

**From:** Brown, PaulA@Comptroller's  
**Sent:** Monday, May 22, 2000 2:12 PM  
**To:** Umansky, Joseph  
**Subject:** RE: Proposed Auto Warranty Reinsurance Cover

**Importance:** High

What we discussed was Rob Jacobson's comment on the 100% NEP retention. I am referring in the email to Jay Morrows comment on the 100% NEP limit. The contract refers to "the greater of 100% of NEP or \$210m. It is better that we do not limit their speed in consuming the \$210m, for example if the first years NEP has a 400% loss ratio let them take it up to \$210m.

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-----Original Message-----

**From:** Umansky, Joseph  
**Sent:** Monday, May 22, 2000 2:03 PM  
**To:** Brown, PaulA@Comptroller's  
**Subject:** RE: Proposed Auto Warranty Reinsurance Cover

I thought that we discussed the limit of 100% of NEP – I agreed with your observation that it was necessary. Why the change?

-----Original Message-----

**From:** Brown, PaulA@Comptroller's  
**Sent:** Monday, May 22, 2000 11:19 AM  
**To:** Beier, Robert  
**Cc:** Ruggiano, Richard; Umansky, Joseph; Topping, Ronald; Morrow, Jay; Jacobson, Rob  
**Subject:** RE: Proposed Auto Warranty Reinsurance Cover  
**Importance:** High

Thank for your comments to date. I will revise the contract when the pooling and uncollectable reinsurance issue is resolved.

I will remove the 100% NEP upper limit, \$210m is the only relevant amount. The retention of 100% of NEP rather than a fixed dollar amount will remain as the ultimate NEP and its timing is unknown.

I will clean up the definition of loss clause as suggested. It will cover all LAE.

I should have attached a note in my e-mail to you on why we went for the NUFIC "mid pooling" approach.

At the suggestion of DBG Legal it is our preference to only name NUFIC as reinsured. If we list all the companies pre, post or non pooling we will trigger Pre Filing requirements for the smaller companies, specifically under New Hampshire

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filing requirements . So we went with the mid pooling clause within NUFIC and would like to keep it if it does the job. We are confident that if NUFIC is the only named insured, only a NUFIC Post Filing will be required.

Could Jay or Bob tell me the total of 12/99 UEP carried within and outside of the pooled companies. I had worked under an assumption that the outside portion was a relatively small amount. This will not be the case if NH Indemnity rather than NH Insurance is the major writer.

We do not want to cover uncollectable reinsurance as it is not a normal market term. If we are running at a 200% loss ratio with the reinsurance as all collectable and the subject UEP is at or above \$210m we will use all the limit anyway. If the impact of the uncollectable reinsurance needs to be addressed then perhaps we could increase the limit and lower the attachment point to compensate.

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-----Original Message-----

**From:** Beier, Robert  
**Sent:** Monday, May 22, 2000 9:59 AM  
**To:** Brown, PaulA@Comptroller's  
**Cc:** Ruggiano, Richard; Umansky, Joseph; Topping, Ronald; Morrow, Jay; Jacobson, Rob  
**Subject:** RE: Proposed Auto Warranty Reinsurance Cover

I would suggest that we make no reference to the pool, just name the writing companies which are used by Auto Warranty on the agreement. The Earned will not equal the 12/31/99 unearned because their continues to be some late reporting of premium.

---Original Message---

**From:** Morrow, Jay  
**Sent:** Friday, May 19, 2000 8:30 AM  
**To:** Jacobson, Rob; Brown, PaulA@Comptroller's  
**Cc:** Ruggiano, Richard; Umansky, Joseph; Topping, Ronald; Beier, Robert  
**Subject:** RE: Proposed Auto Warranty Reinsurance Cover

My comments:

We have significant uncollectable reinsurance issues with several reinsurers. Is there any way to include this issue in the treaty? As it stands right now, these losses are specifically excluded.

I agree that the definition of loss is somewhat confusing. As I read it the intention is to include all LAE, both allocated and unallocated. It would be better to spell it out in clearer language.

New Hampshire Indemnity Is not part of the Pool.

The 100% loss ratio limit could be breached, especially if we include uncollectable reinsurance and ULAE. Is there a reason for this as the upper limit of the contract?

*Jay Morrow*

-----Original Message-----

**From:** Jacobson, Rob  
**Sent:** Thursday, May 18, 2000 9:33 AM  
**To:** Brown, PaulA@Comptroller's  
**Cc:** Morrow, Jay; Ruggiano, Richard; Umansky, Joseph; Topping, Ronald; Beier, Robert  
**Subject:** FW: Proposed Auto Warranty Reinsurance Cover  
**Importance:** High

My comments are:

In Article IV: what is the point of setting the limit as the greater of 100% of NEP or \$210M? We should know the NEP amount, since it should be equal to the UPR at 12/3199.

Articles VII and IX: I find VII very confusing, especially the third sentence, which, I believe, has soem grammatical flaws that make it not a sentence. If not for IX, I wouldn't know whether or not LAE is covered and , if so, how.

I've copied Beier and Topping on this because they will better know the legal entities involved and whether or not your wording re: the intercompany pooling works.

-----Original Message-----

**From:** Brown, PaulA@Comptroller's  
**Sent:** Tuesday, May 16, 2000 11:51 AM  
**To:** Morrow, Jay; Jacobson, Rob; Ruggiano, Richard  
**Cc:** Umansky, Joseph  
**Subject:** Proposed Auto Warranty Reinsurance Cover  
**Importance:** High

The attached is a simple excess of loss agreement on the in force as of 1/1/2000, 210m limit for 20m premium. The insured is NUFIC prior to its cessions outwards under the Pooling Agreement. The amount of Auto Warranty outside of the pooled companies I understand to be nominal.

We are still working towards finalizing a Reinsurer. Please contact me with any comments.

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