

In the Know

Balboa news you can use.

WINTER 2011

A new resource for Balboa associates

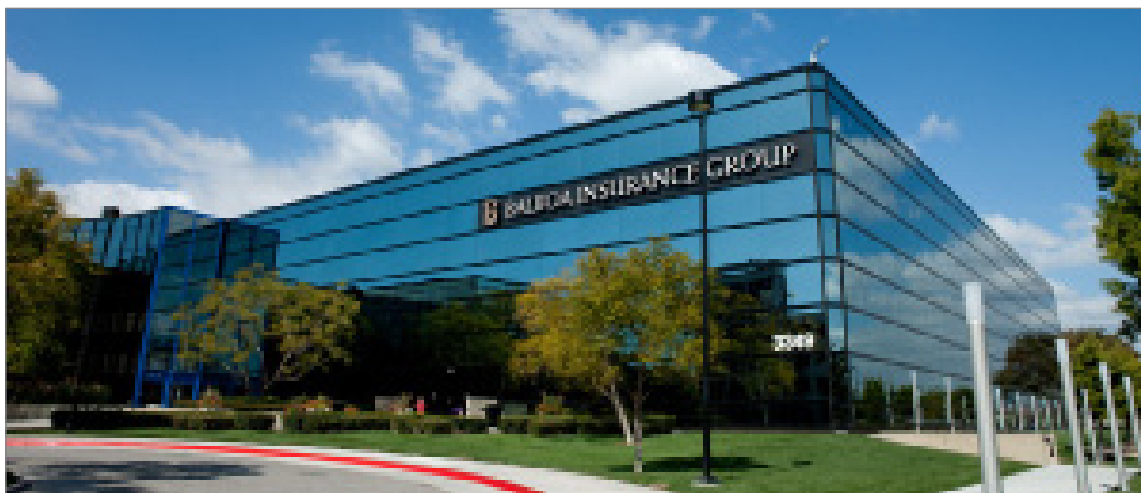
Welcome to the first issue of *In the Know*. We know you are dedicated to your role and department, but you might be interested to know more about the company and your fellow associates around the country. That's why we've launched *In the Know*, a quarterly publication designed to give an overview of Balboa and what associates do every day to help the company, our customers and each other.

This issue includes some helpful resources and interesting features:

- Balboa overview — With four main offices and more than 2,000 associates, there are many different elements to what Balboa does. This gives an overview about some of our financial institutions products and services that may be outside your immediate scope.
- Associate spotlight — Learn more about Shaun Shenouda and his role in financial institutions operations, how he got here and how he spends his time outside of the office.

Share Your Thoughts

We're eager to hear what you'd like to learn more about. To make article suggestions, or if you have comments or questions, please contact balboamarketing@balboainsurance.com.



About Balboa: Who we are and what we do

Balboa Insurance Group offers an invaluable service to our mortgage and auto clients, and also helps protect consumers. Our diversified product lines include lender-placed insurance, as well as personal lines insurance such as homeowners, renters and term life insurance.

Our focus in this issue is to provide an overview of lender-placed insurance, which is one of our core businesses. We'll also highlight some of our products for mortgage and auto clients, as well as some commonly used acronyms.

Other lines of business will be showcased in future issues.

Our clients, who are some of the largest lenders in the mortgage and auto industry, have an interest in collateral such as a house or car, for which they provide a loan. "If their customers cancel or allow their homeowners or automobile insurance to lapse, the lender looks to Balboa in many cases to have the collateral insured to protect its value," said Frank Dunn, Financial Institutions Executive.



continued on next page

According to Dunn, Balboa makes every attempt to contact these customers on the lender's behalf to let them know they need to maintain their insurance coverage. "If a borrower doesn't maintain homeowners or automobile insurance, Balboa works with the mortgage or auto servicer to place coverage on the property until the borrower obtains his or her own insurance," he said. This insurance protects the home or automobile from covered losses so the property securing the underlying loan will not be lost due to a fire, theft or some other unforeseen event while the borrower isn't maintaining insurance.

One of the main things Balboa helps our clients do is manage their risk. Our clients trust us with their mortgage and auto loan portfolios because we have some of the best tools in the industry. We help ensure the right customers receive notification of a lapse in their insurance coverage through our state-of-the-art insurance tracking. "We know our clients' reputations are on the line. It's our goal to protect them without incurring customer complaints. Because of Balboa's sophisticated technology, quality assurance program and continuous improvement process, we're highly successful at keeping any customer dissatisfaction to a minimum," said John Meadows, senior vice president, Home Product Management.

Thanks to all of our associates who helped contribute to the great success of RepoSource.

— Bonnie Hickmann, senior vice president, Auto Product Management

A natural disaster poses one of the most challenging times for our mortgage clients because it can place large parts of their portfolios at an extreme risk. Catastrophe Manager, our award-winning website available 24/7 exclusively to Balboa clients, keeps them informed about the status of a catastrophe and the potential damage to their portfolios through detailed maps and reports of an affected area. "Whether it's a hurricane, tornado, flood, wildfire or earthquake, Catastrophe Manager has the capabilities to provide our clients with important details regarding their portfolios and how a particular catastrophe may impact their loans in that area," said Thomas Speakes, vice president, senior insurance risk manager, Catastrophe Modeling.

For our clients who are auto lenders, we offer a complete auto risk mitigation solution that includes collateral protection insurance (CPI). Our CPI program provides comprehensive and collision coverage in the event that our clients' customers have no other insurance coverage in force at the time of loss. "One of the most important things we do for our lenders is keep our auto premium rates low in



2011 Holiday Schedule

New Year's Day	January 1*
Martin Luther King, Jr. Day	January 17
Presidents' Day	February 21
Memorial Day	May 30
Independence Day	July 4
Labor Day	September 5
Columbus Day	October 10
Veterans Day	November 11
Thanksgiving Day	November 24
Christmas Day	December 26

* Associates accrued a floating holiday for New Year's Day, which fell on a Saturday. That floating holiday may be taken anytime in 2011, pending manager approval.

an effort to reduce their customers' financial hardship," said Bonnie Hickmann, senior vice president, Auto Product Management.

To further protect our auto clients' collateral, we offer RepoSource,[®] our proprietary insurance recovery program that helps lenders recoup a significant amount of insurance recoveries on their repossessed vehicles from other insurance carriers. "Since we launched RepoSource in the 4th quarter of 2006, we've recovered more than \$42 million from outside insurance carriers for our clients," Hickmann said. "Thanks to all of our associates who helped contribute to the great success of this program."

Hopefully this gives you a little more insight into what we do and who we help. And we couldn't do it without your help.

Associate Spotlight

Shenouda uses technology to keep Balboa on track



Shaun Shenouda
Senior Vice President,
Operations Analytics
Group

Two of Balboa's areas of excellence are tracking and operations. We track more than 20 million loans for our clients, which means a lot of operational processes need to be current and comprehensive to maintain our high standards of accuracy.

That's where Shaun Shenouda comes in. As senior vice president of the Operations Analytics Group, Shenouda "touches 95% of what we do at the beginning of the process chain," according to his manager, Steve Ramsthal, senior vice president, business executive, Operations and Tracking Management.

During his seven years with Balboa, Shenouda has made a career out of improving processes. "When we first started, a group of us took a look at all the opportunities for increased efficiency electronic data interchange (EDI) and optical character recognition (OCR) offer," he said. EDI is the tool Balboa uses to capture data electronically, and OCR technology is used to scan and process mail, images, etc., to boost accuracy by eliminating the need for associates to enter customer data manually.

While Shenouda was interviewing to get a job at Balboa, he asked what his career path would be here.

He was told the company needed people who were willing to stretch and make things happen, and Shenouda has been very successful in meeting that requirement. "I'm probably most proud of BOSS, which is a workflow automation tool used at Balboa, because I didn't have any background in application development," Shenouda said. "With a small team we were able to build what was intended to be a minor tool into something that is used by 350 people."

Being able to create tools that improve workflow gives Shenouda the perfect combination. "I like the blend of an entrepreneurial atmosphere with the stability of a corporate environment," he said.

Shenouda has 21 people reporting to him and gets a great deal of satisfaction from working with his team. "The best part of my job, hands down, is when I'm able to coach associates and watch them develop as a result," he said. Shenouda describes everyone on his team as very loyal and hard-working. He cites their openness and responsiveness as a source of his own motivation.

Shenouda also appreciates Balboa's executives. "Balboa has always had a management team who is approachable and trusts us," he said. "I appreciate the opportunities they've provided. Because management allowed it, we were able to progress, move forward and learn. The culture here is very rewarding."

Our Next Spotlight

If you have someone on your team you'd like to see featured, please send your suggestion to balboamarketing@balboainsurance.com.

Interesting Associate Facts

Get to know a little more about Shaun Shenouda, both inside and outside of work.

Location: I work out of our Simi Valley, CA, office and live in Encino.

Family: I'm a husband, older brother, and first son to my Egyptian father and mother of Russian descent.

Definition of success: Being able to live your life with pride, fulfillment and integrity.

Spending free time: My two biggest passions are learning and traveling. I try to travel outside of the U.S. at least once a year. I also play basketball in a league and enjoy reading. I've tried to pick up guitar and learn to speak Arabic. My Arabic is coming along, but I don't think I'll be going on tour anytime soon.



Shaun Shenouda vacationing in Fiji.