



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:

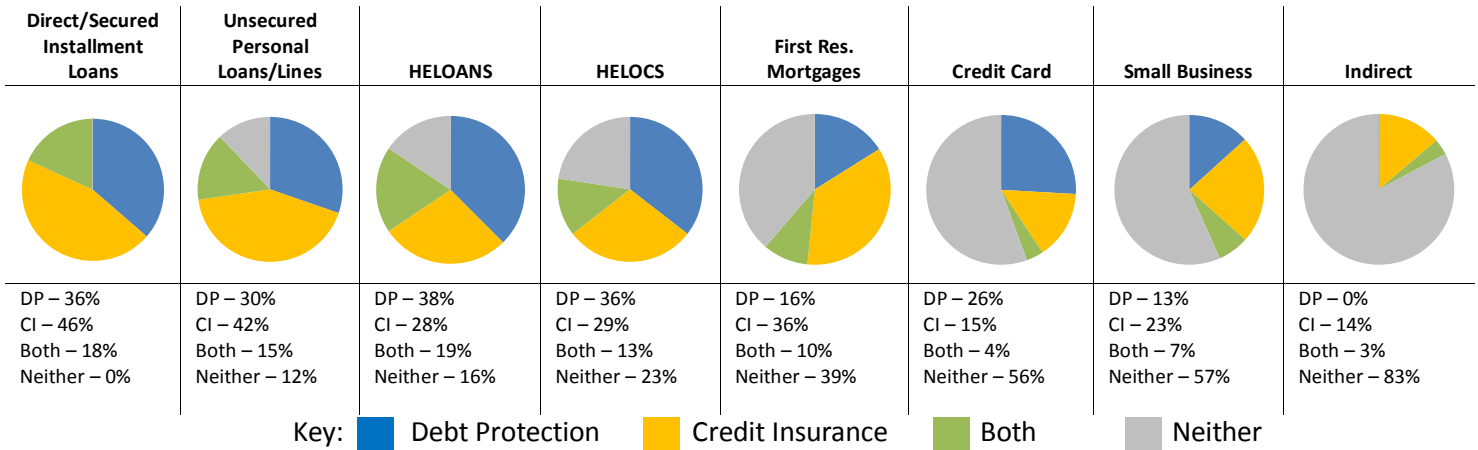
- A majority of respondents are generating reporting in house (53.6%) and reporting all the way down to the individual associate level (64.3%)
- As reporting flows from top of house down to individual banker (each level being more detailed), there are less that report at the market and district/region 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



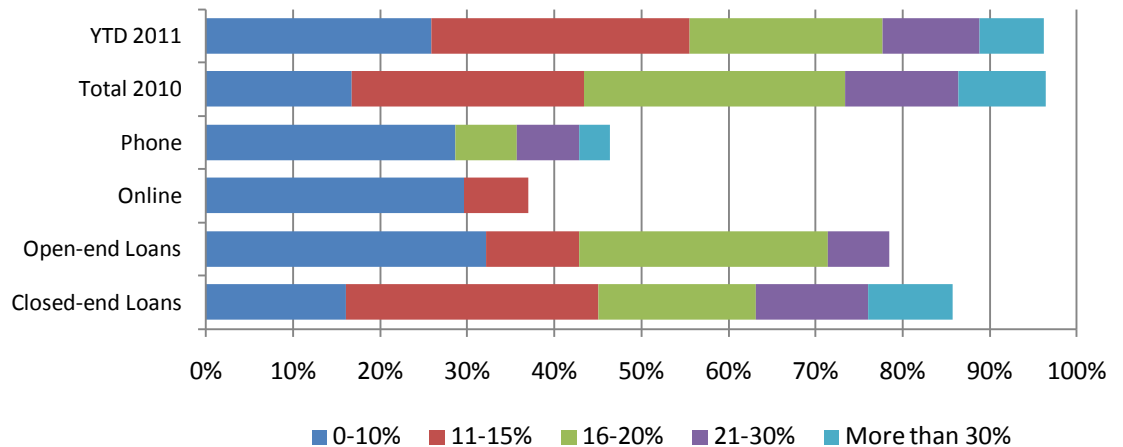
Product Heat Map

| | 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

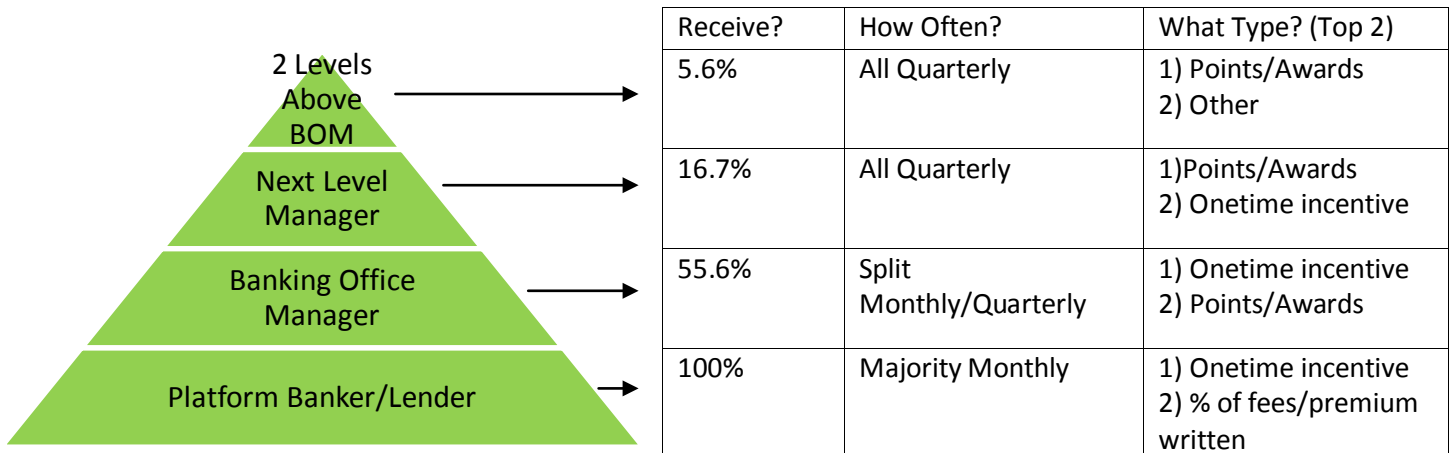
73.1% of respondents based acceptance rates on *eligible loans...*

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



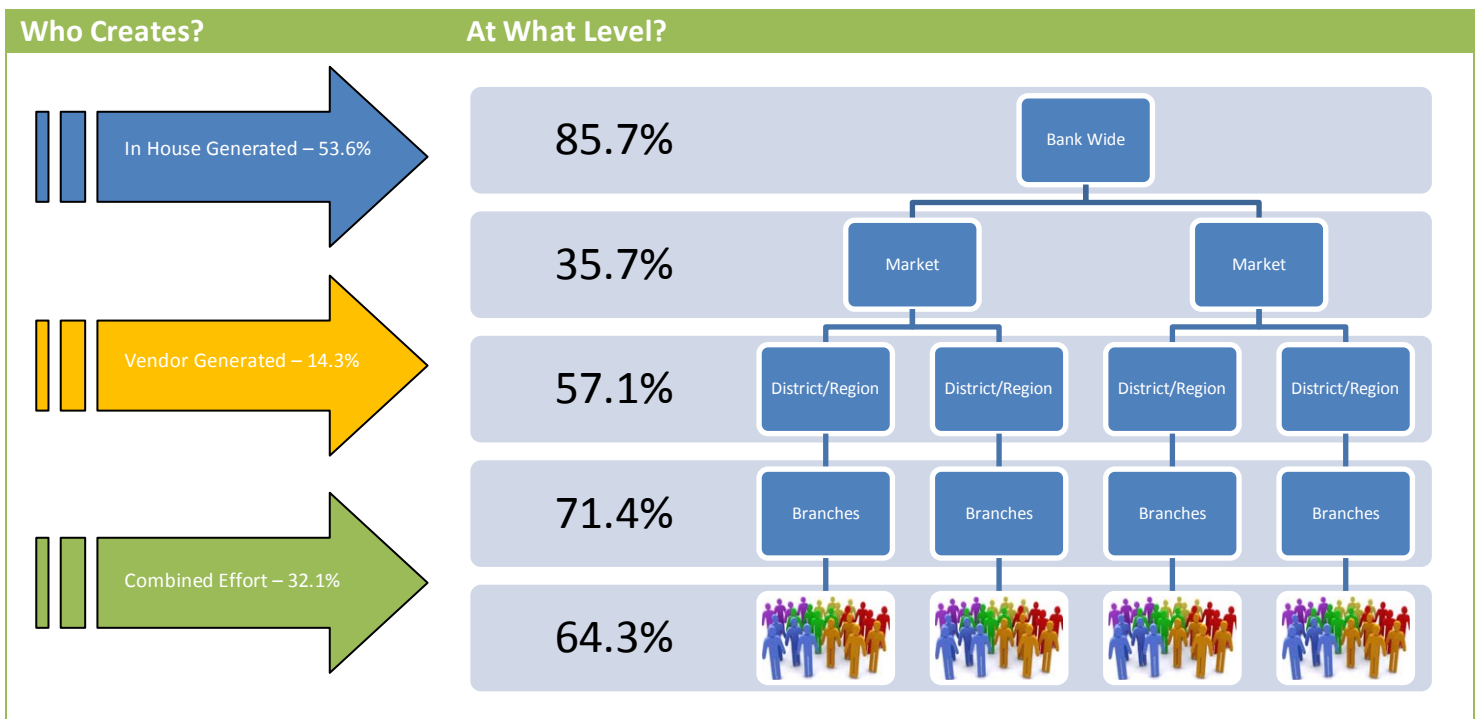
Incentives

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%)

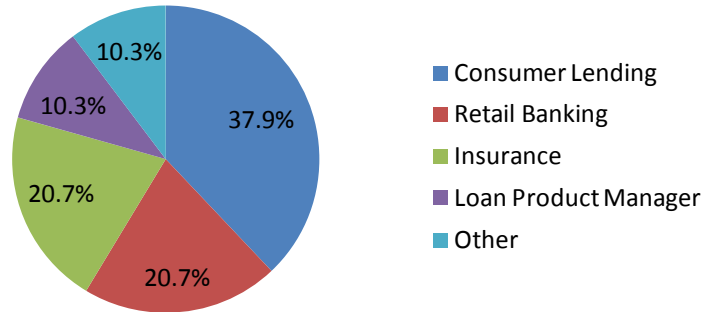


Organizational Structure

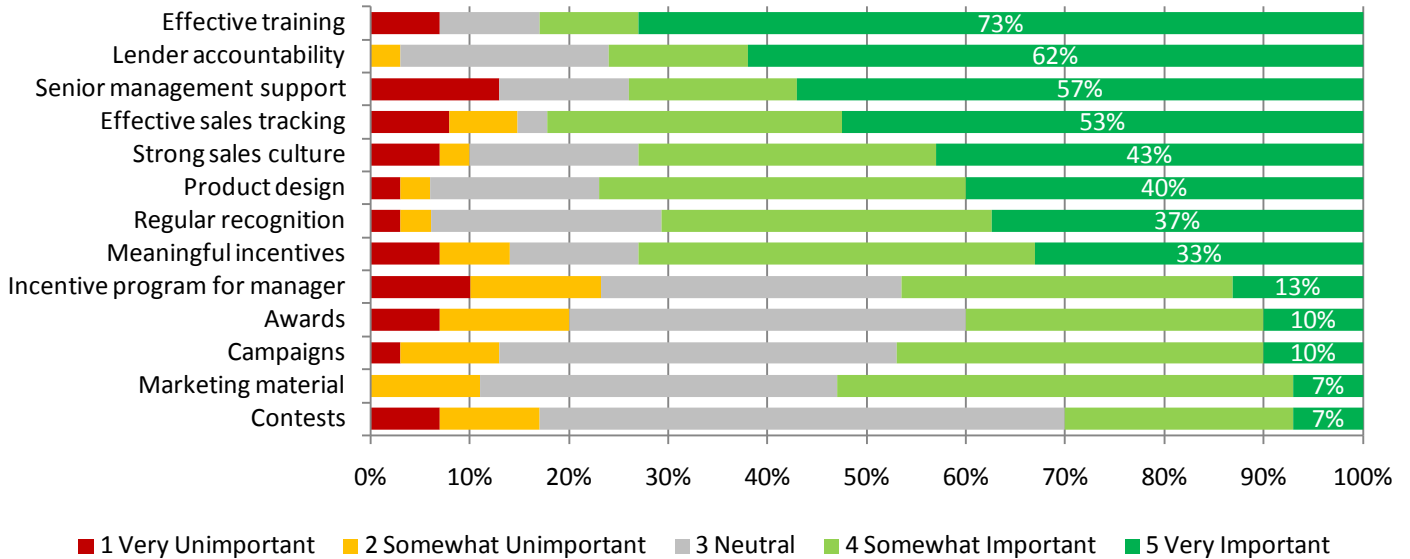
The top 5 functions performed by support personnel were:

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% | | | | | | |