



In July of 2011 after the CIMRO conference, a survey was deployed to understand industry trends for Debt Protection and Credit Insurance. A total of 37 surveys were collected online from CIMRO members, below is a summary of those findings.

Executive Summary

Product Offering – As it relates to credit insurance / debt protection and their associated protection provided, the following trends were noticed:

- Credit Insurance is offered more frequently on Direct/Secured Loans and Unsecured Personal Loans than debt protection; the opposite is true for HELOCs and HELOANS, debt protection is offered more frequently than credit insurance
- Roughly half of respondents (or more) do not offer any form of payment protection for First Residential Mortgages, Small Business Loans, Credit Cards, and Indirect Lending
- Disability and Life (Full Cancellation) were the most common protections for all lending vehicles

Acceptance Rates – Most commonly based off eligible loans as opposed to total number of loans:

- YTD 2011 projections versus 2010 are slightly less optimistic as more respondents projected rates of 0-10% or 10-15% as opposed to higher acceptance rates ranging from 16% to more than 30%
- A little over half of the respondents do not offer payment protection by phone or online channels; however of those who offer these channels, phone has higher acceptance rates
- In comparing open to close ended lending vehicles, closed ended have higher acceptance rates

Incentives – 64.9% of respondents have payment protection sales as part of their retail goals:

- 100% of individual platform bankers/lenders are incentivized on payment protection, as you move up the hierarchy of the organization, less are incentivized (5.6% at highest hierarchy level asked)
- The bottom levels of the organization are most frequently paid monthly while the top two levels were paid quarterly

Reporting – 85.7% of respondents had reporting for their group, the additional detailed reporting questions were only asked to those who had reporting, below are key findings from this subgroup of respondents:

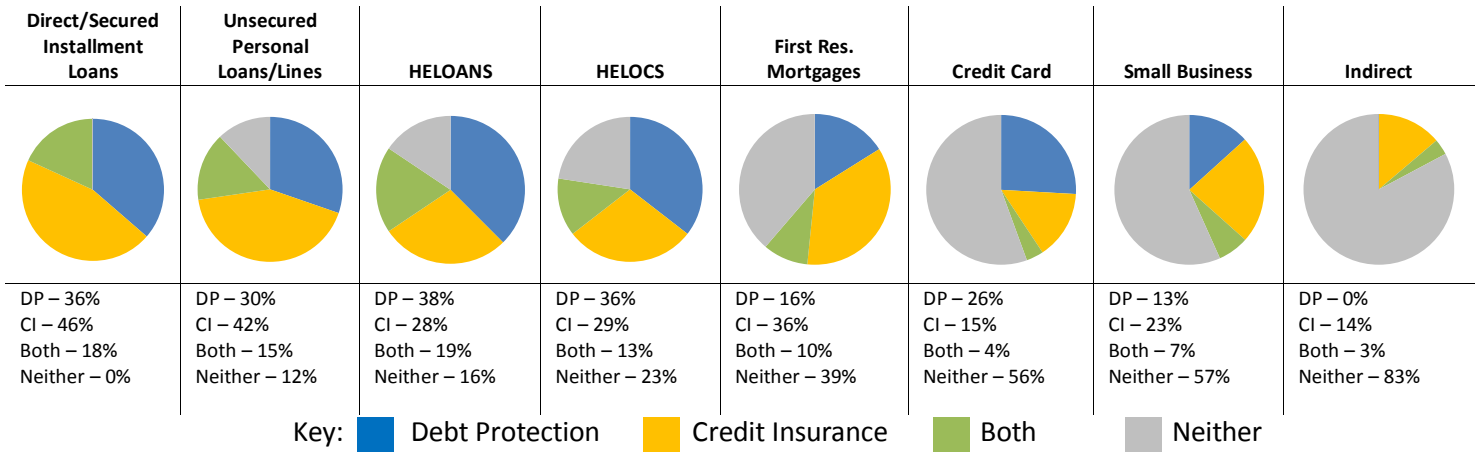
- A majority of respondents are generating reporting in house (53.6%) and reporting all the way down to the individual associate level (64.3%)
- As reporting flows from top of house down to individual banker (each level being more detailed), there are less that report at the market and district/region level; however this is most likely due to varying organizational structures and definitions of the different levels

Organizational Structure – 37.9% of respondents report up to consumer lending, 20.7% to retail banking, and 20.7% to Insurance the following describe their roles within their given departments:

- The top 3 functions performed by support personnel were:
 1. Serve as lender resource (82.8%)
 2. Perform administrative functions (82.8%)
 3. Attend meetings to support the program (75.9%)
- While all factors explored, as it related to contributing factors to program success, were deemed important the top 3 were (% very important):
 1. Effective training (73%)
 2. Lender accountability (62%)
 3. Senior management support (57%)

Product Offering

Debt Protection vs Credit Insurance



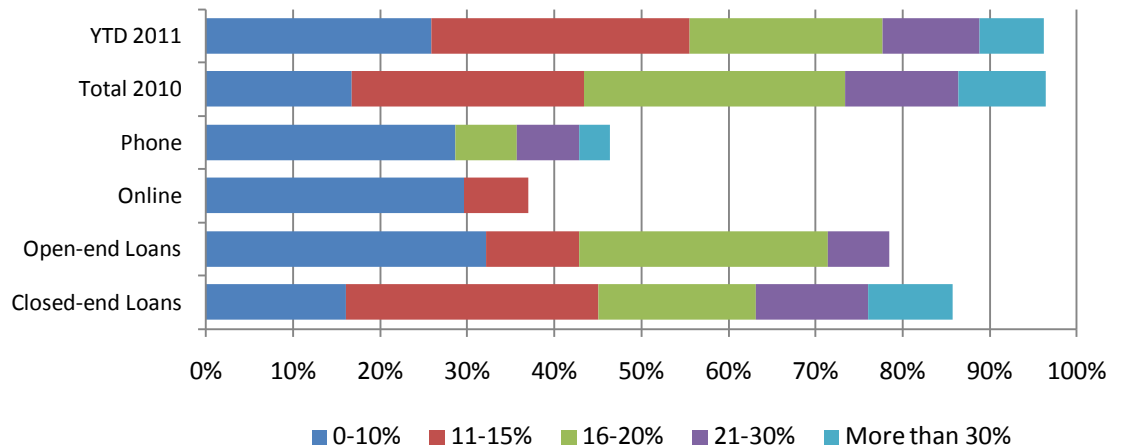
Product Heat Map

	Disability	Life (Full Cancellation)	Life (Critical Period)	Accidental Death	Hospital	Term. Illness	Involuntary Unemploy.	Life Events	Family Leave	Natural Disaster	Emerg. Pay/Skip a Pay
Direct/Secured Installment Loans	100.0%	90.9%	18.2%	33.3%	24.2%	21.2%	48.5%	0.0%	3.0%	3.0%	3.0%
Unsecured Personal Loans/Lines	87.9%	78.8%	18.2%	30.3%	24.2%	18.2%	33.3%	0.0%	3.0%	3.0%	3.0%
Fixed Term Home Equity Loans	75.8%	72.7%	15.2%	27.3%	21.2%	21.2%	42.4%	0.0%	3.0%	3.0%	0.0%
Home Equity Lines of Credit	58.1%	64.5%	19.4%	35.5%	25.8%	19.4%	45.2%	0.0%	3.0%	3.2%	0.0%
First Residential Mortgage	51.6%	48.4%	22.6%	16.1%	6.5%	6.5%	9.7%	0.0%	3.2%	0.0%	0.0%
Credit Card	40.7%	37.0%	7.4%	14.8%	18.5%	7.4%	33.3%	7.4%	14.8%	3.7%	3.7%
Small Business Loans	39.3%	42.9%	3.6%	14.3%	7.1%	3.6%	3.6%	0.0%	3.6%	0.0%	0.0%
Indirect Loans	19.2%	15.4%	0.7%	3.8%	7.7%	3.8%	7.7%	0.0%	0.0%	0.0%	0.0%

Acceptance Rates

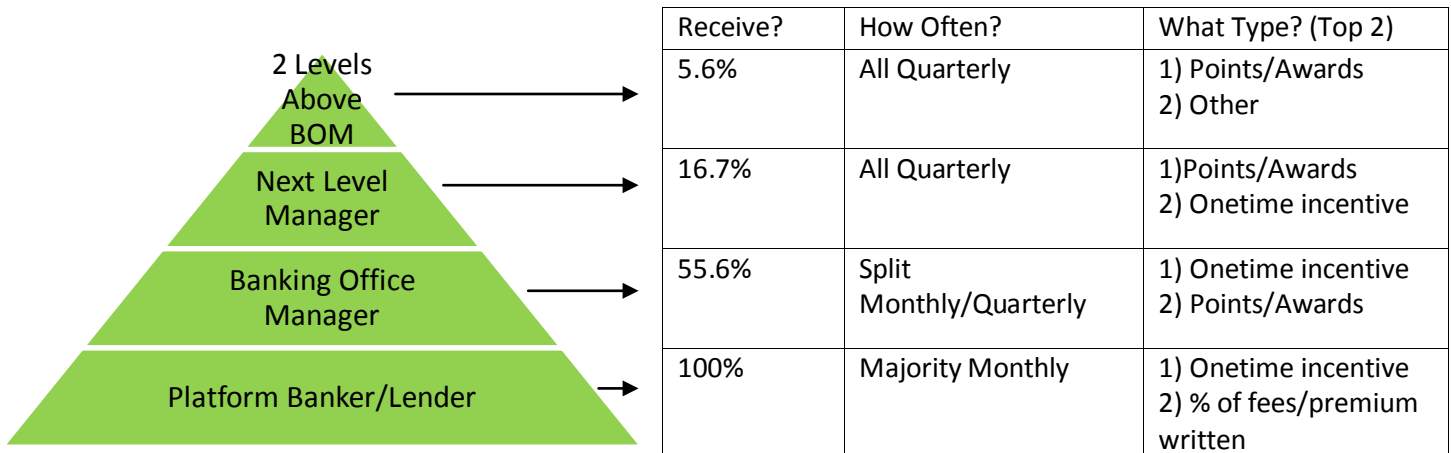
73.1% of respondents based acceptance rates on *eligible loans...*

As opposed to **26.9%** who based on *total number of loans*



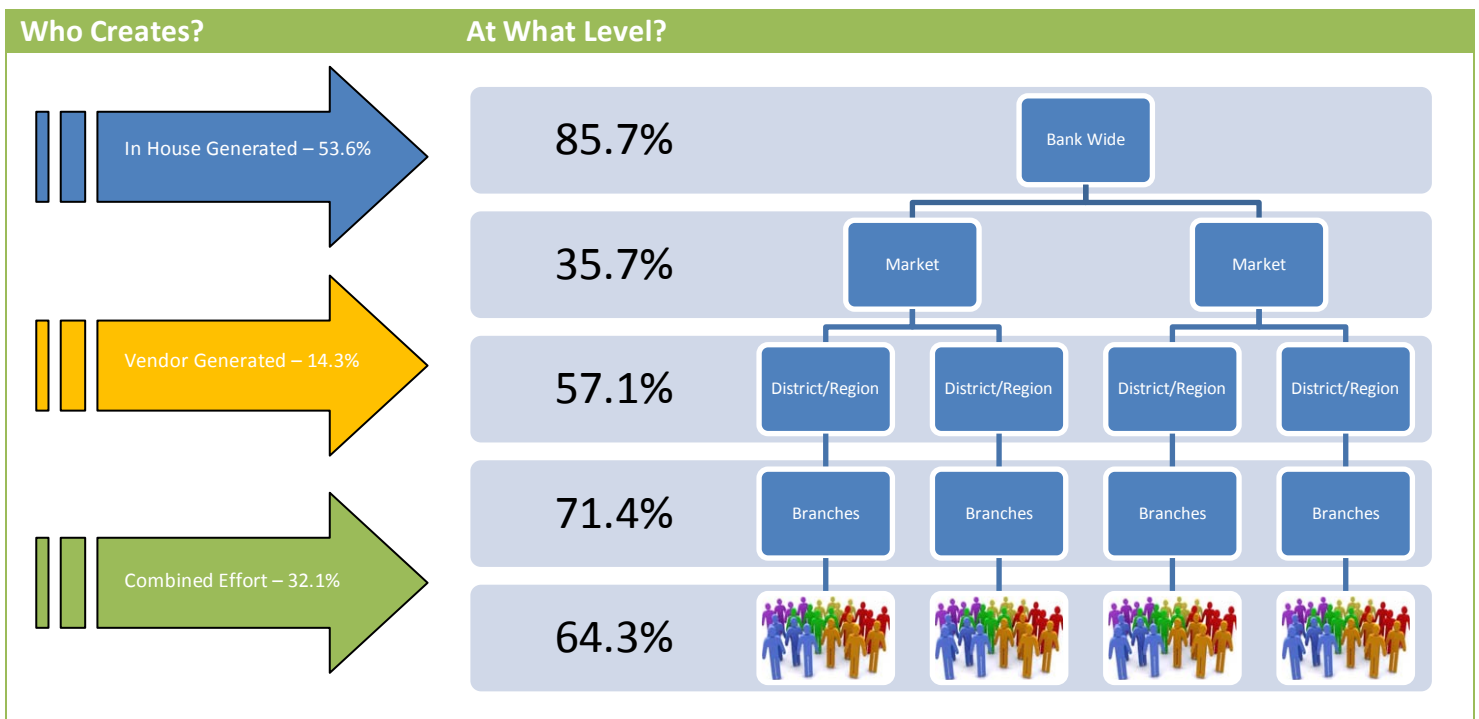
Incentives

64.9% of respondents had payment protection sales included in their *retail goals*.



Reporting

85.7% of respondents had *sales reporting* for their institution, with a majority generating *in house* (53.6%) and reporting all the way down to the *individual associate level* (64.3%)

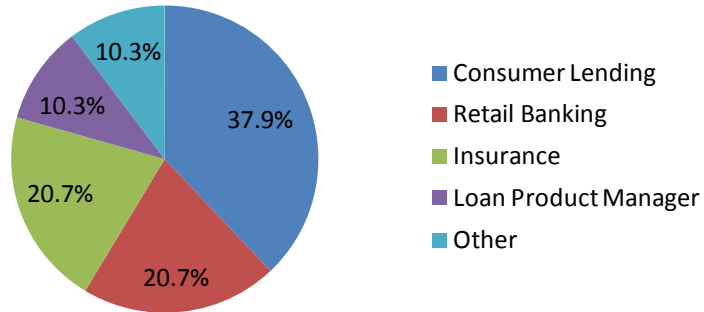


Organizational Structure

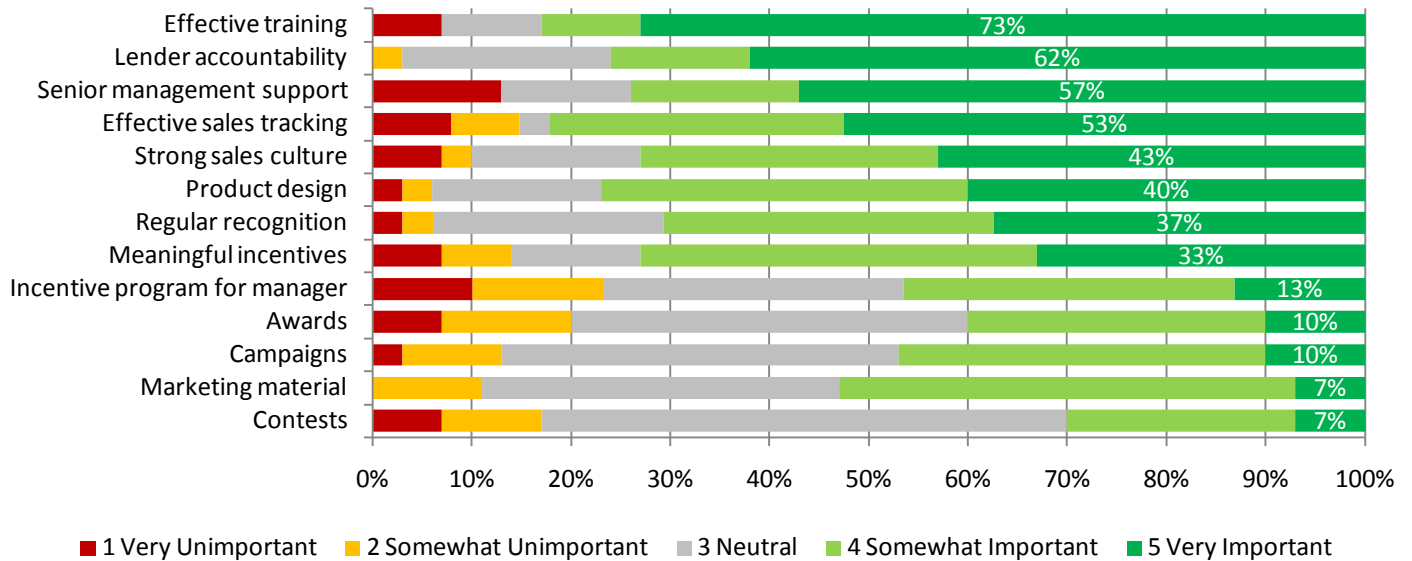
The top 5 functions performed by support personnel were:

1. Serve as lender resource (82.8%)
2. Perform administrative functions (82.8%)
3. Attend meetings to support the program (75.9%)
4. Interact with bank customers with questions or claims (72.4%)
5. Produce sales tracking report (72.4%)

Responsibility of / Reports to...



How important are the following to your program's success?



Company Demographics

Bank	Asset Size		State Presence		# of Retail Branches		# of Lenders/Employees		How is it offered?	
	Less than \$1 billion	26.7%	1	43.3%	1-50	33.3%	1-100	36.7%	POS in Branch	100.0%
	\$1 - \$10 billion	40.0%	2-4	20.0%	51-500	43.3%	101-1,000	40.0%	POS in Call Center	40.0%
	\$10 - \$30 billion	10.0%	5-15	23.3%	501-2,000	16.7%	1,001-4,000	16.7%	Post POS	16.7%
	Greater than \$30 billion	23.3%	16-30	6.7%	2,000-7,000	6.7%	4,001-14,000	3.3%	Internet	16.7%
		31+	6.7%	7,001 +	0.0%	14,001+	3.3%	Other	6.7%	

Product	Which offer?		Administration?		Reinsure?		Centralized Underwriting	
	Credit Insurance	43.3%	Self Administration	26.7%	Yes	37.9%	Yes	62.1%
	Debt Protection	36.7%	3rd Party Administration	73.3%	No	62.1%	No	37.9%
	Both	20.0%						