



Department of Justice

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DEPARTMENT OF JUSTICE ISSUES BUSINESS REVIEW LETTER

WASHINGTON, D. C. -- The Department of Justice announced today that it does not intend to challenge under the antitrust laws, a proposal by Experience Information Bureau Inc. (EIB) to operate an information exchange for underwriters of credit life and disability insurance.

The Department's position was stated in a business review letter from James F. Rill, Assistant Attorney General in charge of the Antitrust Division, to counsel for EIB.

EIB, a North Carolina corporation, was formed to serve as a clearing house for underwriters of credit life and disability insurance. These insurers underwrite policies that provide for the payment of loans in the event of death or disablement of the borrower. EIB proposes to collect and distribute among subscribing insurers historical loss information on individual lending institutions that sell the insurance. The information is intended to assist the insurers in evaluating risk.

EIB will collect from subscribing insurance carriers data on their underwriting experience for credit life and disability insurance for the past six years. Based on this data, EIB will calculate a loss ratio for each lending institution. The loss ratio will reflect the amount paid out in claims compared with

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the amount collected in premiums. Subscribing insurance carriers will be able to obtain a report of the experience data collected from other subscribers for a small charge.

Rill's letter stated that, while an agreement among competitors regarding the price or terms under which they will underwrite insurance would raise antitrust concerns, EIB's proposed exchange of historical data will simply assist subscribers in establishing independent underwriting policies and practices.

Under the Department's business review procedure, a person or organization may submit a proposed course of action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 3233, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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