

LENDERS SINGLE INTEREST PROGRAM

CLAIMS MANUAL

LENDERS RISK

This brochure contains a general description of insurance coverage available. All coverages may be subject to exclusions, maximum limits and/or deductibles. These Limits will be identified when a policy is issued.
All coverages are not available in all states.

FORWARD

Lenders Risk is pleased to provide this manual to assist you with the timely and efficient handling of Lenders Single Interest claims.

We have established these claims procedures to promote good service and to provide for proper claim payment documentation. Lack of documentation is the single greatest cause of claims issues.

While this manual is not intended to offer interpretation of your policy, it should provide you with a good understanding of the most common Lenders Single Interest claims situations and issues you will encounter.

Please do not hesitate to contact us if you feel uncertain of the coverage or the procedure to be followed for presentation of your claim.

GENERAL INFORMATION

In order to fully understand your Lenders Risk Single Interest Policy you should become familiar with the **Insuring Agreements** that appear on the first page of the policy. They are generally purchased together as a standard package, but Coverage A may be purchased on a stand-alone basis or in combination with any one or more of the other Coverages.

The **Insuring Agreements**, or coverages, are as follows:

Coverage A – All Risk Physical Damage

Coverage B – Non Filing (Errors and Omissions)

Coverage C – Skip

Coverage D – Repossessed Vehicles Insurance

Coverage E – Confiscation

Please note that the Lenders Risk Lenders Single Interest Policy only provides coverage for you, the policyholder, and does not directly or indirectly benefit your borrower.

Four things must occur before any loss can be paid:

1. Your customer must have defaulted in the obligation, and
2. You must have repossessed the vehicle or shown you are not in a position to do so, and
3. Your interest must be impaired as a result of one of the **Named Perils** listed in the **Insuring Agreements**, and
4. A failure or lapse of primary insurance (or other alternate source of payment) must have occurred.

COVERAGE A ALL RISK PHYSICAL DAMAGE INSURANCE

The policy is written on an "**All Risk**" basis, subject to certain Exclusions. This means we will cover the types of claims covered by the physical damage insurance coverage you require your customers to purchase and maintain. Some Exclusions are:

- Losses occurring prior to the effective date of the policy or the date of your loan.
- Criminal actions by your employees or dealers.
- Forgery.
- Title defects existing prior to or at the time of loan.
- Loans made to a borrower who was responsible for a prior single interest claim paid to your organization.

The policy is not intended to return new for old. Dents, dings, faded paint, dirty interiors and similar normal wear and tear due to use of the vehicle, often to the point of high levels of abuse, are not covered and will be reflected in deductions.

**COVERAGE B
INSTRUMENT NON-FILING INSURANCE
(Unintentional)**

Claims under this coverage are the result of some other entity having a lien superior to your lien. Because the coverage is written on an errors and omissions basis, you must, as a normal business practice, make every practical effort to perfect your lien against the collateral held as security.

While the situations that could give rise to a claim are too numerous to list, the following are most often presented:

- The lender unintentionally failed to file its lien on the collateral, and the borrower sold or transferred what appeared to be clear title to the collateral to a third party. (Sold out of trust).
- Following the filing of a petition of bankruptcy, a determination was made by the court that the lender's lien was either unintentionally not filed or improperly filed, resulting in the trustee's acquisition of the collateral for the general benefit of creditors.
- The lender unintentionally failed to file its lien on the collateral, and the borrower subsequently used the collateral to secure another loan with a lender that recorded a **superior lien** against the collateral.

Non-Filing Insurance is not title insurance. Any defect in title, lien, or encumbrance that existed at the time the loan was made is not covered by this insurance. This coverage places you in your original position prior to your loss or your failure to file your lien.

Coverage B responds to bankruptcy **only** if you had **unintentionally** not perfected your lien. Additionally, you must be precluded from taking title to and repossessing the collateral due to an order of a bankruptcy court.

COVERAGE C SKIP INSURANCE

The term “skip” describes your inability to locate either the collateral or any signer of the loan instrument. Signers would normally include a borrower, co-borrower or other guarantor. Your inability to locate the collateral is not in and of itself a covered loss under the policy.

If we locate the borrower, or if you have knowledge of the location of the borrower, you are normally in a position to re-take your collateral, either by peaceful repossession or by due process of law.

It is your responsibility to make every reasonable and practicable effort to locate the property and the signers of the instrument. If you lack the staff to make a professional effort in this area, you should give consideration to assigning the account to an outside investigator. Following a professional attempt to locate the borrower or the financed collateral, you should forward notice of loss to Lenders Risk. Normally you can identify the skip condition within 30 to 60 days of the defaulting payment. Care should be taken to provide us with notice of loss within 180 days of the date of delinquency, as required by the policy. You should submit most claims as soon as you can verify the facts substantiating the disappearance of the collateral and the borrower. Confiscation and skip claims are generally submitted between the second and third past due payment.

The policy or an endorsement attached to the policy allows us a specified time period to locate either the collateral or the signers of the instrument. This time period does not begin until you have provided all required claim documentation to us. The policy also provides that if we locate the collateral subsequent to the specified time period but prior to payment of the skip claim, the maximum liability under the policy is the reasonable expense of locating and returning the collateral to you.

Coverage C
Skip Insurance
Continued

It is your obligation to promptly (as quickly as possible, but within 72 hours) verify the locate information provided by Lenders Risk. When you are given a new residence address or place of employment, you should be prepared to act immediately to both verify the information and assign the collateral for repossession. Failure to act upon the information provided by us can both compromise your position under the claim and make final collection of the account unnecessarily difficult.

COVERAGE D
REPOSSESSED VEHICLE COVERAGE

This coverage provides “All Risk” physical damage insurance, limited to a period of 60 days following the date of repossession. The limitation of 60 days is normally ample time to sell the collateral. If a specific problem develops with a particular vehicle, please advise us prior to the expiration of the time limit.

COVERAGE E
CONFISCATION

Confiscation is an act of the state wherein the financed property is seized and converted to the public treasury without compensation to the lender. Generally, losses in this area result from measures taken by the Drug Enforcement Agency or other federal law enforcement bodies.

There are a number of important steps that you can take to protect your interest in seized property. It is important for you to contact Lenders Risk for assistance in petitioning the agency involved for release of your collateral. Matterhorn will provide you and your attorney assistance in preparation of proper petitions for remission or mitigation of forfeiture of the collateral on your behalf.

NOTICE OF LOSS

We must receive a completed Loss Notice form within:

- a) 90 days after the date of loss for Coverage A, All Risk Physical Damage Coverage; Coverage B, Instrument Non-Filing Coverage; and Coverage D, Repossessed Vehicles Coverage.
- b) 180 days after the date of loss for Coverage C, Confiscation and Skip Coverage.

DATE OF LOSS

The date of loss is determined by the type of coverage that is applicable to the specific situation:

Coverage A – Physical Damage

The date the loss occurs, if determinable, otherwise the date the vehicle is repossessed.

Coverage B – Non-Filing

The date the claim is reported.

Coverage C – Skip

The date the claim is reported.

Coverage D – Repossessed Vehicles

The date the actual loss occurs.

Coverage E – Confiscation

The date the claim is reported.

CLAIMS DOCUMENTATION

REQUIRED DOCUMENTS FOR ALL TYPES OF CLAIMS

1. A completed Loss Notice form.
2. A copy of the security agreement (front and back), loan application, note and disclosure statement. This documents the existence of the instrument as required in the policy and validates the insurable interest of the lender.
3. A copy of the title or security interest filing showing the lien. This validates your ability to convey good title to the vehicle.
4. A copy of a computer printout showing the current balance of the loan, and other pertinent information regarding the loan such as late charges, rebatable reserves, etc. This validates the delinquency and the default, and provides evidence as to the maximum extent of your impairment or interest in the financed collateral.
5. A summary of the collection activity sufficient to:
 - a) Demonstrate your attempt to collect the account and your attempt to repossess the collateral.
 - b) Allow Lenders Risk to contact the borrower, or other parties involved, to try to determine:
 - 1) Date of loss.
 - 2) Primary carrier at time of loss.
 - 3) Possible "third party" liability.
 - 4) Possible replacement of original primary policy with a new policy from another insurer.
 - 5) Sufficient detail surrounding the loss to substantiate a claim with another party or its carrier.
7. A copy of the borrower's most recent policy, certificate or statement of insurance, if available. This allows us to determine whether the borrower's insurance was in effect on the date of loss.

Claims Documentation (Continued)

ADDITIONALLY REQUIRED DOCUMENTS FOR COVERAGE A CLAIMS

1. Documentation regarding the obtaining, expiration or cancellation of the borrower's primary policy. This should include a copy of the following:
 - a) Certificate of insurance showing effective dates of coverage, type of coverage, and loss payable clause in your favor.
 - b) Lien holder's notice of cancellation showing termination of primary carrier's liability with respect to the collateral.

NOTE: Failure to furnish us with this information will not be deemed a violation of the policy provided you have obtained an agreement from your borrower to carry such insurance.

2. A copy of the police report (theft claims only).

NOTE: We reserve the right to physically inspect any and all losses. Do not repair or dispose of any collateral until either:

- You receive our consent to do so; or
- We advise you that the collateral has been inspected; or
- You receive payment of the claim.

Claims Documentation (Continued)

ADDITIONALLY REQUIRED DOCUMENTS FOR COVERAGE B CLAIMS

1. If a Bankruptcy:
 - a) A copy of first meeting of creditors.
 - b) A copy of proof of claim filed with the court.
 - c) A final order of the court when received.

2. If an illegal sale of collateral:
 - a) Proof of sale. This may be in the form of a bill of sale or copies of the records of the state title authority.

3. If due to the superior lien of another lender:
 - a) Proof of lien or judgment. This may be a copy of such lien or recorded instrument of the other lender.

Losses due to artisan liens, commonly referred to as mechanic's liens, are non-filing losses when such liens are lawfully superior to your lien. In all cases when it is determined that a lien is lawfully superior to your lien, a determination as to the amount of equity recoverable in the collateral is necessary. Storage liens, because they do not represent superior liens to properly filed liens, do not qualify for payment.

We will reimburse you for the lesser of:

- a) The amount of the lien you paid, or

- b) Your net loss after sale of the property and payment of the superior lien.

Claims Documentation (Continued)

ADDITIONALLY REQUIRED DOCUMENTS FOR COVERAGE C CLAIMS

Skip

In addition to those documents always required, please forward a copy of an original credit bureau report obtained at the time the loan was made, along with the loan application. Claims cannot be processed without a completed loan application. The collection activity should be especially complete and include any reports from outside collection or repossession firms you used.

The policy or an endorsement attached to the policy allows us a specified time period to locate either the collateral or the signers of the instrument. This time period does not begin until you have provided all required claim documentation to us. The policy also provides that if we locate the collateral subsequent to the specified time period but prior to payment of the skip claim, the maximum liability under the policy is the reasonable expense of locating and returning the collateral to you.

Claims Documentation (Continued)

ADDITIONALLY REQUIRED DOCUMENTS FOR COVERAGE D CLAIMS

The documents are the same as those for a Coverage A, physical damage claim, but normally should also include a police report as these losses commonly include theft, vandalism and other criminal acts.

If a borrower's policy naming you as Loss Payee was in effect at the time of loss, these claims will be paid by the borrower's insurer provided you submit the proper Loss Notice forms to them.

ADDITIONALLY REQUIRED DOCUMENTS FOR COVERAGE E CLAIMS

Confiscation is the appropriation of property by the state. In these cases the property must be forfeited to the public treasury in order for a claim to be covered. The severity of such exposure varies throughout the country.

In addition to the documents required under a skip situation, please forward appropriate correspondence from any of these authorities to specifically substantiate your position.

LOSS PREVENTION PROCEDURES

To control claims and maintain low rates, we recommend the following:

1. Before a contract is paid to a dealer you should ascertain that borrower's physical damage insurance is in effect that names you as the Loss Payee. Your records should indicate the insurance company name, agent's name, policy number and expiration date.
2. Insurance and credit losses do go hand in hand. Therefore, as part of your collection routine, it would be helpful to ascertain whether your customer still has physical damage coverage. If you find on a regular basis that coverage is not in effect, you should review your lending procedures to confirm that borrower coverage on the collateral is always verified when the loan is originated.
3. Be sure that there will actually be a loss before submitting a claim. We do not anticipate that claims will be submitted in situations where the collateral can be sold to satisfy the principal loan balance.
4. Be sure that all other available avenues have been explored before your claim is filed. You must make every effort to collect from your borrower and/or all signers or obligees to the contract before submitting a claim.

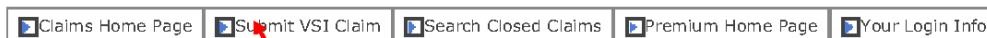
Submitting A Claim

All losses must be reported to Lenders Risk's by logging on to our website at <http://www.lendersrisk.com/>. In order to facilitate the prompt handling of claims it is necessary that all portions of the form be completed. Missing information could cause unnecessary delay in processing the claim.

The following will show you how to submit a claim and give you a brief explanation of the Loss Notice form. This example is showing how to file a physical damage claim.

Section I - Start Submission of claim

Need Help? Call us at 888-600-4436



Hit the "Submit VSI Claim" button above to start the loss notice wizard.

Pending Bank Response Open Claims Un-submitted Claims

OPEN CLAIMS

1 of 1

Claim #	Type of Claim	Status	Date Filed	Last Activity	Loan Balance	Collateral
DC-15579	Physical Damage Prior to Repo	Open	3/6/2012	3/6/2012	\$10,000.00	2005

Use the Submit VSI Claim button to submit a claim.

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Click on the "Submit VSI Claim" button to start claim Submission.

Section II – Type of Loss

Need Help? Call us at 888-600-4436

Claims Home Page | Submit VSI Claim | Search Closed Claims | Premium Home Page | Your Login Info

CLAIM WIZARD - STEP 1 OF 7

Type of Loss

- Physical Damage Prior to Repo
- Skip/Confiscation
- Non-Filing E+O
- Physical Damage After Repo
- Theft
- GAP

LRM0000.00/0000

Cancel | Next - Borrower Information

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Click to choose the type of loss you are filing.

Choose the type of loss here.

Need Help? Call us at 888-600-4436

Claims Home Page | Submit VSI Claim | Search Closed Claims | Premium Home Page | Your Login Info

CLAIM WIZARD - STEP 1 OF 7

Type of Loss

- Physical Damage Prior to Repo
- Skip/Confiscation
- Non-Filing E+O
- Physical Damage After Repo
- Theft
- GAP

Repossession Date

Date of Accident (If known)

March, 2012

Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Cancel | Next - Borrower Information

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Today: March 6, 2012

Fill in the requested information associated with the type of loss you chose.

Be sure to provide us with the repossession date and the accident date if known.

Section III - Borrower

Need Help? Call us at 888-600-4436

[Claims Home Page](#) | [Submit VSI Claim](#) | [Search Closed Claims](#) | [Premium Home Page](#) | [Your Login Info](#)

CLAIM WIZARD - STEP 2 OF 7 Type of Loss

BORROWER INFORMATION

<p>Borrower <input type="text"/></p> <p>Borrower Address <input type="text"/></p> <p>Borrower City <input type="text"/></p> <p>Borrower State <input type="text"/></p> <p>Borrower ZIP <input type="text"/></p>	<p>Borrower Work Phone <input type="text"/></p> <p>Borrower Cell Phone <input type="text"/></p> <p>Borrower Home Phone <input type="text"/></p> <p>Borrower Email <input type="text"/></p>
--	--

[Enter CoMaker Information](#) Click here to add co-maker. Enter borrower information here

[Finish Later](#) | [Cancel Submission](#) | [Previous](#) | [Next - Collateral Info](#)

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The names of all signers of the note should be listed in this section along with their addresses and telephone numbers. To add the co-maker click on the “Enter Comaker Information” button.

Section IV - Collateral/Location of Collateral

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[Claims Home Page](#) [Submit VSI Claim](#) [Search Closed Claims](#) [Premium Home Page](#) [Your Login Info](#)

CLAIM WIZARD - STEP 3 OF 7

Type of Loss Physical Damage Prior to Repo

ADD/EDIT COLLATERAL INFORMATION

Collateral Type

Collateral Year

Collateral Make

Collateral Model

Vin # (17 Digits)

Collateral Location

Collateral Address

Collateral City

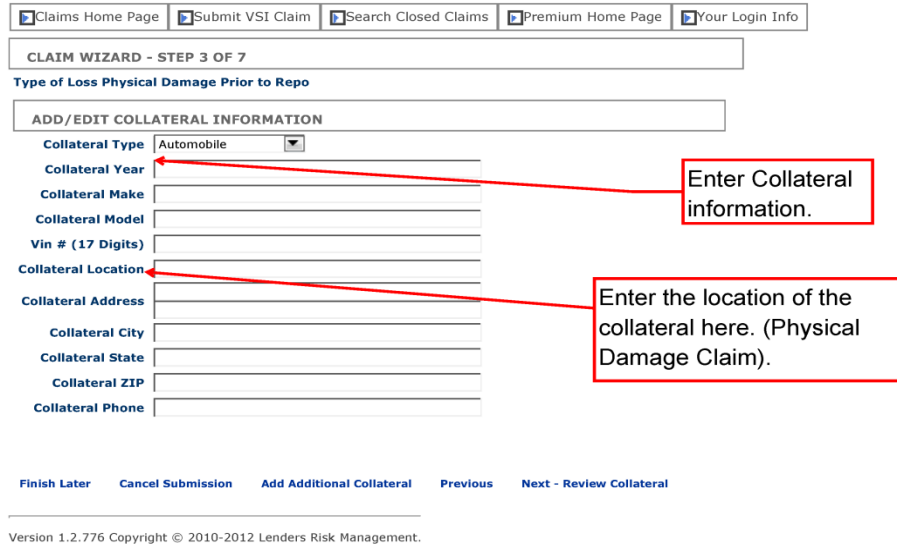
Collateral State

Collateral ZIP

Collateral Phone

[Finish Later](#) [Cancel Submission](#) [Add Additional Collateral](#) [Previous](#) [Next - Review Collateral](#)

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The description of the collateral is used by our Claims Department in setting the amount we anticipate paying on this particular claim.


It is imperative that we know the location of the vehicle if we are to appraise its physical damage.

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[Claims Home Page](#) [Submit VSI Claim](#) [Search Closed Claims](#) [Premium Home Page](#) [Your Login Info](#)

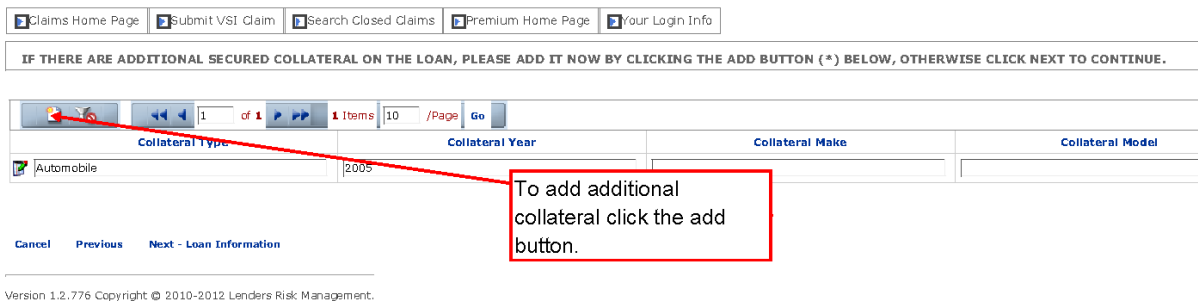
IF THERE ARE ADDITIONAL SECURED COLLATERAL ON THE LOAN, PLEASE ADD IT NOW BY CLICKING THE ADD BUTTON (*) BELOW, OTHERWISE CLICK NEXT TO CONTINUE.

1 of 1 Items 10 /Page Go

Collateral Type	Collateral Year	Collateral Make	Collateral Model
 Automobile	2005		

[Cancel](#) [Previous](#) [Next - Loan Information](#)

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If you have more the one piece of collateral securing your loan, click the add button to add the additional collateral.

Section V - Type of Loan

Need Help? Call us at 888-600-4436

[Claims Home Page](#) [Submit VSI Claim](#) [Search Closed Claims](#) [Premium Home Page](#) [Your Login Info](#)

CLAIM WIZARD - STEP 4 OF 7

Type of Loss Physical Damage Prior to Repo

EDIT LOAN INFORMATION

Loan Number

Loan Type Direct In-Direct

Date Of Loan

Next Due Date

Loan Terms

Months Years Days Other

Principal Balance

Dealer Name

[Finish Later](#) [Cancel Submission](#) [Previous](#) [Next - Borrower's Ins. Coverage](#)

Enter dealer name here if this is an indirect loan.

All information on this screen is required.

If your loan was purchased from a dealer, indicate “indirect loan” rather than “direct loan” on the form, providing the name of the dealer.

Enter delinquency date (next due date), the term of the loan, the loan date and the principal balance of the loan.

Section VI - Borrower's Physical Damage Insurance

Need Help? Call us at 888-600-4436

[Claims Home Page](#) [Submit VSI Claim](#) [Search Closed Claims](#) [Premium Home Page](#) [Your Login Info](#)

CLAIM WIZARD - STEP 5 OF 7

Type of Loss Physical Damage Prior to Repo

EDIT INSURANCE INFO

Last Known Ins Company

Last Known Policy Number

Last Known Agent

Agent Address

Agent City

Agent State

Agent ZIP

Agent Phone

Agent Email

Policy Effective

Policy Canceled

[Finish Later](#) [Cancel Submission](#) [Previous](#) [Next - Confirm and Upload](#)

Provide as much information as possible

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It is extremely important that we know the name of the borrower's insurance company at the time the loan was made, or the last known company to provide physical damage coverage on the collateral. We cannot process a physical damage claim in our usual prompt manner without the borrower's last known policy number, date of policy, company, and the name and address of the agent. Please indicate the policy cancellation date, if known.

Section VII- Review and Submit Documents

Edit Claim Master

[Sign Out](#) Hello demo

Need Help? Call us at 888-600-4436

[Claims Home Page](#) [Submit VSI Claim](#) [Search Closed Claims](#) [Premium Home Page](#) [Your Login Info](#)

CLAIM WIZARD - STEP 7 OF 7

Print this page and fax it with the required documentation to 410-296-7876

Claim # DC-15579

REQUIRED DOCUMENTS FOR ALL DAMAGE CLAIMS PRIOR TO REPOSSESSION (TYPE A):

- Copy of Loan Application
- Copy of Note & Security Agreement (Front and Back)
- Security Interest, Title or Lien Entry Form
- Payment History (Ledger) showing ALL Payments and Current Balance
- Payment History Payoff Screen Showing Not Payoff
- Copy of Collection Activity
- Copy of Policy or Agreement to Provide Form
- Copy of Cancellation or Statement Regarding Non-Existence of Primary Insurance Policy

Type of Loss

Borrower Joe Smith

Collateral Type

Collateral Year

Collateral Make

Collateral Model

Collateral Serial Number

Loan Number

Last Known Ins Company

Contact Name

Contact Phone

Contact Fax

Contact Email

[Click to Print this page](#)

[Cancel Submission](#) [Previous](#) [Finished](#)

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If you want to fax your documents print this page and fax to this number

Review your claim information here.

See what documents are required for your claim here.

Make sure your contact information is correct here.

This is the final step in submitting your claim. You can now fax or upload your claims documents.

Review and Submit Documents (Continued)

Need Help? Call us at 888-600-4436

[Claims Home Page](#) [Submit VSI Claim](#) [Search Closed Claims](#) [Premium Home Page](#) [Your Login Info](#)

CLAIM WIZARD - STEP 7 OF 7

Type of Loss
Physical Damage Prior to Repo

REQUIRED DOCUMENTS FOR ALL DAMAGE CLAIMS PRIOR TO REPOSSESSION (TYPE A):

- Copy of Loan Application
- Copy of Note & Security Agreement (Front and Back)
- Security Interest, Title or Lien Entry Form
- Payment History (Ledger) showing ALL Payments and Current Balance
- Payment History Payoff Screen Showing Net Payoff
- Copy of Collection Activity
- Copy of Policy or Agreement to Provide Form
- Copy of Cancellation or Statement Regarding Non-Existence of Primary Insurance Policy

Attach and Upload a document

Document Description	Document Name	Click to open the file

To Upload your claim documents click here and follow the instructions

[Cancel Submission](#) [Previous](#) [Finished](#)

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By uploading your documents you can see them in real time and know that we have received them.