

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, The Allstate Corporation is ordered to file a Special Report with the Commission no later than April 24, 2009, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of The Allstate Corporation who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)

- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in

underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”). Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)



- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables

- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)

- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. “You,” “Your,” or “the Company” refers to The Allstate Corporation and all entities which maintain responsive material that is in The Allstate Corporation’s central data repository or that is otherwise in The Allstate Corporation’s possession, custody or control, including but not necessarily limited to responsive materials from:  
  
Allstate Insurance Company, Allstate County Mutual Insurance Company, Allstate Fire and Casualty Insurance Company, Allstate Floridian Indemnity Company, Allstate Floridian Insurance Company, Allstate Indemnity Company, Allstate New Jersey Insurance Company, Allstate Property and Casualty Insurance Company, and Allstate Texas Lloyd’s.
2. “Policy” or “Policies” means, unless otherwise specified, any and all of the Company’s non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, “Policy” or “Policies” excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. “In Place” or “In Force” describes Policies providing coverage during any portion of a specified time period.
4. “Relevant Time Period” means July 1, 2004, up to and including June 30, 2007.
5. “Policy Period” is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)
6. “Data” means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication,

interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, “Data” must be submitted in a manner that conforms to the Instructions below.

7. “Document” or “Document(s)” means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in The Allstate Corporation’s possession, custody or control.
8. “Discuss” or “discussing” means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. “Describe” means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where “describe” is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. “With regard to,” “regarding,” “relating to,” “related to,” “with respect to,” or “involving” any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. “And” and “or” have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. “All” means “any and all.” “Any” means “any and all.”
13. “For example,” “e.g.,” “including,” and “such as” mean “including but not limited to.”
14. “Each” shall be construed to include “every,” and “every” shall be construed to include “each.”

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of The Allstate Corporation does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of The Allstate Corporation's central repository and any other materials otherwise in The Allstate Corporation's possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, The Allstate Corporation should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, The Allstate Corporation must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, The Allstate Corporation must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, The Allstate Corporation should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if The Allstate Corporation wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).



3. **Material Withheld, Claims of Privilege.** If The Allstate Corporation withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4) through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).

- c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)
    - ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.

b. File and record formats:

i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses):

All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in The Allstate Corporation files, using the following formats:

1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*

2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner. Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

c. Security

- i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
- ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
- iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

**12. Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in The Allstate Corporation’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

**13. Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.

**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, American Family Mutual Insurance Company is ordered to file a Special Report with the Commission no later than April 24, 2009, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of American Family Mutual Insurance Company who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)



- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in

underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”).  
Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)

- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables



- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)

- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. “You,” “Your,” or “the Company” refers to American Family Mutual Insurance Company and all entities which maintain responsive material that is in American Family Mutual Insurance Company’s central data repository or that is otherwise in American Family Mutual Insurance Company’s possession, custody or control.
2. “Policy” or “Policies” means, unless otherwise specified, any and all of the Company’s non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, “Policy” or “Policies” excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. “In Place” or “In Force” describes Policies providing coverage during any portion of a specified time period.
4. “Relevant Time Period” means July 1, 2004, up to and including June 30, 2007.
5. “Policy Period” is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)
6. “Data” means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, “Data” must be submitted in a manner that conforms to the Instructions below.

7. “Document” or “Document(s)” means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in American Family Mutual Insurance Company’s possession, custody or control.
8. “Discuss” or “discussing” means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. “Describe” means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where “describe” is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. “With regard to,” “regarding,” “relating to,” “related to,” “with respect to,” or “involving” any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. “And” and “or” have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. “All” means “any and all.” “Any” means “any and all.”
13. “For example,” “e.g.,” “including,” and “such as” mean “including but not limited to.”
14. “Each” shall be construed to include “every,” and “every” shall be construed to include “each.”

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of American Family Mutual Insurance Company does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of American Family Mutual Insurance Company's central repository and any other materials otherwise in American Family Mutual Insurance Company's possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, American Family Mutual Insurance Company should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, American Family Mutual Insurance Company must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, American Family Mutual Insurance Company must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, American Family Mutual Insurance Company should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if American Family Mutual Insurance Company wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).

3. **Material Withheld, Claims of Privilege.** If American Family Mutual Insurance Company withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4)

- through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).
- c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)



- ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.
- b. File and record formats:
  - i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

- ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses):

All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the American Family Mutual Insurance Company files, using the following formats:

  1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*
  2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner.

Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

- c. Security
  - i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
  - ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
  - iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

12. **Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the American Family Mutual Insurance Company’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

13. **Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.

**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, The Chubb Corporation is ordered to file a Special Report with the Commission no later than April 24, 2008, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of The Chubb Corporation who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)

- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):



- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in

underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”).  
Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)

- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables

- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)



- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. “You,” “Your,” or “the Company” refers to The Chubb Corporation and all entities which maintain responsive material that is in The Chubb Corporation’s central data repository or that is otherwise in The Chubb Corporation’s possession, custody or control, including but not necessarily limited to responsive materials from:  
  
Chubb Custom Insurance Company, Chubb Indemnity Insurance Company, Chubb Insurance Company of New Jersey, Chubb Lloyds Insurance Company of Texas, Chubb National Insurance Company, Federal Insurance Company, Great Northern Insurance Company, Northwestern Pacific Indemnity Company, Pacific Indemnity Company, and Vigilant Insurance Company.
2. “Policy” or “Policies” means, unless otherwise specified, any and all of the Company’s non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, “Policy” or “Policies” excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. “In Place” or “In Force” describes Policies providing coverage during any portion of a specified time period.
4. “Relevant Time Period” means July 1, 2004, up to and including June 30, 2007.
5. “Policy Period” is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)
6. “Data” means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication,

interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, "Data" must be submitted in a manner that conforms to the Instructions below.

7. "Document" or "Document(s)" means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in The Chubb Corporation's possession, custody or control.
8. "Discuss" or "discussing" means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. "Describe" means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where "describe" is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. "With regard to," "regarding," "relating to," "related to," "with respect to," or "involving" any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. "And" and "or" have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. "All" means "any and all." "Any" means "any and all."
13. "For example," "e.g.," "including," and "such as" mean "including but not limited to."
14. "Each" shall be construed to include "every," and "every" shall be construed to include "each."

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of The Chubb Corporation does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of The Chubb Corporation's central repository and any other materials otherwise in The Chubb Corporation's possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, The Chubb Corporation should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, The Chubb Corporation must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, The Chubb Corporation must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, The Chubb Corporation should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if The Chubb Corporation wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).
3. **Material Withheld, Claims of Privilege.** If The Chubb Corporation withholds all or any portion of any responsive piece of data or document for any reason, including an

asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.

4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4) through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).

- c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)
    - ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.

b. File and record formats:

i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses):

All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in The Chubb Corporation files, using the following formats:

1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*

2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner. Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

c. Security

- i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
- ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
- iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

**12. Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in The Chubb Corporation’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

**13. Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.



**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, Fire Insurance Exchange is ordered to file a Special Report with the Commission no later than April 24, 2008, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of Fire Insurance Exchange who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)

- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in



underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”).  
Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)

- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables

- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)

- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. “You,” “Your,” or “the Company” refers to Fire Insurance Exchange and all entities which maintain responsive material that is in Fire Insurance Exchange’s central data repository or that is otherwise in Fire Insurance Exchange’s possession, custody or control, including but not necessarily limited to responsive materials from:

Farmers Group, Inc., Farmers Insurance Exchange, Truck Underwriters Association, Truck Insurance Exchange, Fire Underwriters Association, Assurance Company of America, Civic Property & Casualty Company, Empire Fire & Marine Insurance Company, Empire Indemnity Insurance Company, Exact Property & Casualty Company Inc., Farmers Insurance Company, Inc., Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance Company of Columbus, Inc., Farmers New Century Insurance Company, Fidelity & Deposit Company of Maryland, Illinois Farmers Insurance Company, Maine Bonding & Casualty Company, Maryland Casualty Company, Mid-Century Insurance Company, Neighborhood Spirit Property & Casualty Company, Northern Insurance Company of New York, Texas Farmers Insurance Company, and Valiant Insurance Company.

2. “Policy” or “Policies” means, unless otherwise specified, any and all of the Company’s non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, “Policy” or “Policies” excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. “In Place” or “In Force” describes Policies providing coverage during any portion of a specified time period.
4. “Relevant Time Period” means July 1, 2004, up to and including June 30, 2007.
5. “Policy Period” is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date



of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)

6. "Data" means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, "Data" must be submitted in a manner that conforms to the Instructions below.
7. "Document" or "Document(s)" means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in Fire Insurance Exchange's possession, custody or control.
8. "Discuss" or "discussing" means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. "Describe" means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where "describe" is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. "With regard to," "regarding," "relating to," "related to," "with respect to," or "involving" any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. "And" and "or" have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. "All" means "any and all." "Any" means "any and all."

13. “For example,” “e.g.,” “including,” and “such as” mean “including but not limited to.”
14. “Each” shall be construed to include “every,” and “every” shall be construed to include “each.”

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of Fire Insurance Exchange does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of Fire Insurance Exchange’s central repository and any other materials otherwise in Fire Insurance Exchange’s possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, Fire Insurance Exchange should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, Fire Insurance Exchange must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, Fire Insurance Exchange must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, Fire Insurance Exchange should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff’s understanding of what each data item represents. Additionally, if Fire Insurance Exchange wishes to

produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).
3. **Material Withheld, Claims of Privilege.** If Fire Insurance Exchange withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):

- a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4) through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).
  - c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard

drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)

- ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.

b. File and record formats:

- i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

- ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses): All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the Fire Insurance Exchange files, using the following formats:

- 1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*

- 2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned

documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner. Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

- c. Security
  - i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
  - ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
  - iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

12. **Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the Fire Insurance Exchange’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

13. **Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.

**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)



**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, Liberty Mutual Holding Company, Inc. is ordered to file a Special Report with the Commission no later than April 24, 2009, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of Liberty Mutual Holding Company, Inc. who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)

- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in

underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”).  
Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)



- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables

- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)

- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. "You," "Your," or "the Company" refers to Liberty Mutual Holding Company, Inc. and all entities which maintain responsive material that is in Liberty Mutual Holding Company, Inc.'s central data repository or that is otherwise in Liberty Mutual Holding Company, Inc.'s possession, custody or control, including but not necessarily limited to responsive materials from:

Colorado Casualty Insurance Company, Employers Insurance of Wausau, First Liberty Insurance Corporation, Indiana Insurance Company, Liberty Insurance Corporation, Liberty Lloyds of Texas Insurance Company, Liberty Mutual Fire Insurance Company, Liberty Mutual Insurance Company, Liberty Northwest Insurance Corporation, LM Insurance Corporation, LM Property & Casualty Insurance Company, Montgomery Mutual Insurance Company, North Pacific Insurance Company, and Oregon Automobile Insurance Company.

2. "Policy" or "Policies" means, unless otherwise specified, any and all of the Company's non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, "Policy" or "Policies" excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. "In Place" or "In Force" describes Policies providing coverage during any portion of a specified time period.
4. "Relevant Time Period" means July 1, 2004, up to and including June 30, 2007.
5. "Policy Period" is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)

6. "Data" means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, "Data" must be submitted in a manner that conforms to the Instructions below.
7. "Document" or "Document(s)" means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in Liberty Mutual Holding Company, Inc.'s possession, custody or control.
8. "Discuss" or "discussing" means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. "Describe" means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where "describe" is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. "With regard to," "regarding," "relating to," "related to," "with respect to," or "involving" any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. "And" and "or" have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. "All" means "any and all." "Any" means "any and all."
13. "For example," "e.g.," "including," and "such as" mean "including but not limited to."
14. "Each" shall be construed to include "every," and "every" shall be construed to include "each."

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of Liberty Mutual Holding Company, Inc. does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of Liberty Mutual Holding Company, Inc.'s central repository and any other materials otherwise in Liberty Mutual Holding Company, Inc.'s possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, Liberty Mutual Holding Company, Inc. should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, Liberty Mutual Holding Company, Inc. must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, Liberty Mutual Holding Company, Inc. must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, Liberty Mutual Holding Company, Inc. should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if Liberty Mutual Holding Company, Inc. wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).



3. **Material Withheld, Claims of Privilege.** If Liberty Mutual Holding Company, Inc. withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4)

- through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).
- c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)

- ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.
- b. File and record formats:
  - i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

- ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses):

All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the Liberty Mutual Holding Company, Inc. files, using the following formats:

  - 1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*
  - 2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner. Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

- c. Security
  - i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
  - ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
  - iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

12. **Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the Liberty Mutual Holding Company, Inc.’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

13. **Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.

**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, Nationwide Mutual Insurance Company is ordered to file a Special Report with the Commission no later than April 24, 2009, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of Nationwide Mutual Insurance Company who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)



- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in

underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”). Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)

- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables



- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)

- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. “You,” “Your,” or “the Company” refers to Nationwide Mutual Insurance Company and all entities which maintain responsive material that is in Nationwide Mutual Insurance Company’s central data repository or that is otherwise in Nationwide Mutual Insurance Company’s possession, custody or control, including but not necessarily limited to responsive materials from:  
  
Nationwide Mutual Fire Insurance Company, Allied Property & Casualty Insurance Company, Amco Insurance Company, Depositors Insurance Company, National Casualty Company, Nationwide Affinity Company of America, Nationwide Insurance Company of America, Nationwide Insurance Company of Florida, Nationwide Lloyds, Nationwide Property & Casualty Insurance Company, Scottsdale Indemnity Company, Scottsdale Insurance Company, and Scottsdale Surplus Lines Insurance Company.
2. “Policy” or “Policies” means, unless otherwise specified, any and all of the Company’s non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, “Policy” or “Policies” excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. “In Place” or “In Force” describes Policies providing coverage during any portion of a specified time period.
4. “Relevant Time Period” means July 1, 2004, up to and including June 30, 2007.
5. “Policy Period” is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)

6. "Data" means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, "Data" must be submitted in a manner that conforms to the Instructions below.
7. "Document" or "Document(s)" means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in Nationwide Mutual Insurance Company's possession, custody or control.
8. "Discuss" or "discussing" means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. "Describe" means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where "describe" is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. "With regard to," "regarding," "relating to," "related to," "with respect to," or "involving" any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. "And" and "or" have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. "All" means "any and all." "Any" means "any and all."
13. "For example," "e.g.," "including," and "such as" mean "including but not limited to."
14. "Each" shall be construed to include "every," and "every" shall be construed to include "each."

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of Nationwide Mutual Insurance Company does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of Nationwide Mutual Insurance Company's central repository and any other materials otherwise in Nationwide Mutual Insurance Company's possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, Nationwide Mutual Insurance Company should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, Nationwide Mutual Insurance Company must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, Nationwide Mutual Insurance Company must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, Nationwide Mutual Insurance Company should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if Nationwide Mutual Insurance Company wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).

3. **Material Withheld, Claims of Privilege.** If Nationwide Mutual Insurance Company withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4)

- through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).
- c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)



- ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.
- b. File and record formats:
  - i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

- ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses):

All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the Nationwide Mutual Insurance Company files, using the following formats:

  - 1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*
  - 2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner. Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

- c. Security
  - i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
  - ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
  - iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

12. **Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the Nationwide Mutual Insurance Company’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

13. **Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.

**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, State Farm Mutual Automobile Insurance Company is ordered to file a Special Report with the Commission no later than April 24, 2009, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of State Farm Mutual Automobile Insurance Company who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)

- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):



- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in

underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”).  
Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)

- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables

- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)



- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. “You,” “Your,” or “the Company” refers to State Farm Mutual Automobile Insurance Company and all entities which maintain responsive material that is in State Farm Mutual Automobile Insurance Company’s central data repository or that is otherwise in State Farm Mutual Automobile Insurance Company’s possession, custody or control, including but not necessarily limited to responsive materials from:

State Farm Fire and Casualty Company, State Farm Florida Insurance Company, State Farm General Insurance Company, and State Farm Lloyds.

2. “Policy” or “Policies” means, unless otherwise specified, any and all of the Company’s non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, “Policy” or “Policies” excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. “In Place” or “In Force” describes Policies providing coverage during any portion of a specified time period.
4. “Relevant Time Period” means July 1, 2004, up to and including June 30, 2007.
5. “Policy Period” is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)
6. “Data” means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or

might be assigned. For the purposes of this Order, “Data” must be submitted in a manner that conforms to the Instructions below.

7. “Document” or “Document(s)” means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in State Farm Mutual Automobile Insurance Company’s possession, custody or control.
8. “Discuss” or “discussing” means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. “Describe” means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where “describe” is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. “With regard to,” “regarding,” “relating to,” “related to,” “with respect to,” or “involving” any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. “And” and “or” have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. “All” means “any and all.” “Any” means “any and all.”
13. “For example,” “e.g.,” “including,” and “such as” mean “including but not limited to.”
14. “Each” shall be construed to include “every,” and “every” shall be construed to include “each.”

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of State Farm Mutual Automobile Insurance Company does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of State Farm Mutual Automobile Insurance Company's central repository and any other materials otherwise in State Farm Mutual Automobile Insurance Company's possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, State Farm Mutual Automobile Insurance Company should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, State Farm Mutual Automobile Insurance Company must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, State Farm Mutual Automobile Insurance Company must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, State Farm Mutual Automobile Insurance Company should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if State Farm Mutual Automobile Insurance Company wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).

3. **Material Withheld, Claims of Privilege.** If State Farm Mutual Automobile Insurance Company withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4)

- through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).
- c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)

- ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.
- b. File and record formats:
  - i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

- ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses):

All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the State Farm Mutual Automobile Insurance Company files, using the following formats:

  1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*
  2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner.

Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

- c. Security
  - i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
  - ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
  - iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

12. **Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the State Farm Mutual Automobile Insurance Company’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

13. **Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.



**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, The Travelers Companies, Inc. is ordered to file a Special Report with the Commission no later than April 24, 2009, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of The Travelers Companies, Inc. who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)

- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in



underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”).  
Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)

- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables

- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)

- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. “You,” “Your,” or “the Company” refers to The Travelers Companies, Inc. and all entities which maintain responsive material that is in The Travelers Companies, Inc.’s central data repository or that is otherwise in The Travelers Companies, Inc.’s possession, custody or control, including but not necessarily limited to responsive materials from:

St. Paul Fire & Marine Insurance Company, Automobile Insurance Company of Hartford, CT, Charter Oak Fire Insurance Company, Farmington Casualty Company, First Floridian Auto & Home Insurance Company, Phoenix Insurance Company, Standard Fire Insurance Company, Travco Insurance Company, Travelers Casualty & Surety Company, Travelers Commercial Insurance Company, Travelers Home & Marine Insurance Company, Travelers Indemnity Company, Travelers Indemnity Company of America, Travelers Indemnity Company of Connecticut, Travelers Lloyds of Texas Insurance Company, Travelers Personal Insurance Company, Travelers Personal Security Insurance Company, Travelers Property Casualty Insurance Company, and Travelers Property Casualty Company of America.

2. “Policy” or “Policies” means, unless otherwise specified, any and all of the Company’s non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, “Policy” or “Policies” excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. “In Place” or “In Force” describes Policies providing coverage during any portion of a specified time period.
4. “Relevant Time Period” means July 1, 2004, up to and including June 30, 2007.
5. “Policy Period” is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in



this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)

6. "Data" means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, "Data" must be submitted in a manner that conforms to the Instructions below.
7. "Document" or "Document(s)" means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in The Travelers Companies, Inc.'s possession, custody or control.
8. "Discuss" or "discussing" means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. "Describe" means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where "describe" is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. "With regard to," "regarding," "relating to," "related to," "with respect to," or "involving" any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. "And" and "or" have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. "All" means "any and all." "Any" means "any and all."
13. "For example," "e.g.," "including," and "such as" mean "including but not limited to."

14. "Each" shall be construed to include "every," and "every" shall be construed to include "each."

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of The Travelers Companies, Inc. does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of The Travelers Companies, Inc.'s central repository and any other materials otherwise in The Travelers Companies, Inc.'s possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, The Travelers Companies, Inc. should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, The Travelers Companies, Inc. must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, The Travelers Companies, Inc. must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, The Travelers Companies, Inc. should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if The Travelers Companies, Inc. wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).
3. **Material Withheld, Claims of Privilege.** If The Travelers Companies, Inc. withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.

- b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4) through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).
  - c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the

alternative USB 2.0 external hard drive option specified below for all document - and data – files.)

- ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.
- b. File and record formats:
  - i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

- ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses): All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in The Travelers Companies, Inc. files, using the following formats:

1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*

2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner.

Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

- c. Security
  - i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
  - ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
  - iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

12. **Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in The Travelers Companies, Inc.’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

13. **Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.

**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)



**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

FTC Matter No. P044804

**ORDER TO FILE A SPECIAL REPORT**

Pursuant to a resolution of the Federal Trade Commission (henceforth the “Commission” or the “FTC”) dated May 16, 2008, titled “*Resolution Directing Use of Compulsory Process to Study Effects of Credit Scores and Credit-Based Insurance Scores under Section 215 of the FACT Act,*” a copy of which is enclosed, United Services Automobile Association is ordered to file a Special Report with the Commission no later than April 24, 2009, containing the information and documents specified herein.

Section 215 of the FACT Act, 15 U.S.C. § 1681 note (2003), requires that the Commission prepare a study regarding the use and effect of credit-based insurance scores in homeowners insurance. The information provided in the Special Report will assist the FTC in conducting this study.

The Special Report should restate each item of this Order with which the corresponding answer is identified. The Report is required to be subscribed and sworn to by an official of United Services Automobile Association who has prepared or supervised the preparation of the Report from books, records, correspondence, and/or other data and material in its possession, custody or control. If any Specification cannot be answered fully, provide the information that is available and explain in what respects and why the answer is incomplete.

Please provide the data, information, and documents requested in the following Specifications, consistent with the Definitions and Instructions, attached as Exhibit A.

## SPECIFICATIONS

1. **Background Information.** Please provide the following information:
  - a. Identify by full name, business address, telephone number, and official capacity, the officers of the Company who have prepared or supervised the preparation of its response to this Order
  - b. Identify the Company (as defined in Exhibit A) by full name(s), address(es), and state(s) of incorporation
  
2. **Policyholder Data.** For each policyholder who was a named insured under the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data. Submit this data on a separate data line or record for each policyholder and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
  - c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
  - d. Social Security Number
  - e. Date of birth
  - f. Last name, first name, and middle name (if full middle name is not available, then provide middle initial), stated separately for each part of the name
  - g. Whether this policyholder is the first-named insured on the Policy
  - h. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
  - i. Most recent different/prior address during the five years prior to the Policy Period – including street name and number, city, state, ZIP code, and ZIP + 4-digit code stated separately for each part of the address
  
3. **Policy Origination and Renewal Data.** For each of the Company's Policies In Place or In Force during the Relevant Time Period, please provide the following data in a data file/table separate from that containing the data provided in response to Specification (2). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):
  - a. Policy number (and any other unique Policy identifiers, listed separately)
  - b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)

- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The number of earned house years (or period of exposure) within the Relevant Time Period
- e. Whether the Company decided not to renew the Policy due in part or in whole to the policyholder's credit history information
- f. Name the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
- g. Policy's original inception date or years of tenure since the Policy's inception

4. **Premium Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. The dollar amount of earned premium(s) within the Relevant Time Period (i.e., the premium(s) associated with the relevant exposure period or earned house years), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage
- b. The dollar amount of written premium(s) (i.e., the premium(s) associated with the Policy Period, such as an annual premium), net of any rebates, refunds, dividends, or other payments from the Company to the policyholder other than claims payments. If premiums are divided into more than one coverage type, provide the dollar amount or percentage associated with each type of coverage, stated separately by coverage

5. **Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Any Policy form codes or identifiers, including but not limited to designations such as HO-1, HO-2, HO-3, HO-5, HO-7, HO-8, or dwelling fire owner-occupied
- b. Whether the Policy is a residual market or involuntary market Policy (e.g., FAIR, Beach/Windstorm plans)
- c. Whether the Policy is subject to any restrictions in coverage. If so, specify what these restrictions are
- d. The limits in dollar amounts and/or percentage terms for each type of coverage listed below, stated separately by coverage. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the replacement costs, or the limit for another specified coverage):

- i. Dwelling
  - ii. Other or detached structures
  - iii. Personal property or contents
  - iv. Loss of use or additional living expenses (please provide the limit for this coverage also in units of time/duration)
  - v. Personal liability (per occurrence)
  - vi. Medical payments to others (per person)
  - vii. All other basic or mandatory coverage (excluding optional endorsements or other optional coverage), stated separately by coverage
- e. Whether dwelling coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - f. Whether personal property or contents coverage is for all risks/perils (except those specifically excluded), for broad named-risks/perils, for basic named-risks/perils, or for some other designation of risks/perils (and state what this other designation is)
  - g. The method the Company uses to calculate or settle claims or losses (e.g., replacement cost, repair cost, market or actual-cash value) for dwelling and personal property/contents coverage, stated separately by coverage
  - h. The replacement costs for the dwelling, or the percent of the dwelling's replacement costs covered by the limits selected for dwelling coverage in Specification (5)(d)(i) (often referred to as the "insurance to value ratio"). (Do not provide percent figures both here and for the dwelling limits in Specification (5)(d)(i); the response to one of these two Specifications should provide an actual dollar amount)
  - i. Whether the Policy has extended or guaranteed replacement costs for dwelling coverage. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - j. Whether the Policy has building codes, ordinance, or law coverage for the dwelling. If it does, indicate the dollar amount, or the percent relative to the dwelling coverage amount stated in Specification (5)(d)(i)
  - k. Whether the Policy has inflation protection coverage with respect to the dwelling coverage amount stated in Specification (5)(d)(i)
  - l. Any applicable deductible(s) in dollar amounts and/or percentage terms. If there are multiple deductibles, please state these separately and indicate which coverage and/or peril each applies to. (Do not provide deductibles for optional endorsements or other optional coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the loss amount, or a given coverage's limit)

6. **Residential Property Information and Risk Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data on a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Address of the property insured under the Policy – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- b. Tier placement or rating group code or class
- c. Territory or zone code(s) or class(es) (including sub-zones or sub-territories)
- d. Fire protection and/or town code(s) or class(es) (e.g., based on proximity to fire station, fire hydrant, fire department response time)
- e. Construction type, class, or code (e.g., frame, masonry, brick)
- f. Roof type, class, or code
- g. Fire resistive credit or discount code or class
- h. Date of construction or age of home and materials
- i. Partially or fully renovated credit or discount code or class
- j. Age of earliest/oldest renovation
- k. Renovation type (e.g., full, plumbing, heating-cooling system, electrical, roof)
- l. Whether the Policy is for a row-house or a town-house
- m. Whether the Policy is for a secondary, partial-year, seasonal, or vacation home or residence, or is otherwise denoted as a secondary homeowners Policy
- n. Number of years the policyholder(s) has (have) resided at current house/address
- o. Number of years the policyholder has had a homeowners or dwelling fire insurance policy with the Company (if longer than the current Policy's duration)
- p. Whether the policyholder(s) had a homeowners or dwelling fire insurance policy In Force with You or another insurance carrier just prior to the start date of the Policy Period (for new Policies only). If so, state the type of policy this was (e.g., provide prior policy form code or name)
- q. Values or codes for any prior claims variables (e.g., penalty points, claim-free/safe-homeowner credit or discount, claim surcharge), stated separately by variable
- r. Number of families and/or units in the dwelling and other structures
- s. Age of insured(s) and/or retired worker credit or discount code or class
- t. Values or codes for any other individual/person or household characteristics (e.g., family size and/or number of children, pets and/or wild animals, marital status, gender, education, employment history, occupation, non-smoker), stated separately for each characteristic
- u. Values or codes for any individual/personal or family income information (and indicate whether it is for individual or family income)
- v. Multi-line/product/policy credit or discount code or class
- w. Group coverage credit or discount code or class (e.g., based on professional affiliation, or groups such as AARP)
- x. Protective device(s) discount or credit class(es) or code(s) (e.g., for smoke alarms, automatic sprinkler systems, anti-theft devices or security systems), stated separately by device if multiple credits or discounts are provided for different devices on a single Policy
- y. Class(es) or code(s) for credit-based score(s) or credit history information (including the class or code assigned to policyholders for whom insufficient or no credit history information was found)

- z. Premium adjustment factor(s), relativity, or relativities, associated with the class(es) or code(s) for the credit-based score(s) or credit history information provided in response to Specification (6)(y) (including the factor(s) or relativities assigned to policyholders for whom insufficient or no credit history information was found)
- aa. Whether there is a mortgage, home equity loan, or home equity line of credit outstanding on the property covered by the Policy
- bb. Provide values or codes for any other variables, discount factors, or credits, used by the Company in underwriting, tier placing, and/or rating the Policy (excluding variables or factors only used for rating optional endorsements or other optional coverage), stated separately for each variable or factor

7. **Endorsements and Additional/Extended/Optional Coverage Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following additional data in the same data file/table that contains the data provided in response to Specification (3). Submit this data using a separate data line or record for each Policy and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Indicate whether each of the following endorsements or additional coverages are attached to or included in the Policy:
  - i. Earthquake
  - ii. Sewer or water back-up
  - iii. Unscheduled or scheduled personal property or contents (e.g., jewelry and furs)
  - iv. Any other endorsements or additional coverage (do not state these separately by endorsement, and exclude from consideration here any endorsements or additional coverage already requested in Specification (5), such as, building codes, ordinance, or law; inflation protection; extended or guaranteed replacement costs; replacement costs for personal property; and all-risk/perils coverage for personal property)
- b. The total dollar amount of earned premium(s) within the Relevant Time Period associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(a)
- c. The total dollar amount of written premium(s) (i.e., the premium(s) for the Policy Period, such as an annual premium) associated with all endorsements and/or additional coverage provided in response to Specifications (5) and (7)(a) that was not already included in Specification (4)(b)
- d. Earthquake zone, class, or code (for Policies that have earthquake coverage)
- e. Earthquake deductible in dollar amounts and/or percentage terms (for Policies that have earthquake coverage). If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., a given coverage's limit)

8. **Additional Credit-Based Insurance Score and Credit History Data.** For each credit-based score or credit history information file that was used or obtained for potential use in

underwriting, tier placement, and/or rating each of the Policies identified in response to Specification (3)(a), please provide the following additional data in a data file/table separate from that containing the data provided in response to Specification (2), and Specifications (3) to (7). Submit this data on a separate data line or record for each credit-based score and/or credit history information file and Policy Period, containing the requested information current at the beginning of that Policy Period (mid-term Policy changes should not be reflected until a new record is produced for a subsequent Policy Period):

- a. Policy number (and any other unique Policy identifiers, listed separately)
- b. Policy Period start or renewal date (regardless of whether this date occurs during the Relevant Time Period)
- c. Policy Period end date (regardless of whether this date occurs during the Relevant Time Period)
- d. The date the credit-based score or credit history information was generated or obtained
- e. Last name, first name, and middle name (if full middle name is not available, then provide middle initial) of the individual associated with this credit-based score or credit history information, stated separately for each part of the name
- f. The name of the credit-based score or credit history information model, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
- g. Credit-based score (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- h. Credit history information (including designations assigned to policyholders for whom insufficient or no credit history information was found; e.g., “no-hits” and “thin files”)
- i. Whether this credit-based score or credit history information was used in the underwriting, tier placement, and/or rating of the Policy. Indicate each of the following it was used for:
  - i. Determining eligibility for the entity (e.g., Company subsidiary or affiliate) that wrote the Policy
  - ii. Determining eligibility for form code provided in Specification (5)(a)
  - iii. Determining eligibility for the limits, extended coverage, or restrictions in coverage provided in response to Specification (5)
  - iv. Tier placement
  - v. Rating
  - vi. Other use, stated separately for each different type of use
  - vii. Not used
- j. If this credit-based score or credit history information was used to rate, tier place, or underwrite the Policy, then provide its impact (in dollar or percent terms) on the Policy’s written premium. If a percent figure is provided, please indicate here or in Specification (11)(a) the denominator used to determine this percentage (e.g., the dollar amount of written premiums provided in response to Specification (4)(b))
- k. Whether any exceptions were made in the use (or lack of use) of this credit-based score or credit history information relative to what was stipulated in the relevant

Company rating manuals or underwriting guidelines (e.g., a score “over-ride”).  
Provide the code associated with, or a brief description of, the specific exception or over-ride that was granted

9. **Claim Data.** For each of the Policies identified in response to Specification (3)(a), please provide the following data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), and Specification (8). Submit this data for each claim filed in connection with any loss that occurred during the Relevant Time Period, on a separate data line or record for each claim:

- a. Policy number (and any other unique Policy identifiers, listed separately, that will allow claim information to be matched to the correct Policy identified)
- b. Claim identification code, number, or other identifier
- c. The following dates:
  - i. the date of the loss from which the claim arises
  - ii. the date the loss was reported
  - iii. if applicable, the date the Company closed the claim
- d. Whether claim status is open, closed, or is otherwise designated (and state this other designation)
- e. Incurred claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- f. Paid claim dollar amount net of third party recoveries (e.g., subrogation and salvage) and excluding allocated loss adjustment expenses, as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- g. Reserve claim/loss dollar amount as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- h. Paid or incurred allocated claim loss adjustment expense as of date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Please provide separate dollar amounts for each type of loss indicated in Specification (9)(j)
- i. Deductible amount(s) associated with claim
- j. The cause(s) or type(s) of loss for the claim, from the list below:
  - i. Dwelling - fire, and/or lightning, and/or debris removal
  - ii. Dwelling - wind and/or hail (non-catastrophe)
  - iii. Dwelling - wind and/or hail (catastrophe)



- iv. Dwelling - water damage and/or freezing (non-catastrophe)
- v. Dwelling - water damage and/or freezing (catastrophe)
- vi. Contents - fire, and/or lightning, and/or debris removal
- vii. Contents - wind and/or hail (non-catastrophe)
- viii. Contents - wind and/or hail (catastrophe)
- ix. Contents - water damage and/or freezing (non-catastrophe)
- x. Contents - water damage and/or freezing (catastrophe)
- xi. Theft
- xii. Vandalism or malicious mischief
- xiii. Liability and/or medical payments
- xiv. All other, stated separately for each cause of loss

10. **Application and Quote Data.** Please provide the following data for each Policy application and Policy rate/quote request submitted by new or prospective customers during the twelve month period prior to the date of full and complete compliance with this Specification (or the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification). Submit this data in a data file/table separate from those containing the data provided in response to Specification (2), Specifications (3) to (7), Specification (8), and Specification (9). Submit data on a separate data line or record for each Policy application and Policy rate/quote request (multiple quote requests and/or applications for the same person, family, or household, should also be submitted on separate data lines or records):

- a. Any and all unique identifiers for the quote request or application. (For applications that resulted in the issuance of a Policy also indicate the Policy number and the Policy Period start date)
- b. Whether this is an application, or is a quote request
- c. The following personal information for each of the customers submitting the quote request or application or for the prospective policyholders, stated separately by customer or prospective policyholder:
  - i. Social Security Number
  - ii. Date of birth
  - iii. Last name, first name, and middle name (if full middle name not available, then provide middle initial), stated separately for each part of the name
- d. Any and all identifiers, in addition to those already included in Specifications (10)(a) and (10)(c), sufficient to identify multiple quote requests (or a quote request and an application) made by the same person, family, or household
- e. Address of the property a Policy is sought for – including street name and number, city, state, ZIP code, and ZIP + 4-digit code, stated separately for each part of the address
- f. Date on which the application or quote request was received or processed
- g. Any and all decisions the Company made with regard to the application or quote request, including whether the Company:
  - i. Rejected/denied the application (or did not provide a quote); and state the cause of, or provide an explanation for, this denial (or failure to provide a quote)

- ii. Approved the application (or provided a quote in the case of a quote request), but did not issue a Policy (e.g., because the applicant ultimately decided not to purchase insurance coverage from the Company)
  - iii. Approved the application (or quote) and issued a Policy
- h. Length of the Policy Period offered or quoted
- i. Price/premium quoted
- j. Name of the entity (e.g., Company subsidiary or affiliate) to which the application (or quote request) was submitted
- k. Name of the entity for which coverage/Policy was offered or quoted
- l. Whether the customer seeking the quote or submitting the application had a homeowners or dwelling fire insurance policy In Force with another insurance carrier at the time of (or just prior to) the quote request or application. If so, provide the following information about that policy:
  - i. Name of the insurance carrier that wrote it
  - ii. Policy form code
  - iii. The state where it was written
  - iv. Whether the address of the property insured under that policy is the same as the address of the property for which the quote request or application has been submitted
- m. The reason(s) given by the customer for seeking a new insurance policy (and thus, submitting a quote request or application)
- n. Whether the customer sought the quote or submitted the application in person, by phone, by mail, through the internet, or through some other channel (and state what this other channel is)
- o. Whether the quote was sought from or the application was submitted to a “direct” agent or employee, an exclusive or “captive” agent, an independent agent, or some other type of agent, employee, or salesperson (and provide a specific designation for this other type of agent or employee)
- p. Whether a credit-based score or any credit history information was used for rating, tier placement, and/or underwriting eligibility, in order to generate the premium/quote (and specify which of these it was used for). If any such information was used, please provide for each application and/or quote the same information that was requested in Specifications (6)(y), (6)(z), and (8)(d) to (8)(k)
- q. All other information the Company recorded at the time the quote request or application was submitted, including but not limited to all information the Company used to determine eligibility for insurance coverage, and/or the price or premium quoted (e.g., all available information on all the data elements and variables referenced or requested in Specifications (5), (6), and (7) above)

11. **Data Documentation.** Please provide the following:

- a. Documents sufficient to understand and interpret the data provided in response to Specifications (2) to (10), including but not limited to code or class definitions for all variables

- b. Any and all rating manuals associated with the data requested in Specifications (2) to (10). Please provide the full rating manuals organized chronologically (and, if applicable, by state) and/or in the order in which they were maintained
- c. Documents or a narrative response sufficient to describe whether any dollar amounts or percentages provided in Specifications (5)(i) and (5)(j) (i.e., for extended/guaranteed replacement costs and building codes, ordinance, or law coverage) were already included in (or used to calculate) the dollar amount given for the dwelling coverage limit in Specification (5)(d)(i)
- d. A narrative response sufficient to describe the ending date for the most recent quarter or other reporting period used in Specifications (9), (10), (12), and (13)
- e. Documents or a narrative response sufficient to describe how incurred claims (i.e., Specification (9)(e)) were recorded, and specifically whether they were recorded net of deductibles
- f. If the incurred claim amount stated in Specification (9)(e) generally does not equal the sum of the paid claim amount in Specification (9)(f) and the reserve claim amount in Specification (9)(g), then provide documents or a narrative response sufficient to describe why this equality generally does not hold
- g. Documents or a narrative response sufficient to describe how the Company determined in Specification (9)(j) whether a given event or loss for which a claim was filed was a catastrophic event

12. **Underwriting Guidelines Documentation.** Please provide the following:

- a. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents sufficient to describe the underwriting guidelines, eligibility rules, or criteria used by the Company to decide whether to accept or reject the Policy applications (and quote requests) the Company reviewed/received (e.g., minimum credit-based score or class, maximum number and type of prior claims). If these guidelines/criteria vary by state, and/or by time period, and/or by Company entity (e.g., subsidiary or affiliate), and/or by Policy form, provide information on all and indicate which state, and/or time period, and/or Company entity, and/or Policy form each set of guidelines/criteria is associated with
- b. For the twelve month period having the same ending date as the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then for the twelve month period prior to the date of full and complete compliance with this Specification), provide documents and/or a narrative response sufficient to describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining which of the Company's entities (e.g., subsidiaries or affiliates) a homeowners insurance application or quote request is submitted to, which Policy form it qualifies for, or which tier an applicant is placed in

- c. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide documents or a narrative response sufficient to describe the total number of Policy applications the Company received and the proportions or percentages turned down and accepted by state and calendar or fiscal year (or by other time interval if the data are not maintained by calendar or fiscal year). Indicate how many of the accepted applications (by state and year) were issued a Policy by the Company and how many were not (e.g., because the approved applicant ultimately decided not to purchase insurance coverage from the Company). If the Company does not maintain and/or cannot calculate this information separately for the Policy applications requested by this Order (e.g., owner-occupied dwelling fire and homeowner Policies, excluding condominium and coop policies), then provide this information for all dwelling fire and homeowners insurance policy applications (and specify which type of policies or policy forms are included in the tabulations)

**13. Development and Use of Credit-Based Insurance Scores and Other Credit History Information.** Please provide documents or narrative responses sufficient to describe the information requested in the following Specifications regarding the use of credit-based scores and other credit history information for underwriting, tier placing, and/or rating renewal Policies, and new Policies or Policy applications:

- a. As of the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then as of the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state and/or Company entity (e.g., subsidiary or affiliate):
  - i. Whether credit-based scores or other credit history information is used in connection with renewals, and/or for new Policies
  - ii. How often credit-based scores or other credit history information is/are obtained or updated for a given Policy or policyholder
  - iii. If credit-based scores or other credit history information is/are obtained for multiple individuals named in the Policy, explain whether the Company selects one individual's credit information or multiple individuals' credit information for underwriting, tier placement, and/or rating, and also respond to the following:
    1. If the Company selects one individual, please indicate which one (e.g., household head, first-named insured, oldest named insured, named insured with the thickest or most populated credit history file, named insured with the highest score or the lowest score)
    2. If the Company selects the credit information of multiple individuals, explain how this information is used or combined (e.g., arithmetic mean or average)

- iv. Describe to what extent agents, brokers, salespeople, underwriters, and/or Company employees, who market and/or sell the Company's Policies, have discretion in determining whether and how a credit-based score or any other credit history information is used or applied in the underwriting, tier placement, or rating process
- b. For the time period from July 1, 2004, to the ending date of the time period covered by the data submitted in response to Specification (10) (and if no data is available in response to Specification (10), then up to the date of full and complete compliance with this Specification, or up to the ending date of the most recent quarter or other reporting period prior to the date of full and complete compliance with this Specification), provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The name of each credit-based score or credit history information model used, and the name of the associated vendor if applicable (e.g., ChoicePoint, FICO)
  - ii. The date at which the Company began using each credit-based score model or other credit history information (and the date at which it stopped, if applicable)
  - iii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)
  - iv. A description of any proprietary credit-based scoring models used, including but not limited to the data elements incorporated into the model and the method for calculating the associated score (e.g., the score card(s) and an explanation of how to use these score card(s) to calculate the score)
- c. For the time period prior to July 1, 2004, provide the following information and describe any differences in such information by state, Company entity (e.g., subsidiary or affiliate), and time period:
  - i. The date at which the Company began using any credit-based score models or credit history information (and the date at which it stopped, if applicable)
  - ii. For each credit-based score model or any credit history information used, describe how it was used both for new applications and renewals (e.g., to determine basic eligibility, or eligibility for a particular Company entity, form code, or limit; to tier place; and/or to rate)

## **EXHIBIT A**

### **DEFINITIONS AND INSTRUCTIONS**

For the purposes of this Order, the following specific definitions and instructions apply unless otherwise specified:

#### **DEFINITIONS**

1. "You," "Your," or "the Company" refers to United Services Automobile Association and all entities which maintain responsive material that is in United Services Automobile Association's central data repository or that is otherwise in United Services Automobile Association's possession, custody or control, including but not necessarily limited to responsive materials from:

USAA, USAA General Indemnity Company, USAA Casualty Insurance Company, USAA Texas Lloyds Company, and Garrison Property and Casualty Insurance Company.

2. "Policy" or "Policies" means, unless otherwise specified, any and all of the Company's non-commercial homeowners insurance policies, including but not limited to policies written on HO-1, HO-2, HO-3, HO-5, or HO-8 forms; dwelling fire owner-occupied policies; any other single-family owner-occupied policies (including, but not limited to, any single-family owner-occupied policies written as part of the residual or involuntary market; e.g., FAIR and/or Beach/ Windstorm plans). Unless otherwise specified, "Policy" or "Policies" excludes information associated with condominium and coop homeowners insurance policies, renters/tenant insurance policies, mobile home insurance policies, and dwelling fire renter-occupied insurance policies.
3. "In Place" or "In Force" describes Policies providing coverage during any portion of a specified time period.
4. "Relevant Time Period" means July 1, 2004, up to and including June 30, 2007.
5. "Policy Period" is the period beginning on the start or renewal date of a Policy and expiring on the date the Policy is scheduled to end if not renewed. The start or end date of a Policy Period may fall outside the Relevant Time Period. For example, a given Policy In Place at the beginning of the Relevant Time Period (i.e., as of July 1, 2004) may have a start date of September 15, 2003 and an end date of September 14, 2004; in this instance the Policy Period is September 15, 2003 to September 14, 2004. (And if the Policy is renewed then a new Policy Period starts on September 15, 2004.)
6. "Data" means all representations of facts, concepts, decisions, categorizations, or instructions created or stored in a formalized manner suitable for communication, interpretation, or processing by persons or by automatic means, including but not limited

to numbers, letters, symbols, images, or other representations to which meaning is or might be assigned. For the purposes of this Order, “Data” must be submitted in a manner that conforms to the Instructions below.

7. “Document” or “Document(s)” means all original and non-identical copies of the original of all written, recorded, transcribed, or graphic matter of every type and description, however and by whomever prepared, produced, reproduced, disseminated, or made, including, but not limited to, analyses, letters, telegrams, memoranda, reports, books, studies, surveys, pamphlets, notes, graphs, tapes, data sheets, printouts, net sites, microfilm, indices, calendar or diary entries, manuals, guides, outlines, abstracts, histories, and agendas, minutes, or records of meetings, conferences, electronic mail and telephone or other conversations or communications, as well as films, tapes or slides and all other data compilations in United Services Automobile Association’s possession, custody or control.
8. “Discuss” or “discussing” means in whole or in part constituting, containing, describing, or addressing the designated subject matter, regardless of the length of the treatment or detail of analysis of the subject matter, but not merely referring to the designated subject matter without elaboration.
9. “Describe” means to provide information sufficient to allow a reasonable and complete understanding of the substance of any policy, procedure, or other referenced matter. Where “describe” is specified, if summaries, compilations, lists or synopses are available that are sufficient to provide a reasonable and complete understanding of the requested information, these should be provided in lieu of the underlying documents.
10. “With regard to,” “regarding,” “relating to,” “related to,” “with respect to,” or “involving” any given subject means in whole or in part constituting, containing, concerning, embodying, reflecting, discussing, explaining, describing, analyzing, identifying, stating, referring to, dealing with, or in any way pertaining to.
11. “And” and “or” have both conjunctive and disjunctive meanings (as necessary, in order to bring within the scope of any request all relevant documents that might otherwise be construed to be outside its scope).
12. “All” means “any and all.” “Any” means “any and all.”
13. “For example,” “e.g.,” “including,” and “such as” mean “including but not limited to.”
14. “Each” shall be construed to include “every,” and “every” shall be construed to include “each.”

## INSTRUCTIONS

1. **Submission Information.** Please send responses to Matias Barenstein, Federal Trade Commission, Bureau of Economics, 601 New Jersey Avenue, N.W., Mail Drop NJ-4136, Washington, D.C. 20580. Mr. Barenstein may be reached at (202) 326-2859. A representative of United Services Automobile Association does not need to personally deliver the responses. Each Specification of this Order contemplates a complete search of all of United Services Automobile Association's central repository and any other materials otherwise in United Services Automobile Association's possession, custody or control. Responsive material should be submitted on a rolling basis, with those documents and/or files that constitute a complete response to a given Specification to be submitted as soon as possible prior to the final return date. However, data responsive to Specifications (3) through (7) should be submitted together. Additionally, in order to minimize the period of time the FTC holds personally identifiable information, United Services Automobile Association should not submit materials responsive to Specification (2) prior to submitting the information requested in Specification (9).

Further, and only following discussion and prior approval from the Commission, data and documents responsive to Specifications (2), (6)(a), (10)(c) and (10)(e) may be submitted to a third party (or parties) selected by the FTC, instead of the Commission directly, so that the third party (or parties) can locate other information necessary to conduct the study and provide it to the Commission. However, in response to Specifications (6)(a) and (10)(e), information regarding the city, state, ZIP code, and ZIP + 4-digit code must still also be provided directly to the Commission. In the event it chooses this option, United Services Automobile Association must attach a sequence number unique to each Policy (and Policy Period), and each Policy application or quote request. This unique sequence number must appear both in the data submitted to the third party and the data submitted directly to the Commission so that the FTC can match material from these separate data sources. Additionally, United Services Automobile Association must submit to the FTC a variable indicating whether it has a Social Security Number for any of the policyholders associated with each Policy and any of the customers associated with each Policy application or quote request (although the actual Social Security Number(s) would only be submitted to the third party).

Prior to production of any of the materials requested in this Order, United Services Automobile Association should confer with Commission staff to ensure that the data and documents to be produced in response to this Order are consistent with the staff's understanding of what each data item represents. Additionally, if United Services Automobile Association wishes to produce data or documents in a format other than one of those specified in this Order, please contact Commission staff to discuss this option before doing so.

2. **Time for Compliance.** Any request to extend the time for compliance with this Order will be resolved under Commission Rule of Practice 2.12(b). 16 C.F.R. § 2.12(b).



3. **Material Withheld, Claims of Privilege.** If United Services Automobile Association withholds all or any portion of any responsive piece of data or document for any reason, including an asserted privilege, state in writing individually for each data or document: its type, title, subject matter, and date; the names, addresses, positions, and organizations of each author and recipient; and the specific grounds for claiming that the document is privileged, as well as facts sufficient to support such a claim. For each piece of responsive data, or document, withheld under a claim that it constitutes or contains attorney work product, also state whether the document was prepared in anticipation of litigation or for trial and, if so, identify the anticipated litigation or trial upon which the assertion is based.
4. **Data/Documents Lost or Destroyed.** If data or documents responsive to a particular Specification no longer exist, but are known to have been in existence, please: (1) state the circumstance under which they were lost or destroyed; (2) describe the data or documents to the fullest extent possible; (3) identify persons having knowledge of the content of such documents; and (4) provide a statement of the data or document retention policies.
5. **Verb Tenses, Plural vs. Singular.** In each Specification, the present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense. The singular shall be construed to include the plural, and the plural shall be construed to include the singular.
6. **Relevant Time Period.** Unless otherwise specified, please provide any requested Policy data or information as of the start of the Relevant Time Period. If a Policy's coverage begins after the start of the Relevant Time Period, please provide any requested data or information as of the inception date of that Policy.
7. **Distinct Data Files.** The responses to Specifications (2) through (10) must be submitted in five separate data files/tables; one file/table for each of the following:
  - a. Specification (2)
  - b. Specifications (3) through (7)
  - c. Specification (8)
  - d. Specification (9)
  - e. Specification (10)
8. **Internal Data File/Table Structure.** Use the following formats or structures within the data files/tables submitted in response to Specifications (2) through (10):
  - a. For Specification (2) (Policyholder data): Use a separate data line or record for each policyholder and Policy Period.
  - b. For Specifications (3) through (7) (Policy data): Use a separate data line or record for each Policy and Policy Period. Submit the data responsive to Specifications (4) through (7) in additional data fields on the same data line or record per Policy Period that is/was used in response to Specification (3).

- c. For Specification (8) (Credit-based score and credit history data): Use a separate data line or record for each Policy, Policy Period, and credit-based score and/or credit history information archive.
  - d. For Specification (9) (Claim data): Use a separate data line or record for each claim filed.
  - e. For Specification (10) (Application and Quote data): Submit data on a separate data line or record for each Policy application and Policy rate/quote request (even multiple quote requests and/or applications for the same person, family, or household, should be submitted on separate data lines or records).
9. **Blank Fields and/or Empty Records.** To the extent that the data provided in response to Specifications (2) to (10) contains fields or variables that are blank or empty for some or all records, please explain why each of these fields or variables is partially or entirely blank or empty.
10. **Document Organization.** This set of instructions should be followed for all document submissions, whether submitted in electronic form or in hard copy:
- a. All documents submitted in response to Specifications should be Bates-stamped or otherwise sequentially numbered.
  - b. Provide a master list showing all documents produced, identified by document Bates or control number, name of the person, department, and, if applicable, the entity (e.g., subsidiary or affiliate) which created the document, and the Specification number the document is responsive to.
  - c. Documents that may be responsive to more than one Specification of this Order need not be submitted more than once; however, please indicate, for each document submitted, each Specification to which the document is responsive. If any documents responsive to this Order have been previously supplied to the Commission, in lieu of re-supplying those materials it is permissible to identify the document(s) previously provided and the date of submission.
11. **Submission of Electronic Media.** Magnetic and other electronic media shall be submitted in the following forms and formats:
- a. Magnetic and other electronic media types accepted:
    - i. DVD-ROM for Windows-compatible personal computers. Use only standard single-sided 4.7 gigabyte DVDs. Store data and files on DVDs in uncompressed format. If any single data file/table is too large to fit into a single DVD, do not span multiple DVDs, but use the alternative USB 2.0 external hard drive option specified below for all data files. (For document files, if more than two or three DVDs are required to store these, then please also use the alternative USB 2.0 external hard drive option specified below for all document - and data – files.)
    - ii. USB 2.0 External Hard Drive formatted in Windows-compatible uncompressed data.

b. File and record formats:

i. For Specifications (2) to (10) (i.e., data files):

The data files produced in response to these Specifications must be submitted as fixed-length ASCII text files with appropriate record layout or as delimited ASCII text files with field names as the first record. For the latter, field-level documentation should be provided and care taken so that delimiters and quote characters do not appear in the data. All data files should include or be accompanied with the definitions of the field names, codes, and abbreviations used in the data and, upon request from the FTC, the instructions for using the data file. The FTC may require a sample of the data to be sent for testing.

With regards to Specification (10), if application and/or quote information is not maintained in a format that may be submitted in ASCII text files, as specified above, please extract the requested information in ASCII text file format from any other records or data sources maintained from which it is possible to do so (e.g., Policy data).

ii. For Specifications (11) to (13) (i.e., documents and/or narrative responses):

All documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the United Services Automobile Association files, using the following formats:

1. (Native) PC files: The FTC accepts files in the following electronic file formats for documents where the normal business practice storage method is in such formats. (Additionally, narrative responses may be submitted in these file formats as well.)

(File formats): PDF files should be submitted as Adobe Acrobat text-searchable PDF (\*.pdf) files, version 8 or earlier. Word processing documents may be submitted in ASCII text, Microsoft Word 2003 or earlier version, or WordPerfect version X3 or earlier. PowerPoint presentations may be submitted in MS PowerPoint 2003 or earlier. Spreadsheets should be submitted in MS Excel 2003 (\*.xls) or earlier version (and should include or be accompanied with the definitions of any codes and/or abbreviations used in the column and row field names or in the data cells themselves). *Other proprietary formats for PC files should not be submitted without prior approval.*

2. Scanned Documents: Scanned documents must be submitted as text-searchable Adobe Acrobat PDF (\*.pdf) files, version 8 or earlier. The FTC accepts scanned documents where the normal business practice storage method for these documents is in hard copy. Scanned documents are accepted with the understanding that unreadable images will be resubmitted in hard copy format in a timely manner. Furthermore, scanned documents must be true, correct, and complete copies of the original hard copy documents.

c. Security

- i. All submissions of electronic data and documents to the FTC must be free of computer viruses and must be encrypted in accordance to FIPS 140-2 (using PGP encryption or comparable software). *Other proprietary encryption software should not be used without prior approval*, and any other passwords protecting documents or files must be removed or provided to the FTC.
- ii. Magnetic media shall be carefully packed to avoid damage and must be clearly marked on the outside of the shipping container as follows: “MAGNETIC MEDIA – DO NOT X-RAY, MAY BE OPENED FOR POSTAL INSPECTION.”
- iii. Transport the media using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

**12. Submission of Documents in Hard Copies.** Any hard copy documents or narrative responses submitted in reply to Specifications (11) to (13) shall be submitted as follows:

- a. The FTC accepts hard copies of documents where the normal business practice storage method for these documents is in such a format – and only if such documents are not maintained also in electronic form. Documents and/or narrative responses submitted in hard copy shall be submitted in sturdy cartons not larger than 1.5 cubic feet. Number each such box and mark each such box with corporate identification and the name(s) of the person(s) whose files are contained in the box.
- b. All hard copy documents responsive to these Specifications shall be produced in complete form, unredacted unless privileged, and in the order in which they appear in the United Services Automobile Association’s files (unless otherwise specified).
- c. Unless otherwise stated, legible photocopies may be submitted in lieu of original documents, provided that the originals are retained in their state at the time of service of this Order. Further, copies of original documents may be submitted in lieu of originals only if they are true, correct, and complete copies of the original documents. A complete copy of each document should be submitted even if only a portion of the document is within the terms of the Specification. The document shall not be edited, cut, or expunged, and shall include all covering letters, memoranda, transmittal slips, appendices, tables or other attachments, and all other documents referred to in the document or attachments.
- d. Transport hard copies using a delivery method that offers a tracking service, such as UPS or FedEx, or equivalent. If a courier is used, ensure that there are no stops between pickup and delivery.

**13. Verification.** The attached verification form should be executed by the official supervising compliance with this request and notarized.

**VERIFICATION**

This response to the Order of the Federal Trade Commission for information, together with any and all attachments thereto, was prepared and assembled under my supervision. The information is, to the best of my knowledge, true, correct, and complete.

\_\_\_\_\_  
TYPE OR PRINT NAME AND TITLE

SIGNATURE

Subscribed and sworn to before me at the City of \_\_\_\_\_, State of \_\_\_\_\_,  
this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

By the direction of the Commission.

William E. Kovacic  
Chairman

SEAL

Date of Order: December 15, 2008

The Special Report required by this Order,  
or any inquiry concerning it, should be  
addressed to the attention of:

Matias Barenstein  
Bureau of Economics  
Federal Trade Commission  
610 New Jersey Ave., NW, NJ-4143  
Washington, DC 20580  
(202) 326-2859 (telephone)  
(202) 326-3443 (facsimile)  
[mbarenstein@ftc.gov](mailto:mbarenstein@ftc.gov)

Jesse Leary  
Bureau of Economics  
Federal Trade Commission  
601 New Jersey Ave., NW., NJ-4119  
Washington, DC 20580  
(202) 326-3480 (telephone)  
(202) 326-3443 (facsimile)  
[jleary@ftc.gov](mailto:jleary@ftc.gov)

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:** William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

**RESOLUTION DIRECTING THE USE OF COMPULSORY PROCESS TO STUDY THE  
EFFECTS OF CREDIT SCORES AND CREDIT-BASED INSURANCE SCORES  
UNDER SECTION 215 OF THE FACT ACT**

FTC Matter No. P044804

**Nature and Scope of Matter:**

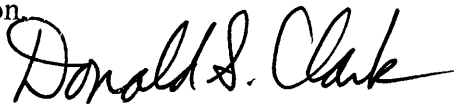
To comply with Section 215 of the Fair and Accurate Credit Transactions Act, 15 U.S.C. § 1681 note (2006), Pub. L. No. 108-159 (Dec. 4, 2003), which requires the Commission and Federal Reserve Board to conduct a study, and to submit a report on the study to Congress, of the effects of the use of credit scores and credit-based insurance scores on the availability and affordability of a range of consumer financial products and services.

The Federal Trade Commission hereby resolves and directs that compulsory process under section 6(b) of the Federal Trade Commission Act and Section 215 of the Fair and Accurate Credit Transactions Act be used in connection with this matter.

**Authority:**

Sections 6, 9, and 10 of the Federal Trade Commission Act, as amended, 15 U.S.C. §§ 46, 49, and 50; Section 215 of the Fair and Accurate Credit Transactions Act, 15 U.S.C. § 1681 note (2006); FTC Procedures and Rules of Practice, 16 C.F.R. §§ 1.1 *et seq.*, and supplements thereto.

By direction of the Commission,



Donald S. Clark  
Secretary

Issued: May 16, 2008