



Office of Public Insurance Counsel

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July 24, 2017

Via Hand Delivery

J'ne Byckovski, FCAS, MAAA
Chief Actuary, Property and Casualty
Texas Department of Insurance
333 Guadalupe Street, MC 105-5F
Austin, TX 78701

**Re: Universal North America Insurance Co. (UNAIC)
Residential Property Rate Filings (Dwelling, Homeowners)
TDI Links # S642610 and S642611**

Dear Ms. Byckovski:

Pursuant to TEX. INS. CODE ANN. Section 2251.106, the Office of Public Insurance Counsel (OPIC) objects to these two residential-property rate filings because they produce rates that do not comply with rating standards set forth in TEX. INS. CODE ANN. Sections 2251.051, 2251.052, and 560.002.

Objection – Installment Fees

UNAIC is filing to double its fees for installment payments from \$5 to \$10 per transaction. This fee is exorbitant compared to those of other companies, insufficient support has been provided to justify this increase, and insufficient information has been provided to explain the credit card processing fee.

First, the company should provide better support for their “customer service expense” of \$5.47 per installment. The additional support should include an explanation of what services are included in the “customer service expense” and provide the number of transactions processed per hour. We struggle to understand how it can cost \$5.47, exclusive of credit card charges, to post a single bill.

Second, we understand UNAIC seeks to recover credit card processing costs and alleges a weighted average of \$4.52 for Visa/Mastercard and an additional 78 cents for American Express. However, no information is provided to evaluate these numbers. At a minimum, we need to know the average transaction amount, the credit card processing percentage, and the percentage of transactions involving credit cards to evaluate this figure. The \$10 installment fee appears to charge everyone a credit card fee and UNAIC should explain why this is appropriate. UNAIC should provide a more detailed explanation of how it charges its customers for processing credit card transactions.

Summary

The proposed installment fee is higher than most other insurers charge and no justification has been provided to explain why the processing of a bill, a function that is almost entirely automated, should cost \$10 per transaction to perform. It is likely that UNAIC's current \$5 installment fee is more than sufficient to cover actual costs.

Sincerely,



Joe Matetich
Deputy Public Counsel

cc: Cheryl McGirr, Product Analyst
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