

A refund formula is deemed by Regulation 84-1 § 8 (3) to be filed if it is contained in the group certificate filed with the Commissioner. The rule of 78's refund formula, however, did not appear in the group certificate.

The examiners recommend that UULIC file the rule of 78's refund formula for lease transactions with the Vermont Department or revise the group certificate to contain the formula.

#### **(H) SUBSEQUENT ACTIONS (USE OF UNAPPROVED RATES)**

Subsequent to the examination period, a review of the Company's rate filings revealed that the Company implemented its 2004 rate filings without the approval of the Vermont Department in violation of 8 V.S.A. § 4109 (a).

The Company responded to the examiners' criticism in agreement that its 2004 rate filings were implemented after the Department had disapproved the filing. Further, the Company proposes to make premium refunds directly to the affected consumers in those cases where the rates were increased.

The examiners recommend that the Company refund the premium overcharges to the affected consumers together with interest thereon and notify the Department when this has been accomplished.

## **(V) PRODUCER LICENSING**

The automobile and motorcycle dealers through which the Company markets credit life and credit disability insurance are issued group master policies as discussed in Section III (A) of this report. The dealers' duties and responsibilities are specified by contract with the Company which, include, in pertinent part, the responsibility of selling credit life and credit disability insurance to its customers.

The insurance has been and continues to be solicited by personnel of the various dealerships who are not licensed in accordance with 8 V.S.A. § 4813b that states: *A person shall not sell, solicit or negotiate insurance in this state for any class or classes of insurance unless the person is licensed for that line of authority in accordance with this subchapter.* Additionally, the Company failed to appoint these persons in violation of 8 V.S.A. § 4813l.

The examiners criticized the Company for failing to require dealership personnel who sold, solicited or negotiated insurance to obtain licensure in violation of 8 V.S.A. § 4813b and for failing to appoint its producers or file such notice of appointment with the Commissioner or pay the required \$60.00 appointment fee for each insurance producer in violation of 8 V.S.A. § 4813l.

The Company responded in disagreement with the examiners' criticism stating in pertinent part that *there is a lack of understanding as to the standards that are to be followed by Universal Underwriters with the automobile dealerships that represent us.*

Further, the Company requested guidance from the Department regarding various areas of concern such as identifying those persons for which licensing is required, dates when the Company is expected to begin the licensing process, whether a limited license may be available and the Department's interpretation of 8 V.S.A. § 4813 (d) (2) [Exemptions].

The exemptions under 8 V.S.A. § 4813 (d) (2) do not apply in situations where activities of such persons involves selling insurance or asking or urging a person to apply for a particular kind of insurance, offering advice directly to a purchaser or prospective purchaser of a contract of insurance, presenting the benefits, terms or conditions of a policy of insurance, quoting premiums, securing the insurance by means of completing an application or enrollment form and result, in an exchange for money (premium), in the issuance of a contract or certificate of insurance on behalf of the Company. These activities by law constitute the definitions of soliciting, negotiating and selling.

**Reference:**

**8 V.S.A. § 4813 a. Definitions provides:**

Under § 4813 a. (8) *“Negotiate” means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms or conditions of the contract, provided the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.*

Under § 4813 a. (10) *“Sell” means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.*

Under § 4813 a. (11) *“Solicit” means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular insurer.*

The examiners recommend that all persons engaged in the solicitation of insurance through the Company become duly licensed in accordance with 8 V.S.A. § 4813b and appointed as required by 8 V.S.A. § 4813l.

## **(VI) FINES, PENALTIES & FORFEITURES**

The Company failed to file a listing of reportable administrative actions between the insurer and state insurance departments for each of the years 2000, 2001 and 2002 as required by Vermont Bulletin 30. The Company responded on 12-10-03, that they have “designated an individual to make the annual report.”

## SUMMARY OF RECOMMENDATIONS

1.

**Page 10**

The examiners recommend that the Company immediately correct its procedures for calculating decreasing credit life insurance claim amounts in addition to recalculating all such claims paid during the preceding five (5) years and remit all additional sums due the beneficiaries together with interest from the date of death to the date of payment.

2.

**Page 12**

The examiners recommend that the Company pay all of the claims which were denied due to their failure to terminate coverage within the seventy-five (75) day period, in violation of 8 V.S.A. § 4724 (19).

3.

**Page 15**

The examiners recommend that the Company take steps to ensure that certificate holders are afforded proper notice within seventy-five (75) days of the effective date of coverage in the event coverage is rejected, canceled or amended in accordance with the policy language contained in the master policy.

4.

**Page 17**

The results of the Company's own audits and the examiners' rate review, as described in this report, indicate a strong and immediate need for the Company to make complete audits of all of the dealers from the beginning of the examination period and continue to make periodic audits in the future.

5.

**Pages 19 & 20**

The Company should follow up to insure that each of the dealers actually establish trust accounts as required by Vermont Regulation 95-1 § 5.

6.

**Page 20**

The Company should exercise greater care to insure that the Adjusted Loss Ratio and not the Loss Ratio At Prima Facie Rates is used for making all future rate adjustments.

7.

**Pages 22 & 23**

The examiners recommend that the Company refund all the premium overcharges shown in Appendix III (A) and Appendix III (B) directly to the insured's leinholder or, in cases

where the loan has been satisfied, directly to the insured. The Company may exclude any refunds for which the dealer can provide proof, in a timely manner, that have already been paid.

**8.**

**Page 23**

In view of the number of errors disclosed in the examiners' review, it is recommended that the Company audit all other certificates issued during the examination period and make appropriate refunds, together with interest. Such audit should be performed under the auspices of the Vermont Department in accordance with a plan approved by the Department.

**9.**

**Page 23**

The examiners recommend that, when premium overcharges occur, the Company should notify the insureds in a letter or endorsement.

**10.**

**Page 24**

The examiners recommend that the Company require the dealers to have the insured initial any handwritten changes on the certificate. In addition, they should mail an amended certificate or endorsement directly to the insured in all cases where either the certificate has handwritten and initialed changes made by the dealer and/or in cases where the Company makes changes to the certificate.

**11.**

**Page 25**

It is recommended that UULIC require the dealers to submit a copy of the finance contract with the insurance certificate so that it can ensure that the amounts of insurance are compliant and may also detect other errors in the insurance amounts and terms of insurance.

**12.**

**Page 26**

The Company should correct the error in the single premium life factor formula in the *Dealer Guide* and furnish the corrected guides to the dealers, pointing out the correction.

**13.**

**Page 27**

The examiners recommend that the Company remit the underpaid refund amounts directly to the insured's lienholder to be applied to their loan, or in cases where the loan has been satisfied, directly to the insured.

**14.**

**Page 27**

In view of the examiners' findings it is recommended that the Company conduct a complete audit of all refunds resulting from cancellations over the past five (5) years, and in every case where there is insufficient proof of payment, such payment should be made together with interest from the date of cancellation to the date of payment.

**15.**

**Page 28**

The examiners recommend that UULIC file the rule of 78's refund formula for lease transactions with the Vermont Department or revise the group certificate to contain the formula.

**16.**

**Page 28**

The examiners recommend that the Company refund the premium overcharges to the affected consumers together with interest thereon and notify the Department when this has been accomplished.

**17.**

**Page 30**

The examiners recommend that all persons engaged in the solicitation of insurance through the Company become duly licensed in accordance with 8 V.S.A. § 4813b and appointed as required by 8 V.S.A. § 4813l.

**APPENDIX I (A)**

**Refer to following chart**

<b>Claim #</b>	<b>Life payment made by Company</b>	<b>Corrected Values (Life payments)</b>	<b>Claim Underpayment or Overpayment</b>	<b>Comments (if applicable)</b>
C00000955	\$ 2,205.98	\$ 2,380.55	\$174.57	
C00004707	\$ 21,940.45	\$ 22,049.16	\$108.71	
C00000721	\$ 8,283.92	\$ 8,309.75	\$25.83	Company did not pay disability refund to estate as required by 84-1 § 3 (9) (a)
C00006217	\$ 2,324.56	\$ 2,909.13	\$584.57	
C01004916	\$ 12,118.46	\$ 10,074.48	-\$2,043.98	
C01006671	\$ 4,797.70	\$ 4,915.60	\$117.90	
C01000867	\$ 5,436.21	\$ 5,545.60	\$109.39	
C01005422	\$ 8,245.58	\$ 8,474.27	\$228.69	
C01005684	\$ 5,420.25	\$ 5,845.26	\$425.01	
C01003294	\$ 14,630.99	\$ 15,717.47	\$1,086.48	
C01002259	\$ 7,611.25	\$ 7,811.93	\$200.68	
C01004485	\$ 33,265.66	\$ 34,113.24	\$847.58	
C01005258	\$ 26,398.73	\$ 27,168.02	\$769.29	
C02001152	\$ 11,141.60	\$ 11,421.05	\$279.45	
C38964621	\$ 8,356.19	\$ 8,958.35	\$602.16	
C99004118	\$ 11,503.22	\$ 11,649.65	\$146.43	
C00006550	\$ 22,059.03	\$ 29,249.15	\$7,190.12	
C01005046	\$ 19,066.65	\$ 19,384.39	\$317.74	
C02001825	\$ 18,224.35	\$ 18,158.66	-\$65.69	
C01005822	\$ 2,702.73	\$ 4,023.64	\$1,320.91	
C02001272	\$ 1,937.76	\$ 2,529.11	\$591.35	
C01004268	\$ 7,392.97	\$ 7,281.13	-\$111.84	
C00001595	\$ 12,167.67	\$ 12,316.01	\$148.34	
C01003471	\$ 6,253.43	\$ 6,738.53	\$485.10	
C01000095	\$ 20,610.00	\$ 23,422.19	\$2,812.19	
C01002186	\$ 9,666.76	\$ 9,551.09	-\$115.67	
C99000648	\$ 11,110.26	\$ 11,143.21	\$32.95	
C01003877	\$ 7,025.54	\$ 7,055.38	\$29.84	
C99004279	\$ 5,694.55	\$ 5,541.42	-\$153.13	
C02003215	\$ 7,176.54	\$ 7,809.21	\$632.67	
C02000697	\$ 14,787.26	\$ 15,716.98	\$929.72	
C01000308	\$ 15,561.01	\$ 16,807.90	\$1,246.89	Company did not pay disability refund to estate as required by 84-1 § 3 (9) (a)
C02005095	\$ 2,428.01	\$ 2,441.62	\$13.61	Int. calc. based on incorrect # of days

C02000011	\$ 3,671.03	\$ 3,940.50	\$269.47	
C02000207	\$ 2,360.47	\$ 2,411.39	\$50.92	
C01006691	\$ 7,069.54	\$ 7,051.44	-\$18.10	
C02002514	\$ 1,331.75	\$ 1,369.18	\$37.43	
C02000108	\$ 8,429.91	\$ 8,604.59	\$174.68	
C02005188	\$ 9,322.13	\$ 9,332.69	\$10.56	
C02001304	\$ 7,354.10	\$ 7,237.60	-\$116.50	
C02002612	\$ 6,567.06	\$ 7,111.26	\$544.20	
C01003869	\$ 7,077.55	\$ 7,406.66	\$329.11	
C02004332	\$ 7,806.04	\$ 7,816.90	\$10.86	
C02002580	\$ 5,918.59	\$ 5,967.41	\$48.82	Incorrect unpaid loan balance per examiners' calculations & company paid 4% interest on benefits in violation of 8 V.S.A. § 3665 (c) (2)
C00003690	\$ 2,981.59	\$ 3,012.51	\$30.92	
C00002278	\$ 13,056.98	\$ 13,504.25	\$447.27	
C00004634	\$ 3,663.36	\$ 4,337.18	\$673.82	
C01006477	\$ 8,693.80	\$ 8,420.90	-\$272.90	
C00004531	\$ 4,658.78	\$ 4,756.45	\$97.67	
C01001789	\$ 9,709.68	\$ 9,689.03	-\$20.65	
C01002905	\$ 5,968.27	\$ 5,661.79	-\$306.48	Company moved decimal incorrectly when calculating interest-they show \$315.43 instead of \$31.51
C01000141	\$ 12,178.74	\$ 12,152.43	-\$26.31	Company did not pay disability refund to estate as required by 84-1 § 3 (9) (a)
C00002459	\$ 1,095.40	\$ 1,382.81	\$287.41	Company did not pay interest in violation of 8 V.S.A. § 3665 (c) (2)
C02003628	\$ 10,895.33	\$ 10,950.70	\$55.37	
C02000631	\$ 16,530.30	\$ 16,560.83	\$30.53	
C02002691	\$ 8,998.14	\$ 9,128.16	\$130.02	
C02001732	\$ 3,199.79	\$ 3,133.16	-\$66.63	

## **APPENDIX I (B)**

Claims' sample where the unearned disability insurance premium was not made until after the examiners requested the files for examination. The premium refunds have now been made, according to a Company letter dated January 16, 2004.

**Claim #'s:**

C00004531

C38964621

C01000867

C01002905

C02005188

C02000011

C02005095

C02001152

## **APPENDIX I (C)**

**See attached**

VT AUDIT DENIED CLAIMS		UNIVERSAL UNDERWRITERS	
CLAIM #	EFFECTIVE DATE	DATE OF DENIAL LETTER	# OF DAYS ELAPSED FR. EFF. DATE TO DATE OF DENIAL/CANCEL
C01003632	7/14/ 1999	8/17/ 2001	764
C0000 LIFE 0635	7/29/ 1998	5/4/ 2000	642
C00000933	12/31/ 1998	4/13/ 2000	468
C00000938	4/23/ 1999	5/8/ 2000	373
C00001734	8/20 /1998	7/12/ 2000	691
C00001270	2/11/ 2000	5/30/ 2000	108
C00002754	8/19/ 1999	7/18/ 2000	698
C01006603	2/10/ 2001	1/3/ 2002	327
C0200 LIFE 0112	2/16/ 2001	2/18/ 2002	367
C02000588	10/1/ 2001	4/25/ 2002	206
C02000711	7/16/ 2001	4/11/ 2002	269
C02000918	12/16/ 2000	4/17/ 2002	486
C02001025	10/23/ 2001	5/24/ 2002	213
C02001070	4/30/ 2001	8/8/ 2002	465
C01004153	3/17/ 2001	10/1/ 2001	563
C01005468	4/21/ 2001	11/16/ 2001	209
C01005631	5/31/ 2001	10/24/ 2001	146
C01005737	8/17/ 2001	12/28/ 2001	133
C01006269	3/10/ 2001	4/8/ 2002	394
C01001947	7/24/ 1999	5/2/ 2001	647
C01001753	7/14/ 2000	7/6/ 2001	357
C0100 LIFE 3043	2/2/ 2001	8/21/ 2001	200
C01004143	2/3/ 2001	10/25/ 2001	264
C00005572	3/18/ 2000	11/14/ 2000	241
C00005856	11/16/ 1998	11/6/ 2000	720
C00006636	5/25/	2/19/	635

C00006753	1999 2/20/ 2000	2001 3/5/ 2001	378
C01001337	5/11/ 1999	4/11 /2001	700
C01001537	12/2/ 2000	4/11 /2001	130
C02001885	3/9/ 2001	6/28/ 2002	476
C02002134	9/27/ 2000	5/21/ 2002	601
C02002342	12/5/ 2001	7/8/ 2002	215
C02002745	5/31 /2001	6/26/ 2002	391
C02002896	9/1/ 2000	6/27/ 2002	664
C02003117	2/26/ 2002	7/25/ 2002	149
C02003387	10/26/ 2000	9/27/ 2002	701
C02005157	7/31/ 2002	12/2/ 2002	124
C98000530	7/11/ 2001	6/4/ 2002	328
C99004268	9/23/ 2000	5/3/ 2002	587
C00002760	2/25/ 1999	7/24/ 2000	514
C00002804	12/18/ 1999	7/5/ *** 2000	199
C00002804	9/10/ 1999	7/5/ *** 2000	298
C00002804	9/5/ 1999	7/6/ *** 2000	304
<b>*** Note: Claim # C00002804 involved three certificates # 0001785744, 001785694 &amp; 001785681</b>			
C00003027	12/16/ 1999	6/28 /2000	194
C00003172	2/23/ 1999	7/26/ 2000	518
C00003284	3/29/ 1999	7/20/ 2000	478
C00004801	11/12/ 1998	10/3/ 2000	690
C00005114	1/25/ 1999	11/17/ 2000	661
C00005418	6/28/ 1999	2/20/ 2001	602

**Note: The claims described above are for disability insurance unless "LIFE" appears in the column entitled Claim #**

## APPENDIX II

### Percentage of Premium Errors by Dealer – Credit Life Insurance

Dealer Number	(a) Total in Sample	(b) No. of Errors	(b)/(a) %of Errors	Audit Date in 2003
44X00005	3	1	33%	06/17/03
44X00008	1	0	0%	06/12/03
44X00021	1	1	100%	06/30/03
44X00034	2	1	50%	06/18/03
44X00035	3	2	67%	06/18/03
44X00039	1	1	100%	
44X00045	14	6	43%	
44X00078	3	2	67%	
44X00092	3	3	100%	
44X00093	1	0	0%	05/12/03
44X00145	5	1	20%	
44X00184	10	3	30%	05/21/03
44X00193	7	5	71%	
44X00202	1	0	0%	
44X00206	8	7	88%	05/27/03
44X00212	5	3	60%	
44X00213	1	0	0%	
44X00214	4	2	50%	05/08/03
44X00217	2	0	0%	05/12/03
44X00222	2	0	0%	05/22/03
44X00227	3	0	0%	
44X00234	11	0	0%	05/14/03
44X00236	2	0	0%	
44X00237	9	3	33%	
44X00238	7	2	29%	07/15/03
44X00242	7	2	29%	05/14/03
44X00244	4	0	0%	
44X00246	3	3	100%	
44X00247	2	1	50%	05/22/03
44X00250	4	3	75%	08/12/03
44X00251	15	8	53%	
44X00254	9	4	44%	
44X00256	14	6	43%	
44X00257	2	1	50%	09/11/03
44X00261	1	0	0%	06/30/03
44X00263	4	1	25%	08/14/03

44X00265	2	1	50%	
44X00266	2	0	0%	
44X00267	4	2	50%	
44X00269	7	1	14%	05/14/03
44X00270	4	2	50%	05/15/03
44X00273	5	3	60%	

**Percentage of Premium Errors by Dealer – Credit Disability Insurance**

<b>Dealer Number</b>	<b>(a) Total in Sample</b>	<b>(b) No. of Errors</b>	<b>(b)/(a) % of Errors</b>	<b>Audit Date in 2003</b>
44X00005	3	0	0%	06/17/03
44X00008	1	0	0%	06/12/03
44X00021	1	0	0%	06/30/03
44X00034	2	0	0%	06/18/03
44X00035	2	0	0%	06/18/03
44X00039	1	1	100%	
44X00045	10	0	0%	
44X00078	1	0	0%	
44X00092	2	0	0%	
44X00093	1	0	0%	05/12/03
44X00145	4	3	75%	
44X00184	10	1	10%	05/21/03
44X00193	6	2	33%	
44X00202	1	0	0%	
44X00206	8	1	13%	05/27/03
44X00212	4	0	0%	
44X00213	1	0	0%	
44X00214	3	0	0%	05/08/03
44X00217	2	0	0%	05/12/03
44X00222	0	0	0%	05/22/03
44X00227	2	0	0%	
44X00234	7	1	14%	05/14/03
44X00236	2	0	0%	
44X00237	8	1	13%	
44X00238	5	0	0%	07/15/03
44X00242	7	0	0%	05/14/03
44X00244	4	0	0%	
44X00246	3	1	33%	
44X00247	2	0	0%	05/22/03
44X00250	3	0	0%	08/12/03
44X00251	15	2	13%	
44X00254	5	0	0%	
44X00256	14	2	14%	
44X00257	1	0	0%	09/11/03
44X00261	0	0	0%	06/30/03
44X00263	2	0	0%	08/14/03
44X00265	1	0	0%	
44X00266	3	0	0%	
44X00267	3	1	33%	

44X00269	5	0	0%	05/14/03
44X00270	3	0	0%	05/15/03
44X00273	3	0	0%	

**Appendix III (A)**  
**Credit Life Premium Differences**

Dealer No.	Certificate Number	Deviation	(a) Dealer's Premium	(b) Universal's Premium	(c) Examiner's Premium	(a)-(c) Difference
44X00005	9001536*	.812	105.23	105.23	96.12	9.11
44X00021	2080437*	.812	139.05	139.05	128.01	11.04
44X00034	10091193*	.858	309.24	309.24	300.86	8.38
44X00035	2256067*	.812	307.05	307.05	282.70	24.35
44X00035	2256084	.858	353.17	353.17	343.62	9.55
44X00039	9768064	.858	266.30	313.56	305.10	-38.80
44X00045	2081102*	.812	223.86	223.86	206.14	17.72
44X00045	2081145*	.812	161.42	161.42	148.66	12.76
44X00045	2081166*	.812	284.76	284.76	262.22	22.54
44X00045	2256112*	.812	132.92	132.92	122.39	10.53
44X00045	2257594*	.858	446.93	446.93	434.55	12.38
44X00045	2258564*	.858	434.64	434.64	422.91	11.73
44X00078	1785634	.812	230.70	230.70	212.44	18.26
44X00078	1787608	.882	163.55	187.07	187.12	-23.57
44X00092	2079041	.882	128.24	128.24	121.95	6.29
44X00092	2079062*	.812	59.24	59.24	51.66	7.58
44X00092	2257464*	.858	219.54	219.54	205.45	14.09
44X00145	2079715*	.858	281.24	281.24	273.65	7.59
44X00184	2079767	.812	170.06	170.06	156.45	13.61
44X00184	2078773*	.812	155.65	155.65	143.30	12.35
44X00184	2080663*	.812	201.61	201.61	185.61	16.00
44X00193	2080825*	.858	282.06	262.18	254.93	27.13
44X00193	2082718*	.812	177.87	177.87	163.78	14.09
44X00193	2082724*	.812	213.88	213.88	196.95	16.93
44X00206	2478683	.858	767.02	607.41	607.41	159.61
44X00206	2078883*	.812	247.00	247.00	227.40	19.60
44X00206	2079494*	.812	257.25	257.25	236.83	20.42
44X00206	2082748*	.858	194.83	194.83	189.56	5.27
44X00206	2258029	.858	377.74	324.16	324.10	53.64
44X00206	2601137	.858	47.14	102.62	102.61	-55.47
44X00206	10087234*	.812	690.18	618.61	569.25	120.93
44X00212	1993504	.858	297.34	286.00	281.18	16.16
44X00212	2082899*	.812	388.21	388.21	357.22	30.99
44X00212	10087587*	.812	229.34	229.34	211.18	18.16
44X00214	2477589	.858	667.04	390.02	390.02	277.02
44X00214	1785846*	.812	282.96	282.96	260.50	22.46
44X00237	2079555	.882	312.60	312.60	302.82	9.78

44X00237	2079587*	.812	261.69	317.33	233.67	28.02
44X00237	2256713*	.812	234.58	234.58	210.46	24.12
44X00238	2081242*	.858	300.28	300.28	292.20	8.08
44X00238	2081979*	.812	291.20	291.20	268.13	23.07
44X00242	2256293*	.812	140.86	140.86	129.41	11.45
44X00242	2256296*	.812	119.97	119.97	109.99	9.98
44X00246	2081859*	.812	262.59	262.59	241.77	20.82
44X00246	2257018	.858	129.74	129.74	121.13	8.61
44X00246	2601323	.858	206.44	193.16	194.04	12.40
44X00247	2257809	.858	393.29	380.64	380.13	13.16
44X00250	2081376*	.812	146.59	146.59	129.74	16.85
44X00250	2258266*	.812	143.84	143.84	127.69	16.15
44X00250	2480770	.858	82.55	103.08	103.07	-20.52
44X00251	2080461	.858	330.93	330.93	321.99	8.94
44X00251	2257252*	.812	272.82	272.82	250.96	21.86
44X00251	2257355*	.812	302.98	302.98	279.00	23.98
44X00251	2433098	.858	180.24	180.24	174.12	6.12
44X00251	2433099	.858	370.70	370.70	360.69	10.01
44X00251	2433109	.858	226.09	226.09	219.98	6.11
44X00251	2482058	.858	452.75	440.61	440.61	12.14
44X00254	2082120*	.812	89.42	59.60	54.88	34.54
44X00254	2257418*	.858	311.23	311.23	302.76	8.47
44X00254	2479510*	.858	346.62	346.62	337.23	9.39
44X00254	2479551*	.858	336.14	336.14	327.29	8.85
44X00256	8967162*	.812	202.91	202.91	188.45	14.46
44X00256	8967227*	.812	390.62	390.62	360.00	30.62
44X00256	9674647*	.812	177.34	177.34	164.18	13.16
44X00256	9675195*	.812	449.69	449.69	415.79	33.90
44X00256	8967189*	.812	184.43	184.43	171.08	13.35
44X00256	9675283*	.812	333.96	322.59	261.95	72.01
44X00257	2256946	.858	269.89	249.63	249.58	20.31
44X00265	2481890	1.00	759.11	668.78	668.79	90.32
44X00263	2477664	.858	225.28	252.51	252.47	-27.19
44X00267	10087654*	.812	145.82	145.82	134.25	11.57
44X00269	2078547*	.812	792.05	792.05	729.20	62.85
44X00270	1993125*	.812	819.81	654.12	603.16	216.65
44X00270	10089134*	.812	543.27	543.27	500.50	42.77
44X00193	1785112**	.882	261.03	261.03	253.53	7.50
44X00193	2480694**	.858	266.64	316.63	260.26	6.38
44X00251	2482065**	.858	149.45	121.62	102.07	47.38

**\* These differences were caused by a misprint of the rate deviation on a deviation schedule that UULIC provided. The Company stated that they had reviewed all of the certificates affected by this misprint (not just the fifty (50) indicated in this report) and would refund all of the premium overcharges directly to the insured's lien holder or, in cases where the loan has been satisfied, directly to the insured.**

**\*\* These certificates contained cases in which the initial coverage amounts for life insurance were too high for the amounts of the loans as computed by the examiners using the formula provided by the Company for determining the correct life insurance initial coverage amounts. A premium was then calculated based on the initial coverage amounts determined by calculations using this formula.**

**Appendix III (B)**  
**Credit Disability Premium Differences**

Dealer No.	Certificate	Deviation	Dealer's Premium	Universal's Premium	Examiner's Premium	Difference
44X00039	9768064	.906	840.05	761.18	761.08	78.97
44X00145	2079707	.901	741.26	752.80	752.87	-11.61
44X00145	2481627	.827	182.07	167.13	167.17	14.90
44X00145	2481637	.827	522.46	480.07	480.08	42.38
44X00184	1788518	.781	798.79	752.80	752.77	46.02
44X00193	1785112	.995	486.36	486.36	494.51	-8.15
44X00193	10088119	.995	781.58	809.95	809.87	-28.29
44X00206	2478683	.994	1727.91	1717.83	1717.72	10.19
44X00234	2601740	1.012	1184.55	1170.15	1170.24	14.31*
44X00237	2479092	.832	410.22	410.22	417.27	-7.05
44X00246	2601323	.882	459.30	443.48	442.86	16.44*
44X00251	2080461	.765	669.83	632.42	632.42	37.41
44X00251	2433109	.765	469.94	443.69	443.69	26.25
44X00256	8967162	1.000	392.69	392.69	385.61	7.08*
44X00256	8967189	1.000	546.19	546.19	536.35	9.84*
44X00267	2477551	.781	1071.95	957.75	957.75	114.20

\* The Company indicated that these premium differences were refunded in 2004.

**Appendix III (C)**  
**Credit Life and Credit Disability Refund Differences**

Dealer No.	Certificate #	Dealer's Premium	Examiner's Premium	Difference
44X00257	9770702	79.28(L) 242.67(D)	124.37 308.52	45.09* 65.85*
44X00206	10087629	194.18(L)	184.68(L)	-9.50
44X00222	2478639	304.30(D)	311.43(D)	7.13
44X00236	10091699	116.66(L) 348.52(D)	125.64(L) 375.33(D)	8.98 26.81
44X00246	5371157	79.68(L) 79.68(D)	58.47(L) 68.05(D)	-21.21 -11.63
44X00206	2083094	217.38(D)	443.44(D)	226.06

(L): Life Premium

(D): Disability Premium

\* The Company indicated that the refund differences marked with an asterisk were refunded on 01/21/04.

**Appendix III (D)**  
**Credit Life and Credit Disability Refunds**  
**Number of Days Elapsed Until Refund Issued**

<b>Dealer #</b>	<b>Certificate #</b>	<b>Cancellation Date</b>	<b>Refund Check Date</b>	<b>Days Elapsed</b>
44X00212	9671554	3/30/2000	1/17/2004	1388
44X00257	9770702	7/19/2000	1/21/2004	1284
44X00212	1785080	8/18/2000	1/17/2004	1247
44X00212	8597711	12/4/2000	1/17/2004	1139
44X00273	2081493	6/30/2001	2/24/2004	969
44X00206	10087629	9/6/2001	2/21/2004	898
44X00247	2256408	9/26/2001	1/20/2004	846
44X00212	9671566	11/18/2001	1/17/2004	790
44X00273	2081651	4/5/2002	2/24/2004	690
44X00206	2083094	5/11/2002	2/21/2004	651
44X00206	1784933	7/23/2002	2/21/2004	578
44X00212	8598104	10/30/2002	1/14/2004	441
44X00234	20800924	7/8/2002	5/28/2003	324
44X00222	2478639	5/31/2003	2/2/2004	247
44X00234	10087366	11/12/2002	7/16/2003	246
44X00234	1787497	5/22/2001	1/16/2002	239
44X00034	2478458	10/31/2002	6/19/2003	231
44X00263	2481935	5/31/2002	11/11/2002	164
44X00251	1786924	10/8/2002	2/24/2003	139
44X00275	9674184	5/10/2000	9/26/2000	139
44X00222	10090154	4/6/2001	8/13/2001	129
44X00256	9674578	2/22/2002	6/20/2002	118
44X00251	1993326	10/8/2002	1/29/2003	113
44X00251	1787917	9/26/2000	1/12/2001	108
44X00234	2081037	4/1/2003	7/16/2003	106
44X00251	9638726	9/21/2001	1/4/2002	105
44X00222	9770850	10/12/2001	1/14/2002	94
44X00251	1787281	8/20/2002	11/22/2002	94
44X00251	9640315	6/20/2000	9/18/2000	90
44X00251	9638742	6/14/2001	9/11/2001	89
44X00251	9639602	6/21/2000	9/18/2000	89
44X00273	1786079	11/1/2000	1/26/2001	86

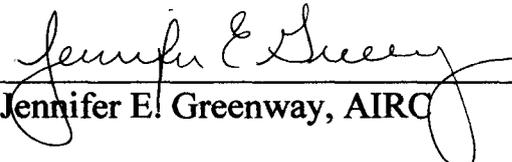
<b>Dealer #</b>	<b>Certificate #</b>	<b>Cancellation Date</b>	<b>Refund Check Date</b>	<b>Days Elapsed</b>
44X00234	10087307	3/28/2001	6/13/2001	77
44X00234	1787332	3/1/2002	5/13/2002	73
44X00251	5176667	5/8/2000	7/19/2000	72
44X00234	9770195	8/16/2000	10/25/2000	70
44X00251	1786882	10/10/2001	12/19/2001	70
44X00234	1787432	9/11/2001	11/19/2001	69
44X00251	9672384	3/9/2000	5/16/2000	68
44X00234	10087365	10/30/2001	1/3/2002	65
44X00045	2477901	9/23/2002	11/25/2002	63
44X00251	1788010	12/11/2000	2/9/2001	60
44X00222	10090214	1/31/2003	3/31/2003	59
44X00222	10090186	1/10/2001	3/9/2001	58
44X00234	9672832	7/17/2000	9/12/2000	57
44X00251	1787265	7/27/2000	9/21/2000	56
44X00256	9671511	2/29/2000	4/24/2000	55
44X00273	2081495	7/7/2001	8/31/2001	55
44X00222	9671008	9/21/2000	11/14/2000	54
44X00234	10087382	5/21/2001	7/13/2001	53
44X00237	2079580	9/4/2002	10/25/2002	51
44X00234	10088246	4/20/2000	6/7/2000	48
44X00237	2079552	11/13/2002	12/27/2002	44
44X00222	9770836	7/13/2001	8/24/2001	42
44X00251	2257306	3/12/2003	4/22/2003	41
44X00005	2257115	11/30/2001	1/7/2002	38
44X00261	2478145	7/13/2002	8/20/2002	38
44X00234	5175971	4/3/2000	5/8/2000	35
44X00237	1786467	2/20/2001	3/22/2001	30
44X00263	1785813	9/15/2001	10/15/2001	30
44X00093	5176425	5/8/2000	6/6/2000	29
44X00045	2257621	5/16/2003	6/10/2003	25
44X00256	9673087	3/4/2002	3/29/2002	25
44X00257	5373854	5/3/2001	5/21/2001	18
44X00251	1786898	3/17/2000	3/30/2000	13
44X00005	9674069	7/30/2001	8/7/2001	8
44X00005	10088073	6/29/2001	6/29/2001	0
44X00092	9671088	1/11/2000	1/11/2000	0
44X00256	8967512	6/13/2001	6/13/2001	0

<b>Dealer #</b>	<b>Certificate #</b>	<b>Cancellation Date</b>	<b>Refund Check Date</b>	<b>Days Elapsed</b>
44X00250	2079252	7/3/2002	7/3/2002	0
44X00250	2079990	12/28/2001	12/28/2001	0
44X00005	10091612	8/31/2001	8/20/2001	-11

## CERTIFICATION

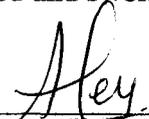
James R. Montgomery III, AIE, FLMI, MAAA, Robbie L. Kriplean, CIE, AIRC and Jennifer E. Greenway, AIRC participated in this examination.

I, Jennifer E. Greenway, being duly sworn, do hereby affirm that the foregoing report of the Market Conduct Examination of the Universal Underwriters Life Insurance Company is true and correct to the best of my knowledge and belief.

  
Jennifer E. Greenway, AIRC

Notary Seal

Subscribed and sworn to before me this 13<sup>th</sup> day of April, 2006.

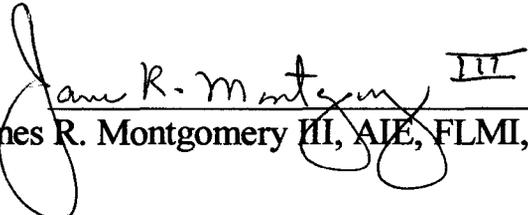
  
NOTARY PUBLIC

My Commission Expires January 31, 2008

## CERTIFICATION

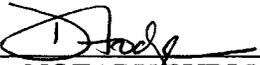
James R. Montgomery III, AIE, FLMI, MAAA, Robbie L. Kriplean, CIE, AIRC and Jennifer E. Greenway, AIRC participated in this examination.

I, James R. Montgomery III, being duly sworn, do hereby affirm that the foregoing report of the Market Conduct Examination of the Universal Underwriters Life Insurance Company is true and correct to the best of my knowledge and belief.

  
James R. Montgomery III, AIE, FLMI, MAAA

Notary Seal

Subscribed and sworn to before me this 11 day of April, 2006.

  
NOTARY PUBLIC

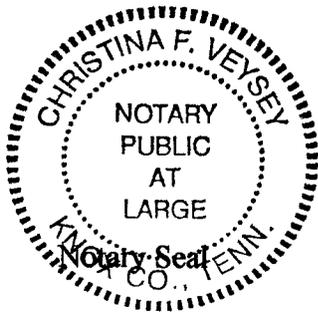


**D. Hodge**  
Commission # DD396051  
Expires February 14, 2009  
Bonded Troy Fain - Insurance, Inc. 800-385-7019

James R. Montgomery III, AIE, FLMI, MAAA, Robbie L. Kriplean, CIE, AIRC and Jennifer E. Greenway, AIRC participated in this examination.

I, Robbie L. Kriplean, being duly sworn, do hereby affirm that the foregoing report of the Market Conduct Examination of the Universal Underwriters Life Insurance Company is true and correct to the best of my knowledge and belief.

*Robbie L. Kriplean*  
Robbie L. Kriplean, CIE/AIRC



Subscribed and sworn to before me this 11 day of April, 2006.

*Christina F. Veysey*  
NOTARY PUBLIC