

Schader, Charles

From: Rivera, Susan
Sent: Monday, January 10, 2000 12:47 PM
To: Moor, Kris; Tizzio, Thomas R. Sr.; Schader, Charles; Johns, Tom; Milton, Chris; Morrow, Jay; Douglas, Frank; Jacobson, Rob; Beier, Robert; Topping, Ronald
Cc: Smith, Michael@CorpLaw
Subject: Warranty Reinsurance - Latest Developments

Outlined below is a status of the various reinsurance opportunities we are pursuing on the Auto Warranty business:

1. ISI - I just received a phone call from Dan Hogan of ISI and apparently Lyndon is interested in taking over the full unearned premium reserve on the entire ISI portfolio. I told Dan we were interested assuming we can agree on terms and price, however, I informed Dan we would probably need security. Dan was going to try to contact Lyndon to set up a conference call for today or later in this week. ISI is concerned we are going to take over their claims just like Warrentch. I informed Dan that reinsurance might help but our paper is still out front and if Lyndon does not handle the claims adequately and they do not abide by the reinsurance agreement, then the ultimate liability for poor claims handling would still be ours. I threw out the fact that we'd have to come up with something to alleviate our concern on that front - possibly additional security in excess of the premium ceded would suffice. We will have to see what we can do to protect ourselves on the claims handling side.
2. Dimension - We are trying to resolve 3 wording issues with Marc Vivori. I called Marc on Friday and again today - I am awaiting his return call.
3. Universal - We are expecting to receive a proposal from Motors this week, but no later than January 15th.
4. Canada - Adam Hill is still working on securing reinsurance. We are working on gathering the due diligence items necessary to solicit offers to sell the administrator. Michael Smith from corporate legal is drafting a confidentiality agreement so that we can begin due diligence discussions with Marc Vivori at Ace. Brian Schreiber is investigating the market for other potential buyers.

If you have any questions, please feel free to call.

Thanks,

Susan

