



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

In re:)
)
Acuity, A Mutual Insurance Company (NAIC #14184)) Examination No. 1104-13-TGT
)

ORDER OF THE DIRECTOR

NOW, on this 2 day of April, 2013, Director John M. Huff, after consideration and review of the market conduct examination report of Acuity, A Mutual Insurance Company (NAIC #14184) (hereafter referred to as "Acuity"), report number 1104-13-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), RSMo, and the Stipulation of Settlement ("Stipulation") does hereby adopt such report as filed. After consideration and review of the Stipulation, report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4), RSMo.

This order, issued pursuant to §§374.205.3(4) and 374.280, RSMo and §374.046.15. RSMo (Cum. Supp. 2010), is in the public interest.

IT IS THEREFORE ORDERED that Acuity and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

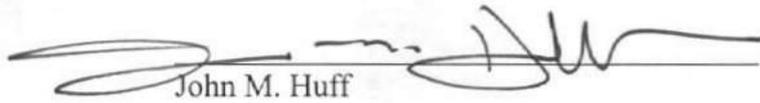
IT IS FURTHER ORDERED that Acuity shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place the Company in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of

Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that Acuity shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$20,000 payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 21st day of APRIL, 2013.


John M. Huff
Director

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Acuity, A Mutual Insurance Company (NAIC #14184), (hereafter referred to as "Acuity"), as follows:

WHEREAS, John M. Huff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and WHEREAS, Acuity has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of Acuity and prepared report number 1104-13-TGT; and

WHEREAS, the report of the Market Conduct Examination revealed that

1. Acuity failed to file supplementary rate information involving its practice of

**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

RE: Acuity, A Mutual Insurance Company (NAIC #14184)
Missouri Market Conduct Examination #1104-13-TGT

TO: Acuity, A Mutual Insurance Company
2800 South Taylor Drive
Sheboygan, WI 53081

P.O. Box 690, Jefferson City, Mo. 65102-0690

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**



multiplying payroll of uncooperative policyholders by a factor of 1.5, in violation of §287.947.1¹

2. In 40 instances, Acuity applied its practice of multiplying the payroll of uncooperative policyholders by a factor of 1.5 in violation of §287.955.1.

WHEREAS, Acuity hereby agrees to take corrective action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times. These corrective actions shall include the following:

1. Acuity agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination report do not recur;

2. Acuity agrees that prior to employing any practice which has the effect of increasing estimated payroll and increasing final premium for policyholders that fail to cooperate at final audit, Acuity will first take the following actions:

a. File the practice in a form approved by the Director or in lieu thereof employ a practice adopted by the NCCI and approved for use in Missouri; and

b. Notify policyholders of the use of this practice by including the practice as a separate endorsement attached to the policy in a form approved by the Director or in lieu thereof in a form adopted by the NCCI and approved for use in Missouri.

3. Acuity agrees to file documentation with the Director within 90 days of the entry of a final order closing this examination of all corrective actions taken by it to implement compliance with the terms of this Stipulation; and

WHEREAS, Acuity, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination.

WHEREAS, Acuity hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #1104-13-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$20,000.

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

WHEREAS, the signatory below represents, acknowledges and warrants that he is authorized to sign this Stipulation of Settlement and Voluntary Forfeiture.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Acuity to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Acuity does hereby voluntarily and knowingly waive all rights to any hearing, does consent to undertake the corrective actions set forth in this Stipulation, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$20,000, such sum payable to the Missouri State School Fund, in accordance with §374.280.

DATED: 3/18/2013

EDWARDS FELCHNER
Edward Felchner VICE PRESIDENT AND
Secretary ASST. CORP. SECRETARY
Acuity, A Mutual Insurance Company

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION



FINAL MARKET CONDUCT EXAMINATION REPORT
Of the Property and Casualty Business of

Acuity, A Mutual Insurance Company
NAIC # 14184

MISSOURI EXAMINATION # 1104-13-TGT

NAIC EXAM TRACKING SYSTEM # MO341-M34

March 21, 2013

Home Office
2800 South Taylor Dr.
Sheboygan, WI 53081-8470

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FOREWORD

This is a targeted market conduct examination report of Acuity, A Mutual Insurance Company, (NAIC Code # 14184). This examination was conducted at the DIFP offices located in St. Louis, Missouri.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products, or files does not constitute approval thereof by the DIFP.

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- "Company" or "Acuity" refers to Acuity, A Mutual Insurance Company;
- "CSR" refers to the Missouri Code of State Regulation;
- "DIFP" refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "Director" refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "Division" refers to the Department of Labor, Division of Workers' Compensation;
- "NAIC" refers to the National Association of Insurance Commissioners;
- "NCCI" refers to the National Council on Compensation Insurance, Inc., and;
- "RSMo" refers to the Revised Statutes of Missouri.

SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.445, 375.938, and 375.1009, RSMo.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2006, through May 31, 2011, unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a targeted examination involving the following business functions and lines of business: complaints, underwriting, and terminations for workers compensation policies.

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark for underwriting and trade practices is 10%. The NAIC benchmark error rate for claims practices is seven percent (7%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized, however, for reviews not applying the general business practice standard.

In performing this examination, the examiners only reviewed a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

COMPANY PROFILE

The following company profile was provided to the examiners by the Company.

"Acuity, A Mutual Insurance Company, (herein after referred to as *ACUITY*) is a mutual property and casualty company operating under ch.611, Wis. Stat., was incorporated in the state of Wisconsin on August 11, 1925, under the name of Mutual Automobile Insurance Company of the Town of Herman, and commenced business on September 25, 1925. Operations were initially restricted to Sheboygan County, Wisconsin, but the territory of the company was gradually extended. The name was changed in May 1954 to Mutual Auto Insurance Company of Wisconsin. In December 1957, the name was changed to Heritage Mutual Insurance Company. The company absorbed Bloomfield Mutual Insurance Company of West Bloomfield, Wisconsin, through a merger on January 22, 1982. The present name, *ACUITY*, A Mutual Insurance Company was adopted on June 1, 2001.

Acuity markets a broad range of personal and commercial insurance products. The company has one wholly owned subsidiary, Westland Insurance Services Inc., which operates as an independent insurance agency with 15 locations in the State of Wisconsin.

Acuity has approximately 825 employees, the majority of which work in the corporate headquarters located at 2800 S. Taylor Drive, Sheboygan WI 53081."

While the Company is licensed in 36 states, Acuity currently operates in only 20 states. Its products are distributed primarily through independent agencies and brokerages.

The Company is licensed by the DIFP under Chapter 379, RSMo, to write property and casualty insurance in Missouri as set forth in its Certificate of Authority.

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of Acuity, A Mutual Insurance Company. The examiners found the following principal areas of concern:

- Acuity failed to file an audit rating procedure that resulted in the Company applying a 1.5 rating factor to estimated payroll for insureds that fail to cooperate during the audit process.
- In one instance, the Company's audit practice of applying a 1.50 factor to estimated payroll for insureds that fail to cooperate during the audit process appears to be unfairly discriminatory and in contravention of the Company's NCCI filed rates and rules.

The examiners requested that the Company make refunds concerning underwriting premium overcharges and claim underpayments found for amounts greater than \$5.00 during the examination if any were found.

Various non-compliant practices were identified, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to the Missouri insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

EXAMINATION FINDINGS

I. SALES AND MARKETING

In this section of the report, the examiners report their findings regarding how the Company complied with the laws that monitor sales and marketing practices. Due to time and cost restraints, examiners reviewed a sample of the Company's licensing records and marketing materials.

The examiners discovered no errors during this review.

A. Licensing of Agents, Agencies, and Brokers

Missouri law requires the company to sell insurance products through individuals and entities that hold a current license from the DIFP. The purpose of a license is to protect the public by providing competent and trustworthy agents, brokers, and agencies.

During underwriting and rating reviews, examiners documented agencies, agents, and brokers involved in producing the business. The examiners randomly verified that the entities were properly licensed.

The examiners discovered no errors during this review.

B. Marketing Practices

Acuity markets its products through an independent agency system distribution. Missouri law requires producers to be truthful and provide adequate disclosure while selling the insurance products.

The examiners discovered no errors during this review.

The Company also provides information about its products through the Internet where the Company maintains a web site at Acuity.com. The examiners discovered no discrepancies when the examiners reviewed the site.

II. UNDERWRITING AND RATING PRACTICES

This section of the report is designed to provide a review of the Company's underwriting and rating practices. These practices included the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures to decline or terminate coverage. Examiners reviewed how the Company handled new and renewal policies to ensure that the Company underwrote and rated risks according to their own underwriting guidelines, filed rates, and Missouri statutes and regulations.

Because of the time and cost involved in reviewing each policy/underwriting file, the examiners utilize sampling techniques in conducting compliance testing. A policy/underwriting file is determined in accordance with 20 CSR 100-8.040 and the NAIC Market Regulation Handbook. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and §375.445) and are compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark error rate are presumed to indicate a general practice contrary to the law. Error rates indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

The examiners requested the Company's underwriting and rating manuals for the line of business under review. This included all rates, guidelines, and rules that were in effect on the first day of the examination period and at any point during that period to ensure that the examiners could properly rate each policy reviewed.

The examiners also reviewed the Company's procedures, rules, and forms filed by or on behalf of the Company with the DIFP. The examiners randomly selected the policies for review from a listing furnished by the Company.

The examiners also requested a written description of significant underwriting and rating changes that occurred during the examination period for underwriting files that were maintained in an electronic format.

An error can include, but is not limited to, any miscalculation of the premium based on the information in the file, an improper acceptance or rejection of an application, the misapplication of the Company's underwriting guidelines, incomplete file information preventing the examiners from readily ascertaining the Company's rating and underwriting practices, and any other activity indicating a failure to comply with Missouri statutes and regulations.

Workers Compensation Review

Workers Compensation carriers are also evaluated to ensure total premiums are being reported as well as correct methods for determining assessments and remittance of the required second injury fund and administrative surcharges.

NCCI statistical data is reviewed to analyze utilization of Individual Rate Premium Modification (IRPM), also known as schedule rating, in the form of applied debits or credits. Schedule rating is intended to be used to accurately rate an individual employer's business operation. Descriptions of the risk categories are to be based on loss-related factors that can be objectively determined.

A. Forms and Filings

The examiners reviewed the Company's policy and contract forms to determine its compliance with filing, approval, and content requirements to ensure that the contract language was not ambiguous or misleading and was adequate to protect the insured.

The following are the results of the reviews:

Acuity failed to file a rating procedure that resulted in the Company applying a 1.5 rating factor to estimated payroll exceeding \$2,000 for insureds that fail to cooperate during the audit process.

References: § 287.947, RSMo.

B. Underwriting and Rating

The examiners reviewed applications for coverage that were issued, modified, or declined by the Company to determine the accuracy of rating and adherence to prescribed and acceptable underwriting criteria.

The following are the results of the reviews:

1. Workers Compensation

Field Size:	4,635
Sample Size:	110
Type of Sample:	Random

Number of Errors: 1

Error Ratio: 1%

Within DIFP Guidelines: Yes

The examiners discovered the following errors during this review.

In one instance, Acuity's audit practice of applying a 1.50 factor to the estimated payroll exceeding \$2,000 for insureds that fail to cooperate during the audit process appears to be unfairly discriminatory and in contravention of the Company's NCCI filed rates and rules. An incomplete audit resulted in the uncooperative insured being subjected to an internal or external collection process.

<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
L60904	5/23/2007	1231	N	No	Paid in full

References: §§ 287.947, 287.950, and 287.955, RSMo.

Although not counted in the error ratio, the following transactions involving Acuity-identified insureds were subjected to the Company's practice of applying a 1.50 factor to the estimated payroll for insureds that failed to cooperate during the audit process. The 1.50 factor was actually charged to the insured in 40 transactions.

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
1	L33382	1/13/2006	\$1,893		No	Paid in full
2	L33703	1/23/2006	\$7,995		No	
3	L33703	1/23/2006	-\$5,319	Y		Refund
4	L32346	1/30/2006	\$1,308		No	
5	L32346	1/30/2006	\$300	Y		Paid in full
6	L17216	1/31/2006	\$981		External	Written off

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
7	L19230	3/15/2006	\$1,938		External	Paid in full
8	L20791	3/15/2006	\$2,237		No	
9	L20791	3/15/2006	\$2,889	Y		Paid in full
10	L19462	3/23/2006	\$813		No	
11	L19462	3/23/2006	-\$19	Y		Refund
12	L19927	3/31/2006	\$1,718		No	Paid in full
13	L20143	4/1/2006	\$1,978		No	Paid in full
14	L20745	4/15/2006	\$8,550		External	
15	L20745	4/15/2006	\$8,550	Y		Written off
16	L17881	4/27/2006	\$8,468		No	
17	L17881	4/27/2006	-\$2,441	Y		Refund
18	L39205	4/28/2006	\$4,493		No	Paid in full
19	L39947	5/2/2006	\$2,185		No	Paid in full
20	L23934	6/18/2006	\$4,652		External	Written off
21	L42736	6/23/2006	\$263		No	
22	L42736	6/23/2006	\$3	Y		Paid in full
23	L25610	7/27/2006	\$3,227		Internal	Paid in full
24	L28127	9/21/2006	\$908		No	
25	L28127	9/21/2006	\$356	Y		Paid in full

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
26	L14655	10/22/2006	\$238		Internal	Paid in full
27	L50020	10/30/2006	\$492		External	Paid in full
28	L16178	12/30/2006	\$15		No	Paid in full
29	L53296	1/9/2007	\$1,481		No	Paid in full
30	L19230	3/15/2007	\$535		External	Paid in full
31	L36680	3/23/2007	\$1,683		No	
32	L36680	3/23/2007	\$788	Y		Paid in full
33	L19397	3/28/2007	\$2,257		Internal	
34	L19397	3/28/2007	-\$4,647	Y		Refund
35	L58297	4/1/2007	\$2,135		External	Written off
36	L58666	4/5/2007	\$2,911		No	
37	L58666	4/5/2007	\$1,065	Y		
38	L20709	4/15/2007	\$1,820		Internal	Paid in full
39	L21118	4/22/2007	\$3,501		No	
40	L21118	4/22/2007	-\$277	Y		Refund
41	L22023	4/28/2007	\$769		No	Paid in full
42	L61001	5/7/2007	\$7,519		No	
43	L61001	5/7/2007	-\$4,005	Y		Refund
44	L40367	5/15/2007	\$1,829		No	
45	L40367	5/15/2007	-\$561	Y		Refund

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
46	L63351	6/8/2007	\$6,530		External	
47	L63351	6/8/2007	\$6,530	Y		Paid in full
48	L64549	6/27/2007	\$4,952		No	Paid in full
49	L65642	7/15/2007	\$1,025		No	
50	L65642	7/15/2007	-\$77	Y		Refund
51	L44138	7/24/2007	\$2,366		No	
52	L44138	7/24/2007	\$2,238	Y		Paid in full
53	L66507	7/27/2007	\$853		External	Written off
54	L20114	8/1/2007	\$3,087		No	
55	L20114	8/1/2007	-\$3,330	Y		Refund
56	L67804	8/17/2007	\$1,420		External	
57	L67804	8/17/2007	-\$953	Y		
58	L69124	9/10/2007	\$909		No	Paid in full
59	L69779	9/27/2007	\$207		No	Paid in full
60	L75515	1/9/2008	\$647		External	Written off
61	L77692	2/18/2008	\$2,177		Internal	Paid in full
62	L35339	2/24/2008	\$2,310		Internal	
63	L35339	2/24/2008	-\$5,481	Y		Refund
64	L55278	2/24/2008	\$500		No	Paid in full
65	L24636	3/4/2008	\$451		No	Paid in full

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
66	L35454	3/10/2008	\$6,643		No	
67	L35454	3/10/2008	\$1,859	Y		Paid in full
68	L79831	3/18/2008	\$744		External	Written off
69	L19462	3/23/2008	\$795		No	Paid in full
70	L41162	3/28/2008	\$2,141		Internal	Paid in full
71	L81269	4/9/2008	\$2,741		External	
72	L81269	4/9/2008	\$2,741	Y		Paid in full
73	L21118	4/22/2008	\$1,686		External	
74	L21118	4/22/2008	-\$282	Y		Refund
75	L82808	5/1/2008	\$27,516		No	
76	L82808	5/1/2008	\$15,157	Y		Paid in full
77	L21614	5/6/2008	\$1,051		No	Paid in full
78	L63731	7/21/2008	\$2,082		Internal	
79	L63731	7/21/2008	-\$1,321	Y		Refund
80	L26984	9/4/2008	\$2,554		Internal	Paid in full
81	L47415	9/18/2008	\$3,854		Internal	
82	L47415	9/18/2008	\$113	Y		Refund
83	L81269	9/22/2008	\$1,248		External	
84	L81269	9/22/2008	\$1,248	Y		Paid in full
85	L71317	10/10/2008	\$982		No	Paid in full

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
86	L77692	10/23/2008	\$1,030		External	Paid in full
87	L95356	11/17/2008	\$1,557		No	
88	L95356	11/17/2008	-\$115	Y		Refund
89	L96610	12/17/2008	\$912		No	
90	L96610	12/17/2008	-\$556	Y		Refund
91	L98584	1/12/2009	\$676		Internal	Paid in full
92	L98584	1/12/2009	\$2,309	Y	External	Settled
93	L33341	1/19/2009	\$1,671		External	Paid in full
94	L34314	2/3/2009	\$0		External	
95	L34314	2/3/2009	\$0	Y		In collections
96	L35296	2/17/2009	\$5,424		Internal	
97	L35296	2/17/2009	-\$865	Y		Refund
98	K62707	3/18/2009	\$3,417		External	In collections
99	K63001	3/23/2009	\$1,114		External	Paid in full
100	K65637	4/9/2009	\$844		Internal	
101	K65637	4/9/2009	\$272	Y		Paid in full
102	K65553	4/24/2009	\$1,373		External	
103	K65553	4/24/2009	\$1,373	Y		
104	K65553	4/24/2009	-\$445	Y		Refund
105	K67074	5/10/2009	\$1,070		Internal	

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
106	K67074	5/10/2009	\$68	Y		Refund
107	K66918	5/11/2009	\$1,769		External	
108	K66918	5/11/2009	\$1,769	Y		
109	K66918	5/11/2009	-\$918	Y		Refund
110	L40212	5/12/2009	\$813		No	Paid in full
111	L27168	5/19/2009	\$174		Internal	Paid in full
112	K67763	5/20/2009	\$6,475		External	In collections
113	L22885	5/25/2009	\$1,046		No	
114	L22885	5/25/2009	\$149	Y		Paid in full
115	K70045	6/8/2009	\$7,221		No	Paid in full
116	K73007	7/29/2009	\$877		No	Paid in full
117	L46199	10/6/2009	\$1,675		No	Paid in full
118	K79996	11/1/2009	\$5,178		No	
119	K79996	11/1/2009	-\$4,705	Y		Refund
120	K83484	1/14/2010	\$809		No	
121	K83484	1/14/2010	\$338	Y		Paid in full
122	L77686	2/15/2010	\$801		External	In collections
123	L79345	3/14/2010	\$409		External	Paid in full
124	L78592	3/24/2010	\$3,197		External	Written off
125	K96512	6/28/2010	\$867		No	Paid in full

<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
126	K97006	7/21/2010	\$62,167		External	
127	K97006	7/21/2010	\$7,557	Y		In collections
128	K98207	7/27/2010	\$413		No	
129	K98207	7/27/2010	-\$25	Y		Refund
130	K99110	8/6/2010	\$10,419		No	
131	K99110	8/6/2010	-\$3,156	Y		Paid in full
132	L09813	8/12/2010	\$1,932		No	
133	L09813	8/12/2010	-\$1,046	Y		
134	L09813	8/12/2010	-\$3,606	Y		Refund
135	X01142	9/10/2010	\$4,705		No	
136	X01142	9/10/2010	\$649	Y		Paid in full
137	K97026	9/20/2010	\$1,315		Internal	
138	K97026	9/20/2010	\$1,386	Y		Paid in full
139	X01998	9/21/2010	\$288		No	Paid in full
140	K82127	9/23/2010	\$3,289		No	
141	K82127	9/23/2010	-\$1,393	Y		Refund
142	X04076	10/23/2010	\$1,960		No	
143	X04076	10/23/2010	\$1,960	Y		Paid in full
144	L95231	11/18/2010	\$1,227		No	
145	L95231	11/18/2010	\$7	Y		Paid in full
146	X06139	12/1/2010	\$1,200		No	Paid in full

147	X09170	1/18/2011	\$760		Internal	In collections
<u>No</u>	<u>Policy No</u>	<u>Effective Date</u>	<u>Additional Premium</u>	<u>Revision</u>	<u>Collections</u>	<u>Status</u>
148	X09729	1/26/2011	\$317		Internal	
149	X09729	1/26/2011	-\$11	Y		Refund
150	X11828	3/5/2011	\$2,834		No	Paid in full
151	X17550	5/16/2011	\$240		Internal	Paid in full

C. Cancellations, Non-Renewals, Rescissions, and Declinations

The examiners reviewed policies that the carrier terminated at or before the scheduled expiration date of the policies and policies that were rescinded by the Company after the effective date of the policy.

The following are the results of the reviews:

1. Workers Compensation – Cancellations, Non-Renewals, & Declinations

Field Size: 1,117

Sample Size: 110

Type of Sample: Random

Number of Errors: 0

Error Ratio: 0%

Within DIFP Guidelines: Yes

The examiners discovered no errors during this review.

III. COMPLAINTS

This section of the report is designed to provide a review of the Company's complaint handling practices. Examiners reviewed how the Company handled complaints to ensure it was performing according to its own guidelines and Missouri statutes and regulations.

Section 375.936(3), RSMo, requires companies to maintain a registry of all written complaints received for the last three years. The registry must include all Missouri complaints, including those sent to the DIFP and those sent directly to the Company.

The examiners verified the Company's complaint registry, dated January 1, 2006, through May 31, 2011. The registry contained a total of three workers compensation complaints. They reviewed all that went through DIFP and one that did not come through the Department, but went directly to the Company.

The review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint as required by §375.936(3), RSMo, and 20 CSR 300-2.200(3)(D) (as replaced by 20 CSR 100-8.040(3)(D), effective 7/30/2008).

The examiners discovered no issues or concerns.

IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days. Please note that in the event an extension was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	5	100%
Received outside time-limit, incl. any extensions	0	0%
No Response	<u>0</u>	<u>0%</u>
Total	5	100%

Reference: §375.205, RSMo and 20 CSR 100-8.040.

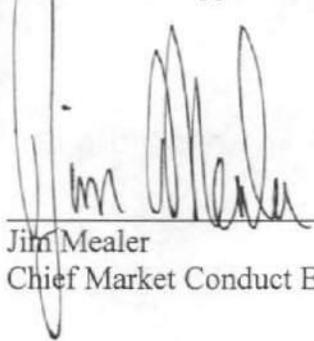
B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Requests</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	7	100%
Received outside time-limit, incl. any extensions	0	0%
No Response	<u>0</u>	<u>0%</u>
Total	7	100%

Reference: §374.205, RSMo and 20 CSR 100-8.040.

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Acuity, A Mutual Insurance Company (NAIC #14184), Examination Number 1004-13-TGT. This examination was conducted by Gary T. Meyer, Gary Bird, and John Pfaender. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated June 25, 2012. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.



Jim Mealer
Chief Market Conduct Examiner

3/21/2013

Date