

A-PLUSnews

The Best Underwriting Intelligence in the Business

October 2006 • Vol. 16 No. 2

The Katrina File

Flood-damaged cars hit the market

August 29 marked the first anniversary of the biggest loss in the history of the insurance industry. According to the Insurance Information Institute, Hurricane Katrina generated more than 1.7 million claims, with a cost to insurers of more than \$40 billion. Hurricanes Wilma, Rita, and Dennis contributed close to another \$17 billion in claims, easily making the 2005 hurricane season the most destructive ever recorded.

Like other human catastrophes, Katrina brought out the best in some people and the worst in others. As first responders from distant states converged on flood-ravaged New Orleans, fraudulent websites sprang up, attempting to divert funds from legitimate charities. According to the U.S. Department of Justice (DOJ), at least 4,000 such sites were already up and running within two weeks of the storm.

"In our continuing effort to fight fraud on the front end of policy issuance, A-PLUS and the National Insurance Crime Bureau coordinated their efforts with major insurance carriers to make total-loss vehicle data available to underwriters."

— Dorothy Ziegelbauer
A-PLUS Product Development Manager

The national used car market is the latest victim of Katrina-related fraud. Katrina destroyed approximately 5 million to 6 million vehicles. Industry experts estimate that unscrupulous sellers have reconditioned as many as half a million of those total-loss vehicles for sale to unsuspecting buyers.

The A-PLUS™ system now includes a feature allowing users to request a VIN-based data search to identify vehicles damaged by Hurricanes Katrina, Rita, and Wilma. According to Dorothy Ziegelbauer, A-PLUS product development manager, "No other commercial underwriting product provides this service currently, but we feel it's essential to help our customers safeguard consumer health and welfare."



Flood-damaged cars threaten more than just your customers' wallets. The vehicles are potentially deadly, both for their unsuspecting occupants and for everyone who shares the same roads with them. When cars dry out after being submerged under water for any length of time, electrical components, wires, hoses, and belts all become brittle and susceptible to instantaneous failure, with catastrophic consequences for consumers and insurers alike. Brakes fail without warning, hoses rupture, and cars can even spontaneously erupt in flames from electrical shorts.

Several states still have absolutely no requirements that all total-loss vehicles bear so-called branded titles marked "salvage." Such loopholes are ripe for consumer exploitation through title washing. The problem is so pervasive that Senator Trent Lott (R-MS) recently sponsored the Passenger Vehicle Loss Disclosure Act (Senate Bill 3707). Ziegelbauer adds, "In our continuing effort to fight fraud on the front end of policy issuance, A-PLUS and the National Insurance Crime Bureau coordinated their efforts with major insurance carriers to make total-loss vehicle data available to underwriters." In the interim, A-PLUS is the only underwriting resource allowing insurers to identify total-loss vehicles with newly issued clear titles.

Additional information is available from your A-PLUS sales representative. Or you can contact Steven Craig by telephone at 201-469-3174, or send e-mail to sraig@iso.com. ☺

A-PLUS™ database: Continuing to surpass expectations

"I'm thrilled to announce that the A-PLUS™ databases have grown for the 42nd consecutive quarter, with absolutely no hint of slowing down anytime soon," says A-PLUS General Manager Steven Craig. The A-PLUS database now includes more than 1,368 property data contributors and nearly 920 auto data contributors. The property database represents more than 95 percent of all insurers reporting data, and the auto database represents more than 91 percent of the industry by direct written premium volume.

"Our databases continue to increase in size and quality. As a result, we can offer more value-added services and innovations like the newest data flags returned in A-PLUS

databases are an unparalleled industry resource for insurers."

In addition to its industry-leading size, the A-PLUS loss-history database also features the widest spectrum of contributors, including insurance companies, joint underwriting associations, managing general agents, FAIR plans, and insurance pools across the country. "Obviously, we're always striving to increase the volume of the A-PLUS database, but our service is distinguished by more than size alone," says Craig.

"First, we make sure that our raw data comes from the broadest possible range of sources available. We synthesize all that data very systematically to maximize its usefulness to our customers. Judging from the

safeguard the privacy of confidential databases. According to Craig, "Naturally, the more data compiled in any system, the greater the importance of maintaining up-to-date

"Forty-two consecutive quarters of growth with no hint of slowing down anytime soon..."

— Steven Craig
A-PLUS General Manager

system security. In addition to being the largest supplier of convenient and accurate auto, property, and liability claim information, we're very confident that we've also instituted industry-leading security features to protect the integrity of all that sensitive information. I think that's one of the other reasons we've been fortunate enough to have earned the trust and continued support of so many customers." (Please see the related article on data privacy and security on the facing page.)

Additional information is available from your A-PLUS sales representative. Or you can contact Steven Craig by telephone at 201-469-3174, or send e-mail to scraig@iso.com. ☺



reports. Insurers realize all loss-history databases are not alike. That explains part of our success. Simply put, our customers demand access to the most accurate and comprehensive database in the industry," notes Craig. "We're building more than just another set of insurance data and information products. The A-PLUS

feedback we get, underwriters appreciate our efforts to help them process their workflow as quickly and efficiently as possible."

As electronic information security becomes more and more important in the Internet age, A-PLUS is also busy behind the scenes, pioneering advanced security features that

Data privacy and security: Protecting our customers and yours

ISO is committed to ensuring the privacy of our clients and their customers by maintaining the most up-to-date security systems and procedures to protect sensitive data from all possible threats. A-PLUS™ uses rigorous safeguards to protect our databases and control access to private information. Here's an overview of some of our security policies and procedures.

Information security policy

ISO's information security policy protects the integrity and confidentiality of our data, client information, products, communications, computer hardware, and system architecture. Since 2001, our security policies and procedures have undergone independent annual security audits conducted by Cybertrust (formerly TruSecure Corporation). Cybertrust Perimeter Certification guarantees that A-PLUS security policies, procedures, and controls comply with the strictest essential practices for data and communication security; software use and antivirus protection; data encryption, backup, and disposal; physical security; systems contingency planning; and disaster contingency planning and recovery.

Identity theft and personal information security

According to the latest FBI estimates, identity theft victimizes 10 million Americans annually and costs consumers and businesses \$50 billion a year to repair the damage and restore compromised information security. Already, identity theft has become the most pervasive white-collar crime of the 21st century. In light of the vulnerability of names, dates of birth, Social Security numbers, and other sensitive personally identifiable information, ISO and A-PLUS restrict access to all database information. We never disclose sensitive information for any use other than underwriting and claims handling by authorized insurers, except as required by law, or for appropriate use by law enforcement agencies and insurance fraud bureaus for investigation of insurance fraud and vehicle theft.

In addition, all our products and services comply fully with the federal Gramm-Leach-Bliley Financial Services Modernization Act, the National Association of Insurance Commissioners' Privacy of Consumer Financial and Health Information Model Privacy Regulation, the Fair Credit Reporting Act, and all other federal and state privacy laws and regulations.

Customer access policy

ISO screens potential customers carefully before allowing access to any of our information databases. As a condition of authorized access, our customers — insurers, self-insured organizations, state agencies, third-party claims administrators, and insurance agents — must adhere to ISO's strict organizational privacy and security policies. They must also closely monitor everyone to whom they grant access, including the way those individuals use any ISO data.

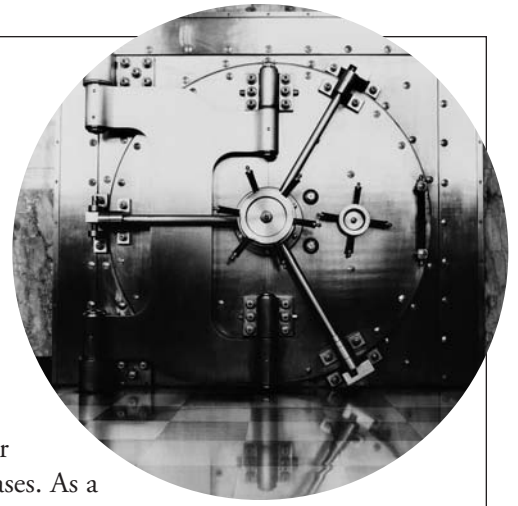
Finally, ISO carefully limits what information it releases, even to authorized end users. We truncate sensitive portions of personal information — such as dates of birth and Social Security numbers — in any A-PLUS reports released to sponsored agents rather than directly to the insurer.

Customer audit policy and monitored use of insurance information

In addition to submitting ISO security policies and procedures to independent annual audits, we routinely audit ISO claims-database customers to confirm their legitimacy and ensure their appropriate use of our products. ISO never sells, repurposes, repackages, or uses any of the insurance claims or policyholder information provided by insurers to generate or create marketing lists.

Notification policy

ISO is confident that we've implemented every reasonable precaution to safeguard the confidentiality of our data and protect the privacy our customers — and yours. However as another layer of protection, we've also designed a contingency plan to respond to any security breach or compromised information. In the unlikely event of a breach, ISO and its subsidiaries maintain protocols for full cooperation with investigators and law enforcement, as well as for appropriate notification of insurers and other suppliers of information. 📄



New service feature: Electronic invoicing

To improve service and minimize costs, we will be implementing a convenient electronic invoicing capability, at no extra charge. Beginning in November 2006, customers choosing the electronic invoicing program will receive automatic invoices by e-mail. You can enroll in the program simply by providing the information requested on the Billing Change Information Form.



The electronic invoicing program offers these benefits:

- cost savings — reduced paper flow
- streamlined delivery of invoices
- fast and easy analysis of invoices
- improved control and high security

Registration for detailed billing

A-PLUS™ customers can already choose the option to access detailed billing through ISO Passport™. Detailed billing enables you to save specific searches for future reference by name, subject matter, unit, and organization and lets you download that information as a detailed billing file. That capability is a valuable tool for producing management reports as well as for invoice reconciliation. You may request your registration key by checking the appropriate option on the Billing Change Information Form or through the A-PLUS contacts listed below.

Electronic funds transfer

For your added convenience, in 2007, A-PLUS will also offer an electronic funds transfer option. In conjunction with the electronic invoicing capability, this time-saving payment



option will enable quick and easy electronic delivery of invoices and payments on your A-PLUS account.

If you have questions about your invoices or pricing, please contact Chillie Simmons by telephone at 201-469-3172 or by e-mail to csimmons@iso.com. Or you may contact Melissa Ruiz by telephone at 201-469-3168 or by e-mail to mruiz@iso.com. As always, we look forward to working with you and your colleagues. Thank you for your continued support. ☺

Manufacturer vehicle recall notice

The latest product enhancement to A-PLUS™ Auto loss-history reports delivers up-to-date information on all automobile manufacturer recalls. A-PLUS reports now include automatic recall searches and return any available manufacturer recall notices for as many as five different vehicle identification number (VIN) inputs per search.

ISO Passport web customers will receive general information on the recall and a link to all the detailed information available for each recall notice. Network-to-network and batch customers will be able to sign up to add the new segment that returns all of this information.

Make / Models :

CHEV / CAV

Model / Build Year :

2003

Manufacturer : GENERAL MOTORS CORP.

NHTSA CAMPAIGN ID Number : 04V524000 Recall Date : 2004-11-01

Potential Number Of Units affected : 000256025

Component : EXTERIOR LIGHTING:TURN SIGNALS

Summary : ON CERTAIN PASSENGER VEHICLES, THE REAR LAMPS THAT PROVIDE STOP AND TURN SIGNALS AND TAIL LAMP FUNCTIONS STOP WORKING BECAUSE OF INADEQUATE CONTACT BETWEEN THE BULB AND THE SWITCH.

Consequence : AN INOPERATIVE BRAKE LAMP WILL NOT CONVEY THE DRIVER'S INTENTION OF STOPPING OR TURNING TO DRIVERS IN FOLLOWING VEHICLES.

A-PLUS

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Billing Change Information Form

Customer Account No.: _____ Date: _____

Company Name: _____

Current Billing Contact Name/Title: _____

Company Address: _____

Phone: _____ E-mail: _____

Change billing information to:

Customer Account No.: _____ Date: _____

Company Name: _____

Current Billing Contact Name/Title: _____

Company Address: _____

Phone: _____ E-mail: _____

Yes, please enroll my company in the electronic invoicing program.

E-mail* _____ Secondary E-mail* _____

**We will send invoices to both e-mail addresses provided.*

Yes, provide a registration key for access to detailed billing via the Internet.

Mail or fax information to: Chillie Simmons — A-PLUS Billing
ISO
545 Washington Blvd., 22-7
Jersey City, NJ 07310-1686
Phone: 201-469-3172
Fax: 201-469-4140

New service announcement: Claim-Standardization Codes

To streamline the underwriting process and expedite your workflow, A-PLUS™ has enhanced its loss-history reports with Claim-Standardization Codes. That eliminates the need for you to review large volumes of loss-history reports manually. If you're building your own policy underwriting and quote portal, the new A-PLUS Claim-Standardization Codes will cut your programming time and help you bring your system to market sooner. The new Claim-Standardization Codes are available for the A-PLUS Auto and Property reports that you order through ISO PassportSM.

Standardization codes: How they work

You'll receive a Claim-Standardization Code for each claim in an applicant's claim history. A-PLUS will generate a comprehensive code summarizing all the information in the claim, including policy type, loss type, age of claim, and loss amount, as well as other types of information.

Once you integrate the new codes into your workflow, your system can automatically use them to apply underwriting rules and risk criteria — without having to analyze all of the information in the claim. The result? You'll make consistent rating and risk-evaluation decisions.

Customizable claim codes

ISO also offers the option to assign customizable claim codes based on criteria you select. Customizable claim

codes give you an automated way to tie the A-PLUS Claim-Standardization Codes to your internal system codes. If you choose to use customizable claim codes, you can assign a severity code, as well as a user-defined custom code for internal company use. In addition, you can define up to 40 custom loss-range values.

With customizable claim and severity codes, you'll:

- make more consistent policy decisions
- ensure compliance with company underwriting guidelines
- boost policywriting efficiency

Implementing the Claim-Standardization Codes

All A-PLUS customers will continue to receive the same data segments they get now. In addition, you'll get the Claim-Standardization Codes in a new segment. When you sign up, you'll get an implementation document outlining all the A-PLUS standard claim features and loss-range codes. If you choose the customized version, you can use the implementation document to program your own severity criteria and custom codes into the system.

For more information...

...please contact your A-PLUS/ISO Passport sales representative to find out how you can sign up for Claim-Standardization Codes. Learn how to save time and effort, speed up your underwriting workflow, and improve decision-making consistency. ☺

Two heads are better than one

And at ISOTech 2006 you'll see why. We'll help you explore new strategies to coordinate the individual talents of the wide range of professionals who contribute to your corporate mission. We'll outline strategies you can use to implement convergent thinking for success in today's competitive business environment.

We've designed a program that brings together leaders from a wide range of disciplines within our industry. You'll hear from your colleagues and technical experts about best practices. And you'll learn about innovative strategies, techniques, and new technologies that can help maximize the contribution of your staff.

This year's conference features all the top-notch speakers and up-to-date workshops you've come to expect — and more. We're planning general sessions to give you a broad overview of industry trends and special underwriting sessions to explore targeted issues, such as:

- data integration
- conversion to state-of-the-art data systems

- “point-of-quote” fraud identification and prevention
- intelligence for small business underwriting
- direct relationships in auto insurance for insurers and agents

We'll help you discover a comprehensive collection of professional management resources to increase the productivity of all your employees. Please join us to learn how to coordinate their talents and skills into a whole that is far more powerful than just the sum of its parts. For more information on ISOTech, visit www.iso.com, click on “Conferences,” and follow the link to ISOTech 2006. ☺



November 12–14, 2006

**Gaylord Palms™ Resort and Convention Center
Kissimmee, Florida**

Coverage VerifierSM Suite of Services: It's all about customer choice and flexibility

Successful policy underwriting requires managing relationships with customers, financial institutions, state and federal insurance regulatory agencies, departments of motor vehicles, and the Office of Foreign Assets



Coverage VerifierSM

Control (OFAC). To maximize your investment return and ensure that you pay only for the specific products you need, we've designed the entire Coverage VerifierSM product suite to let you select individual services to match your particular requirements.

The Coverage Verifier Suite of Services includes:

- Coverage Verifier — provides detailed history and current information on auto coverage, including any previous lapses or suspensions
- CV-ALIRSM (formerly ALIR) — satisfies statutory requirements to report auto coverage to state motor vehicle departments
- CV-ExchangeSM (formerly eLiens) — streamlines lender and producer notifications and escrow billing
- CV-QuickFillSM (formerly Application Prefill) — automatically enters relevant information reported to the Coverage Verifier database on insurance applications
- OFAC Compliance — satisfies U.S. Department of the Treasury requirements to cross-reference all customers against the federal government's watch list of individuals known or suspected to engage in international narcotics trafficking, terrorism, or proliferation of weapons of mass destruction

It's all about customer choice

According to A-PLUSTM General Manager Steven Craig, "From top to

works as a cost-saving tool, in addition to providing essential information."

Coverage Verifier services allow you to:

- cut your loss ratio on new business significantly — up to 16 percentage points
- reduce your mortgagee and loss payee notification processing expenses by almost 50 percent
- save as much as two-thirds of your application processing time
- ensure your satisfactory compliance with department of motor vehicles coverage-reporting requirements
- automatically screen your customers against the OFAC watch list

"We've incorporated choice and flexibility throughout the Coverage Verifier Suite of Services, because it maximizes customers' return on initial investments and increases their ability to control and manage expenses."

— Jim Levendusky, CV Product Manager

bottom, we designed all the CV services together, which means they function seamlessly as a comprehensive service solution. But customers who require specific services can select only the individual components they need. In that way, Coverage Verifier

For more information...

...please contact your A-PLUS sales representative for more information. Or you can contact Steven Craig, A-PLUS general manager, by telephone at 201-469-3174, or send e-mail to sraig@iso.com. ☺



Credit Loss History Score: Combining the largest database in the industry with advanced analytics

A-PLUS™ customers can now benefit from one of the most innovative and comprehensive risk-evaluation tools in the insurance industry. ISO and TransUnion have developed the Credit Loss History Score by combining A-PLUS claims loss-history information with the TU credit history database — the most extensive consumer credit history database in the insurance industry. “We believe the Credit Loss History Score gives our customers the most powerful predictive tool available to insurance carriers,” says Steven Craig, A-PLUS general manager. “It will increase the efficiency of property and auto insurance underwriting and policy renewals, and it provides extremely accurate assessments for new applicants and renewals.”

The system returns the score in an easy-to-read format that includes detailed features to maximize the value and usefulness of the information. That information allows underwriters to evaluate risks more accurately and helps consumers understand the main factors that contribute to their credit scores. According to Craig, “It’s really not just about the database, even though that is, obviously, very important. Our Credit Loss History Score incorporates sophisticated TransUnion analytics to develop the most accurate risk score possible from that tremendous database.”

With Credit Loss History Score reports, you’ll:

- improve your risk analysis
- offer more competitive pricing
- lower your loss ratios over time
- make more consistent decisions
- educate your policyholders about what they can do to cut their premiums and improve their scores

One of the score’s strongest advantages is that it synthesizes complex volumes of data but still manages to be clear to insurance agents and understandable to consumers. Applicants get numerical insurance scores along with up to four specific scoring factors that detail the optimum value for each factor, as well as how each individual factor affected the overall score. “We consider the Credit Loss History Score to represent a win-win situation,” says

Dorothy Ziegelbauer, A-PLUS product development manager, “because it helps applicants understand the specific factors that contribute to their scores. At the same time, it provides enhanced risk analysis to help carriers improve their underwriting ratios.”

“The Credit Loss History Score gives our customers the most powerful predictive tool available to insurance carriers.”

— Steven Craig
A-PLUS General Manager

Ziegelbauer believes that in addition to its value as a policywriting tool, the A-PLUS Credit Loss History Score also helps insurers and agents build long-term relationships with policyholders. “The system alerts consumers to the four most significant factors affecting their overall credit scores. That helps carriers make suggestions that policyholders can actually use to improve their credit scores.”

For more information...

...about the Credit Loss History Score, please contact Dorothy Ziegelbauer by telephone at 201-469-3601, or send e-mail to dziegelbauer@iso.com. Or contact your local A-PLUS sales representative. ☎

HOLIDAY SCHEDULE 2006 AND 2007

ISO has the following holidays for the remainder of 2006 and 2007. All ISO offices in the United States will be closed for the following observances:

2006

Thanksgiving Day	Thursday, November 23
Day after Thanksgiving	Friday, November 24
Christmas Day	Monday, December 25

2007

New Year’s Day	Monday, January 1
Presidents’ Day	Monday, February 19
Memorial Day	Monday, May 28
Independence Day	Wednesday, July 4
Labor Day	Monday, September 3
Thanksgiving Day	Thursday, November 23
Day after Thanksgiving	Friday, November 24
Christmas Eve	Monday, December 24
Christmas Day	Tuesday, December 25

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