

**Comments of the Center for Economic Justice
In Response to ASIC comments on NAIC LPI Data Call
March 31, 2014**

In its comments on the proposed NAIC LPI Data Call, Assurant objected to reporting of many data elements obtained during the voluntary insurance tracking service Assurant provides to the servicer clients, whom Assurant also provides LPI. Assurant states in its comments, “*This is information maintained by servicers that ASIC/SGIC does not own and/or control.*”

Such a claim by Assurant contradicts statements made by Assurant to the Florida Office of Insurance Regulation – the truth of which statements were sworn to by Assurant’s chief actuary – that the process of insurance tracking and LPI placement is “one continuous process” and that inclusion of insurance tracking expenses in LPI rates is justified because such insurance tracking is essential to support risk and exposure management.

On July 2, 2013, in connection with a review of a LPI rate filing by American Security Insurance Company, the Florida Office of Insurance Regulation sent a request to Assurant referencing the attached chart showing key events in insurance tracking and LPI process asking Assurant to “Provide for each box relative to American Security and its servicers total time and dollars spent on each activity split between bank mortgage and insurance function and separately document how much is included in rate filing indications for any expense category Commissions, Other Acquisition or General Expense.”

Assurant responded that they would not provide the requested information and stated:

The Sample Monthly Insurance Tracking Waterfall illustrates the process by which an insurer issuing lender placed insurance ascertains and manages its exposure and also minimizes the unnecessary placement of policies for periods during which standard homeowners coverage is in place. Because the lender-placed insurer issues a master policy under which all properties not otherwise insured by an acceptable homeowners policy are automatically and continuously insured, the onus falls on the insurer to identify those properties with respect to which it is on risk. As the determination of adequate capital, purchase of reinsurance, and completion of other important insurance functions are predicated on the ability to accurately identify and monitor exposures, the entire process is clearly part of the insurance function, supporting risk and exposure management aims.

While a number of levels of achievement of a reduction in the number of potential lender placed policies is shown in the Tracking Waterfall, these represent artificial markers or signposts describing conditions alongside a continuous process, not separate functions or processes in themselves.

Thus, while the chart is useful to illustrate the effectiveness of this process, we cannot provide expense information specifically attributable to each step in the process.

If Assurant’s representations to the Florida OIR are correct – that collection of information regarding voluntary insurance is part of a continuous process that is part of the insurance function, then Assurant’s comments to the NAIC on the proposed LPI data call are misrepresentations. Simply stated, it is not reasonable to claim the collection of these data are part of the insurance function when questioned about rates, but to then claim an inability to report those “essential” data when requested by insurance regulators.

Sample Monthly Insurance Tracking Waterfall

