

Volume 3, Summer 2005

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For additional information or clarification regarding any of the articles published in *The Guardian*, please contact Ms. Paula Anders, **WNC** Corporate Development Coordinator at [panders@wncfirst.com](mailto:panders@wncfirst.com)

## Hot Issues

### Atlantic Hurricane Season Update

(August, 2005)

NOAA is calling for a 95% to 100% chance of an above-normal 2005 Atlantic hurricane season, according to a consensus of scientists at National Oceanic and Atmospheric Administration's (NOAA) Climate Prediction Center (CPC), Hurricane Research Division (HRD), and National Hurricane Center (NHC). This forecast reflects NOAA's highest confidence of an above-normal hurricane season since their outlooks began in August 1998.

The updated outlook calls for an extremely active season, with an expected seasonal total of 18-21 tropical storms (mean is 10), with 9-11 becoming hurricanes (mean is 6), and 5-7 of these becoming major hurricanes (mean is 2-3). The likely range of the Accumulated Cyclone Energy (ACE) index for the season as a whole is 180%-270% of the median.

The predicted seasonal totals include the considerable activity that has already occurred prior to this update (7 tropical storms and 2 major hurricanes). Therefore, for the remainder of the season, NOAA

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## From The President's Desk

### The true measure of a company's success and inner strength.

by Carl L. Herrmann, III

In this age of lightning speed communication and reliance on technology to solve almost any business problem and satisfy each need, how do you measure a company's true inner strength and ability? How can you tell if a company is able to continuously meet or exceed the expectations of the markets it serves? What is the "success quotient" of a company amidst the competitive pressures and economic forces that define its business? How do you know that your vendor, supplier or solutions provider has a firm grasp of your needs and can anticipate your future requirements even before you yourself become aware of them?

At **WNC**, we believe that a good way is to take a close look at a company's new product research and development initiatives. What products or services are in the conceptual stage? Which are in development? How many are in testing? How many have been launched during the last month or quarter? How many more are in the pipeline? How many new offerings will be launched in the next few months? What about enhancements and expansions of existing product lines or services?

**WNC** has always followed a proactive and innovative approach to the needs and requirements of our clients. We believe it is the true measure of our ability to stay competitive, effective and in step with the ever-changing demands of our business. Thus, our product research and development efforts never stop. They are an integral part of our daily set of activities. We're always looking for newer and better ways to serve you. Based on your invaluable input, we are able to identify latent needs that enable us to research and develop solutions to your insurance problems - and more importantly, deliver them to you either as enhancements to existing products or as new additions to our product and service lines.

As of this writing, we have 29 new products and services in development - including initiatives in database marketing, point-of-sale programs, internet solutions, life, auto and homeowners insurance innovations and specialty personal lines. As we test or approach the launch of these innovations, we will provide you more detailed information on how these new products and services will increase your efficiencies, profits, cost savings and product offerings to your customers.

We're excited about these upcoming new innovations because they directly fulfill **WNC's** mission statement which reads in part: "...To provide our customers with insurance products that meet their needs, suit their particular situations, give them maximum protection, are adaptable to changing circumstances and offer innovative answers over and above traditional solutions."

To help us further fulfill our mission, we're adding more muscle to our management team through two new additions: Gina Worthington who is Vice President for Consumer Insurance Products and John Tullius who will be **WNC's** Chief Underwriting Officer. Gina will be working out of our Dallas, TX, Operations Center and John will be based in our corporate headquarters in South Pasadena, CA. Gina brings more than 20 years of insurance experience in the fields of operations management, underwriting, claims management, marketing, risk management and product development having occupied various management positions both on the carrier and agency sides of the business. Having Gina and John in our team of experts

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expects an additional 11-14 tropical storms, with 7-9 becoming hurricanes, and 3-5 of these becoming major hurricanes. The expected ACE range during August-November is 110%-200% of the median. These very high levels of activity are comparable to those seen during August-November 2003 and 2004. Given the forecast that the remainder of the season will be very active, it is imperative that residents and government officials in hurricane-vulnerable communities have a hurricane preparedness plan in place.



Hurricane Dennis ravages homes in Nokomis, AL.



Dennis strikes Navarre Beach, FL, Photos by: Leif Skoogfors, FEMA

The predicted nearly 100% chance of an above-normal season is higher than the 70% likelihood indicated in NOAA's pre-season outlook issued May 16th. This increased certainty reflects the fact that the atmospheric and oceanic conditions favoring hurricane formation that were predicted in May are now in place. These conditions, combined with the high levels of activity already seen, make an above-normal season nearly certain.

The atmospheric and oceanic conditions favoring hurricane formation that were predicted in May are now in place. These conditions, combined with the high levels of activity already seen, make an above-normal season nearly certain (95% to 100%). There is only a 0%-5% chance of a near-normal season, and a 0% chance of a below-normal season.

This forecast reflects NOAA's highest confidence of an above-normal hurricane

season since their outlooks began in August 1998. This prediction also reflects a continuation of above-normal activity that began in 1995, and will likely be the seventh extremely active season since 1995.

Even though there has already been considerable early season activity (7 tropical storms, with two becoming major hurricanes), most of the activity is still expected to occur during the climatological peak months of August-October. Many of the storms during this period will develop from disturbances moving westward from the west coast of Africa, and will likely form over the tropical Atlantic Ocean and Caribbean Sea. Historically, tropical storms that first form in these areas account for 55% of all hurricanes and 80% of all major hurricanes. They also account for nearly the entire difference in hurricanes and major hurricanes between above-normal and below-normal hurricane seasons.

Tropical storms that form over the tropical Atlantic Ocean generally track westward toward the Caribbean Islands and/or United States as they strengthen into hurricanes, and therefore pose an increased threat to these

regions. Historically, seasons with above-normal levels of overall activity have averaged 2-3 U.S. hurricane landfalls and 1-2 landfalls in the region around the Caribbean Sea during August-November.

Given the forecast of above-normal activity for the remainder of the season, it is imperative that residents and government officials in hurricane-vulnerable communities have a hurricane preparedness plan in place. Source: NOAA 2005

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strengthens WNC's ability to meet your needs and expectations.

We're excited about the future and our continuing efforts to be your most responsive and innovative source of insurance solutions. If you have specific insurance challenges, you can count on WNC to develop the most effective solutions. Just contact us and we'll get started on them right away.

Finally, on behalf of all of us here at WNC, I would like to thank you for your continued trust and confidence. It is the true measure of our success as a company.

### Hurricane Supplies List

Don't be caught unprepared. The American Red Cross and FEMA recommend the following items for your Hurricane Supplies Kit. Those of you in harms way should use the quiet season to prepare. Be sure and keep the kit in the most structurally sound area of your home.

#### Water

Store water in plastic containers - 1 gallon per person, per day (2 quarts for drinking, 2 quarts for food preparation/sanitation). Keep at least a 3-day supply of water for each person in your home.

#### Food

Store at least a 3-day supply of non-perishable food. Select foods that require no refrigeration, cooking, and little or no water.

- canned juices, milk, soup
- sugar, salt, pepper
- high energy foods, granola bars, trail mix
- special diet foods, food for elderly persons or infants
- comfort/stress foods (cookies, hard candy, sweetened cereal)

#### First Aid Kit

Make sure it's got everything from bandages and adhesive tape to antiseptics, cleansing agents, thermometer, towelettes, latex gloves, scissors, tweezers and sun screen. Don't forget pain relievers, antacids and laxatives.

#### Tools and Supplies

- plastic cups, plates utensils
- flashlight, radio, batteries, whistle
- cash or travelers checks, change
- knife, manual can opener
- fire extinguisher - ABC type
- matches in waterproof container
- plastic storage containers/snap lids
- wrenches to turn off gas & water
- personal and household sanitation items
- plastic garbage bags, aluminum foil, paper & pencils
- needles & thread
- plastic buckets/lids
- household chlorine bleach
- signal flare

#### Clothing & Bedding

- changes of clothing
- sturdy shoes/work boots
- rain gear, hats, work gloves, sunglasses
- blankets and sleeping bags

#### Important Family Documents

- waterproof, portable container
- wills, insurance policies, contracts, deeds, stocks and bonds, family records
- passports, immunization records, bank and credit card account numbers
- inventory of valuable household goods and important telephone numbers

## Product Spotlight

### Alternative Property Owner Program

by Lynda Andrews, EVP

**WNCFirst** has recently developed an alternative property owner's program which was designed to offer a homeowner policy to current Lender-Placed Hazard customers. This product offers a homeowner broader coverage, generally at a lower premium rate.

Other benefits include:

- Coverages available include HO3 (contents, loss of use coverage and limited liability) or dwelling fire with or without contents
- Individual risk underwriting to determine if your customer qualifies for an upgrade to preferred status with one of numerous insurance companies we have available
- An average of 10% discount over current lender-placed rates
- Proactive customer care in offering better, lower cost coverage as an alternative to Lender-Placed Hazard
- Should our agent find that your customer has existing homeowners coverage, we assist them in quickly canceling the Lender-Placed policy.

This is really a customer-friendly approach to a mortgagor's need for permanent homeowners insurance.

### Information Security - We Share Your Concerns.

The security and privacy of confidential customer information is among our clients' major concerns. With the ever-increasing threat of identity theft, it is understandable why financial institutions are demanding tough controls on the transmission, processing and storage of confidential information. **WNCFirst** shares this concern and has established an information security program that addresses



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## Technology Bulletin

### Disaster Recovery-We're there when you need us.

by Gregory E. Baltzer,  
Sr. VP/Information Technology

Disaster Recovery/Business Continuity Planning has always been an important component of the behind-the-scenes support that **WNCFirst** offers to our clients. We take this responsibility seriously, and our commitment is to assure that our clients will always be able to depend on the services we provide. In keeping with this philosophy, **WNCFirst** has made a substantial investment of resources in our DR/BCP plan to keep current with changes in our internal processing and our infrastructure. In the past six months, we have conducted two off-site exercises of our DR/BCP document, utilizing the facilities of our DR vendor Sungard Recovery Services in Cypress, CA and Scottsdale, AZ. In our first exercise this year we were able to recover all mission-critical systems, and a number of supporting systems. The test results actually exceeded our goals for the exercise. In our second exercise, we again recovered all the systems in the first test, added 4 more systems, and were able once again to recover all data and have all systems up and running in 91/2 hours. Copies of the test certifications can be obtained by contacting our Compliance Department in Pasadena, CA.

Our next test is scheduled for December, 2005. This will be our most ambitious exercise yet, with the goal of having full user testing with employees relocating for the exercise day at the recovery facility. After that we will be conducting an exercise every 6 months, to insure that we are always prepared for any emergency situation.

For more information on **WNCFirst's** DR/BCP planning and testing, please contact **Greg Baltzer** at [gbaltzer@wncfirst.com](mailto:gbaltzer@wncfirst.com).

## Who is WNC?

### Meet Emily Park



*Emily Park*  
Director of Legal & Compliance

Emily Park joined **WNCFirst** in April 2005 and serves as Director of Legal and Compliance. In collaboration with compliance professionals specializing in law, contracts and licensing and surplus lines tax filing, Emily is responsible for ensuring **WNCFirst's** compliance with laws and regulations wherever we do business. She assists in the audit of **WNCFirst's** business entities and producing partners in compliance with client/carrier contracts and regulations as well as special projects that strengthen **WNCFirst's** compliance posture.

Emily is currently serving as a member of the Board of Directors of the National Lenders Insurance Council, an association of mortgage servicing and insurance professionals. She recently joined the Legal Issues and Regulatory Compliance Committee of the Mortgage Bankers Association as part of her professional growth endeavors.

Emily has three years of experience as the Director of Operations for a management consulting firm providing construction management and project management services to private and public sector clients on capital improvement projects.

Prior to joining **WNCFirst**, Emily was a classroom teacher, teacher advisor, and English Literacy and Civics Coordinator of the Division of Adult and Career Education, for the Los Angeles Unified School District. She is a member of the California Council on Adult Education, California Association of Teaching English to Speakers of Other Languages, and Women Educators.

Emily holds a B.A. in Sociology from University of California, San Diego, and a J.D. from California Western School of Law. Her legal experience includes clerkships with the

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## Conference Update

**American Bankers Insurance Association (ABIA) Annual Convention**  
**September 14-16, 2005**  
**Phoenix, AZ**  
**202.663.5072**

**Consumer Bankers Association (CBA)**  
**CBA Home Equity Lending Conference**  
**September 18-21, 2005**  
**New Orleans, LA**  
**703.276.1750**

### Product Spotlight *continued from page 3*

the problem and meets our clients' requirements.

We have established the following policies and procedures relevant to information and network security:

- An Acceptable Use Policy
- Computing Resource Access Policy and Standards
- Password Policy
- Remote Access Policy
- Operations Security
- Physical Security
- Document Management Procedures
- Security Management Practices
- Escalation Procedures for Security Incidents
- Telecommunications and Internet Security

We have also put in place a comprehensive Disaster Recovery/Business Continuation Plan (DR/BCP) to ensure the continued safety of confidential customer information in case of a major disaster or catastrophe. Through the DR/BCP, we are able to protect and recover

data and resume operations at an alternate recovery site if necessary.

We have completed a Network Vulnerability Scan and three separate tests of our DR/BCP to ensure that the procedures we have established, and the security measures we have installed, are working properly to protect the confidentiality and security of our clients' customer information. For additional details on the DR/BCP, please see the Technology Bulletin on page 3.

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criminal division of the United States Attorneys' Office and the civil department of the San Diego Superior Court.

Emily was born in South Korea and raised in Southern California in a family of five daughters, one who is her fraternal twin. She volunteers time with an education foundation assisting recent immigrants and senior citizens with quality of life issues.

If you have questions regarding information disseminated at these meetings or need information about upcoming conferences please feel free to contact:  
Dava Wittig, 262-789-8202 Sheri Kordsmeier, 770-509-5159 Lisa Samaniego, 909-392-3754



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