



Protection Act ("DTPA"), TEX. BUS. & COM. CODE ANN. § 17.41, *et seq.*, the TEX INS. CODE ANN. § 541, *et seq.* (formerly TEX INS. CODE ANN. Art. 21.21, *et seq.*) and the rules and regulations promulgated thereunder ("Section 541").

1.3 On January 3, 2006, CPD initiated an investigation of Universal Underwriters regarding its practices relating to unearned premium refunds. CPD issued a Civil Investigative Demand ("CID") to Universal Underwriters, pursuant to § 17.61 of the DTPA, and sent related CID's to motor vehicle creditors, requesting information about retail installment loans that were paid off early. CPD also interviewed Universal Underwriters representatives about Universal Underwriters' refund policies and procedures.

1.4 Taking data provided by Universal Underwriters and comparing it to the data provided by the major motor vehicle creditors, CPD has currently identified approximately 12,071 Universal Underwriters insureds whose retail installment loan contracts terminated early at some point between the years 2002 through 2006 but who had not received refunds of unearned premiums. CPD estimates that the average amount of the refunds that may be owed to these presently identified insureds to be \$197.05, including interest as provided herein.

## 2.0

### ATTORNEY GENERAL'S ALLEGATIONS

2.1 With a single premium credit insurance policy, the insurance company fully earns the premium upon completion of the policy term; however, if the policy is canceled prior to the expiration of the term, a portion of the premium is unearned, and a refund of that unearned premium is due the insured.

2.2 In relevant part, regarding the refund of unearned premiums, Universal Underwriters' policy for single premium credit insurance states, "If the insurance ends before the scheduled expiration date of the insurance, a refund will be paid or credited promptly to the person entitled to it but without prejudice to any claim originating prior to such termination.... A refund need not be made if the amount is less than \$1.00." Policy No. J21840LY 3.53 – TX.

2.3 Regarding the refund of unearned premiums, the Texas Insurance Code states that each individual or group policy issued in Texas "shall provide that if the underlying debt or the insurance terminates before the scheduled maturity date of the debt, including the termination of a debt by renewing or refinancing the debt, the refund of any amount paid by or charged to the debtor for insurance shall be paid or credited promptly to the person entitled to the refund." TEX. INS. CODE §1153.202.

2.4 CPD alleges that Universal Underwriters has not made refunds of unearned credit insurance premiums to its insureds after receiving written notice of termination, retaining these premiums, in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21). CPD further alleges Universal Underwriters has failed to make refunds of unearned premiums on policies where its insured paid the motor vehicle retail installment loan off early but Universal Underwriters did not receive direct written notice of termination, also in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

2.5 CPD alleges that Universal Underwriters makes statements to insureds that imply certain actions must be taken before refunds of unearned credit insurance premiums

will be made, when such actions are not required by the insurance policies or applicable law, in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

2.6 CPD alleges that Universal Underwriters has failed to establish consistent procedures to make certain that it will be timely informed by creditors holding the motor vehicle retail installment loans of its insureds that the insureds' motor vehicle retail installment loans have been paid off early, in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

2.7 CPD alleges that Universal Underwriters has failed to adequately supervise the performance of its agents in making premium refunds in violation of §17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541 (formerly TEX. INS. CODE art. 21.21).

### **3.0**

#### **UNIVERSAL UNDERWRITERS' ALLEGATIONS AND DENIAL**

3.1 Universal Underwriters has denied and continues to deny the CPD's allegations, but in the interest of avoiding the time, expense, and uncertainty of litigation, desires to settle and compromise its disputes and differences regarding the CPD's allegations. By entering into this AVC, Universal Underwriters does not admit that any of the persons identified by the CPD are owed premium refunds.

### **4.0**

#### **PARTIES' AGREEMENT**

4.1 In consideration of the mutual promises and covenants herein contained, CPD and Universal Underwriters agree as follows:

## **WAIVER OF CLASS ACTION RELEASE**

4.2 Universal Underwriters shall waive enforcement of any release contained in any class action settlement agreement related to Universal Underwriters' unearned credit insurance premium refund practices approved by any state or federal court, solely as to Universal Underwriters insureds who purchased credit insurance in the State of Texas and who provide releases pursuant to paragraph 4.21 of this AVC. Said waiver shall be solely and exclusively for the limited, express purpose of carrying out the provisions of this AVC. Universal Underwriters does not waive enforcement of the release set forth in any class action settlement regarding unearned credit insurance premiums to any other extent or for any other purpose. Notwithstanding the foregoing, it is the intention of the parties that under no circumstances shall any person be entitled to a double recovery or double credit for any unearned premium refund, and Universal Underwriters shall be entitled to full credit on its refund obligations for any premium refunds made or credited on an account.

## **PREMIUM REFUNDS TO KNOWN INDIVIDUALS**

4.3 Contemporaneous with the execution of this AVC, CPD shall provide Universal Underwriters with a report (hereinafter "Report") in electronic format, listing certain Universal Underwriters insureds whom CPD alleges purchased credit insurance in the State of Texas and whose retail installment loans terminated early between January 1, 2002 and December 31, 2006, but did not receive refunds of unearned credit insurance premiums. This Report was developed by CPD's Legal Technical Support Division utilizing data provided by Universal Underwriters and data provided by major motor vehicle creditors in response to CIDs and subpoenas.

Prior to the effective date of this AVC, Universal Underwriters shall present to CPD signed Protective Orders governing the use of information contained in the Report provided by creditors AmeriCredit Corporation, Ford Motor Credit Company, DaimlerChrysler Financial Services America, LLC, Mitsubishi Motors Credit of America, Inc., and Capital One Auto Finance, Inc. Apart from its specific obligations under said protective orders, Universal Underwriters shall maintain the information contained in this Report in confidence under proper safeguards and will use it solely for the purpose of complying with this AVC. Distribution of the information in the Report within Universal Underwriters will be limited to those individuals involved in carrying out Universal Underwriters' duties under this AVC. Universal Underwriters shall inform these individuals that the information may not be disclosed other than to Universal Underwriters employees or agents participating in the carrying out of the terms of the AVC and with respect to information pertaining to a specific customer, to that customer.

4.4 Data in the Report will be grouped by creditor and year of payoff and shall include the following information: name and address of the insured, name of the auto dealer who sold the policy, the effective or contract date of the policy, the scheduled maturity date of the policy, information regarding the payoff, and the Universal Underwriters policy number.

4.5 Universal Underwriters shall have one hundred twenty (120) days from its receipt of the Report to review the Report and research its records to determine if the insureds listed in the Report have already received premium refunds from Universal Underwriters or its agents, or if the insureds were not due refunds pursuant to 28 TAC

§§3.5901-3.5906, and §3.5104. Not later than one hundred twenty-one (121) days following its receipt of the Report, Universal Underwriters shall submit to the Attorney General proposed revisions to the report, if any, including a list of insureds that Universal Underwriters contends have already received premium refunds, or did not qualify for refunds, and evidence supporting those contentions. Proof shall consist of reasonable documentation of those facts, including but not limited to the documents described below, each of which may be produced in electronic format, provided the Attorney General agrees to that format:

- (a) receipts evidencing cash payment of a refund;
- (b) documents, including spread sheet compilations, that evidence the premium refund check number, date of the check, bank name, and insured to whom the premium refund check was mailed;
- (c) documents evidencing that an insured's premium refund was credited to the insured's indebtedness, provided that such credit was applied to the indebtedness to which the insurance charges were attributable;
- (d) documents evidencing that a credit life benefit was paid on the insured's policy;
- (e) documents evidencing that credit accident and health benefits were used to pay off the indebtedness of an insured in a single payment;
- (f) documents evidencing that an insured's loan terminated because the insured's automobile was repossessed, and that a premium refund check or credit was sent to the insured or the insured's creditor;

- (g) Universal Underwriters records evidencing cancellation and a life or accident and health premium refund to the insured or the insured's creditor;
- (h) records that show the premium refund is \$3 or less; and/or
- (i) records that show that Universal Underwriters reimbursed the insured's dealer for the premium refund.

All proof submitted that an insured or the insured's creditor has already received a refund or was not qualified to receive a refund, should reference the specific policy number and type of insurance (credit life, credit accident and health) to which it applies and be accompanied by a brief narrative explanation. Should Universal Underwriters require additional information on an insured listed in the Report to determine that insured's eligibility for a refund, Universal Underwriters may seek that information in good faith, on a case-by-case basis.

4.6 If Universal Underwriters and CPD agree that a given insured is not entitled to a premium refund, that insured shall be removed from CPD's report. If Universal Underwriters and CPD cannot agree on whether a given insured is entitled to a premium refund, both parties may submit proof, as defined by this section, in support of its position to a Claims Arbiter to be jointly chosen by CPD and Universal Underwriters, and paid by Universal Underwriters, who shall exercise independent judgment in good faith to determine whether a preponderance of the evidence indicates that a given insured is not entitled to a refund. The Claims Arbiter's decision as to a given policyholder shall be binding upon CPD and Universal Underwriters. However, the Claims Arbiter's decisions shall not be binding upon individual insureds and any right or cause of action that they may

assert in any other proceeding. It is the intention of the parties that all disputes be submitted to the Claims Arbiter within 160 days of Universal Underwriters' receipt of the Report and resolved by the Claims Arbiter within 190 days of Universal Underwriters' receipt of the Report, and the parties shall use good faith efforts to adhere to this timetable. In the event Universal Underwriters and CPD are unable to agree upon a Claims Arbiter, a District Court of Travis County, Texas, shall select the Claims Arbiter and the parties shall extend the timeframes within the AVC as necessary to allow for the delay in selection of the Arbiter.

4.7 No later than twenty-one (21) days after the day that CPD and Universal Underwriters have agreed to the content of the Final Report, (or twenty-one days after the day that all disputed claims have been resolved by the Arbiter, and such resolutions have been delivered to CPD), CPD shall present a Revised Report ("Revised Report") in electronic format to Universal Underwriters with the names of each insured who shall receive a premium refund, omitting the names of each insured CPD and Universal Underwriters agree are not entitled to premium refunds and omitting the names of each insured the Claims Arbiter determines is not entitled to premium refunds.

4.8 Within thirty (30) days of the receipt of the Revised Report, Universal Underwriters shall issue a refund check or draft to each individual listed on the Revised Report. The amount of this refund shall be in the amount required by the terms of each insured's policy and relevant law, plus 7% simple interest calculated on an annual basis beginning sixty (60) days from the date the policy was effectively canceled, and ending on the effective date of the AVC.

4.9 Each check or draft sent to each insured listed in the Revised Report shall be mailed by first class mail with address correction requested to the address listed for the insured in the Revised Report. Each payment returned to Universal Underwriters with a corrected address shall be forwarded to such corrected address. Each check or draft returned to Universal Underwriters that is undeliverable shall be subject to TEX. PROP. CODE ANN. §§72.001-74.710. Universal Underwriters shall pay all costs in connection with issuing refunds under this AVC.

4.10 Each refund check or draft issued to insureds listed in the Revised Report shall be accompanied by a letter in the form attached hereto as **Exhibit A**. The letter and check and/or draft shall be mailed in a standard Zurich business envelope, displaying the name and logo for Zurich, which shall also state prominently on the outside, "IMPORTANT INFORMATION REGARDING YOUR UNIVERSAL UNDERWRITERS PREMIUM REFUND."

**NOTICE AND CLAIM PROCEDURE FOR INSUREDS  
ENTITLED TO PREMIUM REFUND BUT NOT YET IDENTIFIED**

4.11 Universal Underwriters shall maintain a Claims Website (the "Claims Website") beginning ninety (90) days following the effective date of the AVC and continuing until the three hundredth (300<sup>th</sup>) day following the effective date of the AVC. The Claims Website will inform potential claimants of their right to file a claim for premium refunds pursuant to this AVC and to request a "Claims Package," which shall consist of **Exhibits B, C, and D**, attached hereto. A link to the Claims Website entitled, "Universal Underwriters Agreement with Texas Attorney General" shall be maintained at Zurich North American's main corporate website, <http://www.zurichna.com/zdu> beginning ninety (90) days from the

effective date of the AVC and continuing for a period of three hundred (300) days following the effective date of the AVC.

4.12 The Claims Website shall include the content of the attached **Exhibit E**, a link to a form for ordering a "Claims Package" and a section for "Frequently Asked Questions." Visitors to the website may request the "Claims Package," attached hereto as **Exhibits B, C, and D**, by entering their name and address in the website form. Universal Underwriters shall mail the "Claims Package" referenced in paragraph 4.11 no later than three days from the date a request is submitted online.

4.13 Universal Underwriters shall also mail a "Claims Package" to each individual requesting it by telephone, or by mail, no later than three business days after such request. Universal Underwriters shall begin mailing the "Claims Package" beginning on the effective date of the AVC and continuing for a period of three hundred (300) days from the effective date of the AVC. Individuals making a claim need provide only their name and address, either verbally, or in writing, to receive a "Claims Package". Universal Underwriters shall maintain a log of all requests for claim packages whether made online, by telephone, or by mail. Universal Underwriters shall provide an updated copy of the log to the CPD monthly, beginning ninety (90) days from the effective date of the AVC and continuing for a period of three hundred (300) days from the effective date of the AVC. The report shall be provided via electronic mail to the e-mail address 4 provided to Universal Underwriters by CPD.

4.14 All "Claims Packages" sent pursuant to this AVC shall be mailed in a standard Zurich business envelope which shall display the name and logo for Zurich and which shall also state prominently on the outside of the envelope, "IMPORTANT

INFORMATION REGARDING UNIVERSAL UNDERWRITERS PREMIUM REFUND CLAIMS." Each "Claims Package" shall be mailed by first class mail with address correction requested and shall be accompanied by a postage pre-paid return envelope addressed to Zurich. All "Claims Packages" returned because of an incorrect address shall be mailed to the corrected address. Not later than three hundred thirty (330) days from the effective date of the AVC, Universal Underwriters shall present CPD in electronic and paper format a list of individuals (including their addresses) to whom "Claims Packages" were sent and the date of the mailing for each, a list of individuals to whom "Claims Packages" were sent to corrected addresses, and a list of individuals to whom "Claims Packages" were sent, but were returned as undeliverable.

4.15 Universal Underwriters shall accept claims submitted on the form attached as **Exhibit C** ("claim form") for a period of up to thirty (30) days from the date that Universal Underwriters mailed the Claims Package. The claim form provides two options for individuals making a claim. For each claim form received by Universal Underwriters prior to the thirtieth (30th) day on which it was mailed where the insured has selected "Option One," Universal Underwriters shall have up to sixty (60) days from receipt of the claim to make a good faith determination if a refund should be made to the claimant in accordance with the requirements of 28 TAC §§3.5901-3.5906, and §3.5104. If Universal Underwriters has failed to make a determination within this time period, then the presumption shall be that the insured is entitled to a refund and payment shall be made to the insureds according to the procedures set out in section 4.18. For each "Option One" claim form submitted, the following documents shall be accepted as *prima facie* proof of a loan payoff

by Universal Underwriters: (1) a copy of a payoff notice from a motor vehicle creditor; (2) copy of a motor vehicle title showing a lien release date that is earlier in time than the scheduled maturity date of the motor vehicle retail installment loan; (3) a copy of a cover letter showing the transmittal to the insured of a clear motor vehicle title; and (4) any other document from a motor vehicle creditor that provides information on the date that a customer's motor vehicle retail installment loan was paid off. Failure by any of Universal Underwriters' insureds to submit a claim form within thirty (30) days shall in no way limit individual insureds from asserting any private right or cause of action that they may assert in any other proceeding, but will preclude receipt of a refund under this agreement unless the insured is entitled to a refund under another part of this agreement.

4.16 If Universal Underwriters determines that the documents providing proof of payoff are insufficient and fail to provide the customers name, address, and payoff date, Universal Underwriters shall treat the claim as being made under Option Two of **Exhibit C**, and proceed according to the procedures for Option Two claims set out in section 4.17 of the AVC.

4.17 For each of the claim forms received by Universal Underwriters where the insured selected Option Two, as described in **Exhibit C**, Universal Underwriters or its agents/automobile dealers shall make a good faith effort through a search of its records, and those of its agents, to determine if the claimants' retail installment loans terminated prior to their scheduled termination date and whether they are owed a premium refund, completing that research no later than sixty (60) days after receiving the claim. This research shall at a minimum involve contacting the insured's original motor vehicle dealer

and the holder of the insured's motor vehicle retail installment loan by telephone, or in writing, to determine when the insured's retail installment loan was terminated, using **Exhibit D**, if required.

4.18 After completing its review of Option One and Option Two claims, Universal Underwriters shall issue refund checks for the full amount of unearned credit insurance premiums to each and every insured it has determined to have paid off his or her motor vehicle retail installment loan prior to its maturity date and to be owed a refund of unearned credit insurance premium in accordance with the requirements of 28 TAC §§ 3.5901-3.5906 and 3.6101(b). These refunds shall be processed no later than sixty-five (65) days after receipt of a claim for refund, and ninety days after receiving an Option One claim treated as Option Two claim pursuant to section 4.17 of this AVC. The amount of these unearned premium refunds shall include simple interest in the amount of seven percent (7%) calculated annually, beginning sixty (60) days from the date the insured's retail installment loan was paid off and ending with the effective date of the AVC. Such refunds will be accompanied by a letter in the form attached as **Exhibit F** and mailed in the type of envelope described in 4.10. Any checks or drafts returned to Universal Underwriters that are undeliverable shall be subject to TEX. PROP. CODE ANN. §72.001-74.710. Universal Underwriters shall pay all costs in connection with the issuing of refunds under this AVC.

4.19 If a claimant selecting either Option One or Two does not qualify for a premium refund under the terms of this AVC or has already received a premium refund, Universal Underwriters shall send the claimant the letter attached as **Exhibit G**, identifying the reason for the denial no later than sixty-five (65) days from the receipt of their claim, or

ninety (90) days if the claim is an Option One claim being treated as an Option Two claim under section 4.17 of the AVC. Such letter will also be mailed in the type of envelope described in 4.14. Universal Underwriters' determination that a claimant is not owed a refund under the terms of this AVC is not binding as to any individual right or cause of action that may be asserted any other proceeding or cause of action.

4.20 Fourteen (14) months after the effective date of this AVC, or if the claim and refund procedures under this AVC are not completed within that time, thirty (30) days after the completion of those claim and refund procedures, Universal Underwriters shall file with the Attorney General a verified report under oath which shall state:

- (a) the total dollar amount of premium refunds, including interest, mailed to insureds pursuant to this AVC;
- (b) the total number of claims for refund submitted, the number of claims where refunds were owed, and the number of claims where no refunds were owed;
- (c) the total number of insureds to whom checks or drafts were mailed;
- (d) the total number and dollar amount of negotiated checks or drafts;
- (e) the total number and dollar amount of returned checks or drafts;
- (f) a list of insureds to whom premium checks were sent, including the addresses of the individual insureds and the amount of interest paid to each individual insured as part of the refund;
- (g) a list of claimants who were determined not be owed premium refunds, including: their names and addresses, and a short

- explanation of why they were not entitled to a refund;
- (h) the total number and dollar amount of premium refund checks turned over to the abandoned property fund pursuant to TEX. PROP. CODE ANN. §72.001.

### **RELEASE**

4.21 Each check or draft issued pursuant to the terms of this AVC may also include on the back of the check or draft a release as follows: "I release Universal Underwriters Life Insurance Company and its agents from any and all liability related to or arising out of any failure to previously pay this premium refund."

### **PROSPECTIVE CHANGES TO PREMIUM REFUND PROCEDURES**

4.22 From the effective date of this AVC forward, Universal Underwriters shall comply with all applicable Texas law regarding unearned credit insurance premiums, including TEX. INS. CODE Chapter 1153, all rules and regulations promulgated under it by the Texas Department of Insurance, and any amendments or modifications to such laws, rules or regulations made after the effective date of this AVC.

4.23 Before September 1, 2008, Universal Underwriters shall send to each of its insureds who, between January 1, 2007 and December 31, 2007, purchased from a Texas motor vehicle dealer credit insurance covering a motor vehicle retail installment loan—with the exception of those insureds who already received refunds of unearned credit insurance premiums or whose policies are no longer active—a letter in the form attached hereto as **Exhibit H**.

### **CONTACT INFORMATION**

4.24 To the extent that the terms of this AVC, or the exhibits attached hereto, require that Universal Underwriters provide a toll-free number or an address to receive inquiries or requests for information, Universal Underwriters shall take all necessary steps to establish and maintain the number or address in order to effectuate this AVC, including providing sufficient staff and resources to efficiently receive and process information and respond to inquiries and requests.

#### **ATTORNEY'S FEES AND COSTS OF INVESTIGATION**

4.25 On the effective date of this AVC, Universal Underwriters shall pay \$125,000 to the Office of the Attorney General as its attorneys' fees, expenses, and costs of investigation. Failure to pay within the designated time period shall be a material breach of this agreement.

#### **5.0**

#### **COURT APPROVAL**

5.1 The parties agree that they will submit this AVC to the District Court of Travis County and request that the Court approve and enter this AVC pursuant to the terms set forth in this AVC and TEX. BUS. & COM. CODE § 17.58.

5.2 The "effective date" of the AVC shall be the date of entry of an order approving it by the District Court. If the District Court does not approve this AVC, this AVC shall become null and void.

5.3 If any federal or Texas law, rule or regulation creates a new statutory or regulatory provision that materially conflicts with the terms of this AVC, then this AVC shall be automatically modified to reflect and incorporate that law, rule, or regulation prospectively from the date the new provision becomes effective. For the purposes of this AVC, a material conflict exists if conduct prohibited by the AVC is required by such Texas or federal law, or if conduct required by the AVC is prohibited or abrogated by such Texas or federal law.

5.4 To seek a modification or termination of this AVC for any reason, Universal Underwriters shall send a written request to CPD. CPD shall make a good faith evaluation of the then-existing circumstances, and after collecting information the Attorney General deems necessary, make a prompt decision as to whether to agree to the modification or termination of this AVC. The parties may agree in writing to specific modifications of this AVC without a court order; otherwise, no waiver, termination, modification, or amendment of the terms of this AVC shall be binding unless made by order of the Court.

5.5 Nothing in the AVC shall be construed as a waiver of any private rights, causes of action, or remedies of any person against Universal Underwriters with respect to their practices alleged herein.

5.6 The parties hereto agree that this is a compromise of a disputed claim, and that this AVC is entered into without admitting any liability, which liability is expressly denied, and without agreement by any party to any of the allegations or defenses made by another party. Nothing contained herein shall be deemed an admission of liability or wrongdoing of any kind.

5.7 The parties hereto release and discharge each other and Universal  
*State v. Universal Underwriters*  
*Assurance of Voluntary Compliance*

Underwriters' past and present agents, employees, affiliates, officers, representatives, successors, parents, subsidiaries and divisions, from any and all claims for damages or other relief arising out of Universal Underwriters' failure to refund premium refunds due to its insureds that may exist as of the effective date of this AVC, whether or not asserted by the parties, in their pleadings in this case or otherwise.

5.8 The parties represent and warrant, each to the other, that each has the authority to enter into and make this AVC, and to bind themselves to this AVC. Universal Underwriters and CPD agree that nothing in this AVC shall create any private rights, causes of action or remedies of any other individual or entity against Universal Underwriters.

5.9 This AVC shall be governed by TEX. BUS. & COM. CODE §17.58. The parties agree that with respect to all motions, suits and actions concerning this AVC, jurisdiction and venue reside solely in the district court of Travis County, Texas.

5.10 Any and all taxable costs of court are taxed against Universal Underwriters.

## 6.0

### MISCELLANEOUS PROVISIONS

6.1 This AVC may be executed in any number of counterparts and each of which when so executed shall be deemed an original and all of which taken together shall constitute one and the same AVC.

6.2 Universal Underwriters' execution of this Agreement shall not be construed to release, and Universal Underwriters expressly does not intend to release, any claim or

cause of action Universal Underwriters may make against any insurer, reinsurer, producer, dealer, and/or agent for any cost or expense incurred in connection with this AVC, including, without limitation, commissions, attorneys' fees, and costs.

6.3 Universal Underwriters and CPD agree that the failure to enforce at any time any provision of this AVC shall not be construed to be a waiver of such provision, nor in any way effect the validity of this AVC, or any part of it, or the right of either party to enforce each and every provision. No waiver of any single breach shall be held to constitute a waiver of any other breach.

EXECUTED this 22<sup>nd</sup> day of May, 2008.

GREG ABBOTT  
Attorney General of Texas

KENT C. SULLIVAN  
First Assistant Attorney General

JEFF L. ROSE  
Deputy First Attorney General

PAUL D. CARMONA  
Chief, Consumer Protection Division



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Rob Robinson  
Texas Bar No. 00794545  
Assistant Attorney General  
Attorney in Charge

Ray Olah  
Texas Bar No. 00794391  
Assistant Attorney General  
Consumer Protection and Public Health  
Division - Insurance Practices Section  
Office of the Attorney General of Texas  
P.O. Box 12548 Capitol Station

Austin, Texas 78711-2548  
(512) 936-1788 / FAX (512) 463-1267  
ATTORNEYS FOR THE STATE OF TEXAS

By: Will Davis

Will Davis

Texas Bar No. 05563000

Heath, Davis & McCalla, P.C.

200 Perry Brooks Bldg

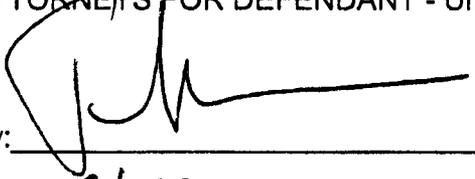
720 Brazos Street

Austin, TX 78707

(512) 478-5671

(512) 476-1451

ATTORNEYS FOR DEFENDANT - Universal Underwriters Life Insurance Compan

By: 

Title: Chief OPERATIONAL OFFICER



## EXHIBIT A

[CUSTOMER NAME]  
[Universal Underwriters Policy #]  
[Effective Date of the Policy]

### NOTICE OF SETTLEMENT

Universal Underwriters Life Insurance Company, ("Universal Underwriters") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding Universal Underwriters' practices in refunding unearned credit insurance premiums. Universal Underwriters has agreed to refund to eligible policyholders the unearned premiums due to them because of the early payoff of their automobile loans. Universal Underwriters has additionally agreed to pay interest on the refund in the amount of seven percent (7%) simple interest per annum, starting sixty (60) days from the date the auto loan was paid off and ending on date of the agreement between the Attorney General and Universal Underwriters.

The Attorney General's Office has information through its investigation indicating that you paid your automobile loan off early and were entitled to a refund of unearned credit insurance premium from Universal Underwriters. Enclosed please find a check or draft for the unearned credit insurance premium refund due you. This check or draft reflects the amount of unearned credit insurance premium refund that was originally due plus simple interest at seven percent (7%) per annum.

If you have questions regarding the Attorney General's settlement with Universal Underwriters, you may contact the Office of the Texas Attorney General at 1-(800)-621-0508 or Universal Underwriters at \_\_\_\_\_.

## EXHIBIT B

[CUSTOMER NAME]

[Universal Underwriters Policy # if available]

[Effective Date of the Policy if available]

### NOTICE OF SETTLEMENT AND CLAIM PROCEDURES FOR UNIVERSAL UNDERWRITERS INSURANCE POLICY HOLDERS

Universal Underwriters Life Insurance Company, ("Universal Underwriters") and the Texas Attorney General, Greg Abbott, have recently come to an agreement regarding Universal Underwriters' handling of unearned credit insurance premiums. Universal Underwriters has agreed to refund to eligible policyholders the unearned premiums due to them if their automobile loans were paid off early between January 1, 2002 and December 31, 2006. Universal Underwriters has additionally agreed to pay interest on the refunds in the amount of seven percent (7%) per annum, starting sixty (60) days from the date the auto loan was paid off and ending on the date of the agreement. You may be an eligible policyholder if your automobile loan insured by Universal Underwriters was paid off early prior to its scheduled maturity date in the years between January 1, 2002 and December 31, 2006.

If you believe that you are eligible for a refund of your credit insurance premium, please fill out and mail the attached claim form to Universal Underwriters. If possible, attach to your claim form documents showing proof that your loan was paid off early. Claimants attaching such proof may receive their refunds more quickly. The following documents are acceptable: (1) a copy of a pay off notice from a motor vehicle creditor, (2) a clear motor vehicle title showing a date that is earlier than the scheduled maturity date of your motor vehicle loan, (3) a copy of a cover letter showing the transmittal to the policyholder of a clear motor vehicle title, and (4) any document or letter from a motor vehicle creditor that provides information on the date that a customer's motor vehicle loan was paid off early. This form also includes an authorization that will allow your creditor to share proof of your motor vehicle loan contract with Universal Underwriters Insurance for the purpose of determining your eligibility for a refund.

**TO BE ELIGIBLE FOR A REFUND YOU MUST FILL OUT AND MAIL THE ATTACHED CLAIM FORM WITHIN THIRTY (30) DAYS OF THE POSTMARKED DATE ON THE CLAIMS ENVELOPE.**

If you have questions regarding the Attorney General's settlement with Universal Underwriters, you may contact the Office of the Texas Attorney General at 1-(800)-621-0508 or Universal Underwriters at \_\_\_\_\_.

**EXHIBIT C**

**CLAIM FORM FOR UNIVERSAL UNDERWRITERS CREDIT  
INSURANCE PREMIUM REFUND**

*Read the following options, and check the one that applies to your circumstances.*

**OPTION ONE**

\_\_\_\_\_ I believe that my auto loan that was insured by a Universal Underwriters credit insurance policy was paid off early between January 1, 2002 and December 31, 2006, and I am requesting that Universal Underwriters process my premium refund check. I am attaching one of the following as proof of the loan payoff: a copy of a document sent by my creditor informing me of the payoff and listing the payoff date; a copy of my auto insurance title with a date that shows the loan was paid off early; or any other type of document that demonstrates my loan was paid off early.

**OPTION TWO**

\_\_\_\_\_ I believe that my auto loan insured by an Universal Underwriters credit insurance policy was paid off early between January 1, 2002 and December 31, 2006, but do not have any documents in my possession that show this early payoff. I am requesting that Universal Underwriters do research to determine if my loan was paid off early, and I will sign the attached Insured's Authorization authorizing the holder of my automobile purchase retail installment contract to provide information as to the payoff date of the loan to Universal Underwriters or its authorized agent. I understand I must sign the Insured's Authorization to qualify for a refund under Option Two.

**PLEASE PRINT LEGIBLY**

Insured's Name:	Policy Number (if available):
Insured's Current Address:	Date Auto Loan Commenced (if available):
Insured's Address at Time Policy Was Purchased (if different from address above):	Date Auto Loan Terminated (if available):
Insured's Telephone Number:	Place Where Policy was Purchased (e.g. Name and Location of Car Dealership, if available):
Insured's Date of Birth:	
Insured's Signature:	Signed this DATE:

**[please attach copies of documents showing early loan payoff on the back of this form if option one applies. If you need more space, please attach a separate sheet of paper.]**

**EXHIBIT D**

**INSURED'S AUTHORIZATION**

I hereby authorize any company or entity which held and serviced my retail installment automobile loan, to disclose non-public information to Universal Underwriters Life Insurance Company or its authorized agents regarding the date the loan or retail installment loan was paid off, for the sole purpose of determining my eligibility for a premium refund. This authorization is intended to serve as a consent to disclose non-public information pursuant to the Graham-Leach-Bliley Act, 15 U.S.C. §6802 (e)(2).

This request for information by Universal Underwriters is made pursuant to its Assured Voluntary Compliance Agreement with the Texas Attorney General's Office investigation into Universal Underwriters' credit insurance premium refund practices.

In making these authorizations, I understand that I waive all claims under federal, state, and local privacy laws, statutes, and regulations as to any and all authorized actions taken by Universal Underwriters in confirming my eligibility for a refund.

Signed this \_\_\_\_\_, day of \_\_\_\_\_, 2008.

---

Name

Phone Number

---

Current Address

Social Security Number

## **EXHIBIT E**

### **NOTICE OF SETTLEMENT AND CLAIM PROCEDURES FOR UNIVERSAL UNDERWRITERS LIFE INSURANCE COMPANY POLICYHOLDERS**

Universal Underwriters Life Insurance Company, ("Universal Underwriters") and Texas Attorney General Greg Abbott have recently reached an agreement regarding Universal Underwriters' handling of unearned credit insurance premiums. Universal Underwriters has agreed to refund to eligible policyholders the unearned premiums due to them because their motor vehicle loans were paid off early between January 1, 2002 and December 31, 2006. Universal Underwriters has additionally agreed to pay interest on the refunds in the amount of seven percent (7%) per annum, starting sixty (60) days from the date the auto loan was paid off and ending on the effective date of the agreement between Universal Underwriters and the Attorney General. You may be an eligible policyholder under the terms of this agreement if your motor vehicle loan insured by Universal Underwriters was paid off early between January 1, 2002 and December 31, 2006, and you purchased your credit insurance policy in Texas.

If you believe that you are eligible for a refund of your credit insurance premium, you may obtain a claim form by clicking on the "claim form link" and entering your name and address, and, at your option, your phone number. You may either download the claim form or Universal Underwriters will mail a claim form within three (3) business days after receipt of your request. You must fill out, sign and mail the claim form within thirty (30) days of the postmarked date on the claims envelope.

If you prefer to request the claim form by mail, please send a letter to [Insert Universal Underwriters Address] stating, "Please send me a claim form for State of Texas v. Universal Underwriters Life Insurance Company," providing your name and address. You may also request a claim form by calling [INSERT TOLL FREE NUMBER] and providing your name and address over the phone.

If you have any questions concerning the settlement between the Attorney General and Universal Underwriters or the claim procedure described above, you may view the Frequently Asked Questions about Claim Procedure Link, or contact \_\_\_\_\_, at [INSERT TOLL FREE NUMBER].

**EXHIBIT F**

**[CUSTOMER NAME]  
[Universal Underwriters Policy #]  
[Effective Date of the Policy]**

**NOTICE OF PREMIUM REFUND**

You recently filed a claim for a premium refund in connection with the agreement between Universal Underwriters Life Insurance Company and the Texas Attorney General, Greg Abbott, regarding Universal Underwriters' premium refund practices. Enclosed please find a check from Universal Underwriters Insurance for a refund of unearned credit insurance premiums on the policy listed above. The amount in the check reflects the original amount of the premium refund owed, plus seven (7%) simple interest calculated on an annual basis.

If you have questions regarding the Attorney General's settlement with Universal Underwriters, you may contact the Office of the Texas Attorney General at 1-(800)-621-0508 or Universal Underwriters at 1-800\_\_\_\_\_.

**EXHIBIT G**

Date

[Customer Name and Address]

Re: Claim for Premium Refund

Dear Claimant:

You filed a claim for a premium refund pursuant to the agreement between Universal Underwriters and the Texas Attorney General, Greg Abbott, regarding Universal Underwriters' premium refund practices. After researching your claim, Universal Underwriters regrets to inform you that you are not owed a premium refund due to one of the reasons listed below:

\_\_\_\_ 1. Universal Underwriters records show that you or your creditor were already issued a premium refund check(s).

\_\_\_\_ 2. You were not entitled to a premium refund because the refund amount was less than three (3) dollars.

\_\_\_\_ 3. Your automobile contract was not terminated early.

\_\_\_\_ 4. Other: \_\_\_\_\_

If you have any questions about the claim, please call 1-800-\_\_\_\_\_.

**EXHIBIT H**

[Current Date]

Dear Mr/Ms [Insert Name]:

Re: Policy # [Insert Policy Number] Dated [Insert Date]  
Expiring [Insert Date]

Thank you for being our valued policyholder! We trust that we have served your needs to the fullest.

In the event you paid off or refinanced your automobile loan prior to its original maturity date of [insert maturity date] you may be due a refund of unearned premium. You may, at your option, contact our office at 1-800-\_\_\_\_\_ if your loan was paid off early and you have not received a refund of unearned premium. Proof an early loan payoff may be provided by the pay off notice or any document showing that your motor vehicle loan was paid off early.

Sincerely,

Universal Underwriters Life Insurance Company

**INSURED'S AUTHORIZATION TO DISCLOSE  
NON-PUBLIC INFORMATION**

I hereby authorize any company or entity which held and serviced my retail installment automobile loan, to disclose non-public information to Universal Underwriters Life Insurance Company or its authorized agents regarding the date the loan or retail installment loan was paid off, for the sole purpose of determining my eligibility for a premium refund. This authorization is intended to serve as a consent to disclose non-public information pursuant to the Graham-Leach-Bliley Act, 15 U.S.C. §6802 (e)(2).

Signed this \_\_\_\_\_, day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Name Phone Number

\_\_\_\_\_  
Current Address