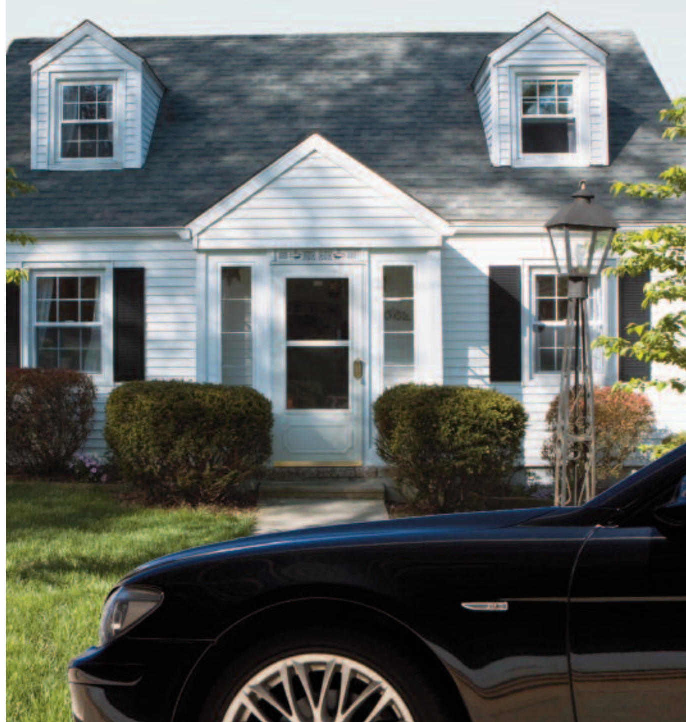
Consumers may request a copy of their credit reports if they are denied a policy, and credit bureaus are required to promptly correct any errors discovered and reported. Privacy regarding your credit history is protected by law, and Pekin Insurance Agents are not allowed to see your credit report. By using this additional underwriting tool, we believe we will be better able to provide quality insurance protection at the best possible price. Further information regarding the use of credit and scores for insurance underwriting is available at www.consumerdisclosure.com.

Pekin Insurance

2505 Court Street
Pekin, Illinois 61558
www.pekininsurance.com

898 (09-11)

FINANCIAL UNDERWRITING



Pekin Insurance® uses financial underwriting as a tool in pricing various types of insurance. Like all insurance companies, we strive to price our products in a manner that is fair to all concerned. We believe it is our responsibility to provide information about financial underwriting, which has been referred to as credit scoring, insurance scoring, financial stability ratings, etc.

In some cases, confusion has arisen regarding the use of these names for financial underwriting. While credit scores predict the likelihood of future delinquency on credit accounts and are used primarily by lending institutions, insurance scores or financial stability ratings predict the relative likelihood of insurance losses of an individual policyholder or applicant. Models have been developed to predict future insurance losses by examining actual policyholder loss data of our current insureds in conjunction with the corresponding credit bureau data of those particular policyholders. These models look at large groups of people with similar characteristics. There will be individual exceptions; however, these models are very predictive of future losses. Credit information is obtained from credit bureaus, such as Equifax, Experian, and TransUnion. In addition, LexisNexis is a company that compiles this credit information and provides insurance companies with individual financial information.

Financial underwriting is only a supplement to other insurance underwriting tools such as motor vehicle reports, which provide state information on motor vehicle violations, loss data, etc. Some factors considered when using consumer credit reports include late payments, outstanding debt, length of credit history, new applications for credit, and types of credit in use. Thus, consumers can improve their credit history by paying on time and avoiding collections, keeping balances low, and keeping accounts current. There has been confusion concerning the number of credit inquiries. It should be realized that too many inquiries initiated by a consumer seeking credit may adversely affect a score. A single inquiry has little effect, but multiple inquiries in a short period of time will have a greater impact. Multiple car dealership or mortgage inquiries in a short period of time, however, are treated as a single inquiry; so, shopping around for the best lending rate will not penalize a consumer's score. Also, insurance-related inquiries do not penalize a consumer's score.

As required by law in many areas, credit cannot be used as the sole basis for denial of policy issuance or renewal. In addition, the Fair Credit Reporting Act explains the permissible purposes for the uses of credit reporting. Once an insurance quote is given, consumers must be told if adverse action is taken using information from consumer credit reports.

The following information is, in some cases, restricted or prohibited, and therefore is not used in insurance bureau scoring models:

- ethnic group
- religion
- gender
- marital status
- nationality
- age
- income
- address

Beyond the expected.®

PEKIN® INSURANCE