

EXHIBIT C-4

LOCKBOX 922 PROCESSING SPECIFICATIONS

A. Overview

Approximately 6,000 renewal invoices were processed in 2007-2008 for the renewal of licenses for adjusters, surplus line brokers, and surplus line broker business entities. These renewals are only processed between October 1 and February 15 of each year. The fees collected in 2007-2008 were approximately \$700,000.00. The adjuster license has converted to a biennial license and will not renew until 2009-2010. During the renewal period of 2008-2009 approximately 1,250 renewals should be processed for fees of approximately \$320,000.00. During the renewal period of 2009-2010 approximately 6,000 renewals should be processed for fees of approximately \$700,000.00. Applicants are instructed to mail their renewal forms and payment to the lockbox address. Some applicants may send their filings via courier express if they feel it will expedite the renewal process. The Respondent must provide for both types of delivery; remittances must be quickly routed to the proper lockbox processing assignment area. As the recipient of mail, the Respondent is responsible for returning all certified mail return cards to the originator. Return receipt cards should not be left attached to envelopes or included in items forwarded to the Department.

B. Processing Standards

The bank shall:

1. Collect mail: same as in Exhibit C-1
2. Process remittances: same as in Exhibit C-1
3. Verify checks/application forms for the proper information:
 - a. Dollar amount:
 - i. Should the amount of the check not agree with the amount shown on the invoice, the amount of the check is to be utilized and the remittance processed to completion, if the funds equal or exceed the amount shown on the invoice.
 - ii. Should any checks still be in question, the remittance should be halted, and the remittance(s) and invoice(s) forwarded under separate cover to the department.
 - iii. Verify the amount of the check is equal to or greater than the fee listed on the invoice. Verify late fees are included, if the deadline for on time renewal has elapsed.
 - iv. Accept only the forms that are attached in Appendix A.
 - b. Date: same as in Exhibit C-1
 - c. Acceptable payee: same as in Exhibit C-1
 - d. Blank payee: same as in Exhibit C-1
 - e. No check enclosed: same as in Exhibit C-1
 - f. Foreign check: same as in Exhibit C-1

- g. Signature Missing: same as in Exhibit C-1
- 4. Properly endorse: same as in Exhibit C-1
- 5. Batch checks: same as in Exhibit C-1
- 6. Capture all data listed in the Data Capture Summary (Appendix A) and include it in daily transmissions of transactions processed utilizing the format detailed in the Data Transmission Format and File Layout Summary (Appendix B).

NOTE: If only one check is received that covers multiple renewals, each renewal must be **listed individually** and indicate an amount for each additional renewal form in the group. The check must equal the total amount of the renewals.

- 7. Forward to the Department at the address listed below all turnaround materials via courier for delivery to the Department by 10:00 AM the next business day. This packet of material must include:
 - a. Renewal invoices
 - b. Reports containing data captured
 - c. Lockbox edit listing
 - d. Deposit slip/ticket photocopies
 - e. All items that cannot be processed (with explanations)
 - f. In addition, this daily envelope will contain:
 - Miscellaneous exception items; such as envelopes that have unidentified checks or no checks at all. These exception items must be kept separate from the other materials, but they may be in the same envelope.

NOTE: All items processed after the lockbox edit list and electronic file cutoff time must be included in the next day's deposit. Only items listed on the lockbox edit list and included in the electronic file will be batched and mailed to the Department in the current day material envelope.

- 8. Notify the Department via secure transmission of any data transmissions (as described in Item 6 above) available for download. Data transmissions should include only those items processed before the cutoff time established in the State's funds availability schedule and included on the lockbox edit list. All items processed after the cutoff time must be included in the next day's transmission in the data capture report referred to in Item 6 above. They must be sent by secure transmission on a daily basis to a designee within the Department. The current designee for receipt is:

Name: Sharon Watford
Fax: 334-241-4110
Email: Sharon.Watford@insurance.alabama.gov

- 9. Process return checks as follows:
 - a. Automatically redeposit all return items one time.

- b. If check is returned a second time, the check should be charged to the state's account and returned to the State Treasury.
- c. Notification must be given by telephone to the State Treasurer's Office and the Department on any check over \$2,500.00 which is to be returned to the State.

10. Reconcile: same as in Exhibit C-1

11. Provide a daily report summarized by form number. Each form number list should be presented separately and in alphabetical order with a total at the end. Amounts should include a name and license number listed on each line. An additional report should present the total of all the form number lists processed, the number of transactions of each form type, and the amount of each to arrive at the sum deposited for the day.

APPENDIX A

Data Capture Summary

1. 2006 Annual Surplus Line Broker License Renewal Form
2. 2006 Annual Surplus Line Broker Renewal Form-Supplemental
3. 2006 Annual Adjuster Renewal Form (2009-2010 renewal only)
4. 2006 Annual Adjuster Renewal Form (Second Notice) (2009-2010 renewal only)
5. 2006 Annual Business Entity Surplus Line Broker License Renewal Form
6. 2006 Annual Business Entity Surplus Line Broker License Renewal Form–
Supplemental

Note: These forms will be modified in some manner each year. The 2006 forms are representative of the type and layout of forms that will be used.

Note: Adjuster renewals are a biennial license and will only renew in the 2009-2010 renewal cycle.

APPENDIX B

Data Transmission Format and File

Note: Deviations from the below described transmission format and file layout are not permitted.

The following transmission format and file layout must be used to transit all data captured.

Transmission Format

A daily transmission must be made using one of the transmission methods listed below>

1. A secure File Transfer Protocol (FTP) to a Transmission Control Protocol (TCP) or Internet Protocol (IP)
2. Via twisted pair telephone line and modem utilizing some form of security software, e.g., Crosstalk 3.01

File Layout Box 922

File: Variable Record Length
Data Type: Text
Delimiter: Semi-colon

```
COLNAMEHEADER=FALSE
FORMAT=DELIMITED(;)
DATETIMEFORMAT=MMDDYYYY
COL1=UNKNOWN TEXT
COL2=SSNFEIN TEXT
COL3=NAME TEXT
COL4=LICENSETYPE TEXT
COL5=LICENSENUMBER TEXT
COL6=AMOUNT DUE TEXT
COL7=CHECK AMOUNT TEXT
COL8=PROCESSDATE DATETIME
```