | | | |
|-----------------|------------------|-----------------|------------------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | Placement Amount | | Percent Recovery | Current | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Over 12 |
| Jan-09 | \$1,668,593 | \$369,845 | 22.2% | 4.42% | 12.06% | 16.50% | 18.68% | 19.77% | 20.57% | 20.91% | 21.19% | 21.38% | 21.53% | 21.72% | 21.77% | 21.79% | 22.10% |
| Feb-09 | \$1,269,886 | \$280,855 | 22.1% | 3.58% | 13.16% | 16.45% | 18.42% | 19.71% | 20.41% | 20.79% | 21.00% | 21.21% | 21.35% | 21.41% | 21.61% | 21.72% | 22.12% |
| Mar-09 | \$1,467,595 | \$311,298 | 21.2% | 4.62% | 12.80% | 15.80% | 17.85% | 18.76% | 19.42% | 20.02% | 20.21% | 20.31% | 20.42% | 20.70% | 20.82% | 20.86% | 21.14% |
| Apr-09 | \$1,473,736 | \$323,507 | 22.0% | 5.71% | 12.88% | 15.89% | 17.79% | 18.96% | 19.97% | 20.50% | 20.79% | 21.04% | 21.18% | 21.44% | 21.60% | 21.67% | 21.89% |
| May-09 | \$1,190,709 | \$244,276 | 20.5% | 5.06% | 12.68% | 15.91% | 17.75% | 18.74% | 19.22% | 19.49% | 19.64% | 19.80% | 19.98% | 20.17% | 20.21% | 20.25% | 20.61% |
| Jun-09 | \$1,228,097 | \$256,535 | 20.9% | 6.16% | 12.70% | 15.20% | 17.38% | 18.20% | 18.87% | 19.38% | 19.67% | 19.95% | 20.24% | 20.42% | 20.49% | 20.54% | 20.92% |
| Jul-09 | \$1,490,771 | \$293,440 | 19.7% | 5.83% | 11.06% | 14.44% | 16.08% | 17.17% | 17.70% | 18.11% | 18.54% | 18.76% | 18.95% | 19.11% | 19.21% | 19.37% | 19.60% |
| Aug-09 | \$1,230,826 | \$254,464 | 20.7% | 4.97% | 11.86% | 15.39% | 16.90% | 18.08% | 18.53% | 19.12% | 19.63% | 19.98% | 20.17% | 20.25% | 20.33% | 20.39% | 20.71% |
| Sep-09 | \$1,401,525 | \$304,889 | 21.8% | 5.43% | 12.84% | 16.14% | 17.65% | 18.81% | 19.73% | 20.36% | 20.86% | 21.06% | 21.24% | 21.33% | 21.41% | 21.48% | 21.73% |
| Oct-09 | \$1,197,059 | \$295,368 | 24.7% | 6.06% | 13.99% | 17.49% | 19.76% | 21.12% | 22.38% | 22.92% | 23.43% | 23.78% | 23.98% | 24.14% | 24.26% | 24.37% | 24.79% |
| Nov-09 | \$1,106,669 | \$255,215 | 23.1% | 5.33% | 12.60% | 16.11% | 18.55% | 20.36% | 21.36% | 21.82% | 22.06% | 22.18% | 22.36% | 22.43% | 22.54% | 22.61% | 22.98% |
| Dec-09 | \$1,468,482 | \$352,170 | 24.0% | 5.04% | 13.72% | 18.19% | 20.65% | 21.97% | 22.52% | 22.83% | 23.10% | 23.29% | 23.55% | 23.62% | 23.64% | 23.70% | 23.70% |
| 09 Total | \$16,193,946 | \$3,541,862 | 21.9% | | | | | | | | | | | | | | |
| Jan-10 | \$1,223,406 | \$313,371 | 25.6% | 5.97% | 14.43% | 18.96% | 21.35% | 22.82% | 23.81% | 24.43% | 24.69% | 24.89% | 25.12% | 25.23% | 25.27% | 25.34% | 25.72% |
| Feb-10 | \$1,131,528 | \$285,064 | 25.2% | 5.98% | 15.09% | 19.10% | 20.98% | 22.03% | 22.94% | 23.35% | 23.75% | 23.92% | 24.07% | 24.35% | 24.62% | 24.79% | 24.99% |
| Mar-10 | \$1,486,084 | \$354,662 | 23.9% | 6.47% | 13.96% | 17.64% | 19.86% | 21.16% | 21.82% | 22.36% | 22.71% | 22.98% | 23.16% | 23.36% | 23.55% | 23.71% | 23.71% |
| Apr-10 | \$1,018,940 | \$264,343 | 25.9% | 3.03% | 13.25% | 17.69% | 20.93% | 22.64% | 23.49% | 24.21% | 24.53% | 24.83% | 25.22% | 25.51% | 25.72% | 25.94% | |
| May-10 | \$988,706 | \$260,341 | 26.3% | 6.39% | 15.72% | 20.53% | 22.51% | 23.69% | 24.34% | 24.82% | 25.26% | 25.48% | 25.83% | 26.25% | 26.33% | | |
| Jun-10 | \$1,129,572 | \$282,408 | 25.0% | 6.95% | 15.02% | 19.13% | 20.98% | 22.31% | 23.22% | 23.64% | 24.00% | 24.34% | 24.76% | 25.00% | | | |
| Jul-10 | \$983,043 | \$245,629 | 25.0% | 7.06% | 15.50% | 18.78% | 21.20% | 22.53% | 23.20% | 23.72% | 24.28% | 24.65% | 24.99% | | | | |
| Aug-10 | \$968,715 | \$234,841 | 24.2% | 7.35% | 14.76% | 18.65% | 20.77% | 21.85% | 22.60% | 23.25% | 23.74% | 24.24% | | | | | |
| Sep-10 | \$1,194,709 | \$263,586 | 22.1% | 6.22% | 13.11% | 16.54% | 18.38% | 19.82% | 20.78% | 21.53% | 22.06% | | | | | | |
| Oct-10 | \$1,224,366 | \$274,531 | 22.4% | 5.81% | 13.16% | 16.81% | 19.22% | 20.61% | 21.82% | 22.42% | | | | | | | |
| Nov-10 | \$991,614 | \$234,066 | 23.6% | 5.00% | 12.56% | 17.53% | 20.44% | 22.50% | 23.60% | | | | | | | | |
| Dec-10 | \$1,245,700 | \$280,661 | 22.5% | 5.67% | 13.93% | 17.93% | 20.68% | 22.53% | | | | | | | | | |
| 10 Total | \$13,586,384 | \$3,293,503 | 24.2% | | | | | | | | | | | | | | |



3rd Party Recovery Services ... Continued

❑ Benchmarking Metrics

➤ Geographical Performance

- ✓ Regional Trends - Example(s)

➤ Standard Versus Non-Standard Lines Of Business

- ✓ Recovery Trends

➤ Average Age of File At Time Of Referral

- ✓ Internal effort: 1 – 40 Days From Date of Cancellation
- ✓ Best Practice: Referral Within 40 To 50 Days From Date of Cancellation

➤ Average Balance

- ✓ Lower Balances Are Workable
 - ❖ Consumer Lines - \$15.00 Per File
 - ❖ Commercial Lines - \$50.00 Per File



Polling Question # 3

Agency Performance



Agency Performance

❑ Competitive Evaluation Strategies

- *Apples to Apples* Comparison Among Multiple Partners
- Monthly YTD Versus Program TD
- Data Points
 - ✓ Gross Recovery Rate vs. Run Rate
 - ✓ Defining Value Added
 - ✓ Process Discussions
- Timing of Review Periods
 - ✓ Realistic Initial Review
 - ✓ Subsequent Monthly Review

Consistent Measurements Should Be Used To Assess Performance Across All Partners



Factors in Choosing & Measuring a Collections Partner



Factors in Choosing & Measuring A Collections Partner

- Expertise / Experience
 - ✓ Market Leader / Innovator
 - ✓ Regional vs. National
 - ✓ Dynamic Letters - State Specific Requirements For Licensing And Collections Procedures

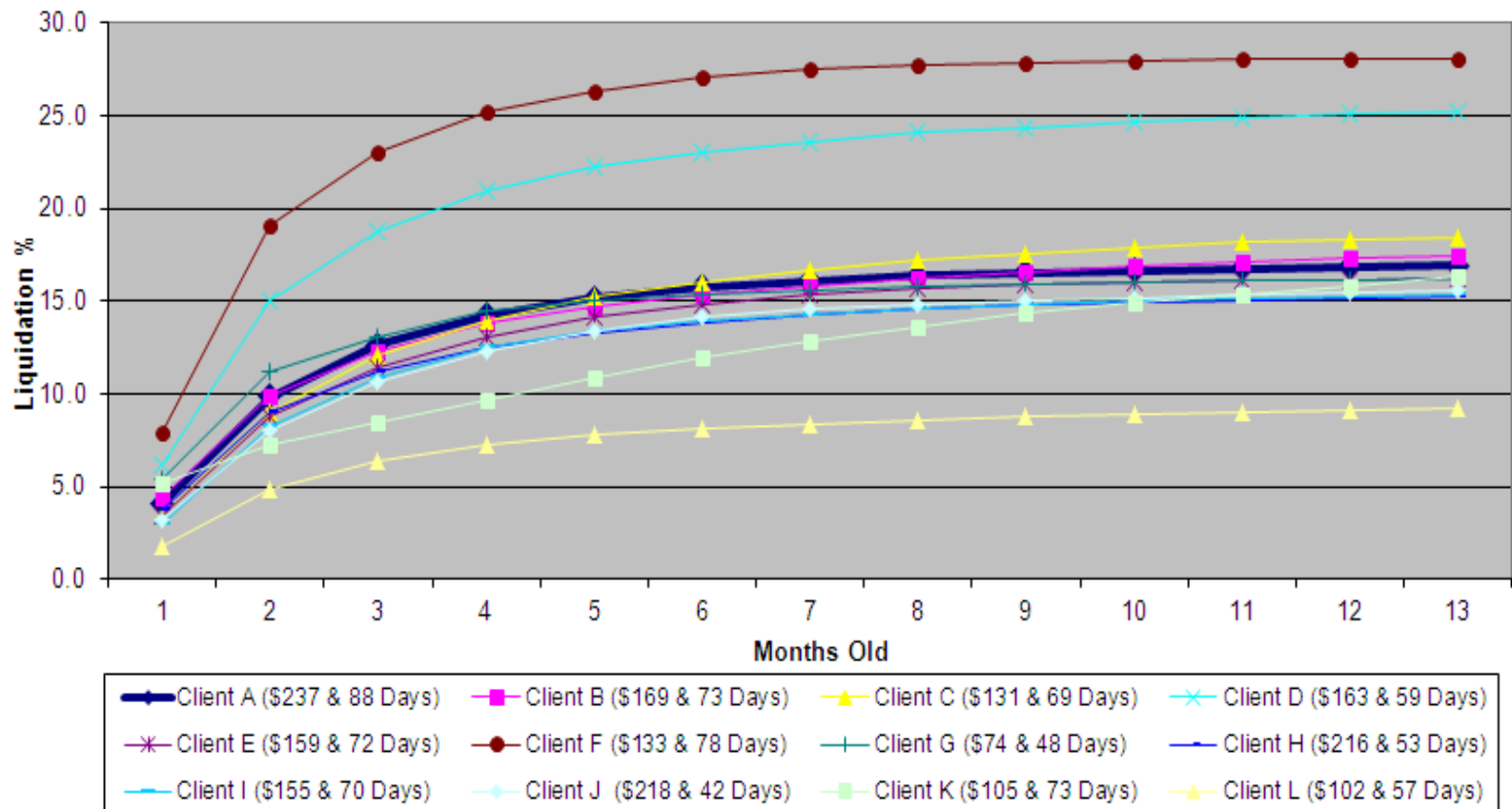
- Custom Reporting Capabilities
 - ✓ Timely
 - ✓ No Cost



Factors in Choosing & Measuring A Collections Partner

➤ Benchmarking Capabilities

LIQUIDATION TRENDING – PERSONAL LINES EP



Factors in Choosing & Measuring A Collections Partner

➤ Service Standards

- ✓ Days & Hours of Operation
- ✓ Payment Processing Capabilities – (Checks & Credit Cards)
- ✓ Average Speed of Answer
- ✓ Live Agent Call Handling
- ✓ Bi-Lingual Capability
- ✓ Customer Service Approach

➤ Security Protocol

- ✓ ISO 27002
- ✓ PCI (Payment Card Industry)
- ✓ GLBA (Gramm-Leach-Bliley Act)
- ✓ HIPAA (Health Insurance Portability and Accountability Act)
- ✓ SAS 70 Type II
- ✓ Physical Building Security

- ❖ Employee/ Visitor Badging
- ❖ Email & Cell Phone Access



Partnership Take-A-Ways

- Responsive
- Flexible
- Client & Customer Oriented
- Process Driven
- Innovative Idea Generator
- Committed
- Invested In Goal Sharing
- Efficient
- Technological Access & Delivery
- Strategic



Insurance Collection Executives (ICE)

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True Partnership Drives Mutual Benefit & Success

Questions & Answers

