

**Review of Texas Credit Life and
Credit Accident and Health Insurance and
Recommendation for Presumptive Premium Rates**

Submitted by

Milliman

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I. INTRODUCTION

This report is submitted by Milliman, Inc. (Milliman) under the applicable provisions of IFB No. 04-RBD-CredAct issued by the Texas Department of Insurance (TDI). This IFB requested a number of Actuarial Services regarding a review of the Texas Credit Life and Credit Accident and Health Insurance business. The main services requested were:

1. To review and analyze TDI's current data call procedures including all data call edits and make recommendations regarding modifications to such data call procedures and edits.
2. To review and analyze loss and expense data from 2000 through 2002 compiled by TDI regarding credit life and credit accident and health insurance.
3. To recommend actuarially sound presumptive premium rates for Credit Life Insurance and Credit Accident and Health Insurance in Texas, subject to HB 2159, 77th Legislature, and remaining relevant sections of 28 TAC Chapter 3, Subchapter FF, pertaining to Credit Life and Credit Accident and Health Insurance, and Chapter 1153, Texas Insurance Code. In addition, the recommended presumptive premium rates shall be developed separately by class and/or plan of business
4. To review and critique other rate analysis methodologies, recommendations and conclusions, as well as analyze the impact of concerns, comments and issues raised by outside consumer groups and industry representatives regarding credit life and credit accident and health insurance rates.
5. To review existing rules relating to credit life insurance and credit accident and health insurance found in 28 TAC Chapter 3, Subchapter FF in light of HB 2159, 77th Legislature, and make recommendations regarding changes to such rules necessary to implement HB 2159, 77th Legislature.

This report addresses Numbers 2, 3 and 4. The Recommended Presumptive Premium Rates are presented in Exhibit 21 for Credit Life Insurance and in Exhibit 22 for Credit A&H.

Variability of Results

The premium rates we have developed are entirely dependent on the data and assumptions which underlie the process. Actual results are certain to vary from that assumed. This is particularly true for an insurance enterprise which, by its very nature, is subject to random statistical fluctuations in financial experience.

Data Reliance

We have relied upon the following data supplied to us by the Texas Department of Insurance. While we have reviewed the data for reasonableness, we have not performed any independent verification of its accuracy.

Distribution to Third Parties

The information contained in this report and the associated exhibits is intended for the sole use of the Texas Department of Insurance. This report should not be relied upon by any outside party. The data, analysis, assumptions, methodology, and conclusions in this report may not be appropriate for any other purposes or for use by any other party.

II. DATABASE AND ANNUAL CREDIT DATA CALLS

The database that was used as a source for the review of the loss and expense experience was the information submitted by the insurance companies writing Credit insurance in Texas in response to the Annual Credit Data Calls. These Calls covered information on eight different Plans of Credit Life Insurance and eighteen different (including three discontinued) Plans of Credit Accident and Health Insurance. Companies also reported data on numbers of policies in force and Company expense items. A summary listing of the various Report titles, and Classes and Plan names of business is shown in Exhibit 1. Note the terms Credit Disability and Credit Accident and Health are used to describe the same business.

TDI maintained a separate database for each year. Generally the Company reports were entered into the TDI database as submitted. Data integrity varied by Company. TDI staff contacted the Companies where obvious material reporting errors occurred. In such cases revisions were made. However, it should be noted that some Company reporting errors might still exist. While TDI exercised care in preparing the database and reports based upon the submitted data, neither TDI nor Milliman make any representations or warranties as to the accuracy of the data.

The data which was used as the basis for this report is shown as Exhibit 2. This Exhibit consists of thirty-two pages arranged as follows:

Pages 1 - 8	Credit Life Experience Reports (Plans 1 – 8 by Class)
Pages 9 - 26	Credit Disability Experience Reports (Plans 9 – 26 by Class)
Pages 27 - 29	Credit Life Expense Reports – Life Companies
Pages 30 - 32	Credit Disability Expense Reports – Life Companies

III. CURRENT PRESUMPTIVE RATES

The Current Presumptive Premium Rates for Credit Life and Credit Accident and Health became effective April 1, 2000. These rates were based upon the experience results of the four-year period of 1994 through 1997. Presumptive Rates had been proposed for Class E business and All Classes Except Class E business within each Plan. However, for simplicity and overall uniformity, the Commissioner adopted Presumptive Rates on a Plan-only basis.

Exhibit 3 is a summary listing of previous and current presumptive rates. Exhibits 4 and 5 describe the rate relationships among the different Credit Life and Credit A&H plans, respectively.

IV. CONSIDERATIONS IN DETERMINING CREDIT INSURANCE PRESUMPTIVE RATES

Credit Life and Credit Accident and Health coverages are generally written as group insurance. In time, the demographics of each group affect the experience that will be realized. Age, sex, economic climate, Plan and Class of business are just some of the factors that influence experience. Presumptive Rates are determined by analyzing the experience of the many different groups, which have been combined into each Class and Plan of business (See Exhibit 1 for listings of the Plans and Classes of business).

The goal of this experience analysis is to develop Presumptive Rates that will be appropriate for the near future, usually three to five years, until the next periodic review. A periodic analysis of Credit Life or Credit Accident and Health Insurance will usually show a pattern of changing results over time. This will, in turn, suggest changes in the Presumptive Rates used for the different Plans and Classes of business.

A consideration in establishing Presumptive Rates is the decision as to how simple or how complex the rate structure should be. Traditionally, for Credit Life Insurance in Texas, a rate is calculated for a major Plan such as the Single Premium, Reducing Term, Single Life Plan. New Presumptive Rates for all Plans are then set by the formulas shown in Exhibit 4 with no distinction by age, sex, or Class of business.

For Credit Accident and Health in Texas, a rate is calculated for a major Plan such as the 36-month, Single Premium, Reducing 14-day Retroactive, Single Life Plan. New Presumptive Rates for all Plans are then set by using the ratio of the newly calculated rate to the then current Presumptive Rate with no distinction by age, sex, or Class of business. The relationships between the various Plans are shown in Exhibit 5.

V. CALCULATION METHODOLOGY FOR PRESUMPTIVE PREMIUM RATES

Different approaches may be used in calculating Presumptive Premium Rates. Three of these are:

1. The use of a target loss ratio standard
2. The use of Component Rating Methodology
3. The use of Asset Share Pricing

The establishment of rates using a target loss ratio standard is the least complicated of the three. However, even with it, the choice of how loss ratios should be separated or combined by Plan or Class is subject to significant judgment. The use of Component Rating Methodology or Asset Share Pricing is considered by some to be more equitable than the use of target loss ratio standards, since specific consideration is given to each component of the company's expenses, as well as the target profit margin. The main criticisms of these latter two methods revolve around the choice of the assumptions used to calculate the rates. Some of the assumptions can be based upon available industry data, but other assumptions are much more judgmental in nature.

In the previous Presumptive Rate setting proceedings in the year 2000, both the Administrative Law Judge and the Commissioner specifically endorsed the Component Rating Methodology as the approach that most accurately addresses the rate standards identified in the Texas Insurance Code at that time. The current rate standards, which are substantially the same as those in 2000 with respect to what factors the Commissioner shall consider in determining the Presumptive Premium Rate, are found in Chapter 1153, Subchapter C, Sections 1153.103 (a), (b), (c), (d), (e), and (f). These rate standards read as follows:

§ 1153.103. PRESUMPTIVE PREMIUM RATE.

(a) After notice and hearing, the commissioner by rule may adopt a presumptive premium rate for various classes of business and terms of coverage. An insurer that does not file a different rate under Section 1153.105 or 1153.106 shall file the presumptive rate adopted by the commissioner.

(b) Except as provided by this chapter, any hearing conducted or order adopting a presumptive rate under this subchapter shall be held in accordance with the rulemaking provisions of Chapter 2001, Government Code.

(c) In the commissioner's order adopting a presumptive rate, the commissioner shall set forth findings and conclusions on all material issues presented at the hearing.

(d) In determining the presumptive premium rate, the commissioner shall consider any relevant data, including reasonable acquisition costs, loss ratios, administrative expenses, reserves, loss settlement expenses, the type or class of business, the duration of various credit transactions, and reasonable and adequate profits to the insurers.

(e) In determining the presumptive premium rate, the commissioner may not set or limit the amount of compensation actually paid by a company to an agent but may request from an insurer or agent any relevant data relating to the presumptive premium rate, including information relating to compensation paid for

the sale of credit insurance, expenses, losses, and profits. An insurer or agent shall provide the requested information to the commissioner in a timely manner.

(f) The commissioner may not adopt a presumptive premium rate that is unjust, unreasonable, inadequate, confiscatory, or excessive to the insureds, the insurers, or the agents.

Accordingly, the Component Rating Method is used in this report to calculate Presumptive Rates. Texas Administrative Code, Chapter 3, Subchapter FF, paragraph 3.5202 is still in effect, and we also calculate rates based on the loss ratios stated in paragraph 3.5202 using the claims costs used in the Component Rating Method. However, for purposes of calculating Presumptive Rates, paragraph 3.5202 is not consistent with the Component Rating Method, and TDI intends to revise 3.5202 to better accommodate the automatic 30% rate deviation that was part of HB 2159 passed by the 77th Texas Legislature.

VI. CREDIT LIFE INSURANCE

Profile of Texas Business During 2000 – 2002

To arrive at a rate structure, a profile of the business must be done to determine the major blocks of business for which rates are to be calculated and appropriate groupings of all the rest of the business.

First, distributions of business by Class and Plan are prepared. The distribution percentages of the Credit Life business are shown for amounts of Actual Earned Premiums (AEP) and for the Earned Premiums based upon Presumptive Rates (PEP) in Exhibits 6-1 and 6-2, respectively.

The distribution of AEP by Class is as follows

Class	Actual Earned Premiums	AEP %
A	\$ 105,478,533	18.86
B	\$ 50,195,680	8.98
C	\$ 64,109,446	11.47
D	\$ 9,692	0.00
E	\$ 338,913,265	60.61
F	\$ 466,276	0.08
Total	\$ 559,172,892	100.00

The distribution of AEP by Plan is as follows

Plan	Actual Earned Premiums	AEP %
1	\$ 289,494,486	51.77
2	\$ 19,912,474	3.56
3	\$ 52,479,368	9.39
4	\$ 5,774,021	1.03
5	\$ 142,532,826	25.49
6	\$ 6,901,179	1.23
7	\$ 39,945,290	7.14
8	\$ 2,133,248	.38
Total	\$ 559,172,892	99.99

The distribution of Earned Premiums by Presumptive Rates (PEP) is very similar to that by Actual Earned Premiums (AEP).

It is appropriate that premium rates vary by at least each Plan of Business, since the expected benefits vary for each Plan and the insured can select which plan to purchase at the time of sale. It is appropriate to vary the premium rates by Class if there is credible experience to suggest that, for a given Plan, the expected benefit cost differs materially by Class and if TDI did not want a “low cost” Class of business subsidizing a “high cost” Class. There is also the possibility of adverse selection against the insurance company if the “low cost” Class can choose alternative sources for their insurance that are priced to better reflect their actual risk.

The present Credit Life rate structure consists of eight separate rates for the eight Plans of business. It is possible to have forty-eight different rates: eight plans by six classes. However, several of the Plan/Class combinations have little or no business in them. Combining Plan/Class cells with little or no business will reduce the potential total number of rate cells.

About 91% of the business is in three classes, A, C, and E, with about 61% in Class E Alone. Four Plans constitute over 93% of the business. These Plan and Class distributions are as follows:

Percentage of Actual Earned Premiums for 2000 – 2002

Class	Single Premium Reducing Term		Outstanding Balance Revolving Account		Total For All Plans
	Plan (1) Single Life	Plan (5) Joint Lives	Plan (3) Single Life	Plan (7) Joint Lives	
A	18%	15%	31%	18%	19%
C	2%	2%	64%	43%	11%
E	71%	68%	3%	37%	61%
Total % of Three Classes	91%	85%	98%	98%	91%

The 2000 – 2002 AEP for the five largest Plans/Class cells of business is shown below (in \$ millions):

Plan and Class	AEP	% of Total
Plan (1) Class E Single Prem. Red. Term, S.L.	\$ 205	36.73
Plan (5) Class E Single Prem. Red. Term, J.L.	\$ 97	17.37
Plan (1) Class A Single Prem. Red. Term, S.L.	\$ 51	9.11
Plan (3) Class C Single Prem. Red. Term, S.L.	\$ 33	5.98
Plan (1) Class B Single Prem. Red. Term, S.L.	\$ 26	4.70
Total of Five Plans	\$ 412	73.89

In addition to considering the distribution, grouping of credit business by Plan/Class cells would logically require comparison of loss ratios and compensation percentages to ensure compatibility of the grouped business. A profile of the Credit Life Insurance business for the years 2000 – 2002 illustrating distribution, loss ratios, and compensation percentages can be found in Exhibit 7.

The statistics shown above, along with the differences Class E exhibits in loss ratio and compensation percentage from the other classes, indicate Class E business could, and probably should, be rated on its own. Since Classes A, B, and C are the next largest classes, and Classes D and F contain less than 1% of the business by AEP, the combining of all classes except Class E would seem reasonable if the loss ratios and compensation percentages for Classes A, B, and C are similar. The following chart illustrates those statistics.

Class	Loss Ratio Percent	Compensation Percent
A	53.25	28.76
B	52.01	2.93
C	53.46	23.76

The loss ratios for Class A, Class B, and Class C are indeed very similar. The compensation percentages are significantly different, but in the last Presumptive Rate setting the Commissioner decided to use 25% as the Component Rating compensation percentage for all classes as a reasonable compensation percentage. This approach would eliminate any major difference in the calculation of Presumptive Rates for Class A, Class B, and Class C.

Given the above analysis, the Presumptive Rates in this report are calculated for Class E Alone and All Classes Except Class E, as well as for All Classes Combined.

Component Rating Method

The following are some of the items which should be considered when using the Component Rating Method:

- Claim Costs
- Commissions and Service Fees to Agents
- State Premium Taxes and Fees
- General Insurance Expenses
- Investment Income
- Federal Income Taxes
- Profit Return

For Credit Life insurance, all of these components except for Claim Costs and General Insurance Expenses are generally expressed in terms of a percentage of the earned premium. Claim Costs may be based upon a unit cost (cents per thousand of insurance in force), or as a percentage of incurred claims to earned premiums. The General Insurance Expenses are usually expressed as per unit, or per certificate, costs (in cents).

Additional items to be considered other than those shown above are shown below and are listed under TIC, Chapter 1153, Subchapter C, Sections 1153.103 (d), (e), and (f).

In determining Credit Life Presumptive Rates using a Component Rating Methodology, the assumptions need to be quantified. Amounts for some of the components may be estimated from the database. Others have to be estimated or assumed from other sources or actuarial judgment.

Only a part of the specific Texas information needed to estimate Credit Life components is available in the TDI Credit Call database. This information by Plan and Class is as follows:

1. Mean Insurance in Force
2. Incurred Claims and Loss Ratios
3. Actual Earned Premiums, and Earned Premiums Based upon Presumptive Premium Rates
4. Commissions and Service Fees

There is no specific Texas database information for the following components:

5. State Premium Taxes and Fees
6. General Insurer Expenses
7. Investment Income
8. Federal Income Taxes
9. Profit Return

In addition to the above, there are items to be considered from the list in Section 8, Paragraph A(3). The only item on that list for which Texas information is directly available is the loss ratios. The other items are either in some part of the above items to be estimated (Numbers 5-7); or are items which in themselves will have to be estimated or assumed. Comments on the items in Section 8, Paragraph A.(3) follow below:

10. Acquisition Costs – No Texas information is available. These costs are included as part of the General Insurance Expenses (Item 6 above).
11. Loss Ratios – These are available by Plan and Class of Business. (Item 2 above).
12. Administrative Expenses – No Texas information is available. These costs are included as part of the General Insurance Expenses (Item 6 above).
13. Reserves – Unearned premiums and claim reserves are included in the respective Earned Premiums and Incurred Claims amounts. No Texas Information is available for Credit Life mortality reserves.
14. Loss Settlement Expenses – No Texas information is available. These costs are included as part of the General Insurance Expenses (Item 6 above).
15. The type or Class of Business – Texas information for Items 1-4 above is available by individual Plan and Class of Business, and for combined amounts by Plan and Class of Business.
16. The duration of various credit transactions – Average term in months is available in summary form each year for incepting Credit Life and Credit A&H Policies. No information is available by Plan or Class.
17. Reasonable and adequate profits to the Insurers – No statutory information exists as to what this should be in Texas.
18. Other relevant data – No information exists as to what this should be in Texas.

Exhibit 8 is an example of a calculation of Credit Life Insurance Presumptive Rates based on the Component Rating Method. It shows rates using various components and compares the result with rates calculated using the target loss ratio. An added dimension in establishing presumptive Credit Life Insurance rates is the reasonableness test under TAC, Chapter 3, Subchapter FF, Paragraph 3.5202. It provides for a loss ratio of “claims incurred” to “earned premiums” of no less than 50%. An interpretation of Paragraph 3.5202 could imply that the sum of all components (other than “incurred claims”) is not to exceed the incurred claims. The separate application of Par. 3.5202 or Sec. 8, Par. A.(3) to determine rates could result in rates which are not the same.

In Exhibit 9, Indicated Presumptive Rates are calculated based upon the Credit Call Data and other assumptions. These rates are shown by Plan for All Classes Combined, for Class E Alone, and for All Classes Except Class E. Exhibit 9 is based on Earned Premiums at Presumptive Rates (PEP). For each Plan, the Indicated Plan Presumptive Rates (Column 7) are then compared with the Current Presumptive Rates (Column 8), and the Indicated Target Loss Ratio Rates, (Column 9).

The assumptions used for the Exhibit 9 calculations are shown in Exhibit 10-1. The following list shows the Exhibit 10 pages from which source information was obtained:

Exhibit 10 Source Pages For PEP	Information
10-3.1, 10-4.1, 10-5.1	Mean Insurance In Force and Actual Earned Premiums
10-3.2, 10-4.2, 10-5.2	Incurred Claims and Commission & Service Fees. Included as % of Earned Premiums.
10-3.3	Source Information for General Insurance Expenses amount and percentage distribution by year.
10-3.4, 10-4.3, 10-5.3	Annual Mortality and General Insurance Expense Plan costs and conversions to Plan costs/100 or /1000.
10-2	Summary of General Insurance Expenses.

The separation of results into Class E Alone and All Classes Except Class E in Exhibit 9 show results about as expected. The Class E Indicated Presumptive Rates are lower in all comparisons with the All Classes Except Class E Indicated Presumptive Rates.

The selection of Presumptive Rates will be covered further in this report under Section X – Recommendations.

Comparison of Component Rates to Target Loss Ratio Rates

The Indicated Presumptive Rates (IPRs) developed by the two methods in Exhibit 9 differ considerably; see Columns 7 and 9.

For Single Premium Plans, when all Classes are combined, the IPRs using target loss ratios are *less* than the IPRs calculated by the Component Rating Method, while the opposite is true for Outstanding Balance Plans.

For Class E Alone Single Premium Plans, the IPRs using target loss ratios are *greater* than the IPRs calculated using the Component Rating Method and the Outstanding Balance Plans have mixed results.

For All Classes Except Class E, the IPRs using target loss ratios are *greater* than the IPRs calculated by the Component Rating Method for all plans.

The reversing of the results between all Classes combined and when the classes are separated between Class E Alone and All Classes Except Class E is due to the material difference between the incurred claim costs of Class E Alone and All Classes Except Class E and again, points out the justification of using different rates for the two classifications.

Comparison of Single Life and Joint Lives Experience

The current rates for Joint Lives are 50% greater than the related Single Life rates (see Exhibit 4). That is, the Joint Life rates for similar plans are calculated as 1.5 times the Single Life rates. A comparison of the experience by type of plan is shown in Exhibit 11. While there is variability within the Plan sub-groups, the overall ratio of the annual claim costs of Joint Life to Single Life business is 1.434 (143.4%) for the years 2000 through 2002 combined. This result of the experience analysis confirms the reasonableness of the use of the 150% multiple for Joint Credit Life rates.

Sensitivity Testing

The assumptions in Exhibit 10-1 have been developed from TDI Data Call experience and other sources. It is almost certain that actual experience will vary from these assumptions. For this reason, additional examples of the Component Rate calculations were generated as sensitivity tests (see Exhibits 12-1 through 12-12 in this report). These are included to illustrate how changes in some of the assumptions might modify results. The different sensitivity tests using PEP as a source are listed below:

Test	Source PEP	Sensitivity Test
1	Exhibit 12-1, 2	General Insurance Expenses are increased 25%
2	Exhibit 12-3, 4	General Insurance Expenses are decreased 25%
3	Exhibit 12-5, 6	S.P. Commissions are increased from 25% to 30%
4	Exhibit 12-7, 8	S.P. Commissions are decreased from 25% to 20%
5	Exhibit 12-9, 10	Profit Return is increased from 5.75% to 7.75% for Single Premium Business
6	Exhibit 12-11, 12	Profit Return is decreased from 5.75% to 3.75% for Single Premium Business

A summary of these sensitivity test results by Plan for All Classes Combined, Class E Alone and All Classes Except Class E is shown in Exhibit 13 based on PEP. The Indicated Presumptive Premiums using Standard assumptions are included for comparison to the Indicated Presumptive Premiums calculated for each sensitivity test.

VII. CREDIT ACCIDENT AND HEALTH INSURANCE

Profile of Texas Business During 2000 – 2002

Exhibit 14-1 shows the distribution by Actual Earned Premium (AEP) of the Credit Disability business.

The distribution of AEP by Class is as follows

Class	Actual Earned Premiums	AEP %
A	\$ 113,295,656	19.48
B	\$ 54,980,774	9.45
C	\$ 112,870,560	19.41
D	\$ 1,477	0.00
E	\$ 300,440,846	51.65
F	\$ 50,164	0.01
Total	\$ 581,639,477	100.00

The distribution of AEP by Plan is as follows

Plan	Actual Earned Premium	AEP %	Plan	Actual Earned Premium	AEP %
9	\$ 419,861	0.07	18	\$ 18,829,995	3.24
10	\$ 378,033,445	64.99	19	\$ 57,782,397	9.93
11	\$ 4,686,947	0.81	20	\$ 4,315	0.00
12	\$ 1,980,548	0.34	21	\$ 0	0.00
13	\$ 2,204,669	0.38	22	\$ 7,601,479	1.31
14	\$ 27,747	0.00	23	\$ 1,155,766	0.20
15	\$ 36,097	0.01	24	\$ 4,425,376	0.76
16	\$ 40,880,356	7.03	25	\$ 1,692,979	0.29
17	\$ 61,877,500	10.64	26	\$ 0	0.00
			Total	\$ 581,639,477	100.00

Retro 07-Day business (Plans 9, 15, and 21) has been discontinued. This leaves separate sets of rates for 15 plans of business. It is possible to have 90 different rates, instead of 15, if rates were established for all Plan/Class combinations. Similar to the Credit Life distribution, several of the Plan/Class combinations do not have any business at all. Therefore, combining small Plan/Class groups will reduce the total number of different rates.

The Credit Disability distribution is similar to the Credit Life distribution with over 90% of the business in Three Classes: A, C, and E. Also, about 93% of the business is in four Plans: 10, 16, 17, and 19. This distribution is as follows, based upon Actual Earned Premiums:

Percentage of Actual Earned Premiums for 2000 – 2002

Class	Single Premium Reducing Term		Outstanding Balance Revolving Account		Total For All Plans
	Plan (10) Retro 14-Day	Plan (16) Retro 14-Day	Plan (17) Retro 30-Day	Plan (19) Non-Retro 30-Day	
A	14%	0%	51%	50%	19%
C	2%	89%	9%	50%	19%
E	72%	0%	34%	0%	52%
Total % of Three Classes	88%	89%	94%	100%	90%

The distribution of Earned Premium by Presumptive Rates (PEP) is similar to that by AEP, as shown in Exhibit 4-2.

The 2000-2002 AEP for the top five Plan/Class cells of business is shown below (in \$ millions):

Plan and Class	AEP	% of Total
Plan (10) Class E Single Premium Retro 14-Day	\$272	46.85
Plan (10) Class A Single Premium Retro 14-Day	51	8.84
Plan (10) Class B Single Premium Retro 14-Day	47	8.03
Plan (16) Class C O.B. Rev. Acct. Retro 14-Day	36	6.26
Plan (17) Class C O.B. Rev. Acct. Non-Retro 30-Day	31	5.47
Total of Five Plans	\$437	75.45

About 73% of all business is written on the Retro 14-Day Plan.

A profile of the Credit Accident and Health business for the years 2000 – 2002 is shown in Exhibit 15. Three different tables (Exhibit 15-1, 15-2, and 15-3) show the information by Plan. This data is summarized by Plan for All Classes Combined, Class E Alone, and All Classes Except Class E.

Ratios of Incurred Claims (IC) to Earned Premiums are shown for both AEP and PEP. Also, ratios of Commissions and Service Fees (C&SF) to both AEP and PEP are shown. The resulting ratios based upon the AEP and PEP are very similar.

The following table shows a comparison of the PEP ratios from the three different exhibits for all Plans combined:

%Ratio All Plans	All Classes 15-1	Class E Alone 15-2	All Classes Except E 15-3
%IC/PEP	47.05%	40.17%	54.39%
%C&SF/PEP	29.81%	41.44%	17.39%

The largest amount of business (about 65%) is on the Single Premium 14 Day Retro, Plan 10. The ratios on this business are:

% Ratio Plan 10	All Classes Exh 15-1	Class E Alone Exh 15-2	All Classes Except E Exh 15-3
%IC/PEP	46.10%	40.10%	61.60%
%C&SF/PEP	36.03%	43.19%	17.55%

Both of these tables show the Class E business loss ratios fall well below the All Classes Except Class E. The commissions and service fees ratios on the Class E business are more than twice that for All Classes Except Class E.

Similar to Credit Life, the above distribution statistics, loss ratio differences and compensation differences indicate Class E business could, and probably should, be rated on its own. Although loss ratios and compensation percentages differ among all other classes and tend to fluctuate somewhat, the amount of business in each of those classes does not support any further breakdown of business by class. Therefore, All Classes Except Class E should be rated together, in our opinion. The preponderance of business in the Single Premium Retro 14-day Plans and the Outstanding Balance Retro 30-day Plans also supports development of rates based on component rates as a percentage of the current Single Premium Plan 10 and Outstanding Balance Plan 17, separated into Class E and All Classes Except Class E, and then applying those percentages to current Single Premium and Outstanding Balance plan rates to arrive at the new Presumptive Rates for other plans.

Component Rating Method

The Component Rating Method for Credit Accident and Health Insurance is essentially the same as that used for Credit Life Insurance (see the Component Rating Method discussion in Section VI). The only difference in the component determination, which is minor, is the expression of Claim Costs and General Insurance Expenses as percentages of current Presumptive Rates and the result of the calculation being expressed as a percent of the current Presumptive Rates.

Exhibit 16 is an example of a calculation of Credit Accident and Health Insurance Presumptive Rates based on the Component Rating Method. It shows rates using various components and compares the result with rates calculated using the target loss ratio.

Indicated Presumptive Rates are calculated for All Classes Combined, Class E, and All Classes Except Class E on the Single Premium Retro 14-Day Plan 10 and the Outstanding Balance Retro 30-Day Plan 17 in Exhibit 17. The Indicated Presumptive Rates (Column 7) are then compared with the Current Presumptive Rates (Column 8) and premiums calculated using the target loss ratio method (Column 9).

The assumptions used for the Exhibit 17 calculations are shown in Exhibit 18.

Comparison of Component Rates to Loss Ratio Rates

The Indicated Presumptive Rates (IPRs) developed by the two methods differ (see Exhibit 17, Columns 7 and 9).

For both plans in All Classes Combined, Class E Alone, and All Classes Except Class E, the IPRs using target loss ratios are less than the IPRs calculated by the Component Rating Method.

Joint Credit Accident and Health Insurance

Separate rates for Joint Credit Accident and Health Insurance have not been established, as experience data has not been available for Joint coverage. However, the Official Order of the Commissioner dated February 23, 2000 states *"...a reasonable value for joint disability coverage is 150% of the rate charged for disability coverage for a single person."*

TDI reported that no Joint Credit Accident and Health coverage was shown as being written and recorded in the 2000 – 2002 Credit Data Call. To determine rates from future experience, we recommend that the Data Call reporting forms be issued for obtaining the experience on a joint life basis.

Sensitivity Testing

The assumptions in Exhibit 18-1 have been developed from TDI Data Call experience and other sources. It is almost certain that actual experience will vary from these assumptions. For this reason, additional examples of the Component Rating Method calculations were generated as sensitivity tests (see Exhibits 19-1 through 19-6). These are included to illustrate how changes in some of the assumptions might modify results. The different sensitivity tests, using PEP as a source, are listed below:

Test	Source PEP	Sensitivity Test
1	Exhibit 19-1, 2	General Insurance Expenses are increased 25%
2	Exhibit 19-3, 4	General Insurance Expenses are decreased 25%
3	Exhibit 19-5, 6	S.P. Commissions are increased from 25% to 30%
4	Exhibit 19-7, 8	S.P. Commissions are decreased from 25% to 20%
5	Exhibit 19-9, 10	Profit Return is increased from 5.75% to 7.75% for Single Premium Business
6	Exhibit 19-11, 12	Profit Return is decreased from 5.75% to 3.75% for Single Premium Business

A summary of these sensitivity test results by Plan for All Classes, Class E Alone and All Classes Except Class E is shown in Exhibit 20. The Indicated Presumptive Premiums using Standard assumptions are included for comparison to the Indicated Presumptive Premiums calculated for each sensitivity test.

VIII. REVIEW OF RESPONSES FROM INTERESTED PARTIES

Consumer Credit Insurance Association (CCIA)

Mr. William F. Burfeind, Executive Vice President of CCIA responded with a presumptive rate analysis and recommendations from Mr. Christopher H. Hause, FSA, MAAA, President of Hause Actuarial Solutions, Inc.

Mr. Hause's report contains the following comments:

- His analysis of the information noted wide inconsistencies with past and current experience. He points out the problem of determining general insurance expenses based on nationwide data. Mr. Hause mentions various problems with determining an appropriate expense assumption. He also believes the true expenses are understated since the cost of complying with the 2000 Texas rate change would not be reflected in the study period, thus understating the true expenses. As a consequence, Mr. Hause has used the expense component recommended in the Commissioner's Order dated October 29, 1999. He also used the premium taxes, licenses and fees component recommended in that Order.
- Mr. Hause points out the joint life multiple of 150% for joint Credit Life Insurance is one of the lowest currently in use and, in his opinion, is inadequate. He recommends the multiple should be 165%.
- His derivation of a credit disability rate is based on a Single Premium, Retro 14-Day, 36-Month plan. Claim costs reflect adjustments Mr. Hause made to the Presumptive Rate for reporting errors and the discounted prima face rate.
- Mr. Hause points out the joint life multiple of 150% for joint Credit Disability Insurance is one of the lowest currently in use and is inadequate. He recommends the multiple should be 175%.
- Mr. Hause points out the use of discount factors for single premium plans factors in the interest component twice and thus has omitted the interest component from his calculations.
- Mr. Hause recommends a Single Premium, Reducing Term, Single Life Credit Life rate of \$0.44 and a Single Premium, 36-Month, 14-Day Retroactive Credit Disability rate of \$3.28.

Our responses to CCIA's and Mr. Hause's comments and analysis are:

- We recognize the problem of determining general insurance expenses based on nationwide data. However, as Mr. Hause points out, the companies all have different ways of determining expense allocations and, as we see it, it is not worthwhile to perfect the method of determination when the data is as imperfect as it is. We are a bit confused by his comment regarding the fact that the expense of complying with the 2000 Texas rate change would not be reflected in expenses since the study encompasses the years 2000 through 2002.
- It is quite possible there were some data errors in the Presumptive Rates, and there may have been some confusion in reporting Presumptive Rates before discount, but we do not have knowledge of the calculations made to arrive at Mr. Hause's adjusted claim cost component.
- The 150% joint lives Credit Life multiple may be low but current Texas data call experience continues to support it. See Comparison of Single Life and Joint Lives Experience in Section VI of this report.
- The 150% joint lives multiple for Credit Accident and Health cannot be justified by demonstration, since no Texas data on joint disability exists. Logically, it can be argued that although the claim costs may be greater than 150%, the general insurance expense should not be significantly greater for joint lives versus a single life. Thus, the rate for joint lives may be something greater than 150%, but not greater than 200%.
- After review of the factors used to discount premiums, we agree with Mr. Hause that the inclusion of an investment income rate in the Component Rating Method formula, combined with the use of discount factors, produces a double counting of investment income. Therefore, we have set the investment income rate at 0% in our Component Rating Method assumptions.
- Mr. Hause uses a Profit and Contingency Margin of 14.65% as a gross premium margin for single premium credit life and 9.85% for single premium credit disability. We do not have knowledge of the adjustments he used to go from an 11.5% statutory after tax internal rate of return to a 14.65% Profit and Contingency Margin. However, in our view, these levels of profit margin are higher than what would be necessary to produce a competitive rate of return on equity for the insurance carriers.

Texas Association of Life and Health Insurers (TALHI)

Mr. Christopher Hause was engaged by CCIA and TALHI, jointly. See Consumer Credit Insurance Association (CCIA) above for comments and responses.

Resource Life Insurance Company

A letter was received from Mr. Robert A. Sabaj, FSA, Actuary for Resource Life Insurance Company, stating he had reviewed the data analysis and rate recommendation for Texas Credit Life and Disability Presumptive Rates prepared by Christopher H. Hause, FSA of Hause Actuarial Solutions, Inc., dated July 16, 2004, and Resource Life is in agreement with the methodology and assumptions, as well as the presumptive credit insurance rates demonstrated in Mr. Hause's written testimony or presentation. Further, Resource Life requests the Texas Department of Insurance consider and adopt the rates presented in Mr. Hause's written testimony or presentation.

American Health & Life Insurance Company (AHL)

A report was received from Ms. Candace Richter, ASA, Director & Actuary, containing recommended Presumptive Rates with comments. The major points were:

- The term "ROE" which had been used to define the percentage of premium margin that is necessary to produce an adequate return for risk and use of surplus has been replaced by "Profit and Contingency Margin" to define an internal rate of return for single premium plans.
- The investment income component of the component rating formula has been removed since the rate calculation in Texas provides an interest discount in its derivation of single premium rates, and the interest element of Outstanding Balance coverage is negligible.
- Sufficient evidence has not been seen to make any changes in the expense, taxes and compensation components recommended in the Commissioner's Order dated October 29, 1999.
- Based on the recommendation of an independent actuary, AHL has concluded that the joint life rate multiple of 150% is no longer sufficient and should be increased to 165%.
- Based on the recommendation of an independent actuary, AHL has concluded that the joint disability rate multiple of 150% is no longer sufficient and should be increased to 175%.
- AHL recommends a Single Premium, Reducing Term, Single Life Credit Life rate of \$0.36 and a Single Premium, 36-Month, 14-Day Retroactive Credit Disability Rate of \$3.61.

Our responses to AHL's comments are:

- The traditional component rating formula contained the item "return on equity" which was meant to be a combination of return on required equity and return on surplus strain both stated as a percent of premium. We have called that component "Profit" to define the appropriate percentage of premium margin necessary, depending upon individual companies' required rate of return on operations and surplus, and any other risk premium.

- As we stated in our response to CCIA, after review of the factors used to discount premiums, we agree that the inclusion of an investment income rate in the Component Rating Method formula, combined with the use of discount factors produces a double counting of investment income. Therefore, we have set the investment income rate at 0% in our Component Rating Method assumptions.
- The 150% joint lives Credit Life multiple may be low but current Texas data call experience continues to support it. See Comparison of Single Life and Joint Lives Experience in Section VI of this report.
- The 150% joint lives multiple for Credit Accident and Health cannot be justified by demonstration, since no Texas data on joint disability exists. Logically, it can be argued that although the claim costs may be greater than 150%, but the general insurance expense should not be significantly great for joint lives versus a single life, thus the rate for joint lives may be something greater than 150% but not greater than 200%.
- Ms. Richter uses the same Profit and Contingency Margin, 14.65%, as CCIA uses. As in the CCIA response, we do not have knowledge of the adjustments used to go from an 11.5% statutory after tax internal rate of return to a 14.65% Profit and Contingency Margin.

The Center for Economic Justice (CEJ)

An e-mail was received from Mr. Birny Birnbaum, Executive Director of CEJ stating the notice requesting recommendations for Credit Life and Disability Presumptive Rates had been sent to an old address for CEJ and had arrived July 6, 2004. In reviewing the notice, CEJ felt the recommendation it had submitted in 2002 remained relevant, reasonable and necessary.

CEJ's primary concerns in that 2002 submission were:

- Reverse competition has a great effect on Credit Insurance rates.
- CEJ is in favor of Presumptive Rates by Class and Plan of business.
- CEJ believes expenses and compensation used in the calculation of Credit Insurance Presumptive Rates are excessive.
- CEJ calculated rates using expenses, compensation, taxes, investment income and profit provisions from the 2000 Commissioner's Order. They reiterated their belief that the expense assumption is excessive. Also, they believe a lower profit provision can be justified.
- CEJ interprets HB 2159 to add definition of "excessive" and "inadequate" rates. They firmly believe the Commissioner must establish final Presumptive Rates at 77% (1/1.3) of any calculated Presumptive Rates to offset the 30% deviation allowed by HB 2159.
- CEJ asserts that under HB1684 any policy or agent fee paid by the consumer must go to reduce the premium rate.

- CEJ believes there should be net debt coverage versus gross debt coverage for loans of terms greater than 48 months and /or annual percentage rates greater than 15%.
- CEJ recommends no change in the Single Premium discount factors.
- They see no evidence of unemployment rates affecting loss ratios.
- They also commented on data errors.
- CEJ recommends a Single Premium, Reducing Term, Single Life Credit Life rate of \$0.29 and a Single Premium, 36-Month, 14-Day Retroactive Credit Disability rate of \$3.02.

Our responses to CEJ are:

- The Commissioner recognizes the issue of reverse competition in Credit Insurance. One way to minimize reverse competition is to impose a cap on compensation. Texas Law specifically forbids this. The Commission has elected to use a reasonable compensation assumption in the calculation of Presumptive Rates while stating companies may pay whatever they choose.
- We agree Presumptive Rates should be calculated using some breakdown by Class and Plan of business.
- Presumptive Rates can be calculated using reasonable expense and profit assumptions.
- HB 2159 was passed into law to allow a 30% deviation from Presumptive Rates. Any action by the Commissioner to reduce the calculated Presumptive Rates by the factor 1/1.3 would, in our non-legal opinion, seem to be inconsistent with the intent of the law.
- We have no comment regarding HB1684. The concern is non-actuarial and outside the scope of this assignment.
- We have no comment regarding net debt coverage versus gross debt coverage. The concern is non-actuarial and outside the scope of this assignment.
- How much, if any, effect unemployment rates have on loss ratios has been a source of argument since the inception of disability insurance. There may be a correlation but we do not have any sufficient information to agree with or dispute this claim.

Office of Public Insurance Counsel (OPIC)

A response was received from Erin C. Martens, Staff Attorney. It contained a pre-filed direct testimony from Allan I. Schwartz, FCA, President, AIS Risk Consultants. The major points of Mr. Schwartz's testimony are:

- He derived percentage adjustments to current Presumptive Rates using a component rating formula essentially the same as CCIA/TALHI, CEJ, and Milliman.
- Mr. Schwartz believes the use of minimum loss ratio benchmarks is appropriate from an actuarial perspective and also a reasonable regulatory implementation of the statute.
- He discusses excessive reported expenses.
- Mr. Schwartz also advocates Presumptive Rates by class of business.
- Mr. Schwartz develops his proposed Presumptive Rates as percent increases or decreases to the current Presumptive Rates. He recommends an overall Credit Life rate decrease of 40.64% and an overall Credit Disability rate decrease of 32.70% which translates to a Single Premium, Reducing Term, Single Life Credit Life rate of \$0.18 and a Single Premium, 36-Month, 14-Day Retroactive Credit Disability rate of \$2.16, respectively. Mr. Schwartz presents percent rate decreases for Credit Life and Credit Disability by Class of business.

Our responses to Mr. Schwartz's testimony are;

- The use of the Component Rating Method is agreed on by all responses.
- As the Commission and the Administrative Law Judges expressed in the last Presumptive Rate setting, the Component Rating Method best satisfies Texas Insurance Code, Chapter 3, Subchapter E, Chapter 1153, Section 8 for determining Presumptive Rates, but the loss ratio benchmarks found in Texas Administrative Code, Chapter 3, Subchapter FF, Paragraph 3.5202 can be used by the Commissioner to deny individual company rate requests.
- Again, we agree Presumptive Rates should be calculated using some breakdown by Class and Plan of business.
- Mr. Schwartz uses a Profit and Contingency Margin of (-15.3%) for Credit Life and (-15%) for Credit Disability. We verified the calculation using his formula but do not understand the logic used to develop the Profit and Contingency Margins.

IX. SPECIAL ISSUES

Throughout our analysis, several issues became apparent that warrant discussion. They are listed below with our conclusions.

1. **Data Errors.** Data errors, to some degree, are bound to occur in any massive undertaking of data collection such as the Data Call done for the Credit Life and Disability Presumptive Rate determination. TDI was particularly diligent in the assembly of the data, but the results are only as good as the data submitted by the participating companies. We noted certain data problems during our review, and TDI cleaned up those areas. Mr. Hause, engaged by CCIA and TAHLLI, made adjustments to some of his calculations to compensate for what he believed were data errors.

In this Data Call, the Earned Premiums at Presumptive Rates (PEP) was subject to, potentially, the greatest misstatement. When the current Presumptive Premium Rates were set, two factors were initiated that could have caused confusion in the reporting of the PEP. The first was the implementation of a discount factor. Secondly, companies were allowed to make an automatic 30% rate deviation without TDI approval. Prior to issuing the Data Call, TDI spoke with several major credit insurance companies producing credit business in Texas asking if they would have any difficulty in providing PEP before either of the adjustments. It is our understanding all those companies spoken to believed they could provide the requested PEP.

Specific instructions were written into the Data Call to clearly define the requested PEP. Without a further laborious, time consuming effort to determine if the reporting was done correctly, we are forced to use the PEP provided in the Data Call. Any adjustments on our part would be strictly arbitrary.

2. **General Insurance Expenses.** In calculating the General Insurance Expense factor for the component rating formula, we noticed a major change from previous studies in the ratio of the Texas Estimated Expenses to PEP. That ratio dropped from the 20-21% range for studies over the six years prior to the current study period to 14% for 2000 through 2002. Texas Estimated Expenses are derived by applying the ratio of Texas in force policies to nationwide in force policies, times the nationwide expenses. While there may be a number of legitimate reasons for that ratio to decrease, we believe the General Insurance Expense component of the formula should reflect a trend over the past and current studies, and we have chosen to use a weighted average expense ratio, applying a 25% weight to the current study period data and a 75% weight to the prior study period data.
3. **Discount Factor/Investment Income Return.** The Presumptive Premium Rates effective April 1, 2000 included a discount factor adjustment for single premium products. The formula used to calculate suggested Presumptive Premium Rates by the insurance industry organizations omits the investment income return component. The industry argues that the inclusion of that component would be a double counting of the investment income, since discounting is also used.

We agree with the industry's comment that including an investment income component in the Component Rating Method would, when combined with the discounting formula, result in a double counting of investment income.

4. *Profit and Contingency Margin.*

In the Component Rating Method we used a profit and contingency margin of 5.75% of premium. That factor was calculated as follows:

Target Before-Tax Return on Equity	15.0%
Less: Net Investment Income on Equity	<u>3.5%</u>
= Needed ROE from Operations	11.5%
÷ Premium to Equity Ratio	<u>2.0</u>
= Needed Profit From Operations, As a Percent of Premium, Excluding Net Investment Income, and Before Federal Income Taxes	5.75%

If all claim cost, expense, and other experience emerged as projected, a company charging the Presumptive Premium Rates would earn a pre-tax profit of 5.75% of undiscounted premium, before considering investment income earned on operations (i.e., investment income on assets supporting the reserves). Our modeling suggests that the net investment income on operations approximately offsets the premium reduction from the discount factor, resulting in an overall profit to premium ratio of 5.75%.

The Premium to Equity Ratio of 2.0 is a key assumption and, we believe, reflects surplus (equity) targets for the industry, driven in part by Risk Based Capital requirements, along with a recognition that surplus strain on single premium business may require additional commitments of equity by the insurance carrier. A ratio of 2.0 was also used by the Commissioner in the profit margin calculation in the last Presumptive Rate review.

The overall target Return on Equity of 15.0% used in the calculation is on a pre-tax basis. Since the particular tax situation of any company can be very different from other companies, we found it easier to target a pre-tax rate of return, rather than make assumptions about the average industry tax rate and a required after-tax rate of return. We believe a 15% pre-tax rate of return is reasonable for the industry. For comparison purposes, a 15% pre-tax ratio of return is equivalent to a 12% after-tax rate of return with a 20% effective tax rate, or to a 10.5% after-tax rate of return with a 30% effective tax rate. In the last Presumptive Rate review the Commissioner was targeting an 11.5% after-tax rate of return, assuming a 30% effective tax rate, for an implied 16.4% pre-tax rate of return.

X. RECOMMENDATIONS

This section summarizes Indicated Presumptive Premiums calculated by the Component Rating Method and describes how Recommended Presumptive Premiums were determined. The Recommended Presumptive Premiums have been determined for All Classes Combined, Class E Alone, and All Classes Except Class E. As previously discussed in this report we believe there are significant differences in the claim costs for both Credit Life and Credit Disability between Class E Alone and All Classes Except Class E which warrant separate Presumptive Premium Rates for these two groupings. We also present recommended Presumptive Premium Rates for All Classes Combined, however, as an alternative.

Credit Life Recommended Presumptive Rates

We calculated Indicated Presumptive Premium Rates by Plan in Exhibit 9, using the Component Rating Method, for All Classes Combined, Class E Alone, and All Classes Except Class E. Those rates are shown below, along with the Current Presumptive Rates

Plan	Rate Unit	Credit Life Indicated Presumptive Premium Rates			Current Presumptive Rates
		All Classes Combined	Class E Alone	All Classes Except Class E	
1	Per \$100 / year	.275	.254	.331	.300
2	Per \$100 / year	.469	.422	.583	.576
3	Per \$1,000 / month	.798	.267	.823	.480
4	Per \$1,000 / month	.688	.158	.688	.480
5	Per \$100 / year	.397	.339	.535	.450
6	Per \$100 / year	.606	.565	.817	.864
7	Per \$1,000 / month	.826	1.108	.756	.720
8	Per \$1,000 / month	.865	0.271	.865	.720

The Indicated Presumptive Premium Rates above have been calculated using actual claim cost experience by Plan. However, some plans (e.g., Class E Alone, Plans 4 and 8) have an insufficient volume of business upon which to fully rely for rate setting purposes. In addition, the actual claim experience by Plan does not reflect the actuarial value of the coverage and benefit differences by Plan. Therefore, we elected to rely on the claims experience in Plan 1, which contains over 50% of all Credit Life earned premium during the experience period, to develop a Presumptive Premium Rate for that Plan.

We then derived the Presumptive Premium Rates for all other Credit Life Plans using the rate relationships in Exhibit 4, which reasonably represent the actuarial value of the coverage and benefit differences in each Plan. We continue to use the 150% factor to convert single life rates to joint life rates, based on the review of this factor in Section VI. The final Recommended Presumptive Premium Rates for Credit Life insurance are displayed in Exhibit 21 for All Classes Combined, Class E Alone, and All Classes Except Class E.

Credit Accident and Health Recommended Presumptive Rates

We calculated Indicated Presumptive Premium Rates using the Component Rating Method for Plans 10 and 17 for All Classes Combined, Class E Alone, and All Classes Except Class E. Those rates are shown below, along with the Current Presumptive Rates. Plan 10, Single Premium – 14-Day Retro, and Plan 17, Outstanding Balance Revolving Account – 30-Day Retro, are the plans with the greatest volume of premiums for the Single Premium and Outstanding Balance plans, respectively.

Plan	Rate Unit	Credit A&H Indicated Presumptive Premium Rates			Current Presumptive Rates
		All Classes Combined	Class E Alone	All Classes Except Class E	
10 (36-Mo. Term)	Per \$100 / year	2.788	2.554	3.366	2.790
17	Per \$1,000 / month	1.299	1.210	1.346	1.480

The percentages below represent the ratio of the Indicated Presumptive Premium Rates to the Current Presumptive Rates for each rate cell.

Plan	All Classes Combined	Class E Alone	All Classes Except Class E
10 (36-mo. Term)	99.93%	91.54%	120.65%
17	87.77%	81.76%	90.95%

The Plan 10 percentages of the Current Presumptive Rates were applied to the Current Presumptive Rate schedule to determine the Recommended Presumptive Premium Rates for All Classes Combined, Class E Alone, and All Classes Except Class E for all single life, single premium plans and all outstanding balance other plans. The Plan 17 percentages were used for all single life, outstanding balance revolving account plans. Recommended Presumptive Premium Rates for joint life plans are equal to 150% of the Recommended Presumptive Premium Rates for comparable single life plans. Exhibit 22 contains the complete schedule of Credit A&H Recommended Presumptive Premium Rates for All Classes Combined, Class E Alone, and All Classes Except Class E.

Discount Factor

In Texas, the Current Presumptive Premium Rates in the rate tables for single premium plans are multiplied by a discount factor to get a final Presumptive Rate. The discount factor varies by the term of the insurance period and is intended to adjust for the time value of money. Even the Presumptive Premium Rate for a one year term policy will be discounted somewhat under the discounting factor formula.

We developed the Recommended Presumptive Premium Rates in Exhibits 21 and 22 under the assumption that Texas will continue using the current discounting factor formula with the rate tables. If the Commissioner decides to significantly change or discontinue the use of the discount factors, then our Recommended Presumptive Premium Rates in Exhibits 21 and 22 will need to be adjusted appropriately.

Description of Codes Used on Credit Call Reports

Form Code	Form Name	Form Description	Plan Codes Applicable
1	CI-EXP-L	Expense Form for Life	N/A
2	CI-EXP-DIS	Expense Form for Disability	N/A
3	CI-EXP-DIS(f&c) 91	Expense Form for Disability, F&C Co's., 1991	N/A
4	CI-EX-L	Experience Form for Life	1 thru 8
5	CI-EX-DIS	Experience Form for Disability	9 thru 26
6	CI-EX-DIS(F&C)	Experience Form for Disability, F&C Co's.	9 thru 26
7	CI-EXP-DIS(F&C)	Expense Form for Disability, F&C Co's., 1992-current	N/A

Business Class	Description
A	Life & Disability Commercial Banks, Savings & Loans Associations and Mortgage Companies
B	Life & Disability Finance Companies and Small Loan Companies
C	Life & Disability Credit Unions
D	Life & Disability Production Credit Associations (Agricultural & Horticultural P.C.A.'s)
E	Life & Disability Dealers (Auto & Truck Dealers, Other Dealers, Retail Stores, etc.)
F	Life & Disability Other Than A Thru E

Plan of Benefits	Description
01	Life Single Premium Reducing Term - Single Lives
02	Life Single Premium Level Term - Single Lives
03	Life Outstanding Balance Revolving Account (Open End) - Single Lives
04	Life Outstanding Balance Other Than Revolving Account - Single Lives
05	Life Single Premium Reducing Term - Joint Lives
06	Life Single Premium Level Term - Joint Lives
07	Life Outstanding Balance Revolving Account (Open End) - Joint Lives
08	Life Outstanding Balance Other Than Revolving Account - Joint Lives
09	Disability Single Premium - 7 Day Retro Discontinued
10	Disability Single Premium - 14 Day Retro
11	Disability Single Premium - 30 Day Retro
12	Disability Single Premium - 14 Day Non-Retro
13	Disability Single Premium - 30 Day Non-Retro
14	Disability Single Premium - 90 Day Non-Retro
15	Disability Outstanding Balance Revolving Account - 7 Day Retro Discontinued
16	Disability Outstanding Balance Revolving Account - 14 Day Retro
17	Disability Outstanding Balance Revolving Account - 30 Day Retro
18	Disability Outstanding Balance Revolving Account - 14 Day Non-Retro
19	Disability Outstanding Balance Revolving Account - 30 Day Non-Retro
20	Disability Outstanding Balance Revolving Account - 90 Day Non-Retro
21	Disability Outstanding Balance Other Than Revolving Account - 7 Day Retro Discontinued
22	Disability Outstanding Balance Other Than Revolving Account - 14 Day Retro
23	Disability Outstanding Balance Other Than Revolving Account - 30 Day Retro
24	Disability Outstanding Balance Other Than Revolving Account - 14 Day Non-Retro
25	Disability Outstanding Balance Other Than Revolving Account - 30 Day Non-Retro
26	Disability Outstanding Balance Other Than Revolving Account - 90 Day Non-Retro

CREDIT INSURANCE EXPERIENCE SUMMARY

SECTION I

Credit Life Experience Reports (Plans 01 - 08)

SECTION II

Credit Disability Experience Reports (Plans 09 - 26)

CREDIT INSURANCE EXPENSE SUMMARY

SECTION III

Credit Life Expense Reports - Life Companies

SECTION IV

Credit Disability Expense Reports - Life Companies

CREDIT INSURANCE EXPERIENCE REPORT

<u>PLAN</u>	<u>DESCRIPTION</u>	<u>CLASS</u>	<u>DESCRIPTION</u>
1	Single Premium Reducing Term - Single Lives	A	Commercial Banks, Savings & Loans Associations and Mortgage Companies
2	Single Premium Level Term - Single Lives	B	Finance Companies and Small Loan Companies
3	Outstanding Balance Revolving Account (Open End) - Single Lives	C	Credit Unions
4	Outstanding Balance Other Than Revolving Account - Single Lives	D	Production Credit Associations (Agricultural & Horticultural P.C.A.'s)
5	Single Premium Reducing Term - Joint Lives	E	Dealers (Auto & Truck Dealers, Other Dealers, Retail Stores, etc.)
6	Single Premium Level Term - Joint Lives	F	Other Than A Thru E
7	Outstanding Balance Revolving Account (Open End) - Joint Lives		
8	Outstanding Balance Other Than Revolving Account - Joint Lives		
9	Single Premium - 7 Day Retro		
10	Single Premium - 14 Day Retro		
11	Single Premium - 30 Day Retro		
12	Single Premium - 14 Day Non-Retro		
13	Single Premium - 30 Day Non-Retro		
14	Single Premium - 90 Day Non-Retro		
15	Outstanding Balance Revolving Account - 7 Day Retro		
16	Outstanding Balance Revolving Account - 14 Day Retro		
17	Outstanding Balance Revolving Account - 30 Day Retro		
18	Outstanding Balance Revolving Account - 14 Day Non-Retro		
19	Outstanding Balance Revolving Account - 30 Day Non-Retro		
20	Outstanding Balance Revolving Account - 90 Day Non-Retro		
21	Outstanding Balance Other Than Revolving Account - 7 Day Retro		
22	Outstanding Balance Other Than Revolving Account - 14 Day Retro		
23	Outstanding Balance Other Than Revolving Account - 30 Day Retro		
24	Outstanding Balance Other Than Revolving Account - 14 Day Non-Retro		
25	Outstanding Balance Other Than Revolving Account - 30 Day Non-Retro		
26	Outstanding Balance Other Than Revolving Account - 90 Day Non-Retro		

CREDIT INSURANCE EXPERIENCE SUMMARY

SECTION I

Credit Life Experience Reports (Plans 01 - 08)

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **1** **Single Premium Reducing Term - Single Lives**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Mean Insurance in Force</u>				
A	2,680,634,606	2,707,624,871	2,403,490,237	7,791,749,714
B	1,071,758,452	1,166,064,691	1,225,307,430	3,463,130,573
C	245,967,471	249,750,075	258,248,835	753,966,381
D	39,604	273,004	797,326	1,109,934
E	9,506,568,878	11,149,189,400	11,275,529,779	31,931,288,057
F	528,047	338,960	4,776,445	5,643,452
Total	13,505,497,058	15,273,241,001	15,168,150,052	43,946,888,111

<u>Incurred Claims</u>				
A	6,831,147	7,208,295	7,068,667	21,108,109
B	3,573,104	4,276,014	4,137,613	11,986,731
C	1,574,821	741,643	519,353	2,835,817
D	47	233	396	676
E	19,772,764	22,060,832	22,391,976	64,225,572
F	(89)	(83)	13,023	12,851
Total	31,751,794	34,286,934	34,131,028	100,169,756

<u>Actual Earned Premiums</u>				
A	19,657,712	16,105,061	15,162,666	50,925,439
B	7,940,585	10,219,619	8,120,492	26,280,696
C	2,924,494	1,952,926	1,982,748	6,860,168
D	361	2,472	5,567	8,400
E	67,308,978	69,314,493	68,758,041	205,381,512
F	2,619	2,151	33,501	38,271
Total	97,834,749	97,596,722	94,063,015	289,494,486

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.3475	0.4476	0.4662	0.4145
B	0.4500	0.4184	0.5095	0.4561
C	0.5385	0.3798	0.2619	0.4134
D	0.1302	0.0943	0.0711	0.0805
E	0.2938	0.3183	0.3257	0.3127
F	(0.0340)	(0.0386)	0.3887	0.3358
Total	0.3245	0.3513	0.3629	0.3460

<u>Earned Premiums at Presumptive Rate</u>				
A	17,714,746	15,702,287	14,877,520	48,294,553
B	7,225,637	9,300,191	7,688,449	24,214,277
C	2,781,309	1,803,141	1,867,961	6,452,411
D	410	2,806	5,273	8,489
E	59,415,318	67,213,275	69,059,116	195,687,709
F	2,360	2,204	34,213	38,777
Total	87,139,780	94,023,904	93,532,532	274,696,216

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.3856	0.4591	0.4751	0.4371
B	0.4945	0.4598	0.5382	0.4950
C	0.5662	0.4113	0.2780	0.4395
D	0.1146	0.0830	0.0751	0.0796
E	0.3328	0.3282	0.3242	0.3282
F	(0.0377)	(0.0377)	0.3806	0.3314
Total	0.3644	0.3647	0.3649	0.3647

<u>Commissions and Service Fees Incurred</u>				
A	5,780,950	4,599,240	5,218,275	15,598,465
B	417,964	154,544	144,253	716,761
C	821,778	577,121	648,543	2,047,442
D	319	1,349	3,582	5,250
E	30,892,571	30,082,669	30,398,636	91,373,876
F	222	-	2,280	2,502
Total	37,913,804	35,414,923	36,415,569	109,744,296

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits:	2	Single Premium Level Term - Single Lives		
	2000	2001	2002	Total
<u>Mean Insurance in Force</u>				
A	283,767,193	286,567,337	272,396,826	842,731,356
B	428,021	504,516	647,484	1,580,021
C	5,274,448	6,470,770	5,845,622	17,590,840
D	-	-	-	-
E	708,216,407	742,176,319	672,004,186	2,122,396,912
F	-	-	-	-
Total	997,686,069	1,035,718,942	950,894,118	2,984,299,129
<u>Incurred Claims</u>				
A	732,990	753,101	720,329	2,206,420
B	901	832	10,044	11,777
C	26,431	13,379	7,275	47,085
D	-	-	-	-
E	1,013,521	1,051,089	1,235,864	3,300,474
F	-	-	-	-
Total	1,773,843	1,818,401	1,973,512	5,565,756
<u>Actual Earned Premiums</u>				
A	2,068,955	1,716,974	1,799,826	5,585,755
B	2,862	2,963	3,934	9,759
C	45,244	39,573	39,608	124,425
D	-	-	-	-
E	5,417,655	4,732,179	4,042,701	14,192,535
F	-	-	-	-
Total	7,534,716	6,491,689	5,886,069	19,912,474
<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.3543	0.4386	0.4002	0.3950
B	0.3148	0.2808	2.5531	1.2068
C	0.5842	0.3381	0.1837	0.3784
D	-	-	-	-
E	0.1871	0.2221	0.3057	0.2325
F	-	-	-	-
Total	0.2354	0.2801	0.3353	0.2795
<u>Earned Premiums at Presumptive Rate</u>				
A	1,910,705	1,720,804	1,788,943	5,420,452
B	2,601	2,909	3,733	9,243
C	42,387	39,056	39,512	120,955
D	-	-	-	-
E	4,397,705	4,910,361	4,093,172	13,401,238
F	-	-	-	-
Total	6,353,398	6,673,130	5,925,360	18,951,888
<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.3836	0.4376	0.4027	0.4071
B	0.3464	0.2860	2.6906	1.2742
C	0.6236	0.3426	0.1841	0.3893
D	-	-	-	-
E	0.2305	0.2141	0.3019	0.2463
F	-	-	-	-
Total	0.2792	0.2725	0.3331	0.2937
<u>Commissions and Service Fees Incurred</u>				
A	669,246	532,828	669,187	1,871,261
B	1,179	1,179	1,582	3,940
C	21,910	11,169	12,448	45,527
D	-	-	-	-
E	2,229,177	1,460,442	1,074,795	4,764,414
F	-	-	-	-
Total	2,921,512	2,005,618	1,758,012	6,685,142

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: 3 Outstanding Balance Revolving Account (Open End) - Single Lives

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Mean Insurance in Force</u>				
A	378,890,410	397,697,723	359,483,069	1,136,071,202
B	33,885,458	33,211,130	34,745,059	101,841,647
C	1,531,311,095	1,619,235,155	1,838,351,184	4,988,897,434
D	-	-	-	-
E	75,856,278	106,687,599	118,204,012	300,747,889
F	745	684	646	2,075
Total	2,019,943,986	2,156,832,291	2,350,783,970	6,527,560,247

<u>Incurred Claims</u>				
A	4,346,050	4,248,556	3,467,373	12,061,979
B	481,552	296,501	182,537	960,590
C	5,229,844	6,410,162	7,010,759	18,650,765
D	-	-	-	-
E	(397,175)	281,001	310,966	194,792
F	-	139	-	139
Total	9,660,271	11,236,359	10,971,635	31,868,265

<u>Actual Earned Premiums</u>				
A	5,485,799	5,568,437	5,471,390	16,525,626
B	332,256	210,884	209,247	752,387
C	10,341,296	11,300,153	11,801,624	33,443,073
D	-	-	-	-
E	635,574	604,354	518,287	1,758,215
F	24	23	20	67
Total	16,794,949	17,683,851	18,000,568	52,479,368

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.7922	0.7630	0.6337	0.7299
B	1.4493	1.4060	0.8724	1.2767
C	0.5057	0.5673	0.5941	0.5577
D	-	-	-	-
E	(0.6249)	0.4650	0.6000	0.1108
F	-	6.0435	-	2.0746
Total	0.5752	0.6354	0.6095	0.6073

<u>Earned Premiums at Presumptive Rate</u>				
A	5,219,195	4,949,917	4,757,436	14,926,548
B	293,847	205,460	207,260	706,567
C	9,494,795	10,683,122	11,287,692	31,465,609
D	-	-	-	-
E	756,079	629,254	693,542	2,078,875
F	15	15	13	43
Total	15,763,931	16,467,768	16,945,943	49,177,642

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.8327	0.8583	0.7288	0.8081
B	1.6388	1.4431	0.8807	1.3595
C	0.5508	0.6000	0.6211	0.5927
D	-	-	-	-
E	(0.5253)	0.4466	0.4484	0.0937
F	-	9.2667	-	3.2326
Total	0.6128	0.6823	0.6474	0.6480

<u>Commissions and Service Fees Incurred</u>				
A	1,310,096	1,303,650	1,357,366	3,971,112
B	20,179	6,355	78,134	104,668
C	2,256,642	2,376,130	2,553,330	7,186,102
D	-	-	-	-
E	97,242	99,257	65,459	261,958
F	-	-	-	-
Total	3,684,159	3,785,392	4,054,289	11,523,840

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **4** **Outstanding Balance Other Than Revolving Account - Single Lives**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Mean Insurance in Force</u>				
A	76,665,228	50,151,019	1,290,351	128,106,598
B	2,314,584	81,706	21,974,015	24,370,305
C	218,523,416	196,909,080	238,133,112	653,565,608
D	-	-	-	-
E	-	43,833	-	43,833
F	43,634,776	49,983,259	3,382,699	97,000,734
Total	341,138,004	297,168,897	264,780,177	903,087,078

<u>Incurred Claims</u>				
A	121,117	290,262	286,867	698,246
B	37,706	45,782	47,023	130,511
C	856,705	998,156	1,068,016	2,922,877
D	-	-	-	-
E	-	-	-	-
F	54,289	10,732	(5)	65,016
Total	1,069,817	1,344,932	1,401,901	3,816,650

<u>Actual Earned Premiums</u>				
A	450,464	620,153	590,399	1,661,016
B	51,184	33,928	115,081	200,193
C	1,171,063	1,235,512	1,284,207	3,690,782
D	-	-	-	-
E	-	417	-	417
F	136,496	64,101	21,016	221,613
Total	1,809,207	1,954,111	2,010,703	5,774,021

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.2689	0.4680	0.4859	0.4204
B	0.7367	1.3494	0.4086	0.6519
C	0.7316	0.8079	0.8317	0.7919
D	-	-	-	-
E	-	-	-	-
F	0.3977	0.1674	(0.0002)	0.2934
Total	0.5913	0.6883	0.6972	0.6610

<u>Earned Premiums at Presumptive Rate</u>				
A	431,695	620,153	590,399	1,642,247
B	42,653	28,276	114,236	185,165
C	1,180,891	1,267,496	1,277,380	3,725,767
D	-	-	-	-
E	-	417	-	417
F	136,496	64,101	21,016	221,613
Total	1,791,735	1,980,443	2,003,031	5,775,209

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.2806	0.4680	0.4859	0.4252
B	0.8840	1.6191	0.4116	0.7048
C	0.7255	0.7875	0.8361	0.7845
D	-	-	-	-
E	-	-	-	-
F	0.3977	0.1674	(0.0002)	0.2934
Total	0.5971	0.6791	0.6999	0.6609

<u>Commissions and Service Fees Incurred</u>				
A	53,283	73,947	76,581	203,811
B	-	-	-	-
C	417,334	424,290	395,125	1,236,749
D	-	-	-	-
E	-	83	-	83
F	8,190	3,846	1,261	13,297
Total	478,807	502,166	472,967	1,453,940

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: 5 Single Premium Reducing Term - Joint Lives

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Mean Insurance in Force</u>				
A	917,585,108	753,302,391	675,779,634	2,346,667,133
B	649,861,234	785,627,515	714,593,805	2,150,082,554
C	62,894,966	71,989,994	77,078,878	211,963,838
D	-	-	136,081	136,081
E	3,564,396,644	3,834,358,034	3,996,078,893	11,394,833,571
F	133,484	131,620	4,556,749	4,821,853
Total	5,194,871,436	5,445,409,554	5,468,224,040	16,108,505,030

<u>Incurred Claims</u>				
A	3,755,021	4,421,705	3,376,453	11,553,179
B	3,784,982	4,319,769	3,940,916	12,045,667
C	125,814	302,023	207,490	635,327
D	-	-	52	52
E	8,321,188	11,011,928	11,019,762	30,352,878
F	11	39	70,400	70,450
Total	15,987,016	20,055,464	18,615,073	54,657,553

<u>Actual Earned Premiums</u>				
A	8,122,612	7,028,478	6,350,693	21,501,783
B	6,707,105	8,184,908	6,702,820	21,594,833
C	578,845	559,572	1,134,148	2,272,565
D	-	-	1,292	1,292
E	30,901,756	32,754,054	33,461,093	97,116,903
F	1,164	1,158	43,128	45,450
Total	46,311,482	48,528,170	47,693,174	142,532,826

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.4623	0.6291	0.5317	0.5373
B	0.5643	0.5278	0.5879	0.5578
C	0.2174	0.5397	0.1829	0.2796
D	-	-	0.0402	0.0402
E	0.2693	0.3362	0.3293	0.3125
F	0.0095	0.0337	1.6324	1.5501
Total	0.3452	0.4133	0.3903	0.3835

<u>Earned Premiums at Presumptive Rate</u>				
A	7,193,532	6,763,145	6,204,919	20,161,596
B	6,003,487	7,440,119	6,400,666	19,844,272
C	540,802	547,819	1,112,085	2,200,706
D	-	-	1,263	1,263
E	27,507,574	32,773,573	34,024,142	94,305,289
F	1,026	1,207	44,254	46,487
Total	41,246,421	47,525,863	47,787,329	136,559,613

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.5220	0.6538	0.5442	0.5730
B	0.6305	0.5806	0.6157	0.6070
C	0.2326	0.5513	0.1866	0.2887
D	-	-	0.0412	0.0412
E	0.3025	0.3360	0.3239	0.3219
F	0.0107	0.0323	1.5908	1.5155
Total	0.3876	0.4220	0.3895	0.4002

<u>Commissions and Service Fees Incurred</u>				
A	2,317,581	1,898,780	1,413,891	5,630,252
B	447,232	155,086	(4,529)	597,789
C	198,440	208,238	274,265	680,943
D	-	-	581	581
E	15,172,141	15,407,750	14,182,395	44,762,286
F	-	662	2,785	3,447
Total	18,135,394	17,670,516	15,869,388	51,675,298

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits:	6	Single Premium Level Term - Joint Lives		
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Mean Insurance in Force</u>				
A	48,420,053	35,689,569	36,058,042	120,167,664
B	-	-	-	-
C	1,105,868	1,125,501	1,154,209	3,385,578
D	-	-	-	-
E	183,545,768	225,013,698	226,040,612	634,600,078
F	-	-	-	-
Total	233,071,689	261,828,768	263,252,863	758,153,320
<u>Incurred Claims</u>				
A	114,226	168,402	171,092	453,720
B	-	-	-	-
C	1,251	441	1,901	3,593
D	-	-	-	-
E	455,665	332,507	498,749	1,286,921
F	-	-	-	-
Total	571,142	501,350	671,742	1,744,234
<u>Actual Earned Premiums</u>				
A	372,792	314,366	325,173	1,012,331
B	-	-	-	-
C	11,150	7,893	3,444	22,487
D	-	-	-	-
E	2,067,597	1,964,199	1,834,565	5,866,361
F	-	-	-	-
Total	2,451,539	2,286,458	2,163,182	6,901,179
<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.3064	0.5357	0.5262	0.4482
B	-	-	-	-
C	0.1122	0.0559	0.5520	0.1598
D	-	-	-	-
E	0.2204	0.1693	0.2719	0.2194
F	-	-	-	-
Total	0.2330	0.2193	0.3105	0.2527
<u>Earned Premiums at Presumptive Rate</u>				
A	342,633	313,272	328,288	984,193
B	-	-	-	-
C	11,242	7,562	3,221	22,025
D	-	-	-	-
E	1,708,762	2,058,827	1,882,898	5,650,487
F	-	-	-	-
Total	2,062,637	2,379,661	2,214,407	6,656,705
<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.3334	0.5376	0.5212	0.4610
B	-	-	-	-
C	0.1113	0.0583	0.5902	0.1631
D	-	-	-	-
E	0.2667	0.1615	0.2649	0.2278
F	-	-	-	-
Total	0.2769	0.2107	0.3034	0.2620
<u>Commissions and Service Fees Incurred</u>				
A	115,800	86,358	113,698	315,856
B	-	-	-	-
C	5,831	2,146	4,017	11,994
D	-	-	-	-
E	1,018,583	758,754	530,592	2,307,929
F	-	-	-	-
Total	1,140,214	847,258	648,307	2,635,779

Texas Department of Insurance - Life/Health Group

Credit Insurance Experience

Plan of Benefits:

7

Outstanding Balance Revolving Account (Open End) - Joint Lives

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Mean Insurance in Force</u>				
A	1,450,015,834	268,705,480	219,510,675	1,938,231,989
B	108,569,768	44,416,912	36,529,985	189,516,665
C	601,058,343	535,383,973	637,577,972	1,774,020,288
D	-	-	-	-
E	8,941,873	543,546,796	422,477,276	974,965,945
F	-	-	-	-
Total	2,168,585,818	1,392,053,161	1,316,095,908	4,876,734,887

<u>Incurred Claims</u>				
A	2,818,883	2,730,941	2,262,900	7,812,724
B	167,952	261,184	201,810	630,946
C	2,363,722	3,121,436	3,453,388	8,938,546
D	-	-	-	-
E	3,020,731	1,967,834	2,110,447	7,099,012
F	28,935	9,178	2,906	41,019
Total	8,400,223	8,090,573	8,031,451	24,522,247

<u>Actual Earned Premiums</u>				
A	2,664,444	2,432,305	1,999,916	7,096,665
B	210,798	388,547	315,408	914,753
C	5,404,101	5,740,602	6,191,847	17,336,550
D	-	-	-	-
E	6,257,884	4,690,667	3,648,771	14,597,322
F	-	-	-	-
Total	14,537,227	13,252,121	12,155,942	39,945,290

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	1.0580	1.1228	1.1315	1.1009
B	0.7967	0.6722	0.6398	0.6897
C	0.4374	0.5437	0.5577	0.5156
D	-	-	-	-
E	0.4827	0.4195	0.5784	0.4863
F	-	-	-	-
Total	0.5778	0.6105	0.6607	0.6139

<u>Earned Premiums at Presumptive Rate</u>				
A	2,548,982	2,332,786	1,899,632	6,781,400
B	939,032	388,547	315,537	1,643,116
C	5,065,911	5,204,797	5,682,528	15,953,236
D	-	-	-	-
E	6,000,794	4,690,734	3,648,771	14,340,299
F	-	-	-	-
Total	14,554,719	12,616,864	11,546,468	38,718,051

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	1.1059	1.1707	1.1912	1.1521
B	0.1789	0.6722	0.6396	0.3840
C	0.4666	0.5997	0.6077	0.5603
D	-	-	-	-
E	0.5034	0.4195	0.5784	0.4950
F	-	-	-	-
Total	0.5771	0.6413	0.6956	0.6334

<u>Commissions and Service Fees Incurred</u>				
A	894,791	947,630	757,981	2,600,402
B	20,599	22,595	4,116	47,310
C	1,249,765	1,229,511	1,415,919	3,895,195
D	-	-	-	-
E	584,989	341,367	316,843	1,243,199
F	-	-	-	-
Total	2,750,144	2,541,103	2,494,859	7,786,106

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **8** **Outstanding Balance Other Than Revolving Account - Joint Lives**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Mean Insurance in Force</u>				
A	36,105,464	23,869,803	990,000	60,965,267
B	2,354,068	654,209	34,274,467	37,282,744
C	16,538,917	15,694,998	14,002,397	46,236,312
D	-	-	-	-
E	-	-	-	-
F	20,584,452	23,586,798	1,545,509	45,716,759
Total	75,582,901	63,805,808	50,812,373	190,201,082

<u>Incurred Claims</u>				
A	161,277	72,412	36,140	269,829
B	36,434	140,071	162,666	339,171
C	6,653	161,157	70,205	238,015
D	-	-	-	-
E	-	-	-	-
F	42,321	10,527	419	53,267
Total	246,685	384,167	269,430	900,282

<u>Actual Earned Premiums</u>				
A	325,729	432,799	411,390	1,169,918
B	107,889	77,936	257,234	443,059
C	78,210	153,726	127,460	359,396
D	-	-	-	-
E	-	-	-	-
F	100,571	46,038	14,266	160,875
Total	612,399	710,499	810,350	2,133,248

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.4951	0.1673	0.0878	0.2306
B	0.3377	1.7973	0.6324	0.7655
C	0.0851	1.0483	0.5508	0.6623
D	-	-	-	-
E	-	-	-	-
F	0.4208	0.2287	0.0294	0.3311
Total	0.4028	0.5407	0.3325	0.4220

<u>Earned Premiums at Presumptive Rate</u>				
A	312,157	432,799	411,390	1,156,346
B	89,908	64,947	257,163	412,018
C	71,797	153,642	127,421	352,860
D	-	-	-	-
E	-	-	-	-
F	108,617	46,038	14,266	168,921
Total	582,479	697,426	810,240	2,090,145

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.5167	0.1673	0.0878	0.2333
B	0.4052	2.1567	0.6325	0.8232
C	0.0927	1.0489	0.5510	0.6745
D	-	-	-	-
E	-	-	-	-
F	0.3896	0.2287	0.0294	0.3153
Total	0.4235	0.5508	0.3325	0.4307

<u>Commissions and Service Fees Incurred</u>				
A	39,335	52,101	52,362	143,798
B	-	-	-	-
C	40,181	46,402	39,013	125,596
D	-	-	-	-
E	-	-	-	-
F	6,034	2,762	856	9,652
Total	85,550	101,265	92,231	279,046

CREDIT INSURANCE EXPERIENCE SUMMARY

SECTION II

Credit Disability Experience Reports (Plans 09 - 26)

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits:	9	Single Premium - 7 Day Retro		
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	(7,620)	9,370	(328)	1,422
B	511	(56)	36	491
C	-	100,959	103,657	204,616
D	-	-	-	-
E	(5,812)	330	-	(5,482)
F	-	-	-	-
Total	(12,921)	110,603	103,365	201,047
<u>Actual Earned Premiums</u>				
A	(2)	-	-	(2)
B	1,270	3,871	11,777	16,918
C	-	168,125	232,218	400,343
D	-	-	-	-
E	1,664	1,267	(329)	2,602
F	-	-	-	-
Total	2,932	173,263	243,666	419,861
<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	3,810.0000	-	-	(711.0000)
B	0.4024	(0.0145)	0.0031	0.0290
C	-	0.6005	0.4464	0.5111
D	-	-	-	-
E	(3.4928)	0.2605	-	(2.1068)
F	-	-	-	-
Total	(4.4069)	0.6384	0.4242	0.4788
<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	1,105	3,367	-	4,472
C	-	187,704	248,475	436,179
D	-	-	-	-
E	1,685	1,359	(376)	2,668
F	-	-	-	-
Total	2,790	192,430	248,099	443,319
<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	0.4624	(0.0166)	-	0.1098
C	-	0.5379	0.4172	0.4691
D	-	-	-	-
E	(3.4493)	0.2428	-	(2.0547)
F	-	-	-	-
Total	(4.6312)	0.5748	0.4166	0.4535
<u>Commissions and Service Fees Incurred</u>				
A	(1)	-	-	(1)
B	-	-	-	-
C	-	72,317	81,667	153,984
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	(1)	72,317	81,667	153,983

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits:	10	Single Premium - 14 Day Retro		
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	10,695,153	11,004,145	11,541,179	33,240,477
B	7,646,596	8,903,092	10,197,784	26,747,472
C	1,584,985	1,622,168	1,741,193	4,948,346
D	-	-	-	-
E	33,973,458	37,527,254	37,756,812	109,257,524
F	-	-	79,738	79,738
Total	53,900,192	59,056,659	61,316,706	174,273,557
<u>Actual Earned Premiums</u>				
A	19,864,478	16,912,430	14,635,609	51,412,517
B	15,418,375	15,799,766	15,491,855	46,709,996
C	2,566,230	2,427,746	2,369,112	7,363,088
D	-	-	-	-
E	89,743,842	89,279,630	93,467,274	272,490,746
F	-	-	57,098	57,098
Total	127,592,925	124,419,572	126,020,948	378,033,445
<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.5384	0.6507	0.7886	0.6465
B	0.4959	0.5635	0.6583	0.5726
C	0.6176	0.6682	0.7350	0.6720
D	-	-	-	-
E	0.3786	0.4203	0.4040	0.4010
F	-	-	1.3965	1.3965
Total	0.4224	0.4747	0.4866	0.4610
<u>Earned Premiums at Presumptive Rate</u>				
A	20,891,443	18,757,408	15,781,300	55,430,151
B	13,789,806	15,328,419	15,770,301	44,888,526
C	2,436,826	2,352,580	2,251,794	7,041,200
D	-	-	-	-
E	80,609,563	90,911,897	93,999,128	265,520,588
F	-	-	62,984	62,984
Total	117,727,638	127,350,304	127,865,507	372,943,449
<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.5119	0.5867	0.7313	0.5997
B	0.5545	0.5808	0.6466	0.5959
C	0.6504	0.6895	0.7732	0.7028
D	-	-	-	-
E	0.4215	0.4128	0.4017	0.4115
F	-	-	1.2660	1.2660
Total	0.4578	0.4637	0.4795	0.4673
<u>Commissions and Service Fees Incurred</u>				
A	6,748,877	4,472,402	4,295,727	15,517,006
B	130,730	292,103	422,187	845,020
C	717,824	703,643	737,126	2,158,593
D	-	-	-	-
E	37,659,962	42,153,760	37,873,218	117,686,940
F	-	-	3,370	3,370
Total	45,257,393	47,621,908	43,331,628	136,210,929

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **11** **Single Premium - 30 Day Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	39,674	51,045	14,297	105,016
B	376	(1,342)	365	(601)
C	44,291	93,487	75,642	213,420
D	-	-	-	-
E	902,507	1,165,555	729,290	2,797,352
F	-	-	-	-
Total	986,848	1,308,745	819,594	3,115,187

<u>Actual Earned Premiums</u>				
A	46,779	33,991	37,334	118,104
B	12,953	12,684	16,897	42,534
C	55,502	96,390	106,890	258,782
D	-	-	-	-
E	1,513,273	1,395,142	1,359,112	4,267,527
F	-	-	-	-
Total	1,628,507	1,538,207	1,520,233	4,686,947

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.8481	1.5017	0.3829	0.8892
B	0.0290	(0.1058)	0.0216	(0.0141)
C	0.7980	0.9699	0.7077	0.8247
D	-	-	-	-
E	0.5964	0.8354	0.5366	0.6555
F	-	-	-	-
Total	0.6060	0.8508	0.5391	0.6647

<u>Earned Premiums at Presumptive Rate</u>				
A	41,955	32,899	38,269	113,123
B	12,539	12,675	17,329	42,543
C	53,345	89,612	91,652	234,609
D	-	-	-	-
E	1,396,440	1,438,395	1,351,777	4,186,612
F	-	-	-	-
Total	1,504,279	1,573,581	1,499,027	4,576,887

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.9456	1.5516	0.3736	0.9283
B	0.0300	(0.1059)	0.0211	(0.0141)
C	0.8303	1.0432	0.8253	0.9097
D	-	-	-	-
E	0.6463	0.8103	0.5395	0.6682
F	-	-	-	-
Total	0.6560	0.8317	0.5468	0.6806

<u>Commissions and Service Fees Incurred</u>				
A	9,850	8,919	13,071	31,840
B	662	2,875	15,853	19,390
C	2,627	17,636	24,346	44,609
D	-	-	-	-
E	778,246	541,924	426,246	1,746,416
F	-	-	-	-
Total	791,385	571,354	479,516	1,842,255

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits:	12	Single Premium - 14 Day Non-Retro		
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	125,069	44,421	90,153	259,643
B	5	23	8	36
C	362,203	298,604	56,561	717,368
D	-	-	-	-
E	147,639	158,018	175,698	481,355
F	-	-	-	-
Total	634,916	501,066	322,420	1,458,402
<u>Actual Earned Premiums</u>				
A	111,093	92,778	79,327	283,198
B	45	248	334	627
C	411,926	294,063	196,072	902,061
D	-	-	-	-
E	262,446	235,525	296,691	794,662
F	-	-	-	-
Total	785,510	622,614	572,424	1,980,548
<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	1.1258	0.4788	1.1365	0.9168
B	0.1111	0.0927	0.0240	0.0574
C	0.8793	1.0154	0.2885	0.7953
D	-	-	-	-
E	0.5626	0.6709	0.5922	0.6057
F	-	-	-	-
Total	0.8083	0.8048	0.5633	0.7364
<u>Earned Premiums at Presumptive Rate</u>				
A	108,749	98,557	73,839	281,145
B	56	215	313	584
C	395,329	282,445	185,661	863,435
D	-	-	-	-
E	235,403	220,169	286,852	742,424
F	-	-	-	-
Total	739,537	601,386	546,665	1,887,588
<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	1.1501	0.4507	1.2209	0.9235
B	0.0893	0.1070	0.0256	0.0616
C	0.9162	1.0572	0.3046	0.8308
D	-	-	-	-
E	0.6272	0.7177	0.6125	0.6484
F	-	-	-	-
Total	0.8585	0.8332	0.5898	0.7726
<u>Commissions and Service Fees Incurred</u>				
A	39,111	20,561	14,833	74,505
B	420	-	387	807
C	92,240	34,672	11,897	138,809
D	-	-	-	-
E	129,330	160,482	173,718	463,530
F	-	-	-	-
Total	261,101	215,715	200,835	677,651

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits:	13	Single Premium - 30 Day Non-Retro		
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	10,591	19,753	2,515	32,859
B	(931)	(588)	(511)	(2,030)
C	426,456	604,684	242,257	1,273,397
D	-	-	-	-
E	380,330	248,343	167,669	796,342
F	-	-	31	31
Total	816,446	872,192	411,961	2,100,599
<u>Actual Earned Premiums</u>				
A	20,205	16,866	11,763	48,834
B	5,709	4,360	3,462	13,531
C	268,345	275,489	251,323	795,157
D	105	450	922	1,477
E	499,481	517,706	442,032	1,459,219
F	359	324	(114,232)	(113,549)
Total	794,204	815,195	595,270	2,204,669
<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.5242	1.1712	0.2138	0.6729
B	(0.1631)	(0.1349)	(0.1476)	(0.1500)
C	1.5892	2.1949	0.9639	1.6014
D	-	-	-	-
E	0.7615	0.4797	0.3793	0.5457
F	-	-	(0.0003)	(0.0003)
Total	1.0280	1.0699	0.6921	0.9528
<u>Earned Premiums at Presumptive Rate</u>				
A	19,539	17,426	10,679	47,644
B	5,495	4,442	3,534	13,471
C	216,888	218,848	166,641	602,377
D	114	489	922	1,525
E	471,078	490,544	424,520	1,386,142
F	370	342	(114,270)	(113,558)
Total	713,484	732,091	492,026	1,937,601
<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.5420	1.1335	0.2355	0.6897
B	(0.1694)	(0.1324)	(0.1446)	(0.1507)
C	1.9662	2.7630	1.4538	2.1140
D	-	-	-	-
E	0.8074	0.5063	0.3950	0.5745
F	-	-	(0.0003)	(0.0003)
Total	1.1443	1.1914	0.8373	1.0841
<u>Commissions and Service Fees Incurred</u>				
A	7,750	1,344	(38)	9,056
B	(828)	(118)	328	(618)
C	21,930	28,804	16,767	67,501
D	39	257	689	985
E	249,151	243,786	36,925	529,862
F	-	-	-	-
Total	278,042	274,073	54,671	606,786

Texas Department of Insurance - Life/Health Group
 Credit Insurance Experience

Plan of Benefits: **14** **Single Premium - 90 Day Non-Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	-	-	-	-
B	-	-	-	-
C	2,641	-	-	2,641
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	2,641	-	-	2,641

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	-	-	-	-
C	27,747	-	-	27,747
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	27,747	-	-	27,747

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	-	-	-	-
C	0.0952	-	-	0.0952
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.0952	-	-	0.0952

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	-	-	-	-
C	26,845	-	-	26,845
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	26,845	-	-	26,845

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	-	-	-	-
C	0.0984	-	-	0.0984
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.0984	-	-	0.0984

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	-	-
C	9,612	-	-	9,612
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	9,612	-	-	9,612

Texas Department of Insurance - Life/Health Group
 Credit Insurance Experience

Plan of Benefits: **15** **Outstanding Balance Revolving Account - 7 Day Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	-	-	-	-
B	-	-	(119,036)	(119,036)
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	(119,036)	(119,036)

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	-	-	36,097	36,097
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	36,097	36,097

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	-	-	(3.2977)	(3.2977)
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	(3.2977)	(3.2977)

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	-	-	36,097	36,097
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	36,097	36,097

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	-	-	(3.2977)	(3.2977)
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	(3.2977)	(3.2977)

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **16** **Outstanding Balance Revolving Account - 14 Day Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	10,552	3,921	10,662	25,135
B	327,963	451,691	596,984	1,376,638
C	8,202,575	4,723,709	7,233,025	20,159,309
D	-	-	-	-
E	39,188	17,653	454	57,295
F	-	-	-	-
Total	8,580,278	5,196,974	7,841,125	21,618,377

<u>Actual Earned Premiums</u>				
A	79,480	60,320	47,277	187,077
B	1,434,172	1,370,855	1,357,252	4,162,279
C	13,281,740	10,977,287	12,150,029	36,409,056
D	-	-	-	-
E	66,229	38,982	16,733	121,944
F	-	-	-	-
Total	14,861,621	12,447,444	13,571,291	40,880,356

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.1328	0.0650	0.2255	0.1344
B	0.2287	0.3295	0.4398	0.3307
C	0.6176	0.4303	0.5953	0.5537
D	-	-	-	-
E	0.5917	0.4529	0.0271	0.4698
F	-	-	-	-
Total	0.5773	0.4175	0.5778	0.5288

<u>Earned Premiums at Presumptive Rate</u>				
A	73,409	60,818	47,460	181,687
B	1,278,642	1,363,030	1,355,554	3,997,226
C	13,463,362	11,249,459	12,746,085	37,458,906
D	-	-	-	-
E	70,469	39,093	16,733	126,295
F	-	-	-	-
Total	14,885,882	12,712,400	14,165,832	41,764,114

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.1437	0.0645	0.2247	0.1383
B	0.2565	0.3314	0.4404	0.3444
C	0.6093	0.4199	0.5675	0.5382
D	-	-	-	-
E	0.5561	0.4516	0.0271	0.4537
F	-	-	-	-
Total	0.5764	0.4088	0.5535	0.5176

<u>Commissions and Service Fees Incurred</u>				
A	26,251	18,198	11,877	56,326
B	-	347,934	(7,234,463)	(6,886,529)
C	3,275,974	2,604,872	2,981,931	8,862,777
D	-	-	-	-
E	18,070	16,802	-	34,872
F	-	-	-	-
Total	3,320,295	2,987,806	(4,240,655)	2,067,446

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: 17 Outstanding Balance Revolving Account - 30 Day Retro

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	3,175,325	3,220,670	3,246,387	9,642,382
B	160,187	412,512	390,278	962,977
C	890,895	1,402,248	1,337,718	3,630,861
D	-	-	-	-
E	2,255,128	2,544,131	2,509,036	7,308,295
F	1,364,455	472,797	62,479	1,899,731
Total	7,845,990	8,052,358	7,545,898	23,444,246

<u>Actual Earned Premiums</u>				
A	11,777,240	10,752,776	9,286,456	31,816,472
B	615,601	1,392,225	1,187,216	3,195,042
C	1,502,857	1,959,289	2,100,800	5,562,946
D	-	-	-	-
E	7,534,865	7,094,158	6,674,017	21,303,040
F	-	-	-	-
Total	21,430,563	21,198,448	19,248,489	61,877,500

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.2696	0.2995	0.3496	0.3031
B	0.2602	0.2963	0.3287	0.3014
C	0.5928	0.7157	0.6368	0.6527
D	-	-	-	-
E	0.2993	0.3586	0.3759	0.3431
F	-	-	-	-
Total	0.3661	0.3799	0.3920	0.3789

<u>Earned Premiums at Presumptive Rate</u>				
A	11,333,029	10,802,383	9,340,623	31,476,035
B	593,466	1,390,096	1,186,653	3,170,215
C	1,316,370	1,721,157	1,894,869	4,932,396
D	-	-	-	-
E	7,317,623	7,093,587	6,673,653	21,084,863
F	-	-	-	-
Total	20,560,488	21,007,223	19,095,798	60,663,509

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.2802	0.2981	0.3476	0.3063
B	0.2699	0.2968	0.3289	0.3038
C	0.6768	0.8147	0.7060	0.7361
D	-	-	-	-
E	0.3082	0.3587	0.3760	0.3466
F	-	-	-	-
Total	0.3816	0.3833	0.3952	0.3865

<u>Commissions and Service Fees Incurred</u>				
A	2,486,635	3,658,273	3,150,722	9,295,630
B	86,164	78,636	14,549	179,349
C	285,482	358,245	367,323	1,011,050
D	-	-	-	-
E	1,826,534	1,165,853	1,037,262	4,029,649
F	-	-	-	-
Total	4,684,815	5,261,007	4,569,856	14,515,678

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **18** **Outstanding Balance Revolving Account - 14 Day Non-Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	-	-	-	-
B	-	-	-	-
C	2,511,497	3,458,335	4,183,933	10,153,765
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	2,511,497	3,458,335	4,183,933	10,153,765

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	-	-	-	-
C	6,447,129	6,235,512	6,147,354	18,829,995
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	6,447,129	6,235,512	6,147,354	18,829,995

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	-	-	-	-
C	0.3896	0.5546	0.6806	0.5392
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.3896	0.5546	0.6806	0.5392

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	-	-	-	-
C	5,927,056	5,714,723	5,653,357	17,295,136
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	5,927,056	5,714,723	5,653,357	17,295,136

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	-	-	-	-
C	0.4237	0.6052	0.7401	0.5871
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.4237	0.6052	0.7401	0.5871

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	-	-
C	1,089,603	936,351	935,695	2,961,649
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	1,089,603	936,351	935,695	2,961,649

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **19** **Outstanding Balance Revolving Account - 30 Day Non-Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	2,760,034	2,852,738	2,173,969	7,786,741
B	8,428	4,485	1,884	14,797
C	7,550,493	7,092,654	6,305,979	20,949,126
D	-	-	-	-
E	164	543	248	955
F	(195)	(187)	-	(382)
Total	10,318,924	9,950,233	8,482,080	28,751,237

<u>Actual Earned Premiums</u>				
A	9,823,487	9,488,371	9,365,591	28,677,449
B	34,614	10,268	15,098	59,980
C	9,819,246	9,453,107	9,771,509	29,043,862
D	-	-	-	-
E	570	536	-	1,106
F	-	-	-	-
Total	19,677,917	18,952,282	19,152,198	57,782,397

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.2810	0.3007	0.2321	0.2715
B	0.2435	0.4368	0.1248	0.2467
C	0.7689	0.7503	0.6453	0.7213
D	-	-	-	-
E	0.2877	1.0131	-	0.8635
F	-	-	-	-
Total	0.5244	0.5250	0.4429	0.4976

<u>Earned Premiums at Presumptive Rate</u>				
A	9,483,327	9,489,772	9,366,970	28,340,069
B	33,398	10,268	15,098	58,764
C	8,265,736	7,824,495	8,172,016	24,262,247
D	-	-	-	-
E	580	539	-	1,119
F	-	-	-	-
Total	17,783,041	17,325,074	17,554,084	52,662,199

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.2910	0.3006	0.2321	0.2748
B	0.2524	0.4368	0.1248	0.2518
C	0.9135	0.9065	0.7717	0.8634
D	-	-	-	-
E	0.2828	1.0074	-	0.8534
F	-	-	-	-
Total	0.5803	0.5743	0.4832	0.5460

<u>Commissions and Service Fees Incurred</u>				
A	1,976,667	1,941,548	1,772,624	5,690,839
B	9,912	4,620	6,794	21,326
C	1,789,176	1,653,479	1,672,923	5,115,578
D	-	-	-	-
E	196	184	-	380
F	-	-	-	-
Total	3,775,951	3,599,831	3,452,341	10,828,123

Texas Department of Insurance - Life/Health Group
 Credit Insurance Experience

Plan of Benefits: **20** **Outstanding Balance Revolving Account - 90 Day Non-Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	7	5,824	(44)	5,787
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	7	5,824	(44)	5,787

<u>Actual Earned Premiums</u>				
A	1,544	1,573	1,198	4,315
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	1,544	1,573	1,198	4,315

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.0045	3.7025	(0.0367)	1.3411
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.0045	3.7025	(0.0367)	1.3411

<u>Earned Premiums at Presumptive Rate</u>				
A	1,544	1,573	1,198	4,315
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	1,544	1,573	1,198	4,315

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.0045	3.7025	(0.0367)	1.3411
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.0045	3.7025	(0.0367)	1.3411

<u>Commissions and Service Fees Incurred</u>				
A	436	636	489	1,561
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	436	636	489	1,561

Texas Department of Insurance - Life/Health Group
 Credit Insurance Experience

Plan of Benefits: **21** **Outstanding Balance Other Than Revolving Account - 7 Day Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **22** **Outstanding Balance Other Than Revolving Account - 14 Day Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	(368)	(6)	-	(374)
B	-	-	151,986	151,986
C	852,811	1,834,491	1,883,842	4,571,144
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	852,443	1,834,485	2,035,828	4,722,756

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	-	-	475,354	475,354
C	1,535,199	2,992,475	2,598,451	7,126,125
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	1,535,199	2,992,475	3,073,805	7,601,479

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	-	-	0.3197	0.3197
C	0.5555	0.6130	0.7250	0.6415
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.5553	0.6130	0.6623	0.6213

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	-	-	478,670	478,670
C	1,492,749	2,987,003	2,494,522	6,974,274
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	1,492,749	2,987,003	2,973,192	7,452,944

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	-	-	0.3175	0.3175
C	0.5713	0.6142	0.7552	0.6554
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.5711	0.6142	0.6847	0.6337

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	(2,558)	(2,558)
C	388,283	888,098	724,853	2,001,234
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	388,283	888,098	722,295	1,998,676

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **23** **Outstanding Balance Other Than Revolving Account - 30 Day Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	111,228	25,346	78,550	215,124
B	-	-	73,139	73,139
C	33,745	13,273	36,554	83,572
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	144,973	38,619	188,243	371,835

<u>Actual Earned Premiums</u>				
A	229,537	290,648	227,507	747,692
B	-	-	102,499	102,499
C	85,253	117,712	102,610	305,575
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	314,790	408,360	432,616	1,155,766

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	0.4846	0.0872	0.3453	0.2877
B	-	-	0.7136	0.7136
C	0.3958	0.1128	0.3562	0.2735
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.4605	0.0946	0.4351	0.3217

<u>Earned Premiums at Presumptive Rate</u>				
A	222,111	290,648	227,507	740,266
B	-	-	102,499	102,499
C	77,404	111,775	94,443	283,622
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	299,515	402,423	424,449	1,126,387

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	0.5008	0.0872	0.3453	0.2906
B	-	-	0.7136	0.7136
C	0.4360	0.1187	0.3870	0.2947
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.4840	0.0960	0.4435	0.3301

<u>Commissions and Service Fees Incurred</u>				
A	27,140	32,463	25,554	85,157
B	-	-	-	-
C	9,612	16,846	14,361	40,819
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	36,752	49,309	39,915	125,976

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: **24** **Outstanding Balance Other Than Revolving Account - 14 Day Non-Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	-	-	-	-
B	-	-	-	-
C	614,353	805,514	1,162,802	2,582,669
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	614,353	805,514	1,162,802	2,582,669

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	-	-	-	-
C	931,465	1,807,082	1,686,829	4,425,376
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	931,465	1,807,082	1,686,829	4,425,376

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	-	-	-	-
C	0.6596	0.4458	0.6893	0.5836
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.6596	0.4458	0.6893	0.5836

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	-	-	-	-
C	1,068,063	1,924,536	1,700,831	4,693,430
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	1,068,063	1,924,536	1,700,831	4,693,430

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	-	-	-	-
C	0.5752	0.4185	0.6837	0.5503
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	0.5752	0.4185	0.6837	0.5503

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	-	-
C	152,307	392,157	364,421	908,885
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	152,307	392,157	364,421	908,885

Texas Department of Insurance - Life/Health Group
Credit Insurance Experience

Plan of Benefits: 25 Outstanding Balance Other Than Revolving Account - 30 Day Non-Retro

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	-	-	-	-
B	48,627	57,714	(26,666)	79,675
C	62,919	337,381	323,544	723,844
D	-	-	-	-
E	-	-	-	-
F	-	148,867	6,876	155,743
Total	111,546	543,962	303,754	959,262

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	71,938	56,998	36,981	165,917
C	221,996	702,847	495,604	1,420,447
D	-	-	-	-
E	-	-	-	-
F	-	96,675	9,940	106,615
Total	293,934	856,520	542,525	1,692,979

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	0.6760	1.0126	(0.7211)	0.4802
C	0.2834	0.4800	0.6528	0.5096
D	-	-	-	-
E	-	-	-	-
F	-	1.5399	0.6918	1.4608
Total	0.3795	0.6351	0.5599	0.5666

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	71,938	56,998	31,292	160,228
C	200,640	680,990	434,927	1,316,557
D	-	-	-	-
E	-	-	-	-
F	-	96,675	9,940	106,615
Total	272,578	834,663	476,159	1,583,400

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	0.6760	1.0126	(0.8522)	0.4973
C	0.3136	0.4954	0.7439	0.5498
D	-	-	-	-
E	-	-	-	-
F	-	1.5399	0.6918	1.4608
Total	0.4092	0.6517	0.6379	0.6058

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	-	-
C	106,933	205,894	145,868	458,695
D	-	-	-	-
E	-	-	-	-
F	-	9,483	731	10,214
Total	106,933	215,377	146,599	468,909

Texas Department of Insurance - Life/Health Group
 Credit Insurance Experience

Plan of Benefits: **26** **Outstanding Balance Other Than Revolving Account - 90 Day Non-Retro**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Incurred Claims</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Actual Earned Premiums</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Loss Ratio (Incurred Claims/Actual Earned Premiums)</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Earned Premiums at Presumptive Rate</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Loss Ratio (Incurred Claims/Earned Premiums at Presumptive Rate)</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

<u>Commissions and Service Fees Incurred</u>				
A	-	-	-	-
B	-	-	-	-
C	-	-	-	-
D	-	-	-	-
E	-	-	-	-
F	-	-	-	-
Total	-	-	-	-

CREDIT INSURANCE EXPENSE SUMMARY

SECTION III

Credit Life Expense Reports - Life Companies

2000 Credit Call Summary Expense Report for:

Form Code 1 LIFE

POLICIES

Single premium, incepting in year, Texas only	1,178,434		
Single premium, in force from previous year, Texas only	1,310,356		
Single premium, going out of force, Texas only	1,217,332		
Single premium, in force at start , Texas only	2,008,924		
Single preium, in force at end, Texas only	1,970,026		
Single premium, incepting in year, nationwide	9,023,707		
Single premium, in force from previous year, nationwide	10,267,334	Net premiums written (FC only):	
Single premium, going out of force, nationwide	10,011,480	Earned (FC only):	
Single premium, in force at start, nationwide	16,926,066	Incurred (FC only):	
Single premium, in force at end, nationwide	15,938,293		
Monthly outstanding balance, incepting in year, Texas only	115,355		
Monthly outstanding balance, in force at start, Texas only	1,372,026		
Monthly outstanding balance, in force at end, Texas only	431,249	Average term of policies	
Monthly outstanding balance, incepting in year, nationwide	2,025,700	incepting in reporting year	
Monthly outstanding balance, in force at start, nationwide	11,184,600	in Texas (months) :	29.50
Monthly outstanding balance, in force at end, nationwide	9,470,487	Nationwide (months) :	29.68

EXPENSE ITEMS:

AMOUNT

Rent	7,682,671
Salaries and Wages	79,323,546
Contributions for Employees	8,651,224
Contributions for Agents	121,441
Payments to Employees	78,541
Payments to Agents	294,215
Other Employee Welfare	2,272,419
Other Agents Welfare	69,316
Legal Fees and Expenses	3,999,226
Medical Examinations Fees	1,611,394
Inspections Report Fees	390,194
Fees for Public Accountants and Consulting Actuaries	2,854,145
Investigation and Settlement of Claims	2,171,512
Travel	6,637,558
Advertising	2,102,563
Postage and Telephone	9,879,098
Printing and Stationary	5,869,936
Depreciation of Equipment	5,986,441
Equipment Rental	3,901,688
Books and Periodicals	244,580
Bureau and Association Fees	1,224,681
Insurance, Except Real Estate	713,660
Miscellaneous Losses	1,456,215
Collection, Bank Charges	466,354
Sundry Expenses	7,560,007
Group Service, Administrative Fees	11,501,954
Reimbursement by Uninsured A and H Plans	-73,321
Agency Expense Allowance	3,024,040
Net Agents' Balance	935,637
Agency Conference	755,711
Real Estate Expenses	1,083,890
Investment Expenses	556,268
Aggregate Write-Ins	20,263,249
Loss Adjustment Expenses (FC only)	0
Commission and Brokerage Incurred (FC only)	0
Taxes, Licenses and Fees (FC only)	0
Supervision and Collection Expenses (FC only)	0
General Expenses (FC only)	0
Unallocated Expenses (FC only)	0
Other Expenses (FC only)	0
Net Investment Gain or Loss (FC only)	0

TOTAL 207,595,734

2001 Credit Call Summary Expense Report for:

Form Code 1 LIFE

POLICIES

Single premium, incepting in year, Texas only	1,063,229		
Single premium, in force from previous year, Texas only	2,019,898		
Single premium, going out of force, Texas only	1,172,188		
Single premium, in force at start , Texas only	2,651,117		
Single premium, in force at end, Texas only	2,542,159		
Single premium, incepting in year, nationwide	7,484,620		
Single premium, in force from previous year, nationwide	13,389,038	Net premiums written (FC only):	
Single premium, going out of force, nationwide	9,560,489	Earned (FC only):	
Single premium, in force at start, nationwide	19,410,007	Incurred (FC only):	
Single premium, in force at end, nationwide	17,334,138		
Monthly outstanding balance, incepting in year, Texas only	295,558		
Monthly outstanding balance, in force at start, Texas only	855,049		
Monthly outstanding balance, in force at end, Texas only	963,150	Average term of policies	
Monthly outstanding balance, incepting in year, nationwide	4,294,720	incepting in reporting year	
Monthly outstanding balance, in force at start, nationwide	12,154,085	in Texas (months) :	32.83
Monthly outstanding balance, in force at end, nationwide	12,056,963	Nationwide (months) :	32.48

EXPENSE ITEMS:**AMOUNT**

Rent	8,214,029
Salaries and Wages	80,002,291
Contributions for Employees	12,682,428
Contributions for Agents	352,246
Payments to Employees	100,627
Payments to Agents	0
Other Employee Welfare	1,917,998
Other Agents Welfare	180,715
Legal Fees and Expenses	2,846,418
Medical Examinations Fees	907,446
Inspections Report Fees	515,969
Fees for Public Accountants and Consulting Actuaries	1,986,452
Investigation and Settlement of Claims	3,179,323
Travel	6,850,783
Advertising	2,082,728
Postage and Telephone	8,303,735
Printing and Stationary	5,357,270
Depreciation of Equipment	6,342,908
Equipment Rental	2,973,943
Books and Periodicals	383,725
Bureau and Association Fees	1,063,014
Insurance, Except Real Estate	1,290,296
Miscellaneous Losses	348,305
Collection, Bank Charges	706,587
Sundry Expenses	3,508,857
Group Service, Administrative Fees	41,957,313
Reimbursement by Uninsured A and H Plans	-46,391
Agency Expense Allowance	4,031,449
Net Agents' Balance	211,314
Agency Conference	927,201
Real Estate Expenses	1,107,034
Investment Expenses	336,790
Aggregate Write-Ins	18,566,424
Loss Adjustment Expenses (FC only)	
Commission and Brokerage Incurred (FC only)	
Taxes, Licenses and Fees (FC only)	
Supervision and Collection Expenses (FC only)	
General Expenses (FC only)	
Unallocated Expenses (FC only)	
Other Expenses (FC only)	
Net Investment Gain or Loss (FC only)	
TOTAL	234,008,529

2002 Credit Call Summary Expense Report for:

Form Code 1 LIFE

POLICIES

Single premium, incepting in year, Texas only	916,802		
Single premium, in force from previous year, Texas only	2,313,801		
Single premium, going out of force, Texas only	1,619,029		
Single premium, in force at start , Texas only	2,960,741		
Single preium, in force at end, Texas only	2,258,514		
Single premium, incepting in year, nationwide	8,236,908		
Single premium, in force from previous year, nationwide	15,412,927	Net premiums written (FC only):	
Single premium, going out of force, nationwide	10,874,484	Earned (FC only):	
Single premium, in force at start, nationwide	21,077,005	Incurred (FC only):	
Single premium, in force at end, nationwide	18,439,432		
Monthly outstanding balance, incepting in year, Texas only	264,516		
Monthly outstanding balance, in force at start, Texas only	1,213,903		
Monthly outstanding balance, in force at end, Texas only	690,411	Average term of policies	
Monthly outstanding balance, incepting in year, nationwide	3,684,721	incepting in reporting year	
Monthly outstanding balance, in force at start, nationwide	12,886,378	in Texas (months) :	34,481.95
Monthly outstanding balance, in force at end, nationwide	9,390,333	Nationwide (months) :	50,931.51

EXPENSE ITEMS:

AMOUNT

Rent	8,871,557
Salaries and Wages	78,492,030
Contributions for Employees	11,255,474
Contributions for Agents	372,341
Payments to Employees	106,760
Payments to Agents	215
Other Employee Welfare	2,142,896
Other Agents Welfare	6,665
Legal Fees and Expenses	3,798,889
Medical Examinations Fees	1,559,927
Inspections Report Fees	530,372
Fees for Public Accountants and Consulting Actuaries	2,148,341
Investigation and Settlement of Claims	1,423,227
Travel	5,457,346
Advertising	1,982,195
Postage and Telephone	8,495,598
Printing and Stationary	5,087,206
Depreciation of Equipment	7,979,364
Equipment Rental	1,329,240
Books and Periodicals	206,176
Bureau and Association Fees	177,590
Insurance, Except Real Estate	1,753,835
Miscellaneous Losses	-895,356
Collection, Bank Charges	966,938
Sundry Expenses	3,900,640
Group Service, Administrative Fees	41,700,388
Reimbursement by Uninsured A and H Plans	149,554
Agency Expense Allowance	3,301,541
Net Agents' Balance	1,213,056
Agency Conference	1,028,147
Real Estate Expenses	798,766
Investment Expenses	406,429
Aggregate Write-Ins	10,688,269
Loss Adjustment Expenses (FC only)	
Commission and Brokerage Incurred (FC only)	
Taxes, Licenses and Fees (FC only)	
Supervision and Collection Expenses (FC only)	
General Expenses (FC only)	
Unallocated Expenses (FC only)	
Other Expenses (FC only)	
Net Investment Gain or Loss (FC only)	

TOTAL 219,575,419

CREDIT INSURANCE EXPENSE SUMMARY

SECTION IV

Credit Disability Expense Reports - Life Companies

2000 Credit Call Summary Expense Report for:

Form Code 2 DISABILITY

POLICIES

Single premium, incepting in year, Texas only	500,340		
Single premium, in force from previous year, Texas only	561,588		
Single premium, going out of force, Texas only	455,477		
Single premium, in force at start , Texas only	911,738		
Single preium, in force at end, Texas only	956,600		
Single premium, incepting in year, nationwide	4,098,046		
Single premium, in force from previous year, nationwide	4,067,864	Net premiums written (FC only):	
Single premium, going out of force, nationwide	4,052,467	Earned (FC only):	
Single premium, in force at start, nationwide	7,569,912	Incurred (FC only):	
Single premium, in force at end, nationwide	7,615,491		
Monthly outstanding balance, incepting in year, Texas only	38,070		
Monthly outstanding balance, in force at start, Texas only	378,679		
Monthly outstanding balance, in force at end, Texas only	346,720	Average term of policies	
Monthly outstanding balance, incepting in year, nationwide	721,944	incepting in reporting year	
Monthly outstanding balance, in force at start, nationwide	4,419,572	in Texas (months) :	24.16
Monthly outstanding balance, in force at end, nationwide	3,800,331	Nationwide (months) :	23.92

EXPENSE ITEMS:

AMOUNT

Rent	7,585,411
Salaries and Wages	73,014,306
Contributions for Employees	12,141,070
Contributions for Agents	1,538,812
Payments to Employees	80,012
Payments to Agents	0
Other Employee Welfare	2,528,161
Other Agents Welfare	132,188
Legal Fees and Expenses	3,376,534
Medical Examinations Fees	847,737
Inspections Report Fees	340,429
Fees for Public Accountants and Consulting Actuaries	2,708,334
Investigation and Settlement of Claims	88,304
Travel	11,091,157
Advertising	3,251,227
Postage and Telephone	8,114,476
Printing and Stationary	5,658,951
Depreciation of Equipment	5,213,363
Equipment Rental	3,422,156
Books and Periodicals	228,137
Bureau and Association Fees	1,039,687
Insurance, Except Real Estate	496,123
Miscellaneous Losses	1,547,109
Collection, Bank Charges	572,759
Sundry Expenses	5,801,247
Group Service, Administrative Fees	13,672,529
Reimbursement by Uninsured A and H Plans	-130,014
Agency Expense Allowance	3,702,708
Net Agents' Balance	428,434
Agency Conference	626,611
Real Estate Expenses	928,097
Investment Expenses	86,272
Aggregate Write-Ins	18,527,207
Loss Adjustment Expenses (FC only)	0
Commission and Brokerage Incurred (FC only)	0
Taxes, Licenses and Fees (FC only)	0
Supervision and Collection Expenses (FC only)	0
General Expenses (FC only)	0
Unallocated Expenses (FC only)	0
Other Expenses (FC only)	0
Net Investment Gain or Loss (FC only)	0
TOTAL	201,566,000

2001 Credit Call Summary Expense Report for:

Form Code 2 DISABILITY

POLICIES

Single premium, incepting in year, Texas only	457,642		
Single premium, in force from previous year, Texas only	595,192		
Single premium, going out of force, Texas only	440,833		
Single premium, in force at start , Texas only	950,586		
Single preium, in force at end, Texas only	967,395		
Single premium, incepting in year, nationwide	4,650,127		
Single premium, in force from previous year, nationwide	4,274,459	Net premiums written (FC only):	
Single premium, going out of force, nationwide	5,246,775	Earned (FC only):	
Single premium, in force at start, nationwide	7,783,846	Incurred (FC only):	
Single premium, in force at end, nationwide	7,187,197		
Monthly outstanding balance, incepting in year, Texas only	128,081		
Monthly outstanding balance, in force at start, Texas only	557,263		
Monthly outstanding balance, in force at end, Texas only	521,321	Average term of policies	
Monthly outstanding balance, incepting in year, nationwide	2,233,613	incepting in reporting year	
Monthly outstanding balance, in force at start, nationwide	6,656,415	in Texas (months) :	26.35
Monthly outstanding balance, in force at end, nationwide	5,911,174	Nationwide (months) :	25.48

EXPENSE ITEMS:

AMOUNT

Rent	8,169,500
Salaries and Wages	94,831,077
Contributions for Employees	18,894,363
Contributions for Agents	1,734,360
Payments to Employees	110,822
Payments to Agents	0
Other Employee Welfare	2,055,002
Other Agents Welfare	171,433
Legal Fees and Expenses	2,504,037
Medical Examinations Fees	345,866
Inspections Report Fees	473,145
Fees for Public Accountants and Consulting Actuaries	2,618,742
Investigation and Settlement of Claims	3,528,422
Travel	9,431,634
Advertising	3,774,390
Postage and Telephone	8,431,023
Printing and Stationary	5,740,041
Depreciation of Equipment	5,817,546
Equipment Rental	3,789,915
Books and Periodicals	468,942
Bureau and Association Fees	914,747
Insurance, Except Real Estate	2,088,468
Miscellaneous Losses	241,254
Collection, Bank Charges	802,901
Sundry Expenses	15,190,698
Group Service, Administrative Fees	77,768,130
Reimbursement by Uninsured A and H Plans	-56,114
Agency Expense Allowance	3,554,514
Net Agents' Balance	241,421
Agency Conference	675,116
Real Estate Expenses	1,668,883
Investment Expenses	40,424
Aggregate Write-Ins	15,741,866
Loss Adjustment Expenses (FC only)	
Commission and Brokerage Incurred (FC only)	
Taxes, Licenses and Fees (FC only)	
Supervision and Collection Expenses (FC only)	
General Expenses (FC only)	
Unallocated Expenses (FC only)	
Other Expenses (FC only)	
Net Investment Gain or Loss (FC only)	
TOTAL	302,377,040

2002 Credit Call Summary Expense Report for:

Form Code 2 DISABILITY

POLICIES

Single premium, incepting in year, Texas only	426,861		
Single premium, in force from previous year, Texas only	621,239		
Single premium, going out of force, Texas only	468,856		
Single premium, in force at start , Texas only	977,312		
Single preium, in force at end, Texas only	935,316		
Single premium, incepting in year, nationwide	3,924,770		
Single premium, in force from previous year, nationwide	3,857,537	Net premiums written (FC only):	
Single premium, going out of force, nationwide	4,430,106	Earned (FC only):	
Single premium, in force at start, nationwide	7,492,995	Incurred (FC only):	
Single premium, in force at end, nationwide	6,987,569		
Monthly outstanding balance, incepting in year, Texas only	154,494		
Monthly outstanding balance, in force at start, Texas only	552,108		
Monthly outstanding balance, in force at end, Texas only	525,240	Average term of policies	
Monthly outstanding balance, incepting in year, nationwide	1,606,076	incepting in reporting year	
Monthly outstanding balance, in force at start, nationwide	5,926,769	in Texas (months) :	26.39
Monthly outstanding balance, in force at end, nationwide	5,592,193	Nationwide (months) :	28.21

EXPENSE ITEMS:

AMOUNT

Rent	9,253,695
Salaries and Wages	89,169,784
Contributions for Employees	17,325,019
Contributions for Agents	2,190,529
Payments to Employees	155,300
Payments to Agents	1,088
Other Employee Welfare	2,418,715
Other Agents Welfare	8,030
Legal Fees and Expenses	3,648,204
Medical Examinations Fees	692,710
Inspections Report Fees	637,886
Fees for Public Accountants and Consulting Actuaries	2,400,699
Investigation and Settlement of Claims	2,470,974
Travel	6,665,969
Advertising	2,434,453
Postage and Telephone	9,100,651
Printing and Stationary	5,479,624
Depreciation of Equipment	9,614,726
Equipment Rental	1,552,394
Books and Periodicals	271,165
Bureau and Association Fees	661,045
Insurance, Except Real Estate	3,187,351
Miscellaneous Losses	-561,396
Collection, Bank Charges	1,021,320
Sundry Expenses	5,827,282
Group Service, Administrative Fees	81,424,170
Reimbursement by Uninsured A and H Plans	200,701
Agency Expense Allowance	2,449,918
Net Agents' Balance	1,071,347
Agency Conference	642,987
Real Estate Expenses	930,792
Investment Expenses	36,929
Aggregate Write-Ins	6,751,974
Loss Adjustment Expenses (FC only)	
Commission and Brokerage Incurred (FC only)	
Taxes, Licenses and Fees (FC only)	
Supervision and Collection Expenses (FC only)	
General Expenses (FC only)	
Unallocated Expenses (FC only)	
Other Expenses (FC only)	
Net Investment Gain or Loss (FC only)	

TOTAL 283,843,386

Texas - Listing of Presumptive Credit Life and Credit Disability Rates

		Rates from Oct. 1, 1980 Thru Sep. 30, 1991	Rates from Oct. 1, 1991 Thru Jun. 29, 1992 or Jul. 29, 1992 *	Rates from Jun. 30, 1992 or Jul. 30, 1992 to March 31, 2000 *	Rates from April 1, 2000 to Present
<u>Credit Life Rates</u>					
<u>Plan</u>	<u>Single Life Rates</u>				
(1)	Single Premium Reducing Term - Per year per \$100	0.500	0.400	0.360	0.300
(2)	Single Premium Level Term - Per year per \$100	0.960	0.768	0.691	0.576
(3) & (4)	Outstanding Balance - Per month per \$1,000	0.800	0.640	0.576	0.480
<u>Plan</u>	<u>Joint Lives Rates</u>				
(5)	Single Premium Reducing Term - Per year per \$100	0.750	0.600	0.540	0.450
(6)	Single Premium Level Term - Per year per \$100	1.440	1.152	1.037	0.864
(7) & (8)	Outstanding Balance - Per month per \$1,000	1.200	0.960	0.864	0.720

Credit Accident and Health (Disability) Rates **

<u>Plan</u>	<u>Single Life Rates</u>					
(10)	Single Premium - 14 Day Retro	Rate for 24 months	2.810	2.810	2.810	2.440
(11)	Single Premium - 30 Day Retro	Rate for 24 months	2.040	2.160	2.160	1.880
(12)	Single Premium - 14 Day Non-Retro	Rate for 24 months	2.520	2.520	2.520	2.190
(13)	Single Premium - 30 Day Non-Retro	Rate for 24 months	1.690	1.830	1.830	1.590
(16) & (22)	Outstanding Balance - 14 Day Retro	Per month per \$1,000	2.248	2.300	2.300	2.000
(17) & (23)	Outstanding Balance - 30 Day Retro	Per month per \$1,000	1.632	1.700	1.700	1.480
(18) & (24)	Outstanding Balance - 14 Day Non-Retro	Per month per \$1,000	2.016	2.000	2.000	1.740
(19) & (25)	Outstanding Balance - 30 Day Non-Retro	Per month per \$1,000	1.352	1.500	1.500	1.300

Plan Joint Lives Rates
All Plans Credit Accident and Health (Disability) Rates for Joint lives are determined by the applicable provisions of section 3.5502, of Title 28, TAC, Chapter 3, Subchapter FF.

Notes:

- * For coverage durations of 60 - 120 months rates became effective June 30, 1992, and for coverage durations of 1 - 59 months rates became effective July 30, 1992.
- ** Plans (9), (15) and (21) are not included - these are 7 Day Retro Plans which are no longer written
- ** Plans (14), (20) and (26) are not included - these are 90 Day Non-Retro Plans which have no written premiums.

Texas Credit Life Rate Relationships

The current Texas Credit Life Presumptive Premium Rates are mathematically related based upon the following formula for uniformly decreasing term insurance on single lives:

$$SP_n = \frac{n(n+1)}{2n^2} \times \frac{12}{10} \times O_p = \frac{12(n+1)}{20n} \times O_p$$

And, for level term insurance on single lives:

$$LT_n = \frac{12}{10} O_p$$

where,

SP_n = Single Premium Rate per year of coverage per \$100 of initial decreasing indebtedness repayable in "n" equal monthly installments.

LT_n = Single Premium Rate per year of coverage per \$100 of level life insurance where the indebtedness remains level during the term of the coverage and is repayable in a single sum at the end of the term.

O_p = Monthly outstanding Balance Premium Rate per \$1,000 of insured indebtedness.

n = Original repayment period, in months; assumed to be twenty-four months.

Presumptive Premiums for coverages on joint lives are 150% of the corresponding single life premiums.

Presently O_p is \$0.480 per month per \$1,000 of outstanding balance of insured indebtedness. Using this rate as a base the presumptive rate for the various coverages are as follows:

Single Lives

$$O_p = 0.480 / \$1,000 \text{ per month}$$

$$SP_n = \left(\frac{12(25)}{20(24)} \right) \times 0.480 = 0.625 \times 0.480 = 0.300 / \$100 \text{ per year}$$

$$LT_n = \left(\frac{12}{10} \right) \times 0.480 = 1.2 \times 0.480 = 0.576 / \$100 \text{ per year (rounded)}$$

Joint Lives

$$O_p = 0.480 \times 1.5 = 0.720 / \$1,000 \text{ per month}$$

$$SP_n = 0.300 \times 1.5 = 0.450 / \$100 \text{ per year}$$

$$LT_n = 0.576 \times 1.5 = 0.864 / \$100 \text{ per year (rounded)}$$

Texas - Relationship Among Current Credit Disability Rates

Single Premium Plans

Months	(A)	(B)	(A) - (B) Diff.	(C)	(D)	(C) - (D) Diff.
	14th Day Retro	14th Day Non-Retro		30th Day Retro	30th Day Non-Retro	
12	1.94	1.69	0.25	1.55	1.13	0.42
24	2.44	2.19	0.25	1.88	1.59	0.29
36	2.79	2.55	0.24	2.11	1.83	0.28
48	3.09	2.83	0.26	2.29	2.00	0.29
60	3.34	3.09	0.25	2.44	2.16	0.28
72	3.55	3.29	0.26	2.65	2.36	0.29
84	3.75	3.50	0.25	2.86	2.57	0.29
96	3.96	3.71	0.25	3.07	2.78	0.29
108	4.17	3.92	0.25	3.28	2.99	0.29
120	4.38	4.13	0.25	3.49	3.20	0.29

Months	(A) - (C)	(B) - (D)
	Retro Diff.	Non-Retro Diff.
12	0.39	0.56
24	0.56	0.60
36	0.68	0.72
48	0.80	0.83
60	0.90	0.93
72	0.90	0.93
84	0.89	0.93
96	0.89	0.93
108	0.89	0.93
120	0.89	0.93

Notes:

14 Day Plans:

From 3 - 6 months rates differ from \$0.18 to \$0.31

From 7 - 19 months rates vary between \$0.24 and \$0.26

30 Day Plans:

From 6 - 19 months rates differ from \$0.30 to \$0.43

From 20 - 120 months rates vary between \$0.28 and \$0.29

14 Day and 30 Day Retro Plans:

From 6 - 59 months rates differ from \$0.38 to \$0.89

From 60 - 120 months rates vary between \$0.89 and \$0.90

14 Day and 30 Day Non-Retro Plans:

From 6 - 59 months rates differ from \$0.53 to \$0.92

From 60 - 120 months rates differ by constant of \$0.93

Monthly Outstanding Balance Plans (Open End)

Months	(A)	(B)	(A) - (B) Diff.	(C)	(D)	(C) - (D) Diff.
	14th Day Retro	14th Day Non-Retro		30th Day Retro	30th Day Non-Retro	
	2.00	1.74	0.26	1.48	1.30	0.18

Credit Life Insurance - Distribution By Class and Plan of Business - Summary of Year 2000 - 2002 Using Actual Earned Premium

Class	
A	Commercial Banks, Savings & Loans Associations and Mortgage Companies
B	Finance Companies and Small Loan Companies
C	Credit Unions
D	Production Credit Associations (Agricultural & Horticultural P.C.A.'s)
E	Dealers (Auto & Truck Dealers, Other Dealers, Retail Stores, etc.)
F	Other Than A Thru E

Exhibit Showing Percentages of Actual Earned Premiums by Class and Plan

Class	Plan								Class Total	Class % of Total		
	(1)	(2)	(3)		(4)	(5)	(6)	(7)			(8)	
	Single Premium		Outstanding Balance			Single Premium		Outstanding Balance				
	Reducing Single Lives	Level Single Lives	Revolv. Acct. Single Lives	Other Single Lives		Reducing Joint Lives	Level Joint Lives	Revolv. Acct. Joint Lives			Other Joint Lives	
Actual Earned Premiums (AEP)												
A	50,925,439	5,585,755	16,525,626	1,661,016		21,501,783	1,012,331	7,096,665	1,169,918	105,478,533	18.86%	
B	26,280,696	9,759	752,387	200,193		21,594,833	-	914,753	443,059	50,195,680	8.98%	
C	6,860,168	124,425	33,443,073	3,690,782		2,272,565	22,487	17,336,550	359,396	64,109,446	11.47%	
D	8,400	-	-	-		1,292	-	-	-	9,692	0.00%	
E	205,381,512	14,192,535	1,758,215	417		97,116,903	5,866,361	14,597,322	-	338,913,265	60.61%	
F	38,271	-	67	221,613		45,450	-	-	160,875	466,276	0.08%	
Total	289,494,486	19,912,474	52,479,368	5,774,021		142,532,826	6,901,179	39,945,290	2,133,248	559,172,892	100.00%	
Plan												
%	51.77%	3.56%	9.39%	1.03%		25.49%	1.23%	7.14%	0.38%	100.00%		

% by Class Total

(Amount in each row cell divided by amount of row total)

A	48.28%	5.30%	15.67%	1.57%	20.38%	0.96%	6.73%	1.11%	100.00%
B	52.36%	0.02%	1.50%	0.40%	43.02%	0.00%	1.82%	0.88%	100.00%
C	10.70%	0.19%	52.17%	5.76%	3.54%	0.04%	27.04%	0.56%	100.00%
D	86.67%	0.00%	0.00%	0.00%	13.33%	0.00%	0.00%	0.00%	100.00%
E	60.60%	4.19%	0.52%	0.00%	28.66%	1.73%	4.31%	0.00%	100.00%
F	8.21%	0.00%	0.01%	47.53%	9.75%	0.00%	0.00%	34.50%	100.00%
Total	51.77%	3.56%	9.39%	1.03%	25.49%	1.23%	7.14%	0.38%	100.00%

% by Plan Total

(Amount in each row cell divided by amount of column total)

A	17.59%	28.05%	31.49%	28.77%	15.09%	14.67%	17.77%	54.84%	18.86%
B	9.08%	0.05%	1.43%	3.47%	15.15%	0.00%	2.29%	20.77%	8.98%
C	2.37%	0.62%	63.73%	63.92%	1.59%	0.33%	43.40%	16.85%	11.47%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	70.94%	71.27%	3.35%	0.01%	68.14%	85.01%	36.54%	0.00%	60.61%
F	0.01%	0.00%	0.00%	3.84%	0.03%	0.00%	0.00%	7.54%	0.08%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

% by Class & Plan of Overall Total

(Amount in each cell divided by amount of overall total)

A	9.11%	1.00%	2.96%	0.30%	3.85%	0.18%	1.27%	0.21%	18.86%
B	4.70%	0.00%	0.13%	0.04%	3.86%	0.00%	0.16%	0.08%	8.98%
C	1.23%	0.02%	5.98%	0.66%	0.41%	0.00%	3.10%	0.06%	11.47%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	36.73%	2.54%	0.31%	0.00%	17.37%	1.05%	2.61%	0.00%	60.61%
F	0.01%	0.00%	0.00%	0.04%	0.01%	0.00%	0.00%	0.03%	0.08%
Total	51.77%	3.56%	9.39%	1.03%	25.49%	1.23%	7.14%	0.38%	100.00%

Credit Life Insurance - Distribution By Class and Plan of Business - Summary of Year 2000 - 2002 Using Presumptive Earned Premium

Class	
A	Commercial Banks, Savings & Loans Associations and Mortgage Companies
B	Finance Companies and Small Loan Companies
C	Credit Unions
D	Production Credit Associations (Agricultural & Horticultural P.C.A.'s)
E	Dealers (Auto & Truck Dealers, Other Dealers, Retail Stores, etc.)
F	Other Than A Thru E

Exhibit Showing Percentages of Presumptive Rate Earned Premiums by Class and Plan

Class	Plan								Class Total	Class % of Total
	Single Premium				Outstanding Balance					
	Reducing	Level	Revolv. Acct.	Other	Reducing	Level	Revolv. Acct.	Other		
	Single Lives	Single Lives	Single Lives	Single Lives	Joint Lives	Joint Lives	Joint Lives	Joint Lives		
Earned Premiums at Presumptive Rates (PEP)										
A	48,294,553	5,420,452	14,926,548	1,642,247	20,161,596	984,193	6,781,400	1,156,346	99,367,335	18.66%
B	24,214,277	9,243	706,567	185,165	19,844,272	-	1,643,116	412,018	47,014,658	8.83%
C	6,452,411	120,955	31,465,609	3,725,767	2,200,706	22,025	15,953,236	352,860	60,293,569	11.32%
D	8,489	-	-	-	1,263	-	-	-	9,752	0.00%
E	195,687,709	13,401,238	2,078,875	417	94,305,289	5,650,487	14,340,299	-	325,464,314	61.11%
F	38,777	-	43	221,613	46,487	-	-	168,921	475,841	0.09%
Total	274,696,216	18,951,888	49,177,642	5,775,209	136,559,613	6,656,705	38,718,051	2,090,145	532,625,469	100.00%
Plan										
%	51.57%	3.56%	9.23%	1.08%	25.64%	1.25%	7.27%	0.39%	100.00%	

% by Class Total

(Amount in each row cell divided by amount of row total)

A	48.60%	5.45%	15.02%	1.65%	20.29%	0.99%	6.82%	1.16%	100.00%
B	51.50%	0.02%	1.50%	0.39%	42.21%	0.00%	3.49%	0.88%	100.00%
C	10.70%	0.20%	52.19%	6.18%	3.65%	0.04%	26.46%	0.59%	100.00%
D	87.05%	0.00%	0.00%	0.00%	12.95%	0.00%	0.00%	0.00%	100.00%
E	60.13%	4.12%	0.64%	0.00%	28.98%	1.74%	4.41%	0.00%	100.00%
F	8.15%	0.00%	0.01%	46.57%	9.77%	0.00%	0.00%	35.50%	100.00%
Total	51.57%	3.56%	9.23%	1.08%	25.64%	1.25%	7.27%	0.39%	100.00%

% by Plan Total

(Amount in each row cell divided by amount of column total)

A	17.58%	28.60%	30.35%	28.44%	14.76%	14.78%	17.51%	55.32%	18.66%
B	8.81%	0.05%	1.44%	3.21%	14.53%	0.00%	4.24%	19.71%	8.83%
C	2.35%	0.64%	63.98%	64.51%	1.61%	0.33%	41.20%	16.88%	11.32%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	71.24%	70.71%	4.23%	0.01%	69.06%	84.88%	37.04%	0.00%	61.11%
F	0.01%	0.00%	0.00%	3.84%	0.03%	0.00%	0.00%	8.08%	0.09%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

% by Class & Plan of Overall Total

(Amount in each cell divided by amount of overall total)

A	9.07%	1.02%	2.80%	0.31%	3.79%	0.18%	1.27%	0.22%	18.66%
B	4.55%	0.00%	0.13%	0.03%	3.73%	0.00%	0.31%	0.08%	8.83%
C	1.21%	0.02%	5.91%	0.70%	0.41%	0.00%	3.00%	0.07%	11.32%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	36.74%	2.52%	0.39%	0.00%	17.71%	1.06%	2.69%	0.00%	61.11%
F	0.01%	0.00%	0.00%	0.04%	0.01%	0.00%	0.00%	0.03%	0.09%
Total	51.57%	3.56%	9.23%	1.08%	25.64%	1.25%	7.27%	0.39%	100.00%

Credit Life Insurance - Loss Ratios and Compensation Percentages Using Actual Earned Premium**Exhibit Showing Percentages of Incurred Claims and Commissions & Service Fees to Actual Earned Premiums By Class and Plan**

Class	Plan				(5)	(6)	(7)	(8)	Class Total	Class % of Total
	(1)	(2)	(3)	(4)						
	Single Premium	Level	Outstanding Balance	Other						
Reducing Single Lives	Single Lives	Revolv. Acct. Single Lives	Single Lives	Reducing Joint Lives	Level Joint Lives	Revolv. Acct. Joint Lives	Other Joint Lives			
Actual Earned Premiums (AEP)										
A	50,925,439	5,585,755	16,525,626	1,661,016	21,501,783	1,012,331	7,096,665	1,169,918	105,478,533	18.86%
B	26,280,696	9,759	752,387	200,193	21,594,833	-	914,753	443,059	50,195,680	8.98%
C	6,860,168	124,425	33,443,073	3,690,782	2,272,565	22,487	17,336,550	359,396	64,109,446	11.47%
D	8,400	-	-	-	1,292	-	-	-	9,692	0.00%
E	205,381,512	14,192,535	1,758,215	417	97,116,903	5,866,361	14,597,322	-	338,913,265	60.61%
F	38,271	-	67	221,613	45,450	-	-	160,875	466,276	0.08%
Total Plan	289,494,486	19,912,474	52,479,368	5,774,021	142,532,826	6,901,179	39,945,290	2,133,248	559,172,892	100.00%
%	51.77%	3.56%	9.39%	1.03%	25.49%	1.23%	7.14%	0.38%	100.00%	

Incurred Claims (IC)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	21,108,109	2,206,420	12,061,979	698,246	11,553,179	453,720	7,812,724	269,829	56,164,206	25.16%
B	11,986,731	11,777	960,590	130,511	12,045,667	-	630,946	339,171	26,105,393	11.69%
C	2,835,817	47,085	18,650,765	2,922,877	635,327	3,593	8,938,546	238,015	34,272,025	15.35%
D	676	-	-	-	52	-	-	-	728	0.00%
E	64,225,572	3,300,474	194,792	-	30,352,878	1,286,921	7,099,012	-	106,459,649	47.69%
F	12,851	-	139	65,016	70,450	-	41,019	53,267	242,742	0.11%
Total Plan	100,169,756	5,565,756	31,868,265	3,816,650	54,657,553	1,744,234	24,522,247	900,282	223,244,743	100.00%
%	44.87%	2.49%	14.28%	1.71%	24.48%	0.78%	10.98%	0.40%	100.00%	

% of Incurred Claims to Actual Earned Premiums (IC/AEP)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	41.45%	39.50%	72.99%	42.04%	53.73%	44.82%	110.09%	23.06%	53.25%	
B	45.61%	120.68%	127.67%	65.19%	55.78%	0.00%	68.97%	76.55%	52.01%	
C	41.34%	37.84%	55.77%	79.19%	27.96%	15.98%	51.56%	66.23%	53.46%	
D	8.05%	0.00%	0.00%	0.00%	4.02%	0.00%	0.00%	0.00%	7.51%	
E	31.27%	23.25%	11.08%	0.00%	31.25%	21.94%	48.63%	0.00%	31.41%	
F	33.58%	0.00%	207.46%	29.34%	155.01%	0.00%	0.00%	33.11%	52.06%	
Total	34.60%	27.95%	60.73%	66.10%	38.35%	25.27%	61.39%	42.20%	39.92%	

Commissions and Services Fees Incurred (C&F)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	15,598,465	1,871,261	3,971,112	203,811	5,630,252	315,856	2,600,402	143,798	30,334,957	15.82%
B	716,761	3,940	104,668	-	597,789	-	47,310	-	1,470,468	0.77%
C	2,047,442	45,527	7,186,102	1,236,749	680,943	11,994	3,895,195	125,596	15,229,548	7.94%
D	5,250	-	-	-	581	-	-	-	5,831	0.00%
E	91,373,876	4,764,414	261,958	83	44,762,286	2,307,929	1,243,199	-	144,713,745	75.46%
F	2,502	-	-	13,297	3,447	-	-	9,652	28,898	0.02%
Total Plan	109,744,296	6,685,142	11,523,840	1,453,940	51,675,298	2,635,779	7,786,106	279,046	191,783,447	100.00%
%	57.22%	3.49%	6.01%	0.76%	26.94%	1.37%	4.06%	0.15%	100.00%	

% of Commissions and Services Fees Incurred to Actual Earned Premiums (C&F/AEP)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	30.63%	33.50%	24.03%	12.27%	26.19%	31.20%	36.64%	12.29%	28.76%	
B	2.73%	40.37%	13.91%	0.00%	2.77%	0.00%	5.17%	0.00%	2.93%	
C	29.85%	36.59%	21.49%	33.51%	29.96%	53.34%	22.47%	34.95%	23.76%	
D	62.50%	0.00%	0.00%	0.00%	44.97%	0.00%	0.00%	0.00%	60.16%	
E	44.49%	33.57%	14.90%	19.90%	46.09%	39.34%	8.52%	0.00%	42.70%	
F	6.54%	0.00%	0.00%	6.00%	7.58%	0.00%	0.00%	6.00%	6.20%	
Total	37.91%	33.57%	21.96%	25.18%	36.26%	38.19%	19.49%	13.08%	34.30%	

Credit Life Insurance - Loss Ratios and Compensation Percentages Using Presumptive Earned Premium**Exhibit Showing Percentages of Incurred Claims and Commissions & Service Fees to Earned Premiums at Presumptive Rates By Class and Plan**

Class	Plan				(5) Single Premium	(6) Level	(7) Revolv. Acct.	(8) Other	Class Total	Class % of Total
	(1) Single Premium	(2) Level	(3) Outstanding Balance							
	Reducing Single Lives	Single Lives	Revolv. Acct. Single Lives	Other Single Lives						
Earned Premiums at Presumptive Rates(PEP)										
A	48,294,553	5,420,452	14,926,548	1,642,247	20,161,596	984,193	6,781,400	1,156,346	99,367,335	18.66%
B	24,214,277	9,243	706,567	185,165	19,844,272	-	1,643,116	412,018	47,014,658	8.83%
C	6,452,411	120,955	31,465,609	3,725,767	2,200,706	22,025	15,953,236	352,860	60,293,569	11.32%
D	8,489	-	-	-	1,263	-	-	-	9,752	0.00%
E	195,687,709	13,401,238	2,078,875	417	94,305,289	5,650,487	14,340,299	-	325,464,314	61.11%
F	38,777	-	43	221,613	46,487	-	-	168,921	475,841	0.09%
Total Plan	274,696,216	18,951,888	49,177,642	5,775,209	136,559,613	6,656,705	38,718,051	2,090,145	532,625,469	100.00%
%	51.57%	3.56%	9.23%	1.08%	25.64%	1.25%	7.27%	0.39%	100.00%	

Incurred Claims (IC)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	21,108,109	2,206,420	12,061,979	698,246	11,553,179	453,720	7,812,724	269,829	56,164,206	25.16%
B	11,986,731	11,777	960,590	130,511	12,045,667	-	630,946	339,171	26,105,393	11.69%
C	2,835,817	47,085	18,650,765	2,922,877	635,327	3,593	8,938,546	238,015	34,272,025	15.35%
D	676	-	-	-	52	-	-	-	728	0.00%
E	64,225,572	3,300,474	194,792	-	30,352,878	1,286,921	7,099,012	-	106,459,649	47.69%
F	12,851	-	139	65,016	70,450	-	41,019	53,267	242,742	0.11%
Total Plan	100,169,756	5,565,756	31,868,265	3,816,650	54,657,553	1,744,234	24,522,247	900,282	223,244,743	100.00%
%	44.87%	2.49%	14.28%	1.71%	24.48%	0.78%	10.98%	0.40%	100.00%	

% of Incurred Claims to Earned Premiums at Presumptive Rates (IC/PEP)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	43.71%	40.71%	80.81%	42.52%	57.30%	46.10%	115.21%	23.33%	56.52%	
B	49.50%	127.42%	135.95%	70.48%	60.70%	0.00%	38.40%	82.32%	55.53%	
C	43.95%	38.93%	59.27%	78.45%	28.87%	16.31%	56.03%	67.45%	56.84%	
D	7.96%	0.00%	0.00%	0.00%	4.12%	0.00%	0.00%	0.00%	7.47%	
E	32.82%	24.63%	9.37%	0.00%	32.19%	22.78%	49.50%	0.00%	32.71%	
F	33.14%	0.00%	323.26%	29.34%	151.55%	0.00%	0.00%	31.53%	51.01%	
Total	36.47%	29.37%	64.80%	66.09%	40.02%	26.20%	63.34%	43.07%	41.91%	

Commissions and Services Fees Incurred (C&F)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	15,598,465	1,871,261	3,971,112	203,811	5,630,252	315,856	2,600,402	143,798	30,334,957	15.82%
B	716,761	3,940	104,668	-	597,789	-	47,310	-	1,470,468	0.77%
C	2,047,442	45,527	7,186,102	1,236,749	680,943	11,994	3,895,195	125,596	15,229,548	7.94%
D	5,250	-	-	-	581	-	-	-	5,831	0.00%
E	91,373,876	4,764,414	261,958	83	44,762,286	2,307,929	1,243,199	-	144,713,745	75.46%
F	2,502	-	-	13,297	3,447	-	-	9,652	28,898	0.02%
Total Plan	109,744,296	6,685,142	11,523,840	1,453,940	51,675,298	2,635,779	7,786,106	279,046	191,783,447	100.00%
%	57.22%	3.49%	6.01%	0.76%	26.94%	1.37%	4.06%	0.15%	100.00%	

% of Commissions and Services Fees Incurred to Earned Premiums at Presumptive Rates (C&F/PEP)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
A	32.30%	34.52%	26.60%	12.41%	27.93%	32.09%	38.35%	12.44%	30.53%	
B	2.96%	42.63%	14.81%	0.00%	3.01%	0.00%	2.88%	0.00%	3.13%	
C	31.73%	37.64%	22.84%	33.19%	30.94%	54.46%	24.42%	35.59%	25.26%	
D	61.84%	0.00%	0.00%	0.00%	46.00%	0.00%	0.00%	0.00%	59.79%	
E	46.69%	35.55%	12.60%	19.90%	47.47%	40.84%	8.67%	0.00%	44.46%	
F	6.45%	0.00%	0.00%	6.00%	7.41%	0.00%	0.00%	5.71%	6.07%	
Total	39.95%	35.27%	23.43%	25.18%	37.84%	39.60%	20.11%	13.35%	36.01%	

Credit Life Insurance - Example of Premium Calculation Using Component Rating

For illustration purposes only, an example of a calculation of a Presumptive Premium Rate (PPR) using Component Rating Methodology is shown below. (This is for a Single Premium Reducing Term Plan):

Step A – Assumptions

- (1) Claim Costs Per \$100 Per Annum = $\frac{\text{Incurred Claims} \times 1000}{\text{Mean Ins. In Force}} \times 0.052083 = 0.1235$
- (2) General Insurer Expenses Per \$100 Per Annum = $\frac{\text{Gen. Ins. Exp.} \times 1000}{\text{Mean Ins. In Force}} \times 0.052083 = 0.0476$
- (3) Investment Income % of PPR = 3.5% estimated
- (4) Commissions & Services Fees % of PPR = 25.0% estimated
- (5) State Premium Taxes & Fees % of PPR = 2.75% estimated
- (6) Profit and Contingency Margin % of PPR = 2.0% estimated

Step B – Calculation of Presumptive Premium Rate (PPR)

$$\begin{aligned}
 \text{PPR} &= (1) + (2) \div (1 + (3) - (4) - (5) - (6)) \\
 &= (0.1235 + 0.0476) \div (1.00 + 0.035 - 0.25 - 0.0275 - 0.02) \\
 &= 0.1711 \div 0.7375 \\
 &= 0.232 \text{ per } \$100 \text{ per annum}
 \end{aligned}$$

In this example, the Incurred Loss Ratio would be 53.23% ($0.1235 \div 0.232$), and the General Insurer Expenses would be 20.51% ($0.0476 \div 0.232$). To meet a 50% benchmark loss ratio requirement, the rate would be \$0.247, or 106.5% of the \$0.232 component rating rate. This example shows the difference in methodology between the target loss ratio and Component Rating methods.

Credit Life Insurance - Component Rating - Indicated Presumptive Premium Rates Using Presumptive Earned Premium

$$\text{Component Rate (7)} = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]$$

ALL CLASSES

<u>Assumptions</u>		(1) Incurred Claim <u>Costs</u>	(2) General Ins <u>Expenses</u>	(3) Investment <u>Income</u>	(4) Premium <u>Taxes & Fees</u>	(5) Commissions & <u>Service Fees</u>	(6) Profit & Contingency <u>Margin</u>	(7) <u>Component Rates</u> <u>Indicated</u>	(8) <u>Current</u>	(9) 50 % Target <u>Indicated</u>
<u>Single Premium Plans</u>										
Plan 1	PPR / 100 / yr.	0.1187	0.0642	0.00%	2.75%	25.00%	5.75%	0.275	0.300	0.237
Plan 5	PPR / 100 / yr.	0.1767	0.0870	0.00%	2.75%	25.00%	5.75%	0.397	0.450	0.353
Plan 2	PPR / 100 / yr.	0.1865	0.1251	0.00%	2.75%	25.00%	5.75%	0.469	0.576	0.373
Plan 6	PPR / 100 / yr.	0.2301	0.1730	0.00%	2.75%	25.00%	5.75%	0.606	0.864	0.460
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4068	0.1237	0.00%	2.75%	25.00%	5.75%	0.798	0.480	0.814
Plan 7	PPR / 1000 / mo.	0.4190	0.1304	0.00%	2.75%	25.00%	5.75%	0.826	0.720	0.838
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	25.00%	5.75%	0.688	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	25.00%	5.75%	0.865	0.720	0.789

Credit Life Insurance - Component Rating - Indicated Presumptive Premium Rates Using Presumptive Earned Premium**CLASS E ALONE**

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Incurred Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1048	0.0642	0.00%	2.75%	25.00%	5.75%	0.254	0.300	0.210
Plan 5	PPR / 100 / yr.	0.1387	0.0870	0.00%	2.75%	25.00%	5.75%	0.339	0.450	0.277
Plan 2	PPR / 100 / yr.	0.1555	0.1251	0.00%	2.75%	25.00%	5.75%	0.422	0.576	0.311
Plan 6	PPR / 100 / yr.	0.2028	0.1730	0.00%	2.75%	25.00%	5.75%	0.565	0.864	0.406
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.0540	0.1237	0.00%	2.75%	25.00%	5.75%	0.267	0.480	0.108
Plan 7	PPR / 1000 / mo.	0.6068	0.1304	0.00%	2.75%	25.00%	5.75%	1.108	0.720	1.214
Plan 4	PPR / 1000 / mo.	0.0000	0.1050	0.00%	2.75%	25.00%	5.75%	0.158	0.480	0.000
Plan 8	PPR / 1000 / mo.	0.0000	0.1805	0.00%	2.75%	25.00%	5.75%	0.271	0.720	0.000

ALL CLASSES EXCEPT CLASS E

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Incurred Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1558	0.0642	0.00%	2.75%	25.00%	5.75%	0.331	0.300	0.312
Plan 5	PPR / 100 / yr.	0.2686	0.0870	0.00%	2.75%	25.00%	5.75%	0.535	0.450	0.537
Plan 2	PPR / 100 / yr.	0.2628	0.1251	0.00%	2.75%	25.00%	5.75%	0.583	0.576	0.526
Plan 6	PPR / 100 / yr.	0.3701	0.1730	0.00%	2.75%	25.00%	5.75%	0.817	0.864	0.740
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4239	0.1237	0.00%	2.75%	25.00%	5.75%	0.823	0.480	0.848
Plan 7	PPR / 1000 / mo.	0.3721	0.1304	0.00%	2.75%	25.00%	5.75%	0.756	0.720	0.744
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	25.00%	5.75%	0.688	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	25.00%	5.75%	0.865	0.720	0.789

Assumptions Used in Calculating Indicated Presumptive Credit Life Insurance Rates**(1) Claim Costs:**

The annual mortality costs by Plan were developed in Exhibits 10-3.4, 10-4.3, and 10-5.3 separately for All Classes Combined, Class E Alone, and All Classes Except Class E, respectively. Costs are based on experience data submitted by carriers.

(2) Commissions and Service Fees to Agents:

The Commissions and Service Fees by Plan were 25% of premium.

(3) State Premium Taxes and Fees:

A percentage of 2.75% was assumed for State Premium Taxes (1.75%) and Licenses, Fees, and other assessments.

(4) General Insurance Expenses:

The General Insurance Expense estimates used were derived in Exhibit 10-3.4 using PEP. They are summarized and discussed in Exhibit 10-2. Expenses are based on a weighted average of the 2000 – 2002 experience data submitted by carriers (weight of 25%) and the 1997 – 1999 experience data (weight of 75%).

(5) Investment Income:

We assumed an annual earnings rate of 3.5%. This rate is based on our review of past and current yields for U.S. Treasury and Corporate bonds with durations of less than five years. We are, however, excluding investment income from the Component Rating Method since single premium rates are currently discounted for interest in the Texas Presumptive Rate calculation formula and because the investment income in Outstanding Balance business is negligible.

(6) Profit and Contingency Margin:

The Profit and Contingency Margin of 5.75% of premium was included for all Plans which, when combined with investment earnings on assets backing up reserves and required surplus, is expected to yield a pre-tax Return on Equity of 15% per year. An additional assumption used in developing the Profit and Contingency Margin is that the premium to required surplus ratio is 2.0.

Summary of General Insurance Expenses

The General Insurance Expenses were estimated using information reported by the companies in the annual credit data calls summary expense reports (see Exhibit 2). The percentage ratio of the mean Texas certificates in force to the mean nationwide certificates in force was calculated for each year (2000 – 2002) (see Exhibits 10-3.3, 10-4.3, and 10-5.3 in this report). This percentage was then multiplied by the total of all expense items. This gave an estimate of the Texas expenses for all plans for each year. The estimated Texas expenses were then divided by the total Presumptive Earned Premiums to develop Texas expenses as a percentage of Presumptive Earned Premiums. Estimated annual expenses per Plan were determined by applying that percentage to Presumptive Earned Premiums by plan.

Next, the annual Plan expense costs per \$1,000 were calculated by dividing the estimated annual expenses per Plan by the Plan mean insurance in force. These were then converted to expense costs per Plan (see Exhibits 10-3.4, 10-4.4, and 10-5.4 in this report).

As discussed in Section IX, we noticed a major change from previous studies in the ratio of Texas Estimated Expenses to PEP. Using the method described in Section IX, we adjusted the calculated 2000 – 2002 General Insurance Expenses to reflect a trend in declining General Insurance Expenses. The resulting 2000 – 2002 General Insurance Expenses by Plan, which are the same for each Class of business, are summarized below:

Plan	Units of Cost	General Insurance Expenses Using PEP
1	Per \$100 / year	\$0.0642
2	Per \$100 / year	0.1251
3	Per \$1000 / month	0.1237
4	Per \$1000 / month	0.1050
5	Per \$100 / year	0.0870
6	Per \$100 / year	0.1730
7	Per \$1000 / month	0.1304
8	Per \$1000 / month	0.1805

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for All Classes CombinedMEAN INSURANCE IN FORCE

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	13,505,497,058	15,273,241,001	15,168,150,052	43,946,888,111
Plan 5	Red. Term - Joint	5,194,871,436	5,445,409,554	5,468,224,040	16,108,505,030
Sub-total	Plan 1 + 5	18,700,368,494	20,718,650,555	20,636,374,092	60,055,393,141
Plan 2	Lev. Term - Sngl.	997,686,069	1,035,718,942	950,894,118	2,984,299,129
Plan 6	Lev. Term - Joint	233,071,689	261,828,768	263,252,863	758,153,320
Sub-total	Plan 2 + 6	<u>1,230,757,758</u>	<u>1,297,547,710</u>	<u>1,214,146,981</u>	<u>3,742,452,449</u>
Total	Plan 1 + 5 + 2 + 6	19,931,126,252	22,016,198,265	21,850,521,073	63,797,845,590
<u>Outstanding Balance Plans</u>					
Plan 3	O.B. Rev. Acct - Sngl.	2,019,943,986	2,156,832,291	2,350,783,970	6,527,560,247
Plan 7	O.B. Rev. Acct -Joint	2,168,585,818	1,392,053,161	1,316,095,908	4,876,734,887
Sub-total	Plan 3 + 7	4,188,529,804	3,548,885,452	3,666,879,878	11,404,295,134
Plan 4	O.B. Other - Sngl.	341,138,004	297,168,897	264,780,177	903,087,078
Plan 8	O.B. Other -Joint	75,582,901	63,805,808	50,812,373	190,201,082
Sub-total	Plan 4 + 8	<u>416,720,905</u>	<u>360,974,705</u>	<u>315,592,550</u>	<u>1,093,288,160</u>
Total	Plan 3 + 7 + 4 + 8	4,605,250,709	3,909,860,157	3,982,472,428	12,497,583,294
Total All Plans		24,536,376,961	25,926,058,422	25,832,993,501	76,295,428,884

EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	87,139,780	94,023,904	93,532,532	274,696,216
Plan 5	Red. Term - Joint	<u>41,246,421</u>	<u>47,525,863</u>	<u>47,787,329</u>	136,559,613
Sub-total	Plan 1 + 5	128,386,201	141,549,767	141,319,861	411,255,829
Plan 2	Lev. Term - Sngl.	6,353,398	6,673,130	5,925,360	18,951,888
Plan 6	Lev. Term - Joint	<u>2,062,637</u>	<u>2,379,661</u>	<u>2,214,407</u>	<u>6,656,705</u>
Sub-total	Plan 2 + 6	<u>8,416,035</u>	<u>9,052,791</u>	<u>8,139,767</u>	<u>25,608,593</u>
Total	Plan 1 + 5 + 2 + 6	136,802,236	150,602,558	149,459,628	436,864,422
<u>Outstanding Balance Plans</u>					
Plan 3	O.B. Rev. Acct - Sngl.	15,763,931	16,467,768	16,945,943	49,177,642
Plan 7	O.B. Rev. Acct -Joint	14,554,719	12,616,864	11,546,468	38,718,051
Sub-total	Plan 3 + 7	<u>30,318,650</u>	<u>29,084,632</u>	<u>28,492,411</u>	<u>87,895,693</u>
Plan 4	O.B. Other - Sngl.	1,791,735	1,980,443	2,003,031	5,775,209
Plan 8	O.B. Other -Joint	582,479	697,426	810,240	2,090,145
Sub-total	Plan 4 + 8	<u>2,374,214</u>	<u>2,677,869</u>	<u>2,813,271</u>	<u>7,865,354</u>
Total	Plan 3 + 7 + 4 + 8	<u>32,692,864</u>	<u>31,762,501</u>	<u>31,305,682</u>	<u>95,761,047</u>
Total All Plans		169,495,100	182,365,059	180,765,310	532,625,469

Credit Life - Development of Mortality Cost and General Insurance Expense for All Classes Combined

<u>INCURRED CLAIMS</u>					<u>INCURRED CLAIMS as a % of EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)</u>							
<u>Single Premium Plans</u>					<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>				
Plan 1	Red. Term - Sngl.	31,751,794	34,286,934	34,131,028	100,169,756	0.36	0.36	0.36	0.36			
Plan 5	Red. Term - Joint	15,987,016	20,055,464	18,615,073	54,657,553	0.39	0.42	0.39	0.40			
Sub-total	Plan 1 + 5	47,738,810	54,342,398	52,746,101	154,827,309	0.37	0.38	0.37	0.38			
Plan 2	Lev. Term - Sngl.	1,773,843	1,818,401	1,973,512	5,565,756	0.28	0.27	0.33	0.29			
Plan 6	Lev. Term - Joint	571,142	501,350	671,742	1,744,234	0.28	0.21	0.30	0.26			
Sub-total	Plan 2 + 6	<u>2,344,985</u>	<u>2,319,751</u>	<u>2,645,254</u>	<u>7,309,990</u>	0.28	0.26	0.32	0.29			
Total	Plan 1 + 5 + 2 + 6	20,405,479	21,646,683	21,648,340	162,137,299	0.15	0.14	0.14	0.37			
<u>Outstanding Balance Plans</u>												
Plan 3	O.B. Rev. Acct - Sngl.	9,660,271	11,236,359	10,971,635	31,868,265	0.61	0.68	0.65	0.65			
Plan 7	O.B. Rev. Acct -Joint	8,400,223	8,090,573	8,031,451	24,522,247	0.58	0.64	0.70	0.63			
Sub-total	Plan 3 + 7	18,060,494	19,326,932	19,003,086	56,390,512	0.60	0.66	0.67	0.64			
Plan 4	O.B. Other - Sngl.	1,069,817	1,344,932	1,401,901	3,816,650	0.60	0.68	0.70	0.66			
Plan 8	O.B. Other -Joint	246,685	384,167	269,430	900,282	0.42	0.55	0.33	0.43			
Sub-total	Plan 4 + 8	<u>1,316,502</u>	<u>1,729,099</u>	<u>1,671,331</u>	<u>4,716,932</u>	0.55	0.65	0.59	0.60			
Total	Plan 3 + 7 + 4 + 8	19,376,996	21,056,031	20,674,417	61,107,444	0.59	0.66	0.66	0.64			
Total All Plans					39,782,475	42,702,714	42,322,757	223,244,743	23.47%	23.42%	23.41%	41.91%

<u>COMMISSIONS AND SERVICE FEES INCURRED</u>					<u>COMMISSIONS AND SERVICE FEES INCURRED as a % of EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)</u>							
<u>Single Premium Plans</u>					<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>				
Plan 1	Red. Term - Sngl.	37,913,804	35,414,923	36,415,569	109,744,296	0.44	0.38	0.39	0.40			
Plan 5	Red. Term - Joint	18,135,394	17,670,516	15,869,388	51,675,298	0.44	0.37	0.33	0.38			
Sub-total	Plan 1 + 5	56,049,198	53,085,439	52,284,957	161,419,594	0.44	0.38	0.37	0.39			
Plan 2	Lev. Term - Sngl.	2,921,512	2,005,618	1,758,012	6,685,142	0.46	0.30	0.30	0.35			
Plan 6	Lev. Term - Joint	1,140,214	847,258	648,307	2,635,779	0.55	0.36	0.29	0.40			
Sub-total	Plan 2 + 6	<u>4,061,726</u>	<u>2,852,876</u>	<u>2,406,319</u>	<u>9,320,921</u>	0.48	0.32	0.30	0.36			
Total	Plan 1 + 5 + 2 + 6	10,496,029	9,179,371	8,955,467	170,740,515	0.08	0.06	0.06	0.39			
<u>Outstanding Balance Plans</u>												
Plan 3	O.B. Rev. Acct - Sngl.	3,684,159	3,785,392	4,054,289	11,523,840	0.23	0.23	0.24	0.23			
Plan 7	O.B. Rev. Acct -Joint	2,750,144	2,541,103	2,494,859	7,786,106	0.19	0.20	0.22	0.20			
Sub-total	Plan 3 + 7	6,434,303	6,326,495	6,549,148	19,309,946	0.21	0.22	0.23	0.22			
Plan 4	O.B. Other - Sngl.	478,807	502,166	472,967	1,453,940	0.27	0.25	0.24	0.25			
Plan 8	O.B. Other -Joint	85,550	101,265	92,231	279,046	0.15	0.15	0.11	0.13			
Sub-total	Plan 4 + 8	<u>564,357</u>	<u>603,431</u>	<u>565,198</u>	<u>1,732,986</u>	0.24	0.23	0.20	0.22			
Total	Plan 3 + 7 + 4 + 8	6,998,660	6,929,926	7,114,346	21,042,932	0.21	0.22	0.23	0.22			
Total All Plans					17,494,689	16,109,297	16,069,813	191,783,447	10.32%	8.83%	8.89%	36.01%

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for All Classes Combined

<u>IN FORCE SUMMARY</u>		<u>Number In Force</u>			
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Texas only</u>					
Single Prem.	At Start	2,008,924	2,651,117	2,960,741	7,620,782
Single Prem.	At End	1,970,026	2,542,159	2,258,514	6,770,699
Single Prem.	Mean	1,989,475	2,596,638	2,609,628	7,195,741
 <u>Nationwide</u>					
Single Prem.	At Start	16,926,066	19,410,007	21,077,005	57,413,078
Single Prem.	At End	15,938,293	17,334,138	18,439,432	51,711,863
Single Prem.	Mean	16,432,180	18,372,073	19,758,219	54,562,471
SP % Texas/Nationwide		12.11%	14.13%	13.21%	13.19%
 <u>Texas only</u>					
Outstg. Bal.	At Start	1,372,026	855,049	1,213,903	3,440,978
Outstg. Bal.	At End	431,249	963,150	690,411	2,084,810
Outstg. Bal.	Mean	901,638	909,100	952,157	2,762,894
 <u>Nationwide</u>					
Outstg. Bal.	At Start	11,184,600	12,154,085	12,886,378	36,225,063
Outstg. Bal.	At End	9,470,487	12,056,963	9,390,333	30,917,783
Outstg. Bal.	Mean	10,327,544	12,105,524	11,138,356	33,571,423
OB % Texas/Nationwide		8.73%	7.51%	8.55%	8.23%
 <u>Combined SP & OB In Force</u>					
Texas SP & OB		2,891,113	3,505,738	3,561,785	9,958,635
Nationwide SP & OB		26,759,723	30,477,597	30,896,574	88,133,894
<u>% Texas/Nationwide In Force</u>					
SP & OB % Combined		10.80%	11.50%	11.53%	11.30%
 <u>Estimate of Texas General Insurance Expenses</u>					
Nation Wide Expenses		207,595,734	234,008,529	219,575,419	661,179,682
Texas Estimated Expenses		22,428,581	26,917,230	25,312,849	74,658,661
% Texas Exp. / PEP Premium		13.23%	14.76%	14.00%	14.02%
% Texas Exp. / PEP Premium from 1997 - 99 Experience					21.61%
Weighted Average Expense Ratio			(25% * 14.02%) + (75% * 21.61%) =		19.71%

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for All Classes Combined

Annual Mortality Cost Per \$1000 of Mean Insurance Inforce

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	2.3510	2.2449	2.2502	2.2793
Plan 5	Red. Term - Joint	3.0775	3.6830	3.4042	3.3931
Plan 2	Lev. Term - Sngl.	1.7780	1.7557	2.0754	1.8650
Plan 6	Lev. Term - Joint	2.4505	1.9148	2.5517	2.3006

Annual General Expense Cost Per \$1000 of Mean Insurance In Force

<u>SP</u>	<u>Red. Term</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Single	0.8538	0.9086	0.8635	0.8762
Plan 5	Joint	1.0506	1.2882	1.2237	1.1883
Plan 2	Single	0.8427	0.9510	0.8726	0.8902
Plan 6	Joint	1.1711	1.3415	1.1779	1.2307

Outstanding Balance Plans

		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 3	O.B. Rev. Acct - Sngl.	4.7824	5.2097	4.6672	4.8821
Plan 7	O.B. Rev. Acct -Joint	3.8736	5.8120	6.1025	5.0284
Plan 4	O.B. Other - Sngl.	3.1360	4.5258	5.2946	4.2262
Plan 8	O.B. Other -Joint	3.2638	6.0209	5.3024	4.7333

<u>OB</u>	<u>Rev. Acct.</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 3	Single	1.0327	1.1270	1.0094	1.0560
Plan 7	Joint	0.8881	1.3378	1.2285	1.1129
Plan 4	Single	0.6950	0.9837	1.0593	0.8964
Plan 8	Joint	1.0198	1.6133	2.2329	1.5404

Single Premium Reducing Term - Annual Mortality Cost Per \$100

	<u>Factor</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	0.05208	0.1224	0.1169	0.1172	0.1187
Plan 5	0.05208	0.1603	0.1918	0.1773	0.1767
Ratio: Joint/Single	130.90%	164.06%	151.29%	148.86%	

Single Premium Reducing Term - Annual General Expense Cost Per \$100

<u>SP</u>	<u>Red. Term</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	<u>Adjusted Total</u>
Plan 1	Single	0.0445	0.0473	0.0450	0.0456	0.0642
Plan 5	Joint	0.0547	0.0671	0.0637	0.0619	0.0870
Factor:		0.05208				

Single Premium Level Term - Annual Mortality Cost Per \$100

		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 2	0.10000	0.1778	0.1756	0.2075	0.1865
Plan 6	0.10000	0.2450	0.1915	0.2552	0.2301
Ratio: Joint/Single	137.83%	109.06%	122.95%	123.36%	

Single Premium Level Term - Annual General Expense Cost Per \$100

<u>SP</u>	<u>Red. Term</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	<u>Adjusted Total</u>
Plan 2	Single	0.0843	0.0951	0.0873	0.0890	0.1251
Plan 6	Joint	0.1171	0.1341	0.1178	0.1231	0.1730
Factor:		0.100000				

Outstanding Balance Revolving Account - Monthly Mortality Cost Per \$1000

		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 3	0.08333	0.3985	0.4341	0.3889	0.4068
Plan 7	0.08333	0.3228	0.4843	0.5085	0.4190
Ratio: Joint/Single	81.00%	111.56%	130.75%	103.00%	

Outstanding Balance Revolving Account - Monthly Gen. Exp. Cost Per \$1000

<u>SP</u>	<u>Red. Term</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	<u>Adjusted Total</u>
Plan 3	Single	0.0861	0.0939	0.0841	0.0880	0.1237
Plan 7	Joint	0.0740	0.1115	0.1024	0.0927	0.1304
Factor:		0.083333				

Outstanding Balance Other Than Revolving Account - Monthly Mortality Cost Per \$1000

		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 4	0.08333	0.2613	0.3772	0.4412	0.3522
Plan 8	0.08333	0.2720	0.5017	0.4419	0.3944
Ratio: Joint/Single	104.07%	133.03%	100.15%	112.00%	

Outstanding Balance Other Than Rev. Acct. - Monthly Gen. Exp. Cost Per \$1000

<u>SP</u>	<u>Red. Term</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	<u>Adjusted Total</u>
Plan 4	Single	0.0579	0.0820	0.0883	0.0747	0.1050
Plan 8	Joint	0.0850	0.1344	0.1861	0.1284	0.1805
Factor:		0.083333				

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for Class E Alone**MEAN INSURANCE IN FORCE**

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	9,506,568,878	11,149,189,400	11,275,529,779	31,931,288,057
Plan 5	Red. Term - Joint	3,564,396,644	3,834,358,034	3,996,078,893	11,394,833,571
Sub-total	Plan 1 + 5	13,070,965,522	14,983,547,434	15,271,608,672	43,326,121,628
Plan 2	Lev. Term - Sngl.	708,216,407	742,176,319	672,004,186	2,122,396,912
Plan 6	Lev. Term - Joint	183,545,768	225,013,698	226,040,612	634,600,078
Sub-total	Plan 2 + 6	<u>891,762,175</u>	<u>967,190,017</u>	<u>898,044,798</u>	<u>2,756,996,990</u>
Total	Plan 1 + 5 + 2 + 6	13,962,727,697	15,950,737,451	16,169,653,470	46,083,118,618
<u>Outstanding Balance Plans</u>					
Plan 3	O.B. Rev. Acct - Sngl.	75,856,278	106,687,599	118,204,012	300,747,889
Plan 7	O.B. Rev. Acct -Joint	8,941,873	543,546,796	422,477,276	974,965,945
Sub-total	Plan 3 + 7	84,798,151	650,234,395	540,681,288	1,275,713,834
Plan 4	O.B. Other - Sngl.	0	43,833	0	43,833
Plan 8	O.B. Other -Joint	0	0	0	0
Sub-total	Plan 4 + 8	<u>0</u>	<u>43,833</u>	<u>0</u>	<u>43,833</u>
Total	Plan 3 + 7 + 4 + 8	84,798,151	650,278,228	540,681,288	1,275,757,667
Total All Plans		14,047,525,848	16,601,015,679	16,710,334,758	47,358,876,285

EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	59,415,318	67,213,275	69,059,116	195,687,709
Plan 5	Red. Term - Joint	<u>27,507,574</u>	<u>32,773,573</u>	<u>34,024,142</u>	94,305,289
Sub-total	Plan 1 + 5	86,922,892	99,986,848	103,083,258	289,992,998
Plan 2	Lev. Term - Sngl.	4,397,705	4,910,361	4,093,172	13,401,238
Plan 6	Lev. Term - Joint	<u>1,708,762</u>	<u>2,058,827</u>	<u>1,882,898</u>	<u>5,650,487</u>
Sub-total	Plan 2 + 6	<u>6,106,467</u>	<u>6,969,188</u>	<u>5,976,070</u>	<u>19,051,725</u>
Total	Plan 1 + 5 + 2 + 6	93,029,359	106,956,036	109,059,328	309,044,723
<u>Outstanding Balance Plans</u>					
Plan 3	O.B. Rev. Acct - Sngl.	756,079	629,254	693,542	2,078,875
Plan 7	O.B. Rev. Acct -Joint	6,000,794	4,690,734	3,648,771	14,340,299
Sub-total	Plan 3 + 7	<u>6,756,873</u>	<u>5,319,988</u>	<u>4,342,313</u>	<u>16,419,174</u>
Plan 4	O.B. Other - Sngl.	0	417	0	417
Plan 8	O.B. Other -Joint	0	0	0	0
Sub-total	Plan 4 + 8	<u>0</u>	<u>417</u>	<u>0</u>	<u>417</u>
Total	Plan 3 + 7 + 4 + 8	<u>6,756,873</u>	<u>5,320,405</u>	<u>4,342,313</u>	<u>16,419,591</u>
Total All Plans		99,786,232	112,276,441	113,401,641	325,464,314

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for Class E Alone

<u>INCURRED CLAIMS</u>						INCURRED CLAIMS as a % of EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)			
<u>Single Premium Plans</u>						<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	19,772,764	22,060,832	22,391,976	64,225,572	0.33	0.33	0.32	0.33
Plan 5	Red. Term - Joint	8,321,188	11,011,928	11,019,762	30,352,878	0.30	0.34	0.32	0.32
Sub-total	Plan 1 + 5	28,093,952	33,072,760	33,411,738	94,578,450	0.32	0.33	0.32	0.33
Plan 2	Lev. Term - Sngl.	1,013,521	1,051,089	1,235,864	3,300,474	0.23	0.21	0.30	0.25
Plan 6	Lev. Term - Joint	455,665	332,507	498,749	1,286,921	0.27	0.16	0.26	0.23
Sub-total	Plan 2 + 6	<u>1,469,186</u>	<u>1,383,596</u>	<u>1,734,613</u>	<u>4,587,395</u>	0.24	0.20	0.29	0.24
Total	Plan 1 + 5 + 2 + 6	29,563,138	34,456,356	35,146,351	99,165,845	0.32	0.32	0.32	0.32
<u>Outstanding Balance Plans</u>									
Plan 3	O.B. Rev. Acct - Sngl.	(397,175)	281,001	310,966	194,792	-0.53	0.45	0.45	0.09
Plan 7	O.B. Rev. Acct -Joint	3,020,731	1,967,834	2,110,447	7,099,012	0.50	0.42	0.58	0.50
Sub-total	Plan 3 + 7	2,623,556	2,248,835	2,421,413	7,293,804	0.39	0.42	0.56	0.44
Plan 4	O.B. Other - Sngl.	0	0	0	0	0.00	0.00	0.00	0.00
Plan 8	O.B. Other -Joint	0	0	0	0	0.00	0.00	0.00	0.00
Sub-total	Plan 4 + 8	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.00	0.00	0.00	0.00
Total	Plan 3 + 7 + 4 + 8	2,623,556	2,248,835	2,421,413	7,293,804	0.39	0.42	0.56	0.44
Total All Plans						32.26%	32.69%	33.13%	32.71%

<u>COMMISSIONS AND SERVICE FEES INCURRED</u>						COMMISSIONS AND SERVICE FEES INCURRED as a % of EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)			
<u>Single Premium Plans</u>						<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	30,892,571	30,082,669	30,398,636	91,373,876	0.52	0.45	0.44	0.47
Plan 5	Red. Term - Joint	15,172,141	15,407,750	14,182,395	44,762,286	0.55	0.47	0.42	0.47
Sub-total	Plan 1 + 5	46,064,712	45,490,419	44,581,031	136,136,162	0.53	0.45	0.43	0.47
Plan 2	Lev. Term - Sngl.	2,229,177	1,460,442	1,074,795	4,764,414	0.51	0.30	0.26	0.36
Plan 6	Lev. Term - Joint	1,018,583	758,754	530,592	2,307,929	0.60	0.37	0.28	0.41
Sub-total	Plan 2 + 6	<u>3,247,760</u>	<u>2,219,196</u>	<u>1,605,387</u>	<u>7,072,343</u>	0.53	0.32	0.27	0.37
Total	Plan 1 + 5 + 2 + 6	49,312,472	47,709,615	46,186,418	143,208,505	0.53	0.45	0.42	0.46
<u>Outstanding Balance Plans</u>									
Plan 3	O.B. Rev. Acct - Sngl.	97,242	99,257	65,459	261,958	0.13	0.16	0.09	0.13
Plan 7	O.B. Rev. Acct -Joint	584,989	341,367	316,843	1,243,199	0.10	0.07	0.09	0.09
Sub-total	Plan 3 + 7	682,231	440,624	382,302	1,505,157	0.10	0.08	0.09	0.09
Plan 4	O.B. Other - Sngl.	0	83	0	83	0.00	0.20	0.00	0.20
Plan 8	O.B. Other -Joint	0	0	0	0	0.00	0.00	0.00	0.00
Sub-total	Plan 4 + 8	<u>0</u>	<u>83</u>	<u>0</u>	<u>83</u>	0.00	0.20	0.00	0.20
Total	Plan 3 + 7 + 4 + 8	682,231	440,707	382,302	1,505,240	0.10	0.08	0.09	0.09
Total All Plans						50.10%	42.89%	41.07%	44.46%

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for Class E AloneAnnual Mortality Cost Per \$1000 of Mean Insurance Inforce

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	2.0799	1.9787	1.9859	2.0114
Plan 5	Red. Term - Joint	2.3345	2.8719	2.7576	2.6637
Plan 2	Lev. Term - Sngl.	1.4311	1.4162	1.8391	1.5551
Plan 6	Lev. Term - Joint	2.4826	1.4777	2.2065	2.0279

Outstanding Balance Plans

Plan 3	O.B. Rev. Acct - Sngl.	-5.2359	2.6339	2.6308	0.6477
Plan 7	O.B. Rev. Acct -Joint	337.8186	3.6204	4.9954	7.2813
Plan 4	O.B. Other - Sngl.	N/A	0.0000	N/A	0.0000
Plan 8	O.B. Other -Joint	N/A	N/A	N/A	N/A

Single Premium Reducing Term - Annual Mortality Cost Per \$100

	<u>Factor</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	0.05208	0.1083	0.1031	0.1034	0.1048
Plan 5	0.05208	0.1216	0.1496	0.1436	0.1387
	Ratio: Joint/Single	112.24%	145.14%	138.86%	132.43%

Single Premium Level Term - Annual Mortality Cost Per \$100

Plan 2	0.10000	0.1431	0.1416	0.1839	0.1555
Plan 6	0.10000	0.2483	0.1478	0.2206	0.2028
	Ratio: Joint/Single	173.47%	104.34%	119.98%	130.41%

Outstanding Balance Revolving Account - Monthly Mortality Cost Per \$1000

Plan 3	0.08333	-0.4363	0.2195	0.2192	0.0540
Plan 7	0.08333	28.1515	0.3017	0.4163	0.6068
	Ratio: Joint/Single	-6451.98%	137.45%	189.88%	1124.19%

Outstanding Balance Other Than Revolving Account - Monthly Mortality Cost Per \$1000

Plan 4	0.08333	N/A	0.0000	N/A	0.0000
Plan 8	0.08333	N/A	N/A	N/A	N/A
	Ratio: Joint/Single	N/A	N/A	N/A	N/A

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for All Classes Except Class F**MEAN INSURANCE IN FORCE**

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	3,998,928,180	4,124,051,601	3,892,620,273	12,015,600,054
Plan 5	Red. Term - Joint	1,630,474,792	1,611,051,520	1,472,145,147	4,713,671,459
Sub-total	Plan 1 + 5	5,629,402,972	5,735,103,121	5,364,765,420	16,729,271,513
Plan 2	Lev. Term - Sngl.	289,469,662	293,542,623	278,889,932	861,902,217
Plan 6	Lev. Term - Joint	49,525,921	36,815,070	37,212,251	123,553,242
Sub-total	Plan 2 + 6	<u>338,995,583</u>	<u>330,357,693</u>	<u>316,102,183</u>	<u>985,455,459</u>
Total	Plan 1 + 5 + 2 + 6	5,968,398,555	6,065,460,814	5,680,867,603	17,714,726,972
<u>Outstanding Balance Plans</u>					
Plan 3	O.B. Rev. Acct - Sngl.	1,944,087,708	2,050,144,692	2,232,579,958	6,226,812,358
Plan 7	O.B. Rev. Acct -Joint	2,159,643,945	848,506,365	893,618,632	3,901,768,942
Sub-total	Plan 3 + 7	4,103,731,653	2,898,651,057	3,126,198,590	10,128,581,300
Plan 4	O.B. Other - Sngl.	341,138,004	297,125,064	264,780,177	903,043,245
Plan 8	O.B. Other -Joint	75,582,901	63,805,808	50,812,373	190,201,082
Sub-total	Plan 4 + 8	<u>416,720,905</u>	<u>360,930,872</u>	<u>315,592,550</u>	<u>1,093,244,327</u>
Total	Plan 3 + 7 + 4 + 8	4,520,452,558	3,259,581,929	3,441,791,140	11,221,825,627
Total All Plans		10,488,851,113	9,325,042,743	9,122,658,743	28,936,552,599

EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	27,724,462	26,810,629	24,473,416	79,008,507
Plan 5	Red. Term - Joint	<u>13,738,847</u>	<u>14,752,290</u>	<u>13,763,187</u>	42,254,324
Sub-total	Plan 1 + 5	41,463,309	41,562,919	38,236,603	121,262,831
Plan 2	Lev. Term - Sngl.	1,955,693	1,762,769	1,832,188	5,550,650
Plan 6	Lev. Term - Joint	<u>353,875</u>	<u>320,834</u>	<u>331,509</u>	<u>1,006,218</u>
Sub-total	Plan 2 + 6	<u>2,309,568</u>	<u>2,083,603</u>	<u>2,163,697</u>	<u>6,556,868</u>
Total	Plan 1 + 5 + 2 + 6	43,772,877	43,646,522	40,400,300	127,819,699
<u>Outstanding Balance Plans</u>					
Plan 3	O.B. Rev. Acct - Sngl.	15,007,852	15,838,514	16,252,401	47,098,767
Plan 7	O.B. Rev. Acct -Joint	8,553,925	7,926,130	7,897,697	24,377,752
Sub-total	Plan 3 + 7	<u>23,561,777</u>	<u>23,764,644</u>	<u>24,150,098</u>	<u>71,476,519</u>
Plan 4	O.B. Other - Sngl.	1,791,735	1,980,026	2,003,031	5,774,792
Plan 8	O.B. Other -Joint	582,479	697,426	810,240	2,090,145
Sub-total	Plan 4 + 8	<u>2,374,214</u>	<u>2,677,452</u>	<u>2,813,271</u>	<u>7,864,937</u>
Total	Plan 3 + 7 + 4 + 8	<u>25,935,991</u>	<u>26,442,096</u>	<u>26,963,369</u>	<u>79,341,456</u>
Total All Plans		69,708,868	70,088,618	67,363,669	207,161,155

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for All Classes Except Class E

<u>INCURRED CLAIMS</u>						INCURRED CLAIMS as a % of			
						EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)			
<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	11,979,030	12,226,102	11,739,052	35,944,184	0.43	0.46	0.48	0.45
Plan 5	Red. Term - Joint	7,665,828	9,043,536	7,595,311	24,304,675	0.56	0.61	0.55	0.58
Sub-total	Plan 1+5	19,644,858	21,269,638	19,334,363	60,248,859	0.47	0.51	0.51	0.50
Plan 2	Lev. Term - Sngl.	760,322	767,312	737,648	2,265,282	0.39	0.44	0.40	0.41
Plan 6	Lev. Term - Joint	115,477	168,843	172,993	457,313	0.33	0.53	0.52	0.45
Sub-total	Plan 2+6	<u>875,799</u>	<u>936,155</u>	<u>910,641</u>	<u>2,722,595</u>	0.38	0.45	0.42	0.42
Total	Plan 1+5+2+6	20,520,657	22,205,793	20,245,004	62,971,454	0.47	0.51	0.50	0.49
<u>Outstanding Balance Plans</u>									
Plan 3	O.B. Rev. Acct - Sngl.	10,057,446	10,955,358	10,660,669	31,673,473	0.67	0.69	0.66	0.67
Plan 7	O.B. Rev. Acct -Joint	5,379,492	6,122,739	5,921,004	17,423,235	0.63	0.77	0.75	0.71
Sub-total	Plan 3+7	15,436,938	17,078,097	16,581,673	49,096,708	0.66	0.72	0.69	0.69
Plan 4	O.B. Other - Sngl.	1,069,817	1,344,932	1,401,901	3,816,650	0.60	0.68	0.70	0.66
Plan 8	O.B. Other -Joint	246,685	384,167	269,430	900,282	0.42	0.55	0.33	0.43
Sub-total	Plan 4+8	<u>1,316,502</u>	<u>1,729,099</u>	<u>1,671,331</u>	<u>4,716,932</u>	0.55	0.65	0.59	0.60
Total	Plan 3+7+4+8	16,753,440	18,807,196	18,253,004	53,813,640	0.65	0.71	0.68	0.68
Total All Plans		37,274,097	41,012,989	38,498,008	116,785,094	53.47%	58.52%	57.15%	56.37%

<u>COMMISSIONS AND SERVICE FEES INCURRED</u>						COMMISSIONS AND SERVICE FEES INCURRED as a % of			
						EARNED PREMIUMS AT PRESUMPTIVE RATES (PEP)			
<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	7,021,233	5,332,254	6,016,933	18,370,420	0.25	0.20	0.25	0.23
Plan 5	Red. Term - Joint	2,963,253	2,262,766	1,686,993	6,913,012	0.22	0.15	0.12	0.16
Sub-total	Plan 1+5	9,984,486	7,595,020	7,703,926	25,283,432	0.24	0.18	0.20	0.21
Plan 2	Lev. Term - Sngl.	692,335	545,176	683,217	1,920,728	0.35	0.31	0.37	0.35
Plan 6	Lev. Term - Joint	121,631	88,504	117,715	327,850	0.34	0.28	0.36	0.33
Sub-total	Plan 2+6	<u>813,966</u>	<u>633,680</u>	<u>800,932</u>	<u>2,248,578</u>	0.35	0.30	0.37	0.34
Total	Plan 1+5+2+6	10,798,452	8,228,700	8,504,858	27,532,010	0.25	0.19	0.21	0.22
<u>Outstanding Balance Plans</u>									
Plan 3	O.B. Rev. Acct - Sngl.	3,586,917	3,686,135	3,988,830	11,261,882	0.24	0.23	0.25	0.24
Plan 7	O.B. Rev. Acct -Joint	2,165,155	2,199,736	2,178,016	6,542,907	0.25	0.28	0.28	0.27
Sub-total	Plan 3+7	5,752,072	5,885,871	6,166,846	17,804,789	0.24	0.25	0.26	0.25
Plan 4	O.B. Other - Sngl.	478,807	502,083	472,967	1,453,857	0.27	0.25	0.24	0.25
Plan 8	O.B. Other -Joint	85,550	101,265	92,231	279,046	0.15	0.15	0.11	0.13
Sub-total	Plan 4+8	<u>564,357</u>	<u>603,348</u>	<u>565,198</u>	<u>1,732,903</u>	0.24	0.23	0.20	0.22
Total	Plan 3+7+4+8	6,316,429	6,489,219	6,732,044	19,537,692	0.24	0.25	0.25	0.25
Total All Plans		17,114,881	14,717,919	15,236,902	47,069,702	24.55%	21.00%	22.62%	22.72%

Credit Life Insurance - Development of Mortality Cost and General Insurance Expense for All Classes Except Class EAnnual Mortality Cost Per \$1000 of Mean Insurance Inforce

<u>Single Premium Plans</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	Red. Term - Sngl.	2.9956	2.9646	3.0157	2.9915
Plan 5	Red. Term - Joint	4.7016	5.6134	5.1593	5.1562
Plan 2	Lev. Term - Sngl.	2.6266	2.6140	2.6449	2.6282
Plan 6	Lev. Term - Joint	2.3316	4.5862	4.6488	3.7013

Outstanding Balance Plans

Plan 3	O.B. Rev. Acct - Sngl.	5.1733	5.3437	4.7750	5.0866
Plan 7	O.B. Rev. Acct -Joint	2.4909	7.2159	6.6259	4.4655
Plan 4	O.B. Other - Sngl.	3.1360	4.5265	5.2946	4.2264
Plan 8	O.B. Other -Joint	3.2638	6.0209	5.3024	4.7333

Single Premium Reducing Term - Annual Mortality Cost Per \$100

	<u>Factor</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
Plan 1	0.05208	0.1560	0.1544	0.1571	0.1558
Plan 5	0.05208	0.2449	0.2924	0.2687	0.2686
	Ratio: Joint/Single	156.95%	189.35%	171.08%	172.36%

Single Premium Level Term - Annual Mortality Cost Per \$100

Plan 2	0.10000	0.2627	0.2614	0.2645	0.2628
Plan 6	0.10000	0.2332	0.4586	0.4649	0.3701
	Ratio: Joint/Single	88.77%	175.45%	175.76%	140.83%

Outstanding Balance Revolving Account - Monthly Mortality Cost Per \$1000

Plan 3	0.08333	0.4311	0.4453	0.3979	0.4239
Plan 7	0.08333	0.2076	0.6013	0.5522	0.3721
	Ratio: Joint/Single	48.15%	135.04%	138.76%	87.79%

Outstanding Balance Other Than Revolving Account - Monthly Mortality Cost Per \$1000

Plan 4	0.08333	0.2613	0.3772	0.4412	0.3522
Plan 8	0.08333	0.2720	0.5017	0.4419	0.3944
	Ratio: Joint/Single	104.07%	133.01%	100.15%	111.99%

Credit Life Insurance - Comparison of Single and Joint Lives Claim Cost Experience By PlanPlans 1 & 5 - All Classes Combined

Plan					
<u>1</u>	<u>Single Premium Decreasing Term - Single Lives</u>				
<u>Line</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1.	Mean Insurance In Force (MIF)	13,505,497,058	15,273,241,001	15,168,150,052	43,946,888,111
2.	Incurred Claims	31,751,794	34,286,934	34,131,028	100,169,756
3.	Annual Claim Cost per Thousand In Force	2.3510	2.2449	2.2502	2.2793

Plan					
<u>5</u>	<u>Single Premium Decreasing Term - Joint Lives</u>				
<u>Line</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1.	Mean Insurance In Force (MIF)	5,194,871,436	5,445,409,554	5,468,224,040	16,108,505,030
2.	Incurred Claims	15,987,016	20,055,464	18,615,073	54,657,553
3.	Annual Claim Cost per Thousand In Force	3.0775	3.6830	3.4042	3.3931
4.	Ratio Joint to Single Based on MIF	1.3090	1.6406	1.5129	1.4886

Plans 2 & 6 - All Classes Combined

Plan					
<u>2</u>	<u>Single Premium Level Term - Single Lives</u>				
<u>Line</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1.	Mean Insurance In Force (MIF)	997,686,069	1,035,718,942	950,894,118	2,984,299,129
2.	Incurred Claims	1,773,843	1,818,401	1,973,512	5,565,756
3.	Annual Claim Cost per Thousand In Force	1.7780	1.7557	2.0754	1.8650

Plan					
<u>6</u>	<u>Single Premium Level Term - Joint Lives</u>				
<u>Line</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1.	Mean Insurance In Force (MIF)	233,071,689	261,828,768	263,252,863	758,153,320
2.	Incurred Claims	571,142	501,350	671,742	1,744,234
3.	Annual Claim Cost per Thousand In Force	2.4505	1.9148	2.5517	2.3006
4.	Ratio Joint to Single Based on MIF	1.3783	1.0906	1.2295	1.2336

Plans 3 & 7 - All Classes Combined

Plan					
<u>3</u>	<u>Outstanding Balance Revolving Account (Open End) - Single Lives</u>				
<u>Line</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1.	Mean Insurance In Force (MIF)	2,019,943,986	2,156,832,291	2,350,783,970	6,527,560,247
2.	Incurred Claims	9,660,271	11,236,359	10,971,635	31,868,265
3.	Annual Claim Cost per Thousand In Force	4.7824	5.2097	4.6672	4.8821

Plan					
<u>7</u>	<u>Outstanding Balance Revolving Account (Open End) - Joint Lives</u>				
<u>Line</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1.	Mean Insurance In Force (MIF)	2,168,585,818	1,392,053,161	1,316,095,908	4,876,734,887
2.	Incurred Claims	8,400,223	8,090,573	8,031,451	24,522,247
3.	Annual Claim Cost per Thousand In Force	3.8736	5.8120	6.1025	5.0284
4.	Ratio Joint to Single Based on MIF	0.8100	1.1156	1.3075	1.0300

Plans 4 & 8 - All Classes Combined

Plan				
<u>4</u>	<u>Outstanding Balance Other Than Revolving Account - Single Lives</u>			
<u>Line</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1. Mean Insurance In Force (MIF)	341,138,004	297,168,897	264,780,177	903,087,078
2. Incurred Claims	1,069,817	1,344,932	1,401,901	3,816,650
3. Annual Claim Cost per Thousand In Force	3.1360	4.5258	5.2946	4.2262

Plan				
<u>8</u>	<u>Outstanding Balance Other Than Revolving Account - Joint Lives</u>			
<u>Line</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1. Mean Insurance In Force (MIF)	75,582,901	63,805,808	50,812,373	190,201,082
2. Incurred Claims	246,685	384,167	269,430	900,282
3. Annual Claim Cost per Thousand In Force	3.2638	6.0209	5.3024	4.7333
4. Ratio Joint to Single Based on MIF	1.0407	1.3303	1.0015	1.1200

Plans 3+4 & 7+8 - All Classes Combined

Plan				
<u>3+4</u>	<u>Outstanding Balance Combined Plans 3 & 4 - Single Lives</u>			
<u>Line</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1. Mean Insurance In Force (MIF)	2,361,081,990	2,454,001,188	2,615,564,147	7,430,647,325
2. Incurred Claims	10,730,088	12,581,291	12,373,536	35,684,915
3. Annual Claim Cost per Thousand In Force	4.5446	5.1268	4.7307	4.8024

Plan				
<u>7+8</u>	<u>Outstanding Balance Combined Plans 7 & 8 - Joint Lives</u>			
<u>Line</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1. Mean Insurance In Force (MIF)	2,244,168,719	1,455,858,969	1,366,908,281	5,066,935,969
2. Incurred Claims	8,646,908	8,474,740	8,300,881	25,422,529
3. Annual Claim Cost per Thousand In Force	3.8531	5.8211	6.0727	5.0173
4. Ratio Joint to Single Based on MIF	0.8478	1.1354	1.2837	1.0448

All Plans - All Classes Combined

Plan				
<u>1 + 2 + 3 + 4</u>	<u>All Single Lives Plans Combined</u>			
<u>Line</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1. Mean Insurance In Force (MIF)	16,864,265,117	18,762,961,131	18,734,608,317	54,361,834,565
2. Incurred Claims	44,255,725	48,686,626	48,478,076	141,420,427
3. Annual Claim Cost per Thousand In Force	2.6242	2.5948	2.5876	2.6015

Plan				
<u>5+6+7+8</u>	<u>All Joint Lives Plans Combined</u>			
<u>Line</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
1. Mean Insurance In Force (MIF)	7,672,111,844	7,163,097,291	7,098,385,184	21,933,594,319
2. Incurred Claims	25,205,066	29,031,554	27,587,696	81,824,316
3. Annual Claim Cost per Thousand In Force	3.2853	4.0529	3.8865	3.7305
4. Ratio Joint to Single Based on MIF	1.2519	1.5619	1.5019	1.4340

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 12-1

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u>	<u>1</u>	<u>PEP</u>
		<u>Change:</u>	<u>From</u>	<u>To</u>
Number In Force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Mean Insurance In force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Earned Premium (PEP was used)	Actual amounts reported by TDI from Credit Data Calls	Standard		
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard		
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard	1.00	1.25 Increased by 25%
Investment Income	Assumed	Standard		
State Premium Taxes and Fees	Assumed	Standard		
Commissions and Service Fees	Assumed	Standard		
Profit and Contingency Margin	Assumed	Standard		

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>ALL CLASSES</u>		<u>ALL CLASSES</u>								
<u>Assumptions</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
	<u>Incurred Claim</u>	<u>General Ins</u>	<u>Investment</u>	<u>Premium</u>	<u>Commissions &</u>	<u>Profit & Contingency</u>	<u>Component Rates</u>	<u>Component Rates</u>	<u>50 % Target</u>	
<u>Single Premium Plans</u>	<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>	
Plan 1	PPR / 100 / yr.	0.1187	0.0802	0.00%	2.75%	25.00%	5.75%	0.299	0.300	0.237
Plan 5	PPR / 100 / yr.	0.1767	0.1088	0.00%	2.75%	25.00%	5.75%	0.429	0.450	0.353
Plan 2	PPR / 100 / yr.	0.1865	0.1564	0.00%	2.75%	25.00%	5.75%	0.516	0.576	0.373
Plan 6	PPR / 100 / yr.	0.2301	0.2163	0.00%	2.75%	25.00%	5.75%	0.671	0.864	0.460
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4068	0.1546	0.00%	2.75%	25.00%	5.75%	0.844	0.480	0.814
Plan 7	PPR / 1000 / mo.	0.4190	0.1630	0.00%	2.75%	25.00%	5.75%	0.875	0.720	0.838
Plan 4	PPR / 1000 / mo.	0.3522	0.1313	0.00%	2.75%	25.00%	5.75%	0.727	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.2256	0.00%	2.75%	25.00%	5.75%	0.932	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Sensitivity Test No: 1 PEP

<u>CLASS E ALONE</u>		<u>CLASS E ALONE</u>								
<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7) (8)		(9)
		<u>Incurred Claim Costs</u>	<u>General Ins Expenses</u>	<u>Investment Income</u>	<u>Premium Taxes & Fees</u>	<u>Commissions & Service Fees</u>	<u>Profit & Contingency Margin</u>	<u>Component Rates Indicated</u>	<u>Current</u>	<u>50 % Target Indicated</u>
<u>Single Premium Plans</u>										
Plan 1	PPR / 100 / yr.	0.1048	0.0802	0.00%	2.75%	25.00%	5.75%	0.278	0.300	0.210
Plan 5	PPR / 100 / yr.	0.1387	0.1088	0.00%	2.75%	25.00%	5.75%	0.372	0.450	0.277
Plan 2	PPR / 100 / yr.	0.1555	0.1564	0.00%	2.75%	25.00%	5.75%	0.469	0.576	0.311
Plan 6	PPR / 100 / yr.	0.2028	0.2163	0.00%	2.75%	25.00%	5.75%	0.630	0.864	0.406
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.0540	0.1546	0.00%	2.75%	25.00%	5.75%	0.314	0.480	0.108
Plan 7	PPR / 1000 / mo.	0.6068	0.1630	0.00%	2.75%	25.00%	5.75%	1.158	0.720	1.214
Plan 4	PPR / 1000 / mo.	0.0000	0.1313	0.00%	2.75%	25.00%	5.75%	0.197	0.480	0.000
Plan 8	PPR / 1000 / mo.	0.0000	0.2256	0.00%	2.75%	25.00%	5.75%	0.339	0.720	0.000

<u>ALL CLASSES EXCEPT CLASS E</u>		<u>ALL CLASSES EXCEPT E</u>								
<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7) (8)		(9)
		<u>Incurred Claim Costs</u>	<u>General Ins Expenses</u>	<u>Investment Income</u>	<u>Premium Taxes & Fees</u>	<u>Commissions & Service Fees</u>	<u>Profit & Contingency Margin</u>	<u>Component Rates Indicated</u>	<u>Current</u>	<u>50 % Target Indicated</u>
<u>Single Premium Plans</u>										
Plan 1	PPR / 100 / yr.	0.1558	0.0802	0.00%	2.75%	25.00%	5.75%	0.355	0.300	0.312
Plan 5	PPR / 100 / yr.	0.2686	0.1088	0.00%	2.75%	25.00%	5.75%	0.567	0.450	0.537
Plan 2	PPR / 100 / yr.	0.2628	0.1564	0.00%	2.75%	25.00%	5.75%	0.630	0.576	0.526
Plan 6	PPR / 100 / yr.	0.3701	0.2163	0.00%	2.75%	25.00%	5.75%	0.882	0.864	0.740
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4239	0.1546	0.00%	2.75%	25.00%	5.75%	0.870	0.480	0.848
Plan 7	PPR / 1000 / mo.	0.3721	0.1630	0.00%	2.75%	25.00%	5.75%	0.805	0.720	0.744
Plan 4	PPR / 1000 / mo.	0.3522	0.1313	0.00%	2.75%	25.00%	5.75%	0.727	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.2256	0.00%	2.75%	25.00%	5.75%	0.932	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 12-3

Component Rating - Indicated Presumptive Premium Rates

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u>	<u>2</u>	<u>PEP</u>
		<u>Change:</u>	<u>From</u>	<u>To</u>
Number In Force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Mean Insurance In force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Earned Premium (PEP was used)	Actual amounts reported by TDI from Credit Data Calls	Standard		
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard		
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard	100%	75% Decreased by 25%
Investment Income	Assumed	Standard		
State Premium Taxes and Fees	Assumed	Standard		
Commissions and Service Fees	Assumed	Standard		
Profit and Contingency Margin	Assumed	Standard		

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

ALL CLASSES

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES</u>		
		<u>Incurred Claim Costs</u>	<u>General Ins Expenses</u>	<u>Investment Income</u>	<u>Premium Taxes & Fees</u>	<u>Commissions & Service Fees</u>	<u>Profit & Contingency Margin</u>	<u>Component Rates</u>		<u>50 % Target</u>
<u>Single Premium Plans</u>								<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1187	0.0481	0.00%	2.75%	25.00%	5.75%	0.251	0.300	0.237
Plan 5	PPR / 100 / yr.	0.1767	0.0653	0.00%	2.75%	25.00%	5.75%	0.364	0.450	0.353
Plan 2	PPR / 100 / yr.	0.1865	0.0939	0.00%	2.75%	25.00%	5.75%	0.422	0.576	0.373
Plan 6	PPR / 100 / yr.	0.2301	0.1298	0.00%	2.75%	25.00%	5.75%	0.541	0.864	0.460
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4068	0.0928	0.00%	2.75%	25.00%	5.75%	0.751	0.480	0.814
Plan 7	PPR / 1000 / mo.	0.4190	0.0978	0.00%	2.75%	25.00%	5.75%	0.777	0.720	0.838
Plan 4	PPR / 1000 / mo.	0.3522	0.0788	0.00%	2.75%	25.00%	5.75%	0.648	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1353	0.00%	2.75%	25.00%	5.75%	0.797	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Sensitivity Test No: 2 PEP

<u>CLASS E ALONE</u>		<u>CLASS E ALONE</u>								
<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7) (8)		(9)
		<u>Incurred Claim</u>	<u>General Ins</u>	<u>Investment</u>	<u>Premium</u>	<u>Commissions &</u>	<u>Profit & Contingency</u>	<u>Component Rates</u>		<u>50 % Target</u>
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1048	0.0481	0.00%	2.75%	25.00%	5.75%	0.230	0.300	0.210
Plan 5	PPR / 100 / yr.	0.1387	0.0653	0.00%	2.75%	25.00%	5.75%	0.307	0.450	0.277
Plan 2	PPR / 100 / yr.	0.1555	0.0939	0.00%	2.75%	25.00%	5.75%	0.375	0.576	0.311
Plan 6	PPR / 100 / yr.	0.2028	0.1298	0.00%	2.75%	25.00%	5.75%	0.500	0.864	0.406
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.0540	0.0928	0.00%	2.75%	25.00%	5.75%	0.221	0.480	0.108
Plan 7	PPR / 1000 / mo.	0.6068	0.0978	0.00%	2.75%	25.00%	5.75%	1.059	0.720	1.214
Plan 4	PPR / 1000 / mo.	0.0000	0.0788	0.00%	2.75%	25.00%	5.75%	0.118	0.480	0.000
Plan 8	PPR / 1000 / mo.	0.0000	0.1353	0.00%	2.75%	25.00%	5.75%	0.204	0.720	0.000

<u>ALL CLASSES EXCEPT CLASS E</u>		<u>ALL CLASSES EXCEPT E</u>								
<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7) (8)		(9)
		<u>Incurred Claim</u>	<u>General Ins</u>	<u>Investment</u>	<u>Premium</u>	<u>Commissions &</u>	<u>Profit & Contingency</u>	<u>Component Rates</u>		<u>50 % Target</u>
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1558	0.0481	0.00%	2.75%	25.00%	5.75%	0.307	0.300	0.312
Plan 5	PPR / 100 / yr.	0.2686	0.0653	0.00%	2.75%	25.00%	5.75%	0.502	0.450	0.537
Plan 2	PPR / 100 / yr.	0.2628	0.0939	0.00%	2.75%	25.00%	5.75%	0.536	0.576	0.526
Plan 6	PPR / 100 / yr.	0.3701	0.1298	0.00%	2.75%	25.00%	5.75%	0.752	0.864	0.740
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4239	0.0928	0.00%	2.75%	25.00%	5.75%	0.777	0.480	0.848
Plan 7	PPR / 1000 / mo.	0.3721	0.0978	0.00%	2.75%	25.00%	5.75%	0.707	0.720	0.744
Plan 4	PPR / 1000 / mo.	0.3522	0.0788	0.00%	2.75%	25.00%	5.75%	0.648	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1353	0.00%	2.75%	25.00%	5.75%	0.797	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 12-5

Component Rating - Indicated Presumptive Premium Rates

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u>	<u>3</u>	<u>PEP</u>
		<u>Change:</u>	<u>From</u>	<u>To</u>
Number In Force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Mean Insurance In force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Earned Premium (PEP was used)	Actual amounts reported by TDI from Credit Data Calls	Standard		
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard		
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard		
Investment Income	Assumed	Standard		
State Premium Taxes and Fees	Assumed	Standard		
Commissions and Service Fees	Assumed	Standard	100.00%	120.00% Increased by 20%
Profit and Contingency Margin	Assumed	Standard		

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

ALL CLASSES

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES</u>		
		<u>Incurred Claim</u>	<u>General Ins</u>	<u>Investment</u>	<u>Premium</u>	<u>Commissions &</u>	<u>Profit & Contingency</u>	<u>Component Rates</u>		<u>50 % Target</u>
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1187	0.0642	0.00%	2.75%	30.00%	5.75%	0.297	0.300	0.237
Plan 5	PPR / 100 / yr.	0.1767	0.0870	0.00%	2.75%	30.00%	5.75%	0.429	0.450	0.353
Plan 2	PPR / 100 / yr.	0.1865	0.1251	0.00%	2.75%	30.00%	5.75%	0.507	0.576	0.373
Plan 6	PPR / 100 / yr.	0.2301	0.1730	0.00%	2.75%	30.00%	5.75%	0.655	0.864	0.460
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4068	0.1237	0.00%	2.75%	30.00%	5.75%	0.863	0.480	0.814
Plan 7	PPR / 1000 / mo.	0.4190	0.1304	0.00%	2.75%	30.00%	5.75%	0.893	0.720	0.838
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	30.00%	5.75%	0.743	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	30.00%	5.75%	0.935	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Sensitivity Test No: 3 PEP

CLASS E ALONE

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>CLASS E ALONE</u>		(9)
		Incurring Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1048	0.0642	0.00%	2.75%	30.00%	5.75%	0.275	0.300	0.210
Plan 5	PPR / 100 / yr.	0.1387	0.0870	0.00%	2.75%	30.00%	5.75%	0.367	0.450	0.277
Plan 2	PPR / 100 / yr.	0.1555	0.1251	0.00%	2.75%	30.00%	5.75%	0.456	0.576	0.311
Plan 6	PPR / 100 / yr.	0.2028	0.1730	0.00%	2.75%	30.00%	5.75%	0.611	0.864	0.406
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.0540	0.1237	0.00%	2.75%	30.00%	5.75%	0.289	0.480	0.108
Plan 7	PPR / 1000 / mo.	0.6068	0.1304	0.00%	2.75%	30.00%	5.75%	1.199	0.720	1.214
Plan 4	PPR / 1000 / mo.	0.0000	0.1050	0.00%	2.75%	30.00%	5.75%	0.171	0.480	0.000
Plan 8	PPR / 1000 / mo.	0.0000	0.1805	0.00%	2.75%	30.00%	5.75%	0.293	0.720	0.000

ALL CLASSES EXCEPT CLASS E

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES EXCEPT E</u>		(9)
		Incurring Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1558	0.0642	0.00%	2.75%	30.00%	5.75%	0.358	0.300	0.312
Plan 5	PPR / 100 / yr.	0.2686	0.0870	0.00%	2.75%	30.00%	5.75%	0.578	0.450	0.537
Plan 2	PPR / 100 / yr.	0.2628	0.1251	0.00%	2.75%	30.00%	5.75%	0.631	0.576	0.526
Plan 6	PPR / 100 / yr.	0.3701	0.1730	0.00%	2.75%	30.00%	5.75%	0.883	0.864	0.740
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4239	0.1237	0.00%	2.75%	30.00%	5.75%	0.890	0.480	0.848
Plan 7	PPR / 1000 / mo.	0.3721	0.1304	0.00%	2.75%	30.00%	5.75%	0.817	0.720	0.744
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	30.00%	5.75%	0.743	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	30.00%	5.75%	0.935	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 12-7

Component Rating - Indicated Presumptive Premium Rates

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u>	<u>4</u>	<u>PEP</u>
		<u>Change:</u>	<u>From</u>	<u>To</u>
Number In Force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Mean Insurance In force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Earned Premium (PEP was used)	Actual amounts reported by TDI from Credit Data Calls	Standard		
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard		
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard		
Investment Income	Assumed	Standard		
State Premium Taxes and Fees	Assumed	Standard		
Commissions and Service Fees	Assumed	Standard	100.00%	80.00% Decreased by 20%
Profit and Contingency Margin	Assumed	Standard		

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

ALL CLASSES

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES</u>		
		<u>Incurred Claim</u>	<u>General Ins</u>	<u>Investment</u>	<u>Premium</u>	<u>Commissions &</u>	<u>Profit & Contingency</u>	<u>Component Rates</u>		<u>50 % Target</u>
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1187	0.0642	0.00%	2.75%	20.00%	5.75%	0.256	0.300	0.237
Plan 5	PPR / 100 / yr.	0.1767	0.0870	0.00%	2.75%	20.00%	5.75%	0.369	0.450	0.353
Plan 2	PPR / 100 / yr.	0.1865	0.1251	0.00%	2.75%	20.00%	5.75%	0.436	0.576	0.373
Plan 6	PPR / 100 / yr.	0.2301	0.1730	0.00%	2.75%	20.00%	5.75%	0.564	0.864	0.460
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4068	0.1237	0.00%	2.75%	20.00%	5.75%	0.742	0.480	0.814
Plan 7	PPR / 1000 / mo.	0.4190	0.1304	0.00%	2.75%	20.00%	5.75%	0.768	0.720	0.838
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	20.00%	5.75%	0.639	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	20.00%	5.75%	0.804	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Sensitivity Test No: 4 PEP

<u>CLASS E ALONE</u>		<u>CLASS E ALONE</u>								
<u>Assumptions</u>	(1) <u>Incurred Claim Costs</u>	(2) <u>General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) (8) <u>Component Rates</u>		(9) <u>50 % Target Indicated</u>	
							<u>Indicated</u>	<u>Current</u>		
<u>Single Premium Plans</u>										
Plan 1	PPR / 100 / yr.	0.1048	0.0642	0.00%	2.75%	20.00%	5.75%	0.236	0.300	0.210
Plan 5	PPR / 100 / yr.	0.1387	0.0870	0.00%	2.75%	20.00%	5.75%	0.316	0.450	0.277
Plan 2	PPR / 100 / yr.	0.1555	0.1251	0.00%	2.75%	20.00%	5.75%	0.393	0.576	0.311
Plan 6	PPR / 100 / yr.	0.2028	0.1730	0.00%	2.75%	20.00%	5.75%	0.526	0.864	0.406
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.0540	0.1237	0.00%	2.75%	20.00%	5.75%	0.249	0.480	0.108
Plan 7	PPR / 1000 / mo.	0.6068	0.1304	0.00%	2.75%	20.00%	5.75%	1.031	0.720	1.214
Plan 4	PPR / 1000 / mo.	0.0000	0.1050	0.00%	2.75%	20.00%	5.75%	0.147	0.480	0.000
Plan 8	PPR / 1000 / mo.	0.0000	0.1805	0.00%	2.75%	20.00%	5.75%	0.252	0.720	0.000

<u>ALL CLASSES EXCEPT CLASS E</u>		<u>ALL CLASSES EXCEPT E</u>								
<u>Assumptions</u>	(1) <u>Incurred Claim Costs</u>	(2) <u>General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) (8) <u>Component Rates</u>		(9) <u>50 % Target Indicated</u>	
							<u>Indicated</u>	<u>Current</u>		
<u>Single Premium Plans</u>										
Plan 1	PPR / 100 / yr.	0.1558	0.0642	0.00%	2.75%	20.00%	5.75%	0.308	0.300	0.312
Plan 5	PPR / 100 / yr.	0.2686	0.0870	0.00%	2.75%	20.00%	5.75%	0.497	0.450	0.537
Plan 2	PPR / 100 / yr.	0.2628	0.1251	0.00%	2.75%	20.00%	5.75%	0.543	0.576	0.526
Plan 6	PPR / 100 / yr.	0.3701	0.1730	0.00%	2.75%	20.00%	5.75%	0.760	0.864	0.740
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4239	0.1237	0.00%	2.75%	20.00%	5.75%	0.766	0.480	0.848
Plan 7	PPR / 1000 / mo.	0.3721	0.1304	0.00%	2.75%	20.00%	5.75%	0.703	0.720	0.744
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	20.00%	5.75%	0.639	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	20.00%	5.75%	0.804	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 12-9

Component Rating - Indicated Presumptive Premium Rates

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u>	<u>5</u>	<u>PEP</u>
		<u>Change:</u>	<u>From</u>	<u>To</u>
Number In Force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Mean Insurance In force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	Standard		
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard		
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard		
Investment Income	Assumed	Standard		
State Premium Taxes and Fees	Assumed	Standard		
Commissions and Service Fees	Assumed	Standard		
Profit and Contingency Margin	Assumed	Standard	5.75%	7.75%

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

ALL CLASSES

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES</u>		(9)
		<u>Incurred Claim</u>	<u>General Ins</u>	<u>Investment</u>	<u>Premium</u>	<u>Commissions &</u>	<u>Profit & Contingency</u>	<u>Component Rates</u>		<u>50 % Target</u>
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1187	0.0642	0.00%	2.75%	25.00%	7.75%	0.284	0.300	0.237
Plan 5	PPR / 100 / yr.	0.1767	0.0870	0.00%	2.75%	25.00%	7.75%	0.409	0.450	0.353
Plan 2	PPR / 100 / yr.	0.1865	0.1251	0.00%	2.75%	25.00%	7.75%	0.483	0.576	0.373
Plan 6	PPR / 100 / yr.	0.2301	0.1730	0.00%	2.75%	25.00%	7.75%	0.625	0.864	0.460
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4068	0.1237	0.00%	2.75%	25.00%	7.75%	0.823	0.480	0.814
Plan 7	PPR / 1000 / mo.	0.4190	0.1304	0.00%	2.75%	25.00%	7.75%	0.852	0.720	0.838
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	25.00%	7.75%	0.709	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	25.00%	7.75%	0.891	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Sensitivity Test No: 5 PEP

CLASS E ALONE

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>CLASS E ALONE</u>		(9)
		Incurring Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1048	0.0642	0.00%	2.75%	25.00%	7.75%	0.262	0.300	0.210
Plan 5	PPR / 100 / yr.	0.1387	0.0870	0.00%	2.75%	25.00%	7.75%	0.350	0.450	0.277
Plan 2	PPR / 100 / yr.	0.1555	0.1251	0.00%	2.75%	25.00%	7.75%	0.435	0.576	0.311
Plan 6	PPR / 100 / yr.	0.2028	0.1730	0.00%	2.75%	25.00%	7.75%	0.583	0.864	0.406
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.0540	0.1237	0.00%	2.75%	25.00%	7.75%	0.275	0.480	0.108
Plan 7	PPR / 1000 / mo.	0.6068	0.1304	0.00%	2.75%	25.00%	7.75%	1.143	0.720	1.214
Plan 4	PPR / 1000 / mo.	0.0000	0.1050	0.00%	2.75%	25.00%	7.75%	0.163	0.480	0.000
Plan 8	PPR / 1000 / mo.	0.0000	0.1805	0.00%	2.75%	25.00%	7.75%	0.280	0.720	0.000

ALL CLASSES EXCEPT CLASS E

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES EXCEPT E</u>		(9)
		Incurring Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1558	0.0642	0.00%	2.75%	25.00%	7.75%	0.341	0.300	0.312
Plan 5	PPR / 100 / yr.	0.2686	0.0870	0.00%	2.75%	25.00%	7.75%	0.551	0.450	0.537
Plan 2	PPR / 100 / yr.	0.2628	0.1251	0.00%	2.75%	25.00%	7.75%	0.601	0.576	0.526
Plan 6	PPR / 100 / yr.	0.3701	0.1730	0.00%	2.75%	25.00%	7.75%	0.842	0.864	0.740
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4239	0.1237	0.00%	2.75%	25.00%	7.75%	0.849	0.480	0.848
Plan 7	PPR / 1000 / mo.	0.3721	0.1304	0.00%	2.75%	25.00%	7.75%	0.779	0.720	0.744
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	25.00%	7.75%	0.709	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	25.00%	7.75%	0.891	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 12-11

Component Rating - Indicated Presumptive Premium Rates

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u>	<u>6</u>	<u>PEP</u>
		<u>Change:</u>	<u>From</u>	<u>To</u>
Number In Force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Mean Insurance In force	Actual amounts reported by TDI from Credit Data Calls	Standard		
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	Standard		
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard		
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard		
Investment Income	Assumed	Standard		
State Premium Taxes and Fees	Assumed	Standard		
Commissions and Service Fees	Assumed	Standard		
Profit and Contingency Margin	Assumed	Standard	5.75%	3.75%

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

ALL CLASSES

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES</u>		
		<u>Incurred Claim</u>	<u>General Ins</u>	<u>Investment</u>	<u>Premium</u>	<u>Commissions &</u>	<u>Profit & Contingency</u>	(7)	(8)	(9)
		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Component Rates</u>	<u>Current</u>	<u>50 % Target</u>
<u>Single Premium Plans</u>								<u>Indicated</u>		<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1187	0.0642	0.00%	2.75%	25.00%	3.75%	0.267	0.300	0.237
Plan 5	PPR / 100 / yr.	0.1767	0.0870	0.00%	2.75%	25.00%	3.75%	0.385	0.450	0.353
Plan 2	PPR / 100 / yr.	0.1865	0.1251	0.00%	2.75%	25.00%	3.75%	0.455	0.576	0.373
Plan 6	PPR / 100 / yr.	0.2301	0.1730	0.00%	2.75%	25.00%	3.75%	0.588	0.864	0.460
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4068	0.1237	0.00%	2.75%	25.00%	3.75%	0.775	0.480	0.814
Plan 7	PPR / 1000 / mo.	0.4190	0.1304	0.00%	2.75%	25.00%	3.75%	0.802	0.720	0.838
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	25.00%	3.75%	0.667	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	25.00%	3.75%	0.839	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Sensitivity Test No: 6 PEP

CLASS E ALONE

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>CLASS E ALONE</u>		(9)
		Incurring Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1048	0.0642	0.00%	2.75%	25.00%	3.75%	0.247	0.300	0.210
Plan 5	PPR / 100 / yr.	0.1387	0.0870	0.00%	2.75%	25.00%	3.75%	0.330	0.450	0.277
Plan 2	PPR / 100 / yr.	0.1555	0.1251	0.00%	2.75%	25.00%	3.75%	0.410	0.576	0.311
Plan 6	PPR / 100 / yr.	0.2028	0.1730	0.00%	2.75%	25.00%	3.75%	0.549	0.864	0.406
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.0540	0.1237	0.00%	2.75%	25.00%	3.75%	0.259	0.480	0.108
Plan 7	PPR / 1000 / mo.	0.6068	0.1304	0.00%	2.75%	25.00%	3.75%	1.076	0.720	1.214
Plan 4	PPR / 1000 / mo.	0.0000	0.1050	0.00%	2.75%	25.00%	3.75%	0.153	0.480	0.000
Plan 8	PPR / 1000 / mo.	0.0000	0.1805	0.00%	2.75%	25.00%	3.75%	0.263	0.720	0.000

ALL CLASSES EXCEPT CLASS E

<u>Assumptions</u>		(1)	(2)	(3)	(4)	(5)	(6)	<u>ALL CLASSES EXCEPT E</u>		(9)
		Incurring Claim	General Ins	Investment	Premium	Commissions &	Profit & Contingency	<u>Component Rates</u>		50 % Target
<u>Single Premium Plans</u>		<u>Costs</u>	<u>Expenses</u>	<u>Income</u>	<u>Taxes & Fees</u>	<u>Service Fees</u>	<u>Margin</u>	<u>Indicated</u>	<u>Current</u>	<u>Indicated</u>
Plan 1	PPR / 100 / yr.	0.1558	0.0642	0.00%	2.75%	25.00%	3.75%	0.321	0.300	0.312
Plan 5	PPR / 100 / yr.	0.2686	0.0870	0.00%	2.75%	25.00%	3.75%	0.519	0.450	0.537
Plan 2	PPR / 100 / yr.	0.2628	0.1251	0.00%	2.75%	25.00%	3.75%	0.566	0.576	0.526
Plan 6	PPR / 100 / yr.	0.3701	0.1730	0.00%	2.75%	25.00%	3.75%	0.793	0.864	0.740
<u>Outstanding Balance Plans</u>										
Plan 3	PPR / 1000 / mo.	0.4239	0.1237	0.00%	2.75%	25.00%	3.75%	0.799	0.480	0.848
Plan 7	PPR / 1000 / mo.	0.3721	0.1304	0.00%	2.75%	25.00%	3.75%	0.734	0.720	0.744
Plan 4	PPR / 1000 / mo.	0.3522	0.1050	0.00%	2.75%	25.00%	3.75%	0.667	0.480	0.704
Plan 8	PPR / 1000 / mo.	0.3944	0.1805	0.00%	2.75%	25.00%	3.75%	0.839	0.720	0.789

Credit Life Insurance - Sensitivity Testing of Assumptions - Summary of Results Using Presumptive Earned PremiumComponent RatingComparison of Indicated Presumptive Premium RatesEarned Premiums at Presumptive Rates (PEP)

	Standard Assumptions (Ex. 9)	Sensitivity Test					
		1	2	3	4	5	6
<u>ALL CLASSES</u>							
<u>Single Premium Plans</u>							
Plan 1	0.275	0.299	0.251	0.297	0.256	0.284	0.267
Plan 5	0.397	0.429	0.364	0.429	0.369	0.409	0.385
Plan 2	0.469	0.516	0.422	0.507	0.436	0.483	0.455
Plan 6	0.606	0.671	0.541	0.655	0.564	0.625	0.588
<u>Outstanding Balance Plans</u>							
Plan 3	0.798	0.844	0.751	0.863	0.742	0.823	0.775
Plan 7	0.826	0.875	0.777	0.893	0.768	0.852	0.802
Plan 4	0.688	0.727	0.648	0.743	0.639	0.709	0.667
Plan 8	0.865	0.932	0.797	0.935	0.804	0.891	0.839
<u>CLASS E ALONE</u>							
<u>Single Premium Plans</u>							
Plan 1	0.254	0.278	0.230	0.275	0.236	0.262	0.247
Plan 5	0.339	0.372	0.307	0.367	0.316	0.350	0.330
Plan 2	0.422	0.469	0.375	0.456	0.393	0.435	0.410
Plan 6	0.565	0.630	0.500	0.611	0.526	0.583	0.549
<u>Outstanding Balance Plans</u>							
Plan 3	0.267	0.314	0.221	0.289	0.249	0.275	0.259
Plan 7	1.108	1.158	1.059	1.199	1.031	1.143	1.076
Plan 4	0.158	0.197	0.118	0.171	0.147	0.163	0.153
Plan 8	0.271	0.339	0.204	0.293	0.252	0.280	0.263
<u>ALL CLASSES EXCEPT CLASS E</u>							
<u>Single Premium Plans</u>							
Plan 1	0.331	0.355	0.307	0.358	0.308	0.341	0.321
Plan 5	0.535	0.567	0.502	0.578	0.497	0.551	0.519
Plan 2	0.583	0.630	0.536	0.631	0.543	0.601	0.566
Plan 6	0.817	0.882	0.752	0.883	0.760	0.842	0.793
<u>Outstanding Balance Plans</u>							
Plan 3	0.823	0.870	0.777	0.890	0.766	0.849	0.799
Plan 7	0.756	0.805	0.707	0.817	0.703	0.779	0.734
Plan 4	0.688	0.727	0.648	0.743	0.639	0.709	0.667
Plan 8	0.865	0.932	0.797	0.935	0.804	0.891	0.839

Credit Disability Insurance - Distribution By Class and Plan of Business - Summary of Year 2000 - 2002 Using Actual Earned Premium**Exhibit Showing Actual Earned Premiums by Class and Plan**

Class	Plan					
	(9) Retro 7 Day Single Prem.	(10) Retro 14 Day Single Prem.	(11) Retro 30 Day Single Prem.	(12) Non Retro 14 Day Single Prem.	(13) Non Retro 30 Day Single Prem.	(14) Non Retro 90 Day Single Prem.
A	(2)	51,412,517	118,104	283,198	48,834	-
B	16,918	46,709,996	42,534	627	13,531	-
C	400,343	7,363,088	258,782	902,061	795,157	27,747
D	-	-	-	-	1,477	-
E	2,602	272,490,746	4,267,527	794,662	1,459,219	-
F	-	57,098	-	-	(113,549)	-
TOTAL CLASSES	419,861	378,033,445	4,686,947	1,980,548	2,204,669	27,747
PLAN % OF TOTAL	0.07%	64.99%	0.81%	0.34%	0.38%	0.00%

Class	Plan					
	(15) Retro 7 Day O.B. Rev. Acct.	(16) Retro 14 Day O.B. Rev. Acct.	(17) Retro 30 Day O.B. Rev. Acct.	(18) Non Retro 14 Day O.B. Rev. Acct.	(19) Non Retro 30 Day O.B. Rev. Acct.	(20) Non Retro 90 Day O.B. Rev. Acct.
A	-	187,077	31,816,472	-	28,677,449	4,315
B	36,097	4,162,279	3,195,042	-	59,980	-
C	-	36,409,056	5,562,946	18,829,995	29,043,862	-
D	-	-	-	-	-	-
E	-	121,944	21,303,040	-	1,106	-
F	-	-	-	-	-	-
TOTAL CLASSES	36,097	40,880,356	61,877,500	18,829,995	57,782,397	4,315
PLAN % OF TOTAL	0.01%	7.03%	10.64%	3.24%	9.93%	0.00%

Class	Plan						Total All Plans	% of Class Total
	(21) Retro 7 Day O.B. Other	(22) Retro 14 Day O.B. Other	(23) Retro 30 Day O.B. Other	(24) Non Retro 14 Day O.B. Other	(25) Non Retro 30 Day O.B. Other	(26) Non Retro 90 Day O.B. Other		
A	-	-	747,692	-	-	-	113,295,656	19.48%
B	-	475,354	102,499	-	165,917	-	54,980,774	9.45%
C	-	7,126,125	305,575	4,425,376	1,420,447	-	112,870,560	19.41%
D	-	-	-	-	-	-	1,477	0.00%
E	-	-	-	-	-	-	300,440,846	51.65%
F	-	-	-	-	106,615	-	50,164	0.01%
TOTAL CLASSES	-	7,601,479	1,155,766	4,425,376	1,692,979	-	581,639,477	100.00%
PLAN % OF TOTAL	0.00%	1.31%	0.20%	0.76%	0.29%	0.00%	100.00%	

Class	Totals by Type of Business						Total All Plans	% of Class Total
	Retro 7 Day	Retro 14 Day	Retro 30 Day	Non Retro 14 Day	Non Retro 30 Day	Non Retro 90 Day		
A	(2)	51,599,594	32,682,268	283,198	28,726,283	4,315	113,295,656	19.48%
B	53,015	51,347,629	3,340,075	627	239,428	-	54,980,774	9.45%
C	400,343	50,898,269	6,127,303	24,157,432	31,259,466	27,747	112,870,560	19.41%
D	-	-	-	-	1,477	-	1,477	0.00%
E	2,602	272,612,690	25,570,567	794,662	1,460,325	-	300,440,846	51.65%
F	-	57,098	-	-	(6,934)	-	50,164	0.01%
TOTAL CLASSES	455,958	426,515,280	67,720,213	25,235,919	61,680,045	32,062	581,639,477	100.00%
PLAN % OF TOTAL	0.08%	73.33%	11.64%	4.34%	10.60%	0.01%	100.00%	

Credit Disability Insurance - Distribution By Class and Plan of Business - Summary of Year 2000 - 2002 Using Actual Earned Premium**Exhibit Showing Percentages of Actual Earned Premiums by Class and Plan**

Class	Plan					
	(9) Retro 7 Day Single Prem.	(10) Retro 14 Day Single Prem.	(11) Retro 30 Day Single Prem.	(12) Non Retro 7 Day Single Prem.	(13) Non Retro 30 Day Single Prem.	(14) Non Retro 90 Day Single Prem.
A	0.00%	13.60%	2.52%	14.30%	2.22%	0.00%
B	4.03%	12.36%	0.91%	0.03%	0.61%	0.00%
C	95.35%	1.95%	5.52%	45.55%	36.07%	100.00%
D	0.00%	0.00%	0.00%	0.00%	0.07%	0.00%
E	0.62%	72.08%	91.05%	40.12%	66.19%	0.00%
F	0.00%	0.02%	0.00%	0.00%	-5.15%	0.00%
TOTAL CLASSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
PLAN % OF TOTAL	0.07%	64.99%	0.81%	0.34%	0.38%	0.00%

Class	Plan					
	(15) Retro 7 Day O.B. Rev. Acct.	(16) Retro 14 Day O.B. Rev. Acct.	(17) Retro 30 Day O.B. Rev. Acct.	(18) Non Retro 7 Day O.B. Rev. Acct.	(19) Non Retro 30 Day O.B. Rev. Acct.	(20) Non Retro 90 Day O.B. Rev. Acct.
A	0.00%	0.46%	51.42%	0.00%	49.63%	100.00%
B	100.00%	10.18%	5.16%	0.00%	0.10%	0.00%
C	0.00%	89.06%	8.99%	100.00%	50.26%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	0.00%	0.30%	34.43%	0.00%	0.00%	0.00%
F	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL CLASSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
PLAN % OF TOTAL	0.01%	7.03%	10.64%	3.24%	9.93%	0.00%

Class	Plan					
	(21) Retro 7 Day O.B. Other	(22) Retro 14 Day O.B. Other	(23) Retro 30 Day O.B. Other	(24) Non Retro 7 Day O.B. Other	(25) Non Retro 30 Day O.B. Other	(26) Non Retro 90 Day O.B. Other
A	0.00%	0.00%	64.69%	0.00%	0.00%	0.00%
B	0.00%	6.25%	8.87%	0.00%	9.80%	0.00%
C	0.00%	93.75%	26.44%	100.00%	83.90%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
F	0.00%	0.00%	0.00%	0.00%	6.30%	0.00%
TOTAL CLASSES	0.00%	100.00%	100.00%	100.00%	100.00%	0.00%
PLAN % OF TOTAL	0.00%	1.31%	0.20%	0.76%	0.29%	0.00%

Credit Disability Insurance - Distribution By Class and Plan of Business - Summary of Year 2000 - 2002 Using Presumptive Earned Premium**Exhibit Showing Presumptive Earned Premiums by Class and Plan**

Class	Plan					
	(9) Retro 7 Day Single Prem.	(10) Retro 14 Day Single Prem.	(11) Retro 30 Day Single Prem.	(12) Non Retro 14 Day Single Prem.	(13) Non Retro 30 Day Single Prem.	(14) Non Retro 90 Day Single Prem.
A	-	55,430,151	113,123	281,145	47,644	-
B	4,472	44,888,526	42,543	584	13,471	-
C	436,179	7,041,200	234,609	863,435	602,377	26,845
D	-	-	-	-	1,525	-
E	2,668	265,520,588	4,186,612	742,424	1,386,142	-
F	-	62,984	-	-	(113,558)	-
TOTAL CLASSES	443,319	372,943,449	4,576,887	1,887,588	1,937,601	26,845
PLAN % OF TOTAL	0.08%	65.53%	0.80%	0.33%	0.34%	0.00%

Class	Plan					
	(15) Retro 7 Day O.B. Rev. Acct.	(16) Retro 14 Day O.B. Rev. Acct.	(17) Retro 30 Day O.B. Rev. Acct.	(18) Non Retro 14 Day O.B. Rev. Acct.	(19) Non Retro 30 Day O.B. Rev. Acct.	(20) Non Retro 90 Day O.B. Rev. Acct.
A	-	181,687	31,476,035	-	28,340,069	4,315
B	36,097	3,997,226	3,170,215	-	58,764	-
C	-	37,458,906	4,932,396	17,295,136	24,262,247	-
D	-	-	-	-	-	-
E	-	126,295	21,084,863	-	1,119	-
F	-	-	-	-	-	-
TOTAL CLASSES	36,097	41,764,114	60,663,509	17,295,136	52,662,199	4,315
PLAN % OF TOTAL	0.01%	7.34%	10.66%	3.04%	9.25%	0.00%

Class	Plan						Total All Plans	% of Class Total
	(21) Retro 7 Day O.B. Other	(22) Retro 14 Day O.B. Other	(23) Retro 30 Day O.B. Other	(24) Non Retro 14 Day O.B. Other	(25) Non Retro 30 Day O.B. Other	(26) Non Retro 90 Day O.B. Other		
A	-	-	740,266	-	-	-	116,614,435	20.49%
B	-	478,670	102,499	-	160,228	-	52,953,295	9.30%
C	-	6,974,274	283,622	4,693,430	1,316,557	-	106,421,213	18.70%
D	-	-	-	-	-	-	1,525	0.00%
E	-	-	-	-	-	-	293,050,711	51.49%
F	-	-	-	-	106,615	-	56,041	0.01%
TOTAL CLASSES	-	7,452,944	1,126,387	4,693,430	1,583,400	-	569,097,220	100.00%
PLAN % OF TOTAL	0.00%	1.31%	0.20%	0.82%	0.28%	0.00%	100.00%	

Class	Totals by Type of Business						Total All Plans	% of Class Total
	Retro 7 Day	Retro 14 Day	Retro 30 Day	Non Retro 14 Day	Non Retro 30 Day	Non Retro 90 Day		
A	-	55,611,838	32,329,424	281,145	28,387,713	4,315	116,614,435	20.49%
B	40,569	49,364,422	3,315,257	584	232,463	-	52,953,295	9.30%
C	436,179	51,474,380	5,450,627	22,852,001	26,181,181	26,845	106,421,213	18.70%
D	-	-	-	-	1,525	-	1,525	0.00%
E	2,668	265,646,883	25,271,475	742,424	1,387,261	-	293,050,711	51.49%
F	-	62,984	-	-	(6,943)	-	56,041	0.01%
TOTAL CLASSES	479,416	422,160,507	66,366,783	23,876,154	56,183,200	31,160	569,097,220	100.00%
PLAN % OF TOTAL	0.08%	74.18%	11.66%	4.20%	9.87%	0.01%	100.00%	

Credit Disability Insurance - Distribution By Class and Plan of Business - Summary of Year 2000 - 2002 Using Presumptive Earned Premium**Exhibit Showing Percentages of Presumptive Earned Premiums by Class and Plan**

Class	Plan					
	(9) Retro 7 Day Single Prem.	(10) Retro 14 Day Single Prem.	(11) Retro 30 Day Single Prem.	(12) Non Retro 7 Day Single Prem.	(13) Non Retro 30 Day Single Prem.	(14) Non Retro 90 Day Single Prem.
A	0.00%	14.86%	2.47%	14.89%	2.46%	0.00%
B	1.01%	12.04%	0.93%	0.03%	0.70%	0.00%
C	98.39%	1.89%	5.13%	45.74%	31.09%	100.00%
D	0.00%	0.00%	0.00%	0.00%	0.08%	0.00%
E	0.60%	71.20%	91.47%	39.33%	71.54%	0.00%
F	0.00%	0.02%	0.00%	0.00%	-5.86%	0.00%
TOTAL CLASSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
PLAN % OF TOTAL	0.08%	65.53%	0.80%	0.33%	0.34%	0.00%

Class	Plan					
	(15) Retro 7 Day O.B. Rev. Acct.	(16) Retro 14 Day O.B. Rev. Acct.	(17) Retro 30 Day O.B. Rev. Acct.	(18) Non Retro 7 Day O.B. Rev. Acct.	(19) Non Retro 30 Day O.B. Rev. Acct.	(20) Non Retro 90 Day O.B. Rev. Acct.
A	0.00%	0.44%	51.89%	0.00%	53.81%	100.00%
B	100.00%	9.57%	5.23%	0.00%	0.11%	0.00%
C	0.00%	89.69%	8.13%	100.00%	46.07%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	0.00%	0.30%	34.76%	0.00%	0.00%	0.00%
F	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL CLASSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
PLAN % OF TOTAL	0.01%	7.34%	10.66%	3.04%	9.25%	0.00%

Class	Plan					
	(21) Retro 7 Day O.B. Other	(22) Retro 14 Day O.B. Other	(23) Retro 30 Day O.B. Other	(24) Non Retro 7 Day O.B. Other	(25) Non Retro 30 Day O.B. Other	(26) Non Retro 90 Day O.B. Other
A	0.00%	0.00%	65.72%	0.00%	0.00%	0.00%
B	0.00%	6.42%	9.10%	0.00%	10.12%	0.00%
C	0.00%	93.58%	25.18%	100.00%	83.15%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
E	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
F	0.00%	0.00%	0.00%	0.00%	6.73%	0.00%
TOTAL CLASSES	0.00%	100.00%	100.00%	100.00%	100.00%	0.00%
PLAN % OF TOTAL	0.00%	1.31%	0.20%	0.82%	0.28%	0.00%

Credit Disability Insurance - Loss Ratios and Compensation Percentages

All Classes Combined	Plan							(9) - (14)
	(9)	(10)	(11)	(12)	(13)	(14)		
	Sing. Prem 7 Day Retro	Sing. Prem 14 Day Retro	Sing. Prem 30 Day Retro	Sing. Prem 14 Day Non-Retro	Sing. Prem 30 Day Non-Retro	Sing. Prem 90 Day Non-Retro	Sing. Prem Total	
Incurred Claims (IC)	201,047	174,273,557	3,115,187	1,458,402	2,100,599	2,641	181,151,433	
Actual Earned Prems. (AEP)	419,861	378,033,445	4,686,947	1,980,548	2,204,669	27,747	387,353,217	
Earned Prems. at P.R. (PEP)	443,319	372,943,449	4,576,887	1,887,588	1,937,601	26,845	381,815,689	
Commissions & S.F. (C&SF)	153,983	136,210,929	1,842,255	677,651	606,786	9,612	139,501,216	
% IC / AEP	47.88%	46.10%	66.47%	73.64%	95.28%	9.52%	46.77%	
% IC / PEP	45.35%	46.73%	68.06%	77.26%	108.41%	9.84%	47.44%	
% C &SF/ AEP	36.67%	36.03%	39.31%	34.22%	27.52%	34.64%	36.01%	
% C &SF/ PEP	34.73%	36.52%	40.25%	35.90%	31.32%	35.81%	36.54%	

Outstanding Balance Revolving Account	Plan							(15) - (20)
	(15)	(16)	(17)	(18)	(19)	(20)		
	O.B. Rev. Acct. 7 Day Retro	O.B. Rev. Acct. 14 Day Retro	O.B. Rev. Acct. 30 Day Retro	O.B. Rev. Acct. 14 Day Non-Retro	O.B. Rev. Acct. 30 Day Non-Retro	O.B. Rev. Acct. 90 Day Non-Retro	O.B. Rev. Acct. Total	
Incurred Claims (IC)	(119,036)	21,618,377	23,444,246	10,153,765	28,751,237	5,787	83,854,376	
Actual Earned Prems. (AEP)	36,097	40,880,356	61,877,500	18,829,995	57,782,397	4,315	179,410,660	
Earned Prems. at P.R. (PEP)	36,097	41,764,114	60,663,509	17,295,136	52,662,199	4,315	172,425,370	
Commissions & S.F. (C&SF)	0	2,067,446	14,515,678	2,961,649	10,828,123	1,561	30,374,457	
% IC / AEP	-329.77%	52.88%	37.89%	53.92%	49.76%	134.11%	46.74%	
% IC / PEP	-329.77%	51.76%	38.65%	58.71%	54.60%	134.11%	48.63%	
% C &SF/ AEP	0.00%	5.06%	23.46%	15.73%	18.74%	36.18%	16.93%	
% C &SF/ PEP	0.00%	4.95%	23.93%	17.12%	20.56%	36.18%	17.62%	

Outstanding Balance Other Than Rev. Acct.	Plan							(21) - (26)
	(21)	(22)	(23)	(24)	(25)	(26)		
	O.B. Other 7 Day Retro	O.B. Other 14 Day Retro	O.B. Other 30 Day Retro	O.B. Other 14 Day Non-Retro	O.B. Other 30 Day Non-Retro	O.B. Other 90 Day Non-Retro	O.B. Other Total	
Incurred Claims (IC)	0	4,722,756	371,835	2,582,669	959,262	0	8,636,522	
Actual Earned Prems. (AEP)	0	7,601,479	1,155,766	4,425,376	1,692,979	0	14,875,600	
Earned Prems. at P.R. (PEP)	0	7,452,944	1,126,387	4,693,430	1,583,400	0	14,856,161	
Commissions & S.F. (C&SF)	0	1,998,676	125,976	908,885	468,909	0	3,502,446	
% IC / AEP	0.00%	62.13%	32.17%	58.36%	56.66%	0.00%	58.06%	
% IC / PEP	0.00%	63.37%	33.01%	55.03%	60.58%	0.00%	58.13%	
% C &SF/ AEP	0.00%	26.29%	10.90%	20.54%	27.70%	0.00%	23.54%	
% C &SF/ PEP	0.00%	26.82%	11.18%	19.37%	29.61%	0.00%	23.58%	

All Classes Combined All Plans Combined	Plan							Total All Plans
	7 Day Retro All Plans	14 Day Retro All Plans	30 Day Retro All Plans	14 Day Non-Retro All Plans	30 Day Non-Retro All Plans	90 Day Non-Retro All Plans		
	Incurred Claims (IC)	82,011	200,614,690	26,931,268	14,194,836	31,811,098	8,428	
Actual Earned Prems. (AEP)	455,958	426,515,280	67,720,213	25,235,919	61,680,045	32,062	581,639,477	
Earned Prems. at P.R. (PEP)	479,416	422,160,507	66,366,783	23,876,154	56,183,200	31,160	569,097,220	
Commissions & S.F. (C&SF)	153,983	140,277,051	16,483,909	4,548,185	11,903,818	11,173	173,378,119	
% IC / AEP	17.99%	47.04%	39.77%	56.25%	51.57%	26.29%	47.05%	
% IC / PEP	17.11%	47.52%	40.58%	59.45%	56.62%	27.05%	48.08%	
% C &SF/ AEP	33.77%	32.89%	24.34%	18.02%	19.30%	34.85%	29.81%	
% C &SF/ PEP	32.12%	33.23%	24.84%	19.05%	21.19%	35.86%	30.47%	

Credit Disability Insurance - Loss Ratios and Compensation Percentages

Class E Alone	Plan						(9) - (14)
	(9)	(10)	(11)	(12)	(13)	(14)	
	Sing. Prem 7 Day Retro	Sing. Prem 14 Day Retro	Sing. Prem 30 Day Retro	Sing. Prem 14 Day Non-Retro	Sing. Prem 30 Day Non-Retro	Sing. Prem 90 Day Non-Retro	
Single Premium							Sing. Prem Total
Incurred Claims (IC)	(5,482)	109,257,524	2,797,352	481,355	796,342	0	113,327,091
Actual Earned Prems. (AEP)	2,602	272,490,746	4,267,527	794,662	1,459,219	0	279,014,756
Earned Prems. at P.R. (PEP)	2,668	265,520,588	4,186,612	742,424	1,386,142	0	271,838,434
Commissions & S.F. (C&SF)	0	117,686,940	1,746,416	463,530	529,862	0	120,426,748
% IC / AEP	-210.68%	40.10%	65.55%	60.57%	54.57%	0.00%	40.62%
% IC / PEP	-205.47%	41.15%	66.82%	64.84%	57.45%	0.00%	41.69%
% C &SF/ AEP	0.00%	43.19%	40.92%	58.33%	36.31%	0.00%	43.16%
% C &SF/ PEP	0.00%	44.32%	41.71%	62.43%	38.23%	0.00%	44.30%

Outstanding Balance Revolving Account	Plan						(15) - (20)
	(15)	(16)	(17)	(18)	(19)	(20)	
	O.B. Rev. Acct. 7 Day Retro	O.B. Rev. Acct. 14 Day Retro	O.B. Rev. Acct. 30 Day Retro	O.B. Rev. Acct. 14 Day Non-Retro	O.B. Rev. Acct. 30 Day Non-Retro	O.B. Rev. Acct. 90 Day Non-Retro	
							O.B. Rev. Acct. Total
Incurred Claims (IC)	0	57,295	7,308,295	0	955	0	7,366,545
Actual Earned Prems. (AEP)	0	121,944	21,303,040	0	1,106	0	21,426,090
Earned Prems. at P.R. (PEP)	0	126,295	21,084,863	0	1,119	0	21,212,277
Commissions & S.F. (C&SF)	0	34,872	4,029,649	0	380	0	4,064,901
% IC / AEP	0.00%	46.98%	34.31%	0.00%	86.35%	0.00%	34.38%
% IC / PEP	0.00%	45.37%	34.66%	0.00%	85.34%	0.00%	34.73%
% C &SF/ AEP	0.00%	28.60%	18.92%	0.00%	34.36%	0.00%	18.97%
% C &SF/ PEP	0.00%	27.61%	19.11%	0.00%	33.96%	0.00%	19.16%

Outstanding Balance Other Than Rev. Acct.	Plan						(21) - (26)
	(21)	(22)	(23)	(24)	(25)	(26)	
	O.B. Other 7 Day Retro	O.B. Other 14 Day Retro	O.B. Other 30 Day Retro	O.B. Other 14 Day Non-Retro	O.B. Other 30 Day Non-Retro	O.B. Other 90 Day Non-Retro	
							O.B. Other Total
Incurred Claims (IC)	0	0	0	0	0	0	0
Actual Earned Prems. (AEP)	0	0	0	0	0	0	0
Earned Prems. at P.R. (PEP)	0	0	0	0	0	0	0
Commissions & S.F. (C&SF)	0	0	0	0	0	0	0
% IC / AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% IC / PEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% C &SF/ AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% C &SF/ PEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Class E Alone All Plans Combined	Plan						Total All Plans
	7 Day Retro	14 Day Retro	30 Day Retro	14 Day Non-Retro	30 Day Non-Retro	90 Day Non-Retro	
	All Plans	All Plans	All Plans	All Plans	All Plans	All Plans	
Incurred Claims (IC)	(5,482)	109,314,819	10,105,647	481,355	797,297	0	120,693,636
Actual Earned Prems. (AEP)	2,602	272,612,690	25,570,567	794,662	1,460,325	0	300,440,846
Earned Prems. at P.R. (PEP)	2,668	265,646,883	25,271,475	742,424	1,387,261	0	293,050,711
Commissions & S.F. (C&SF)	0	117,721,812	5,776,065	463,530	530,242	0	124,491,649
% IC / AEP	-210.68%	40.10%	39.52%	60.57%	54.60%	0.00%	40.17%
% IC / PEP	-205.47%	41.15%	39.99%	64.84%	57.47%	0.00%	41.19%
% C &SF/ AEP	0.00%	43.18%	22.59%	58.33%	36.31%	0.00%	41.44%
% C &SF/ PEP	0.00%	44.32%	22.86%	62.43%	38.22%	0.00%	42.48%

Credit Disability Insurance - Loss Ratios and Compensation Percentages

All Except Class E	Plan (9)		Plan (10)		Plan (11)		Plan (12)		Plan (13)		Plan (14)		Plan (9) - (14)	
	Sing. Prem		Sing. Prem		Sing. Prem		Sing. Prem		Sing. Prem		Sing. Prem		Sing. Prem	
	7 Day	14 Day	14 Day	30 Day	30 Day	14 Day	14 Day	30 Day	30 Day	90 Day	90 Day	90 Day	90 Day	90 Day
Single Premium	Retro	Retro	Retro	Non-Retro	Non-Retro	Total								
Incurred Claims (IC)	206,529	65,016,033	317,835	977,047	1,304,257	2,641	67,824,342							
Actual Earned Prems. (AEP)	417,259	105,542,699	419,420	1,185,886	745,450	27,747	108,338,461							
Earned Prems. at P.R. (PEP)	440,651	107,422,861	390,275	1,145,164	551,459	26,845	109,977,255							
Commissions & S.F. (C&SF)	153,983	18,523,989	95,839	214,121	76,924	9,612	19,074,468							
% IC / AEP	49.50%	61.60%	75.78%	82.39%	174.96%	9.52%	62.60%							
% IC / PEP	46.87%	60.52%	81.44%	85.32%	236.51%	9.84%	61.67%							
% C &SF/ AEP	36.90%	17.55%	22.85%	18.06%	10.32%	34.64%	17.61%							
% C &SF/ PEP	34.94%	17.24%	24.56%	18.70%	13.95%	35.81%	17.34%							

Outstanding Balance Revolving Account	Plan (15)		Plan (16)		Plan (17)		Plan (18)		Plan (19)		Plan (20)		Plan (15) - (20)	
	O.B. Rev. Acct.		O.B. Rev. Acct.		O.B. Rev. Acct.		O.B. Rev. Acct.		O.B. Rev. Acct.		O.B. Rev. Acct.		O.B. Rev. Acct.	
	7 Day	14 Day	14 Day	30 Day	30 Day	14 Day	14 Day	30 Day	30 Day	90 Day	90 Day	90 Day	90 Day	90 Day
Other Than Rev. Acct.	Retro	Retro	Retro	Non-Retro	Non-Retro	Non-Retro	Non-Retro	Non-Retro	Non-Retro	Non-Retro	Non-Retro	Non-Retro	Non-Retro	Total
Incurred Claims (IC)	(119,036)	21,561,082	16,135,951	10,153,765	28,750,282	5,787	76,487,831							
Actual Earned Prems. (AEP)	36,097	40,758,412	40,574,460	18,829,995	57,781,291	4,315	157,984,570							
Earned Prems. at P.R. (PEP)	36,097	41,637,819	39,578,646	17,295,136	52,661,080	4,315	151,213,093							
Commissions & S.F. (C&SF)	0	2,032,574	10,486,029	2,961,649	10,827,743	1,561	26,309,556							
% IC / AEP	-329.77%	52.90%	39.77%	53.92%	49.76%	134.11%	48.41%							
% IC / PEP	-329.77%	51.78%	40.77%	58.71%	54.59%	134.11%	50.58%							
% C &SF/ AEP	0.00%	4.99%	25.84%	15.73%	18.74%	36.18%	16.65%							
% C &SF/ PEP	0.00%	4.88%	26.49%	17.12%	20.56%	36.18%	17.40%							

Outstanding Balance Other Than Rev. Acct.	Plan (21)		Plan (22)		Plan (23)		Plan (24)		Plan (25)		Plan (26)		Plan (21) - (26)	
	O.B. Other		O.B. Other		O.B. Other		O.B. Other		O.B. Other		O.B. Other		O.B. Other	
	7 Day	14 Day	14 Day	30 Day	30 Day	14 Day	14 Day	30 Day	30 Day	90 Day	90 Day	90 Day	90 Day	90 Day
Other Than Rev. Acct.	Retro	Retro	Retro	Non-Retro	Non-Retro	Total								
Incurred Claims (IC)	0	4,722,756	371,835	2,582,669	959,262	0	8,636,522							
Actual Earned Prems. (AEP)	0	7,601,479	1,155,766	4,425,376	1,692,979	0	14,875,600							
Earned Prems. at P.R. (PEP)	0	7,452,944	1,126,387	4,693,430	1,583,400	0	14,856,161							
Commissions & S.F. (C&SF)	0	1,998,676	125,976	908,885	468,909	0	3,502,446							
% IC / AEP	0.00%	62.13%	32.17%	58.36%	56.66%	0.00%	58.06%							
% IC / PEP	0.00%	63.37%	33.01%	55.03%	60.58%	0.00%	58.13%							
% C &SF/ AEP	0.00%	26.29%	10.90%	20.54%	27.70%	0.00%	23.54%							
% C &SF/ PEP	0.00%	26.82%	11.18%	19.37%	29.61%	0.00%	23.58%							

All Except Class E All Plans Combined	7 Day		14 Day		30 Day		14 Day		30 Day		90 Day		Total	
	Retro		Retro		Retro		Non-Retro		Non-Retro		Non-Retro		All Plans	
	All Plans													
Incurred Claims (IC)	87,493	91,299,871	16,825,621	13,713,481	31,013,801	8,428	152,948,695							
Actual Earned Prems. (AEP)	453,356	153,902,590	42,149,646	24,441,257	60,219,720	32,062	281,198,631							
Earned Prems. at P.R. (PEP)	476,748	156,513,624	41,095,308	23,133,730	54,795,939	31,160	276,046,509							
Commissions & S.F. (C&SF)	153,983	22,555,239	10,707,844	4,084,655	11,373,576	11,173	48,886,470							
% IC / AEP	19.30%	59.32%	39.92%	56.11%	51.50%	26.29%	54.39%							
% IC / PEP	18.35%	58.33%	40.94%	59.28%	56.60%	27.05%	55.41%							
% C &SF/ AEP	33.97%	14.66%	25.40%	16.71%	18.89%	34.85%	17.39%							
% C &SF/ PEP	32.30%	14.41%	26.06%	17.66%	20.76%	35.86%	17.71%							

Credit Disability Insurance - Example of Premium Calculation Using Component Rating

For illustration purposes only, an example of a calculation of a Presumptive Premium Rate (PPR) using Component Rating Methodology is shown below. (This is for a Single Premium Retro 14-day Plan, 36 month):

Step A – Assumptions

- (1) Claim Costs = $\frac{\text{Incurred Claims}}{\text{Presumptive Premiums}} \times \text{Current Presumptive Rates} = 0.4673 \times 2.79 = 1.3038$
- (2) General Ins Exp = $\frac{\text{Gen Ins Exp}}{\text{Presumptive Prem}} \times \text{Current Presumptive Rates} = 0.1544 \times 2.79 = 1.3038$
- (3) Investment Income % of PPR = 3.5% estimated
- (4) Commissions & Service Fees % of PPR = $\frac{\text{Commissions \& Service Fees}}{\text{Presumptive Premiums}}$ (not to exceed 25%)
- (5) State Premium Taxes & Fees % of PPR = 2.75% estimated
- (6) Profit and Contingency Margin % of PPR = 2.0% estimated

Step B – Calculation of Presumptive Premium Rate (PPR)

$$\begin{aligned}
 \text{PPR} &= (1) + (2) \div (1 + (3) - (4) - (5) - (6)) \\
 &= (1.3038 + 0.4308) \div (1.00 + 0.035 - 0.25 - 0.0275 - 0.02) \\
 &= 0.7346 \div 0.7375 \\
 &= 0.2352 \text{ per } \$100 \text{ per annum}
 \end{aligned}$$

In this example, the Incurred Loss Ratio would be 55.43% (1.3038/2.352), and the General Insurance Expenses would be 18.32% (0.4308 ÷ 2.352). In order to meet a 60% loss ratio benchmark requirement, the rate would be \$2.1730, or 92.4% of the \$2.352 component rating rate. This example shows the difference in methodology between the target loss ratio and Component Rating methods.

Credit Disability Insurance - Component Rating - Indicated Presumptive Premium Rates Using Presumptive Earned Premium

Exhibit 17

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>Assumptions</u>	(1) <u>Incurring Claim Costs</u>	(2) <u>Adjusted General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) <u>Component Rates Indicated</u>	(8) <u>Component Rates Current</u>	(9) <u>60 % Target Indicated</u>
<u>ALL CLASSES</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100 / yr.	1.3037	0.5501	0.00%	2.75%	25.00%	5.75%	2.788	2.790	2.173
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000 / mo.	0.5720	0.2918	0.00%	2.75%	25.00%	5.75%	1.299	1.480	0.953
<u>CLASS E ALONE</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100 / yr.	1.1480	0.5501	0.00%	2.75%	25.00%	5.75%	2.554	2.790	1.913
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000 / mo.	0.5130	0.2918	0.00%	2.75%	25.00%	5.75%	1.210	1.480	0.855
<u>ALL CLASSES EXCEPT CLASS E</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100 / yr.	1.6886	0.5501	0.00%	2.75%	25.00%	5.75%	3.366	2.790	2.814
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000 / mo.	0.6034	0.2918	0.00%	2.75%	25.00%	5.75%	1.346	1.480	1.006

Assumptions Used in Calculating Indicated Presumptive Credit Accident and Health Insurance Rates

- (1) **Claim Costs:**
The incurred claim costs by Plan were derived in Exhibit 18-2.
- (2) **Commissions and Service Fees to Agents:**
The Commissions and Service Fees (C&SF) by Plan were 25% of premium.
- (3) **State Premium Taxes and Fees:**
A percentage of 2.75% was assumed for State Premium Taxes and Fees.
- (4) **General Insurer Expenses:**
The General Insurer Expense estimates were derived in Exhibit 18-2. Expenses are based on a weighted average of the 2000 – 2002 experience data submitted by carriers (weight of 25%) and the 1997 – 1999 experience data (weight of 75%).
- (5) **Investment Income:**
We assumed an annual earnings rate of 3.5%. These rates are based on our review of past and current yields for U.S. Treasury and Corporate bonds with durations of less than five years. We are, however, excluding investment income from the Component Rating Method since single premium rates are currently discounted for interest in the Texas Presumptive Rate calculation formula and because the investment income in Outstanding Balance business is negligible.
- (6) **Profit and Contingency Margin:**
The Profit and Contingency Margin of 5.75% of premium was included for all Plans which, when combined with investment earnings on assets backing up reserves and required surplus, is expected to yield a pre-tax Return on Equity of 15% per year. An additional assumption used in developing the Profit and Contingency Margin is that the premium to required surplus ratio is 2.0.

Credit Disability Insurance - Development Morbidity Cost and General Insurance Expense ComponentsIncurred Claim Costs and Commissions and Service Fees

$$\text{Incurred Claim Costs} = \frac{\text{Incurred Claims}}{\text{Presumptive Earned Premiums}} \times \text{Current Presumptive Premium Rate}$$

See Exhibit 15 for Incurred Claims/Earned Presumptive Premiums (IC/PEP)

$$\text{General Insurance Expenses} = \frac{\text{Total General Insurance Expenses}}{\text{Presumptive Earned Premiums}} \times \text{Current Presumptive Premium Rate}$$

See Exhibit 18-3 for Total General Insurance Expenses/Earned Presumptive Premiums (TGIE/PEP)

<u>ALL CLASSES</u>	<u>Current Presumptive Premium</u>	<u>IC/PEP</u>	<u>Incurred Claim Costs</u>	<u>TGIE/PEP</u>	<u>General Insurance Expense</u>	<u>Adjusted General Insurance Expense (Using 19.71%)</u>
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	2.79	46.73%	1.3038	15.44%	0.4308	0.5501
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	1.48	38.65%	0.5720	15.44%	0.2285	0.2918
<u>CLASS E ALONE</u>						
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	2.79	41.15%	1.1481	15.44%	0.4308	0.5501
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	1.48	34.66%	0.5130	15.44%	0.2285	0.2918
<u>ALL CLASSES EXCEPT CLASS E</u>						
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	2.79	60.52%	1.6885	15.44%	0.4308	0.5501
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	1.48	40.77%	0.6034	15.44%	0.2285	0.2918

CREDIT DISABILITY INSURANCE - DEVELOPMENT OF GENERAL INSURANCE EXPENSEIN FORCE SUMMARY

		Number In Force			
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Total</u>
<u>Texas only</u>					
Single Prem.	At Start	911,738	950,586	977,312	2,839,636
Single Prem.	At End	956,600	967,395	935,316	2,859,311
Single Prem.	Mean	934,169	958,991	956,314	2,849,474
<u>Nationwide</u>					
Single Prem.	At Start	7,569,912	7,783,846	7,492,995	22,846,753
Single Prem.	At End	7,615,491	7,187,197	6,987,569	21,790,257
Single Prem.	Mean	7,592,702	7,485,522	7,240,282	22,318,505
SP % Texas/Nationwide		12.30%	12.81%	13.21%	12.77%
<u>Texas only</u>					
Outstg. Bal.	At Start	378,679	557,263	552,108	1,488,050
Outstg. Bal.	At End	346,720	521,321	525,240	1,393,281
Outstg. Bal.	Mean	362,700	539,292	538,674	1,440,666
<u>Nationwide</u>					
Outstg. Bal.	At Start	4,419,572	6,656,415	5,926,769	17,002,756
Outstg. Bal.	At End	3,800,331	5,911,174	5,592,193	15,303,698
Outstg. Bal.	Mean	4,109,952	6,283,795	5,759,481	16,153,227
OB % Texas/Nationwide		8.82%	8.58%	9.35%	8.92%
<u>Combined SP & OB In Force</u>					
Texas SP & OB		1,296,869	1,498,283	1,494,988	4,290,139
Nationwide SP & OB		11,702,653	13,769,316	12,999,763	38,471,732
<u>% Texas/Nationwide In Force</u>					
SP & OB % Combined		11.08%	10.88%	11.50%	11.15%

PEP PREMIUM

Single Premium	381,815,689
Outstanding Balance	187,281,531
Total	569,097,220

Estimate of Texas General Insurance Expenses

Nation Wide Expenses	201,566,000	302,377,040	283,843,386	787,786,426
Texas Estimated Expenses	22,337,208	32,902,595	32,642,322	87,882,126
% Texas Exp. / PEP Premium				15.44%
% Texas Exp. / PEP Premium from 1997 - 99 Experience				21.14%
Weighted Average Expense Ratio		(25% * 15.44%) + (75% * 21.14%) =		19.71%

Credit Disability Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 19-1

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u>	<u>PEP</u>
		<u>Change:</u>	<u>To</u>
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	1	
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	From	
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	100%	125% Increased by 25%
Investment Income	Assumed		
State Premium Taxes and Fees	Assumed		
Commissions and Service Fees	Assumed		
Profit and Contingency Margin	Assumed		

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>Assumptions</u>	(1) <u>Incurring Claim Costs</u>	(2) <u>Adjusted General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) <u>Component Rates Indicated</u>	(8) <u>Current</u>	ALL CLASSES (9) <u>60 % Target Indicated</u>
<u>ALL CLASSES</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.3037	0.6876	0.00%	2.75%	25.00%	5.75%	2.994	2.790	2.173
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5720	0.3647	0.00%	2.75%	25.00%	5.75%	1.409	1.480	0.953
<u>CLASS E ALONE</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.1480	0.6876	0.00%	2.75%	25.00%	5.75%	2.760	2.790	1.913
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5130	0.3647	0.00%	2.75%	25.00%	5.75%	1.320	1.480	0.855
<u>ALL CLASSES EXCEPT CLASS E</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.6886	0.6876	0.00%	2.75%	25.00%	5.75%	3.573	2.790	2.814
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.6034	0.3647	0.00%	2.75%	25.00%	5.75%	1.456	1.480	1.006

Credit Disability Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 19-2

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u> 2	PEP
		<u>Change:</u>	<u>To</u>
		<u>From</u>	
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	Standard	
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard	
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard	100% 75% Decreased by 25%
Investment Income	Assumed	Standard	
State Premium Taxes and Fees	Assumed	Standard	
Commissions and Service Fees	Assumed	Standard	
Profit and Contingency Margin	Assumed	Standard	

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>Assumptions</u>	(1) <u>Incurring Claim Costs</u>	(2) <u>Adjusted General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) <u>Component Rates Indicated</u>	(8) <u>Current</u>	ALL CLASSES (9) <u>60 % Target Indicated</u>
<u>ALL CLASSES</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.3037	0.4125	0.00%	2.75%	25.00%	5.75%	2.581	2.790	2.173
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5720	0.2188	0.00%	2.75%	25.00%	5.75%	1.189	1.480	0.953
<u>CLASS E ALONE</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.1480	0.4125	0.00%	2.75%	25.00%	5.75%	2.347	2.790	1.913
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5130	0.2188	0.00%	2.75%	25.00%	5.75%	1.100	1.480	0.855
<u>ALL CLASSES EXCEPT CLASS E</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.6886	0.4125	0.00%	2.75%	25.00%	5.75%	3.160	2.790	2.814
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.6034	0.2188	0.00%	2.75%	25.00%	5.75%	1.236	1.480	1.006

Credit Disability Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 19-3

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u> 3	PEP
		<u>Change:</u>	<u>To</u>
		<u>From</u>	
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	Standard	
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard	
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard	
Investment Income	Assumed	Standard	
State Premium Taxes and Fees	Assumed	Standard	
Commissions and Service Fees	Assumed	Standard	Increase from 25% to 30%
Profit and Contingency Margin	Assumed	Standard	

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>Assumptions</u>	(1) <u>Incurred Claim Costs</u>	(2) <u>Adjusted General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) <u>Component Rates Indicated</u>	(8) <u>Current</u>	ALL CLASSES (9) <u>60 % Target Indicated</u>
<u>ALL CLASSES</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.3037	0.5501	0.00%	2.75%	30.00%	5.75%	3.014	2.790	2.173
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5720	0.2918	0.00%	2.75%	30.00%	5.75%	1.404	1.480	0.953
<u>CLASS E ALONE</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.1480	0.5501	0.00%	2.75%	30.00%	5.75%	2.761	2.790	1.913
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5130	0.2918	0.00%	2.75%	30.00%	5.75%	1.309	1.480	0.855
<u>ALL CLASSES EXCEPT CLASS E</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.6886	0.5501	0.00%	2.75%	30.00%	5.75%	3.640	2.790	2.814
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.6034	0.2918	0.00%	2.75%	30.00%	5.75%	1.456	1.480	1.006

Credit Disability Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 19-4

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u> 4	PEP
		<u>Change:</u>	<u>To</u>
		<u>From</u>	
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	Standard	
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard	
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard	
Investment Income	Assumed	Standard	
State Premium Taxes and Fees	Assumed	Standard	
Commissions and Service Fees	Assumed	Standard	Decrease from 25% to 20%
Profit and Contingency Margin	Assumed	Standard	

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>Assumptions</u>	(1) <u>Incurred Claim Costs</u>	(2) <u>Adjusted General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) <u>Component Rates Indicated</u>	(8) <u>Current</u>	ALL CLASSES (9) <u>60 % Target Indicated</u>
<u>ALL CLASSES</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.3037	0.5501	0.00%	2.75%	20.00%	5.75%	2.593	2.790	2.173
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5720	0.2918	0.00%	2.75%	20.00%	5.75%	1.208	1.480	0.953
<u>CLASS E ALONE</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.1480	0.5501	0.00%	2.75%	20.00%	5.75%	2.375	2.790	1.913
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5130	0.2918	0.00%	2.75%	20.00%	5.75%	1.126	1.480	0.855
<u>ALL CLASSES EXCEPT CLASS E</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.6886	0.5501	0.00%	2.75%	20.00%	5.75%	3.131	2.790	2.814
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.6034	0.2918	0.00%	2.75%	20.00%	5.75%	1.252	1.480	1.006

Credit Disability Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 19-5

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u> 5	PEP
		<u>Change:</u>	<u>To</u>
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	Standard	
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard	
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard	
Investment Income	Assumed	Standard	
State Premium Taxes and Fees	Assumed	Standard	
Commissions and Service Fees	Assumed	Standard	
Profit and Contingency Margin	Assumed	Standard	Increase from 5.75% to 7.75%

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>Assumptions</u>	(1) <u>Incurring Claim Costs</u>	(2) <u>Adjusted General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) <u>Component Rates Indicated</u>	(8) <u>Current</u>	ALL CLASSES (9) <u>60 % Target Indicated</u>
<u>ALL CLASSES</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.3037	0.5501	0.00%	2.75%	25.00%	7.75%	2.874	2.790	2.173
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5720	0.2918	0.00%	2.75%	25.00%	7.75%	1.339	1.480	0.953
<u>CLASS E ALONE</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.1480	0.5501	0.00%	2.75%	25.00%	7.75%	2.633	2.790	1.913
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5130	0.2918	0.00%	2.75%	25.00%	7.75%	1.248	1.480	0.855
<u>ALL CLASSES EXCEPT CLASS E</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.6886	0.5501	0.00%	2.75%	25.00%	7.75%	3.471	2.790	2.814
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.6034	0.2918	0.00%	2.75%	25.00%	7.75%	1.388	1.480	1.006

Credit Disability Insurance - Sensitivity Testing of Assumptions - Detail Using Presumptive Earned Premium

Exhibit 19-6

<u>Listing of Items</u>	<u>Source of Data</u>	<u>Sensitivity Test No:</u> 6	PEP
		<u>Change:</u>	<u>To</u>
Earned Premium	Actual amounts reported by TDI from Credit Data Calls	Standard	
Incurred Claims	Actual amounts reported by TDI from Credit Data Calls	Standard	
General Insurance Expenses	Estimated from actual amounts reported by TDI from Credit Data Calls	Standard	
Investment Income	Assumed	Standard	
State Premium Taxes and Fees	Assumed	Standard	
Commissions and Service Fees	Assumed	Standard	
Profit and Contingency Margin	Assumed	Standard	Decrease from 5.75% to 3.75%

Component Rate (7) = [(1) + (2)] / [1.000 + (3) - (4) - (5) - (6)]

<u>Assumptions</u>	(1) <u>Incurred Claim Costs</u>	(2) <u>Adjusted General Ins Expenses</u>	(3) <u>Investment Income</u>	(4) <u>Premium Taxes & Fees</u>	(5) <u>Commissions & Service Fees</u>	(6) <u>Profit & Contingency Margin</u>	(7) <u>Component Rates Indicated</u>	(8) <u>Current</u>	ALL CLASSES (9) <u>60 % Target Indicated</u>
<u>ALL CLASSES</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.3037	0.5501	0.00%	2.75%	25.00%	3.75%	2.706	2.790	2.173
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5720	0.2918	0.00%	2.75%	25.00%	3.75%	1.261	1.480	0.953
<u>CLASS E ALONE</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.1480	0.5501	0.00%	2.75%	25.00%	3.75%	2.479	2.790	1.913
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.5130	0.2918	0.00%	2.75%	25.00%	3.75%	1.175	1.480	0.855
<u>ALL CLASSES EXCEPT CLASS E</u>									
Single Premium 36 month Retro 14-day (Plan 10) PPR / 100	1.6886	0.5501	0.00%	2.75%	25.00%	3.75%	3.268	2.790	2.814
Outstanding Balance Retro 30-day (Plan 17) PPR / 1000	0.6034	0.2918	0.00%	2.75%	25.00%	3.75%	1.307	1.480	1.006

Credit Disability Insurance - Sensitivity Testing of Assumptions - Summary of Results Using Presumptive Earned PremiumComponent RatingComparison of Indicated Presumptive Premium RatesEarned Premiums at Presumptive Rates (PEP)

	<u>Standard Assumptions</u> <u>(Ex. 17)</u>	<u>Sensitivity Test</u>					
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
<u>ALL CLASSES</u>							
<u>Single Premium 36 month</u>							
Retro 14-day (Plan 10)	2.788	2.994	2.581	3.014	2.593	2.874	2.706
<u>Outstanding Balance</u>							
Retro 30-day (Plan 17)	1.299	1.409	1.189	1.404	1.208	1.339	1.261
<u>CLASS E ALONE</u>							
<u>Single Premium 36 month</u>							
Retro 14-day (Plan 10)	2.554	2.760	2.347	2.761	2.375	2.633	2.479
<u>Outstanding Balance</u>							
Retro 30-day (Plan 17)	1.210	1.320	1.100	1.309	1.126	1.248	1.175
<u>ALL CLASSES EXCEPT CLASS E</u>							
<u>Single Premium 36 month</u>							
Retro 14-day (Plan 10)	3.366	3.573	3.160	3.640	3.131	3.471	3.268
<u>Outstanding Balance</u>							
Retro 30-day (Plan 17)	1.346	1.456	1.236	1.456	1.252	1.388	1.307

The following rates have been calculated using the **Texas Credit Life Rate Relationships** from Exhibit 4 and the recommended Single Life to Joint Life multiple.

All Classes

<u>Plan</u>	<u>Plan Description</u>	<u>Rate</u>
1	Single Premium, Reducing Coverage, Single Life	* \$0.275 per year per \$100 initial insured indebtedness
2	Single Premium, Level Coverage, Single Life	* \$0.528 per year per \$100 insured indebtedness
3	Outstanding Balance, Revolving Loan, Single Life	\$0.440 per month per \$1000 outstanding insured indebtedness
4	Outstanding Balance, Other, Single Life	\$0.440 per month per \$1000 outstanding insured indebtedness
5	Single Premium, Reducing Coverage, Joint Life	* \$0.412 per year per \$100 initial insured indebtedness
6	Single Premium, Level Coverage, Joint Life	* \$0.792 per year per \$100 insured indebtedness
7	Outstanding Balance, Revolving Loan, Joint Life	\$0.660 per month per \$1000 outstanding insured indebtedness
8	Outstanding Balance, Other, Joint Life	\$0.660 per month per \$1000 outstanding insured indebtedness

Class E Alone

<u>Plan</u>	<u>Plan Description</u>	<u>Rate</u>
1	Single Premium, Reducing Coverage, Single Life	* \$0.254 per year per \$100 initial insured indebtedness
2	Single Premium, Level Coverage, Single Life	* \$0.488 per year per \$100 insured indebtedness
3	Outstanding Balance, Revolving Loan, Single Life	\$0.406 per month per \$1000 outstanding insured indebtedness
4	Outstanding Balance, Other, Single Life	\$0.406 per month per \$1000 outstanding insured indebtedness
5	Single Premium, Reducing Coverage, Joint Life	* \$0.381 per year per \$100 initial insured indebtedness
6	Single Premium, Level Coverage, Joint Life	* \$0.732 per year per \$100 insured indebtedness
7	Outstanding Balance, Revolving Loan, Joint Life	\$0.610 per month per \$1000 outstanding insured indebtedness
8	Outstanding Balance, Other, Joint Life	\$0.610 per month per \$1000 outstanding insured indebtedness

All Classes Except Class E

<u>Plan</u>	<u>Plan Description</u>	<u>Rate</u>
1	Single Premium, Reducing Coverage, Single Life	* \$0.331 per year per \$100 initial insured indebtedness
2	Single Premium, Level Coverage, Single Life	* \$0.635 per year per \$100 insured indebtedness
3	Outstanding Balance, Revolving Loan, Single Life	\$0.529 per month per \$1000 outstanding insured indebtedness
4	Outstanding Balance, Other, Single Life	\$0.529 per month per \$1000 outstanding insured indebtedness
5	Single Premium, Reducing Coverage, Joint Life	* \$0.496 per year per \$100 initial insured indebtedness
6	Single Premium, Level Coverage, Joint Life	* \$0.953 per year per \$100 insured indebtedness
7	Outstanding Balance, Revolving Loan, Joint Life	\$0.794 per month per \$1000 outstanding insured indebtedness
8	Outstanding Balance, Other, Joint Life	\$0.794 per month per \$1000 outstanding insured indebtedness

* Single premium rates for plans 1, 2, 5, and 6 must be multiplied by the discount factor which is restated as follows:

$$\text{Discount Factor} = \frac{1}{1 + \frac{i \times n}{24}}$$

Where n = term of insurance coverage in months and i = interest rate

Credit Disability Insurance - Recommended Presumptive Premium Rates

All Classes

<u>Plan</u>	<u>Plan Description</u>	<u>Rate</u>
10	Single Premium 14-day Retroactive	Multiply rate from Exhibit 22-2 times Discount Factor *
11	Single Premium 30-day Retroactive	Multiply rate from Exhibit 22-2 times Discount Factor *
12	Single Premium 14-day Non-Retroactive	Multiply rate from Exhibit 22-2 times Discount Factor *
13	Single Premium 30-day Non-Retroactive	Multiply rate from Exhibit 22-2 times Discount Factor *
14	Single Premium 90-day Non-Retroactive ^o	\$0.13 per year per \$100 initial indebtedness times Discount Factor *
16	Outstanding Balance Revolving 14-day Retroactive	\$1.76 per month per \$1000 of outstanding insured indebtedness
17	Outstanding Balance Revolving 30-day Retroactive	\$1.30 per month per \$1000 of outstanding insured indebtedness
18	Outstanding Balance Revolving 14-day Non-Retroactive	\$1.53 per month per \$1000 of outstanding insured indebtedness
19	Outstanding Balance Revolving 30-day Non-Retroactive	\$1.14 per month per \$1000 of outstanding insured indebtedness
22	Outstanding Balance Other 14-day Retroactive	Multiply applicable Exhibit 22-2 rate by Conversion Formula **
23	Outstanding Balance Other 30-day Retroactive	Multiply applicable Exhibit 22-2 rate by Conversion Formula **
24	Outstanding Balance Other 14-day Non-Retroactive	Multiply applicable Exhibit 22-2 rate by Conversion Formula **
25	Outstanding Balance Other 30-day Non-Retroactive	Multiply applicable Exhibit 22-2 rate by Conversion Formula **
26	Outstanding Balance Other 90-day Non-Retroactive	Multiply Plan 14 SP without discount by Conversion Formula**

* Single premium rates for plans 10 through 14 must be multiplied by the discount factor which is restated as follows:

$$\text{Discount Factor} = \frac{1}{1 + \frac{i \times n}{24}}$$

Where n = term of insurance coverage in months and i = interest rate

**Conversion Formula Is As Follows : $\frac{20}{n + 1}$

Where n = the term of the insurance coverage in months.

^oCoverage cannot be less than 6 months

Credit Disability Insurance - Recommended Presumptive Premium Rates Per \$100 of Initial Indebtedness

Exhibit 22-2

All Classes

Original Number Of Equal Monthly Installments	Benefits Payable After:				Original Number Of Equal Monthly Installments	Benefits Payable After:			
	14th Day of Disability		30th Day of Disability			14th Day of Disability		30th Day of Disability	
	Retro	Non - Retro	Retro	Non - Retro		Retro	Non - Retro	Retro	Non - Retro
3	0.79	0.61			61	3.35	3.10	2.46	2.17
4	1.06	0.81			62	3.37	3.12	2.48	2.19
5	1.32	1.01			63	3.39	3.14	2.49	2.21
6	1.51	1.21	1.10	0.68	64	3.41	3.16	2.51	2.23
7	1.60	1.36	1.20	0.78	65	3.42	3.17	2.53	2.24
8	1.69	1.44	1.29	0.86	66	3.44	3.19	2.55	2.26
9	1.76	1.51	1.37	0.94	67	3.46	3.21	2.56	2.28
10	1.83	1.58	1.45	1.01	68	3.48	3.22	2.58	2.29
11	1.89	1.64	1.50	1.08	69	3.49	3.24	2.60	2.31
12	1.94	1.69	1.55	1.13	70	3.51	3.26	2.62	2.33
13	1.99	1.75	1.58	1.18	71	3.53	3.28	2.63	2.35
14	2.04	1.80	1.62	1.24	72	3.55	3.29	2.65	2.36
15	2.09	1.85	1.65	1.29	73	3.56	3.31	2.67	2.38
16	2.14	1.89	1.68	1.33	74	3.58	3.33	2.69	2.40
17	2.18	1.94	1.71	1.38	75	3.60	3.35	2.70	2.42
18	2.23	1.97	1.74	1.43	76	3.62	3.36	2.72	2.43
19	2.26	2.02	1.76	1.46	77	3.63	3.38	2.74	2.45
20	2.30	2.05	1.79	1.50	78	3.65	3.40	2.76	2.47
21	2.34	2.09	1.82	1.53	79	3.67	3.42	2.77	2.49
22	2.37	2.12	1.83	1.55	80	3.69	3.43	2.79	2.50
23	2.41	2.16	1.86	1.57	81	3.70	3.45	2.81	2.52
24	2.44	2.19	1.88	1.59	82	3.72	3.47	2.82	2.54
25	2.48	2.23	1.89	1.61	83	3.74	3.49	2.84	2.56
26	2.50	2.26	1.93	1.64	84	3.75	3.50	2.86	2.57
27	2.54	2.29	1.95	1.66	85	3.77	3.52	2.88	2.59
28	2.56	2.32	1.96	1.68	86	3.79	3.54	2.89	2.61
29	2.60	2.35	1.98	1.69	87	3.81	3.55	2.91	2.62
30	2.62	2.38	2.00	1.71	88	3.82	3.57	2.93	2.64
31	2.66	2.41	2.02	1.73	89	3.84	3.59	2.95	2.66
32	2.69	2.43	2.03	1.75	90	3.86	3.61	2.96	2.68
33	2.71	2.46	2.05	1.76	91	3.88	3.62	2.98	2.69
34	2.74	2.49	2.08	1.79	92	3.89	3.64	3.00	2.71
35	2.76	2.52	2.09	1.81	93	3.91	3.66	3.02	2.73
36	2.79	2.55	2.11	1.83	94	3.93	3.68	3.03	2.75
37	2.82	2.57	2.12	1.83	95	3.95	3.69	3.05	2.76
38	2.84	2.60	2.14	1.85	96	3.96	3.71	3.07	2.78
39	2.87	2.62	2.16	1.87	97	3.98	3.73	3.09	2.80
40	2.89	2.64	2.16	1.88	98	4.00	3.75	3.10	2.82
41	2.92	2.67	2.18	1.89	99	4.02	3.76	3.12	2.83
42	2.95	2.69	2.20	1.91	100	4.03	3.78	3.14	2.85
43	2.96	2.72	2.22	1.93	101	4.05	3.80	3.16	2.87
44	2.99	2.74	2.23	1.95	102	4.07	3.82	3.17	2.89
45	3.02	2.76	2.25	1.96	103	4.09	3.83	3.19	2.90
46	3.04	2.79	2.26	1.97	104	4.10	3.85	3.21	2.92
47	3.06	2.81	2.28	1.99	105	4.12	3.87	3.22	2.94
48	3.09	2.83	2.29	2.00	106	4.14	3.89	3.24	2.96
49	3.10	2.86	2.30	2.02	107	4.15	3.90	3.26	2.97
50	3.13	2.88	2.31	2.03	108	4.17	3.92	3.28	2.99
51	3.15	2.90	2.33	2.04	109	4.19	3.94	3.29	3.01
52	3.17	2.92	2.34	2.05	110	4.21	3.95	3.31	3.02
53	3.19	2.95	2.36	2.07	111	4.22	3.97	3.33	3.04
54	3.22	2.96	2.36	2.08	112	4.24	3.99	3.35	3.06
55	3.23	2.98	2.38	2.09	113	4.26	4.01	3.36	3.08
56	3.26	3.01	2.40	2.11	114	4.28	4.02	3.38	3.09
57	3.28	3.02	2.41	2.12	115	4.29	4.04	3.40	3.11
58	3.29	3.05	2.42	2.14	116	4.31	4.06	3.42	3.13
59	3.32	3.07	2.43	2.15	117	4.33	4.08	3.43	3.15
60	3.34	3.09	2.44	2.16	118	4.35	4.09	3.45	3.16
					119	4.36	4.11	3.47	3.18
					120	4.38	4.13	3.49	3.20

Credit Disability Insurance - Recommended Presumptive Premium Rates
Class E Alone

<u>Plan</u>	<u>Plan Description</u>	<u>Rate</u>
10	Single Premium 14-day Retroactive	Multiply rate from Exhibit 22-4 times Discount Factor *
11	Single Premium 30-day Retroactive	Multiply rate from Exhibit 22-4 times Discount Factor *
12	Single Premium 14-day Non-Retroactive	Multiply rate from Exhibit 22-4 times Discount Factor *
13	Single Premium 30-day Non-Retroactive	Multiply rate from Exhibit 22-4 times Discount Factor *
14	Single Premium 90-day Non-Retroactive ^o	\$0.12 per year per \$100 initial indebtedness times Discount Factor *
16	Outstanding Balance Revolving 14-day Retroactive	\$1.64 per month per \$1000 of outstanding insured indebtedness
17	Outstanding Balance Revolving 30-day Retroactive	\$1.21 per month per \$1000 of outstanding insured indebtedness
18	Outstanding Balance Revolving 14-day Non-Retroactive	\$1.42 per month per \$1000 of outstanding insured indebtedness
19	Outstanding Balance Revolving 30-day Non-Retroactive	\$1.06 per month per \$1000 of outstanding insured indebtedness
22	Outstanding Balance Other 14-day Retroactive	Multiply applicable Exhibit 22-4 rate by Conversion Formula **
23	Outstanding Balance Other 30-day Retroactive	Multiply applicable Exhibit 22-4 rate by Conversion Formula **
24	Outstanding Balance Other 14-day Non-Retroactive	Multiply applicable Exhibit 22-4 rate by Conversion Formula **
25	Outstanding Balance Other 30-day Non-Retroactive	Multiply applicable Exhibit 22-4 rate by Conversion Formula **
26	Outstanding Balance Other 90-day Non-Retroactive	Multiply Plan 14 SP without discount by Conversion Formula**

* Single premium rates for plans 10 through 14 must be multiplied by the discount factor which is restated as follows:

$$\text{Discount Factor} = \frac{1}{1 + \frac{i \times n}{24}}$$

Where n = term of insurance coverage in months and i = interest rate

**Conversion Formula Is As Follows : $\frac{20}{n + 1}$

Where n = the term of the insurance coverage in months.

^oCoverage cannot be less than 6 months

Credit Disability Insurance - Recommended Presumptive Premium Rates Per \$100 of Initial Indebtedness

Exhibit 22-4

Class E Alone

Original Number Of Equal Monthly Installments	Benefits Payable After:				Original Number Of Equal Monthly Installments	Benefits Payable After:			
	14th Day of Disability		30th Day of Disability			14th Day of Disability		30th Day of Disability	
	Retro	Non - Retro	Retro	Non - Retro		Retro	Non - Retro	Retro	Non - Retro
					61	3.07	2.84	2.25	1.99
					62	3.08	2.86	2.27	2.00
					63	3.10	2.87	2.28	2.02
					64	3.12	2.89	2.30	2.04
					65	3.13	2.90	2.32	2.05
					66	3.15	2.92	2.33	2.07
					67	3.17	2.94	2.34	2.09
					68	3.19	2.95	2.36	2.10
					69	3.19	2.97	2.38	2.11
					70	3.21	2.98	2.40	2.13
					71	3.23	3.00	2.41	2.15
					72	3.25	3.01	2.43	2.16
					73	3.26	3.03	2.44	2.18
					74	3.28	3.05	2.46	2.20
					75	3.29	3.07	2.47	2.21
					76	3.31	3.08	2.49	2.22
					77	3.32	3.09	2.51	2.24
					78	3.34	3.11	2.53	2.26
					79	3.36	3.13	2.54	2.28
					80	3.38	3.14	2.55	2.29
					81	3.39	3.16	2.57	2.31
					82	3.40	3.18	2.58	2.32
					83	3.42	3.19	2.60	2.34
					84	3.43	3.20	2.62	2.35
					85	3.45	3.22	2.64	2.37
					86	3.47	3.24	2.65	2.39
					87	3.49	3.25	2.66	2.40
					88	3.50	3.27	2.68	2.42
					89	3.51	3.29	2.70	2.43
					90	3.53	3.30	2.71	2.45
					91	3.55	3.31	2.73	2.46
					92	3.56	3.33	2.75	2.48
					93	3.58	3.35	2.76	2.50
					94	3.60	3.37	2.77	2.52
					95	3.62	3.38	2.79	2.53
					96	3.62	3.40	2.81	2.54
					97	3.64	3.41	2.83	2.56
					98	3.66	3.43	2.84	2.58
					99	3.68	3.44	2.86	2.59
					100	3.69	3.46	2.87	2.61
					101	3.71	3.48	2.89	2.63
					102	3.73	3.50	2.90	2.65
					103	3.74	3.51	2.92	2.65
					104	3.75	3.52	2.94	2.67
					105	3.77	3.54	2.95	2.69
					106	3.79	3.56	2.97	2.71
					107	3.80	3.57	2.98	2.72
					108	3.82	3.59	3.00	2.74
					109	3.83	3.61	3.01	2.75
					110	3.85	3.62	3.03	2.76
					111	3.86	3.63	3.05	2.78
					112	3.88	3.65	3.07	2.80
					113	3.90	3.67	3.08	2.82
					114	3.92	3.68	3.09	2.83
					115	3.93	3.70	3.11	2.85
					116	3.94	3.72	3.13	2.86
					117	3.96	3.73	3.14	2.88
					118	3.98	3.74	3.16	2.89
					119	3.99	3.76	3.18	2.91
					120	4.01	3.78	3.19	2.93

Credit Disability Insurance - Recommended Presumptive Premium Rates
All Classes Except Class E

<u>Plan</u>	<u>Plan Description</u>	<u>Rate</u>
10	Single Premium 14-day Retroactive	Multiply rate from Exhibit 22-6 times Discount Factor *
11	Single Premium 30-day Retroactive	Multiply rate from Exhibit 22-6 times Discount Factor *
12	Single Premium 14-day Non-Retroactive	Multiply rate from Exhibit 22-6 times Discount Factor *
13	Single Premium 30-day Non-Retroactive	Multiply rate from Exhibit 22-6 times Discount Factor *
14	Single Premium 90-day Non-Retroactive ^o	\$0.16 per year per \$100 initial indebtedness times Discount Factor *
16	Outstanding Balance Revolving 14-day Retroactive	\$1.82 per month per \$1000 of outstanding insured indebtedness
17	Outstanding Balance Revolving 30-day Retroactive	\$1.35 per month per \$1000 of outstanding insured indebtedness
18	Outstanding Balance Revolving 14-day Non-Retroactive	\$1.58 per month per \$1000 of outstanding insured indebtedness
19	Outstanding Balance Revolving 30-day Non-Retroactive	\$1.18 per month per \$1000 of outstanding insured indebtedness
22	Outstanding Balance Other 14-day Retroactive	Multiply applicable Exhibit 22-6 rate by Conversion Formula **
23	Outstanding Balance Other 30-day Retroactive	Multiply applicable Exhibit 22-6 rate by Conversion Formula **
24	Outstanding Balance Other 14-day Non-Retroactive	Multiply applicable Exhibit 22-6 rate by Conversion Formula **
25	Outstanding Balance Other 30-day Non-Retroactive	Multiply applicable Exhibit 22-6 rate by Conversion Formula **
26	Outstanding Balance Other 90-day Non-Retroactive	Multiply Plan 14 SP without discount by Conversion Formula**

* Single premium rates for plans 10 through 14 must be multiplied by the discount factor which is restated as follows:

$$\text{Discount Factor} = \frac{1}{1 + \frac{i \times n}{24}}$$

Where n = term of insurance coverage in months and i = interest rate

**Conversion Formula Is As Follows : $\frac{20}{n + 1}$

Where n = the term of the insurance coverage in months.

^oCoverage cannot be less than 6 months

Credit Disability Insurance - Recommended Presumptive Premium Rates Per \$100 of Initial Indebtedness

Exhibit 22-6

All Classes Except Class E

Original Number Of Equal Monthly Installments	Benefits Payable After:				Original Number Of Equal Monthly Installments	Benefits Payable After:			
	14th Day of Disability		30th Day of Disability			14th Day of Disability		30th Day of Disability	
	Retro	Non - Retro	Retro	Non - Retro		Retro	Non - Retro	Retro	Non - Retro
3	0.95	0.74			61	4.04	3.74	2.97	2.62
4	1.28	0.98			62	4.07	3.76	2.99	2.64
5	1.59	1.22			63	4.09	3.79	3.00	2.67
6	1.82	1.46	1.33	0.82	64	4.11	3.81	3.03	2.69
7	1.93	1.64	1.45	0.94	65	4.13	3.82	3.05	2.70
8	2.04	1.74	1.56	1.04	66	4.15	3.85	3.08	2.73
9	2.12	1.82	1.65	1.13	67	4.17	3.87	3.09	2.75
10	2.21	1.91	1.75	1.22	68	4.20	3.89	3.11	2.76
11	2.28	1.98	1.81	1.30	69	4.21	3.91	3.14	2.79
12	2.34	2.04	1.87	1.36	70	4.24	3.93	3.16	2.81
13	2.40	2.11	1.91	1.42	71	4.26	3.96	3.17	2.84
14	2.46	2.17	1.95	1.50	72	4.28	3.97	3.20	2.85
15	2.52	2.23	1.99	1.56	73	4.30	3.99	3.22	2.87
16	2.58	2.28	2.03	1.60	74	4.32	4.02	3.25	2.90
17	2.63	2.34	2.06	1.67	75	4.34	4.04	3.26	2.92
18	2.69	2.38	2.10	1.73	76	4.37	4.05	3.28	2.93
19	2.73	2.44	2.12	1.76	77	4.38	4.08	3.31	2.96
20	2.78	2.47	2.16	1.81	78	4.40	4.10	3.33	2.98
21	2.82	2.52	2.20	1.85	79	4.43	4.13	3.34	3.00
22	2.86	2.56	2.21	1.87	80	4.45	4.14	3.37	3.02
23	2.91	2.61	2.24	1.89	81	4.46	4.16	3.39	3.04
24	2.94	2.64	2.27	1.92	82	4.49	4.19	3.40	3.06
25	2.99	2.69	2.28	1.94	83	4.51	4.21	3.43	3.09
26	3.02	2.73	2.33	1.98	84	4.52	4.22	3.45	3.10
27	3.06	2.76	2.35	2.00	85	4.55	4.25	3.48	3.13
28	3.09	2.80	2.36	2.03	86	4.57	4.27	3.49	3.15
29	3.14	2.84	2.39	2.04	87	4.60	4.28	3.51	3.16
30	3.16	2.87	2.41	2.06	88	4.61	4.31	3.54	3.19
31	3.21	2.91	2.44	2.09	89	4.63	4.33	3.56	3.21
32	3.25	2.93	2.45	2.11	90	4.66	4.36	3.57	3.23
33	3.27	2.97	2.47	2.12	91	4.68	4.37	3.60	3.25
34	3.31	3.00	2.51	2.16	92	4.69	4.39	3.62	3.27
35	3.33	3.04	2.52	2.18	93	4.72	4.42	3.64	3.29
36	3.37	3.08	2.55	2.21	94	4.74	4.44	3.66	3.32
37	3.40	3.10	2.56	2.21	95	4.77	4.45	3.68	3.33
38	3.43	3.14	2.58	2.23	96	4.78	4.48	3.70	3.35
39	3.46	3.16	2.61	2.26	97	4.80	4.50	3.73	3.38
40	3.49	3.19	2.61	2.27	98	4.83	4.52	3.74	3.40
41	3.52	3.22	2.63	2.28	99	4.85	4.54	3.76	3.41
42	3.56	3.25	2.65	2.30	100	4.86	4.56	3.79	3.44
43	3.57	3.28	2.68	2.33	101	4.89	4.59	3.81	3.46
44	3.61	3.31	2.69	2.35	102	4.91	4.61	3.82	3.49
45	3.64	3.33	2.71	2.36	103	4.93	4.62	3.85	3.50
46	3.67	3.37	2.73	2.38	104	4.95	4.65	3.87	3.52
47	3.69	3.39	2.75	2.40	105	4.97	4.67	3.89	3.55
48	3.73	3.41	2.76	2.41	106	5.00	4.69	3.91	3.57
49	3.74	3.45	2.78	2.44	107	5.01	4.71	3.93	3.58
50	3.78	3.48	2.79	2.45	108	5.03	4.73	3.96	3.61
51	3.80	3.50	2.81	2.46	109	5.06	4.75	3.97	3.63
52	3.82	3.52	2.82	2.47	110	5.08	4.77	3.99	3.64
53	3.85	3.56	2.85	2.50	111	5.09	4.79	4.02	3.67
54	3.89	3.57	2.85	2.51	112	5.12	4.81	4.04	3.69
55	3.90	3.60	2.87	2.52	113	5.14	4.84	4.05	3.72
56	3.93	3.63	2.90	2.55	114	5.16	4.85	4.08	3.73
57	3.96	3.64	2.91	2.56	115	5.18	4.87	4.10	3.75
58	3.97	3.68	2.92	2.58	116	5.20	4.90	4.13	3.78
59	4.01	3.70	2.93	2.59	117	5.22	4.92	4.14	3.80
60	4.03	3.73	2.94	2.61	118	5.25	4.93	4.16	3.81
					119	5.26	4.96	4.19	3.84
					120	5.28	4.98	4.21	3.86