U.S. Department of Justice

Antitrust Division

Office of the Assistant Attorney General

Washington, D.C. 20530

JAN 14 1992

Laura Metcoff Klaus, Esq.
Arter & Hadden
1801 K Street, N.W. Suite 400
Washington, D.C. 20006

Dear Ms. Klaus:

This letter responds to your request on behalf of Experience Information Bureau, Inc. ("EIB") for a statement, pursuant to the Department of Justice Business Review procedure, 28 C.F.R. § 50.6, of the Department's current enforcement intentions regarding EIB's proposed information bureau for credit life and disability insurers.

Based on the information you provided, we understand the relevant facts as follows. EIB is a North Carolina corporation which has been formed to serve as a clearing house for underwriters of credit life and disability insurance. Its principal stockholder is an independent insurance agent. EIB will collect historical loss data relating to group creditor clients, i.e., lending institutions, and distribute it among subscribing insurers to assist them in evaluating risk.

EIB will collect from subscribing insurance carriers data on their underwriting experiences for credit life and disability insurance for the past six years. Specifically, it will ask for the name and address of the lending institution, the average term, average age and average duration of loans, and data on the net written premium, earned premium, claims incurred and paid, and the type of insurance in force. From this data, EIB will calculate a loss ratio for each lending institution. Subscribing insurance carriers will be able to obtain a report of the experience data collected from other subscribers for a small charge. Each financial institution on whom reports are prepared will also be able to obtain copies of those reports and correct any inaccurate information. The bureau will be open to insurance carriers on a nationwide basis.

EIB will neither comment nor make any recommendation regarding the information in the report. The report will state that the information is conveyed for risk information purposes only and that discretion whether to deal with any entity on whom information is given is solely within the requesting member.

Based on our understanding of the facts, the Department has no current intention to challenge EIB's proposed operation. While an agreement among competitors regarding the price or terms under which they will underwrite insurance would raise antitrust concerns, it is our understanding that the proposed exchange of historical data will simply assist subscribers in establishing independent underwriting policies and practices.

This letter expresses the Department's current enforcement intentions only. In accordance with our normal practice, the Department reserves the right to bring an enforcement action in the future if the actual operation of EIB's information exchange proves anticompetitive in purpose or effect.

This statement is made in accordance with the Department's business review procedure, 28 C.F.R. § 50.6 (1986). Pursuant to that regulation, your business review request and this letter will be made publicly available immediately. Your supporting data will be made publicly available within thirty days, unless you request that any part of the material be withheld in accordance with Paragraph 10(c) of the business review procedure.

Sincerely,

James F. Rill
Assistant Attorney General