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

In Re:	)	
	)	
ARGONAUT INSURANCE COMPANY	)	**Market Conduct Exam No. 1104-12-TGT**
(NAIC # 19801)	)	
	)	

ORDER OF THE DIRECTOR

NOW, on this 21ST day of FEBRUARY 2014, Director John M. Huff, after consideration and review of the market conduct examination report of Argonaut Insurance Company (NAIC #19801) (hereafter referred to as "Argonaut"), report number 1104-12-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3) (a)[1] and the Stipulation of Settlement and Voluntary Forfeiture ("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).

This order, issued pursuant to §374.205.3(4), §374.280, and §374.046.15. RSMo (Cum. Supp. 2012), is in the public interest.

IT IS THEREFORE ORDERED that Argonaut 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 Argonaut shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Argonaut 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 Argonaut shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the

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

Voluntary Forfeiture of $106,200 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 FEBRUARY, 2014.

John M. Huff
Director

RECEIVED
FEB 07 2014
DEPT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION

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

In Re:	)	
	)	
ARGONAUT INSURANCE COMPANY (NAIC # 19801)	)	Market Conduct Exam No. 1104-12-TGT
	)	
	)	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Argonaut Insurance Company (NAIC #19801) (hereinafter referred to as "Argonaut"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, "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, Argonaut has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Examination of Argonaut and prepared report number 1104-12-TGT; and

WHEREAS, the report of the Market Conduct Examination revealed that:

1. In one hundred four (104) instances, Argonaut's policies included at least one form that had been withdrawn or that had not been filed, but was still being used in Missouri in violation of §287.310.1[1] and 20 CSR 500-6.100 (1);

2. In six (6) instances, Argonaut failed to use correct scheduled modification credit and debits in violation of §287.950;

3. In five (5) instances, Argonaut failed to document the underwriting file with a renewal

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

notice in violation of 20 CSR 500-4.100 (7) (D) 2;

4. In sixty nine (69) instances, Argonaut failed to adhere to the NCCI Basic Manual and or used unfiled rates in violation of §287.955.3 and 287.947;

5. In eight (8) instances, Argonaut failed to adhere to the uniform classification system and uniform experience rating plan in violation of §287.955.1;

6. In twenty five (25) instances, Argonaut failed to apply the correct Second Injury Fund surcharge factor of failed to apply the factor to the correct premium in violation of §287.715.2;

7. In eighty one (81) instances, Argonaut used base rates not on file with the Department in violation of §287.947;

8. In seventy three (73) instances, Argonaut failed to complete and bill the audit or return premium within 120 days in violation of §287.310 and 20 CSR 500-6.500 (2) (A);

9. In four (4) instances, Argonaut used an incorrect Administrative Surcharge factor in violation of §287.716.2;

10. In three (3) instances, Argonaut attached a waiver of subrogation endorsement to three policies with construction codes in violation of §287.150.6;

11. In sixty (60) instances, Argonaut failed to document policy files sufficiently to determine the basis for the rating in violation of §287.937.2, 374.205.2 (2) and 20 CSR 300-2.200;

12. In thirty (30) instances, Argonaut failed to provide the Company's phone number to the insured in violation of §375.924.1 and 375.934;

13. In thirty six (36) instances, Argonaut failed to timely respond to criticisms or formal requests in violation of §374.205.2 (2) and 20 CSR 100-8.040 (6).

WHEREAS, Argonaut asserts that the Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that the payment of the forfeiture is merely to resolve disputes and avoid litigation and does not concede that the agreements, settlements, and compromise contemplated herein settle any question of law.

WHEREAS, the Division and Argonaut have agreed to resolve the issues raised in the Market Conduct Examination Report as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture embodies the entire agreement and understanding of the signatories with respect to the subject

matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Argonaut agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times, to reasonably assure that the errors noted in the above-referenced market conduct examination report do not recur. Such remedial actions shall include, but not be limited to, the following:

1. Argonaut agrees that it will file for approval all policy forms and endorsements with the Director as required by §287.310 and 20 CSR 500-6.100.

2. Argonaut agrees that it will not use the category of "classification peculiarities" in rating Missouri policies.

3. Argonaut agrees that it will pay restitution to the policyholders for the premium overcharges in the amounts listed on pages 19, 20-22, 22-23, 23-24, 24-26, and 29 of the final market conduct examination report. Payment of interest at the rate of 9% per annum will also be paid pursuant to §408.020. A letter must be included with the payment of restitution and interest indicating that "as a result of a Missouri Market Conduct Examination, it was found that a refund was owed to the insured."

4. Argonaut agrees that it will reimburse the Second Injury Fund for underpayments listed on page 23 of the final market conduct examination report together with any applicable interest required by the Division of Workers Compensation.

5. Argonaut agrees it will review all workers compensation insurance policies with Missouri premium or exposure issued from January 1, 2006 to the date of the Order closing this examination to determine if the insured is entitled to any refund of premium or if the Second Injury Fund or Administrative Surcharge was incorrectly paid. If the policyholder is entitled to a refund of premium, the Company must issue any refund due to the insured, bearing in mind that an additional payment of nine per cent (9%) interest per annum is also required, pursuant to §408.020. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct Investigation," it was found that a refund was due to the insured. If the Second Injury Fund is owed

additional payments, such payments shall be made to the fund with any applicable interest and penalties. If the Administrative surcharge was underpaid, such payments that are owed, with any applicable interest and penalties, shall be paid to the Department of Revenue. In addition, if underpayments are discovered, the Company must file an amended return on its Administrative Surcharge calculation to the Premium Tax Section of the Department.

6. Argonaut agrees to review all workers compensation insurance policies with Missouri premium or exposure which had construction codes from January 1, 2006 to the date of the order closing this exam to determine if subrogation was waived. If a waiver of subrogation endorsement was attached to the policy and resulted in an overcharge to the policyholder, the Company must pay restitution to the affected policyholders including payment of interest as required by §408.020. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct examination it was found that a refund was owed to the insured".

7. Argonaut agrees to maintain sufficient documentation in its policy files for the Director to be able to determine whether the activities of Argonaut comply with the provisions of sections 287.930 to 287.975 and for the Director to determine the basis for the rating.

8. Argonaut agrees that to the extent it has not already done so, it will provide return of premium to the policyholders listed on pages 27-29 of the final market conduct examination report together with interest at the rate of 9% per annum pursuant to §408.020.

C. **Compliance.** Argonaut agrees to file documentation with the Division within 180 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this stipulation and to document the payment of restitution required by this Stipulation.

D. **Voluntary Forfeiture.** Argonaut agrees, voluntarily and knowingly, to surrender and forfeit the sum of $106,200, such sum payable to the Missouri State School Fund, in accordance with §374.280.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Argonaut, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Examination 1012-16-TGT.

F. **Non-Admission.** The parties agree that neither this instrument nor the agreements, settlements and compromises contemplated herein are to be deemed as an admission of any violation, fault, improper conduct, or negligence on the part of Argonaut Insurance Company.

G. **Waivers.** Argonaut, 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, and review or appeal by any trial or appellate court, which may have otherwise applied to the above referenced Market Conduct Examination.

H. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

I. **Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture shall be governed and construed in accordance with the laws of the State of Missouri.

J. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement and Voluntary Forfeiture.

K. **Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation of Settlement and Voluntary Forfeiture and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 2/19/2014

Stewart Freilich
Senior Regulatory Affairs Counsel

DATED: 2/4/2014

President
Argonaut 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

Argonaut Insurance Company
NAIC Group #0457
NAIC #19801

MISSOURI EXAMINATION # 1104-12-TGT

NAIC EXAM TRACKING SYSTEM # MO341-M33

February 14, 2014

Argonaut Insurance Company
10101 Reunion Place, Suite 500
San Antonio, Texas 78246

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FOREWORD

This is a targeted market conduct examination report of Argonaut Insurance Company (NAIC Code #19801). This examination was conducted at the Missouri Department of Insurance, Financial Institutions, and Professional Registration's Kansas City office at 615 East 13th Street, Room 510, Kansas City, Missouri 64106.

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" refers to Argonaut 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;
- "AIC" refers to Argonaut Insurance Company;
- "NAIC" refers to the National Association of Insurance Commissioners;
- "RSMo" refers to the Revised Statutes of Missouri;
- "MOCCPAP" refers to Missouri Contracting Classification Premium Adjustment Program;
- "NCCI" refers to the National Council on Compensation Insurance;
- "ELPPF" refers to Excess Loss Pure Premium Factor;
- "SIF" refers to Second Injury Fund;
- "ILF" refers to Increased Limits Factor.

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 were consistent with the public interest. The primary period covered by this review was January 1, 2006 through the present unless otherwise noted. Errors outside of this time period discovered during the course of the examination may also be included in the report.

The examination included a review of the following areas of the Company's operations for the lines of business reviewed:

> Workers' Compensation, Underwriting, Rating, Policyholder Services, and Complaints.

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 error rate for claims practices is seven percent (7%) and for other trade practices is ten percent (10%). *Note: Most Workers' Compensation laws do not apply a general business practice standard, no error rates were contemplated in these reviews unless the violation(s) were applicable to Missouri's Unfair Trade Practices Act.*

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 through the Company's website.

The Argonaut Insurance Company Summary

Argonaut Insurance Company is a stock Company that was incorporated on 5/21/1957. Argonaut Insurance Company is a fire & casualty insurance company and has assets of $1,385,285,128, capital of $4,500,000, and a net surplus of $284,218,483.

The President of Argonaut Insurance Company is Michael Evin Arledge, the Treasurer is Janice Webre Zwinggi, and the Secretary is Craig Stephen Comeaux. Argonaut Insurance Company has insurance plans which provide coverage for auto, home, boat, airplane, and business.

Argonaut Insurance Company is located in San Antonio, Texas and the phone number for Argonaut Company claims, customer service, and additional information is (210) 321-8400.

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of the Argonaut Insurance Company (AIC). The examiners found the following principal areas of concern:

The examiners discovered the following errors regarding the Argonaut Insurance Company Workers' Compensation Underwriting and Rating Practices reviews:

- The examiners found 104 instances where the Company utilized forms that had not been approved by the Missouri DIFP.
- The examiners found six instances where the Company failed to send the insured notice that a change in the scheduled modification was increasing their premium.
- The examiners found five instances where the Company failed to document the underwriting file with a renewal notice for any risk which would have the effect of increasing the premium charged to the insured.
- The examiners found 69 instances where the Company failed to adhere to the rules of the National Council on Compensation Insurance (NCCI)'s Basic Manual by using the incorrect terrorism rate (three files), using the incorrect Administrative Surcharge (46 files), failing to pro-rate the expense constant (two files), failing to charge the correct minimum premium (five files), using an incorrect deductible rating factor (six files) and failing to provide a notice on an approved form for the Premium Adjustment Credit for the MOCCPAP (seven files).
- The examiners found eight instances where the Company failed to adhere to the uniform classification system and uniform experience rating plan by failing to use the correct deductible factor (seven files), failing to use the correct experience mod (five files), and failing to use the correct class code (three files).
- The examiners found 25 instances where the Company failed to apply the correct factor for the Second Injury Fund Surcharge resulting in incorrect charges to the insured and incorrect payments to the Second Injury Fund.
- The examiners found 81 instances where the Company used base rates not on file with the Department of Insurance and did not submit a filing within 30 days after the effective date of the policy, by not using the correct terrorism factor (65 files), failing to use the correct premium discount factor (three files), failing to use the correct deductible credit rate (eight files), and failing to use the correct class code base rate (five files).
- The examiners found 73 instances where the Company failed to return premium within 120 days from the audit.
- The examiners found four instances where the Company failed to use the correct Administrative Surcharge factor.
- The examiners found three instances where the Company attached a waiver of subrogation endorsement to the policy which had construction codes and charged a $100 fee resulting in policy premium overcharges.

- The examiners found where the Company failed to document 60 files well enough for the examiners to determine the basis for the rating.
- The examiners found a Missouri Unfair Trade Practices Act issue in 30 instances where the Company failed to provide the Company's telephone number to the insured within the policy or contract or in written form annexed to the policy for the insured's reference.
- The examiners found 36 instances where the Company failed to submit responses to criticisms for the examiners review within 10 calendar days.

Examiners requested that the Company make refunds concerning underwriting premium overcharges found for amounts greater than $5.00 during the examination.

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 the other jurisdictions should be addressed.

The examiners tracked and were mindful of the results, Company responses and public disciplinary action(s) of prior examinations concerning the Argonaut Insurance Company. The DIFP examination tracking system indicated no Missouri market conduct examinations had been performed for this company.

EXAMINATION FINDINGS

I. 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.

The examiners reviewed both random and census samples obtained from a field of 660 policy files after removing those files with no Missouri premium, in conducting their compliance testing. A policy/underwriting file is reviewed 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 RSMo.) and 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 business practice contrary to the law.

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 reviewed Missouri files with a Missouri premium selected by the examiners 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 the Company's underwriting files under review.

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.

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 policyholders.

1. The examiners discovered the following 104 policies which included at least one form that had been withdrawn but still used or that had been not been filed with the Missouri DIFP.

Policy No.	Forms
WC 9157021-00	WC890415 - Extension of Information Page WC240602A - Withdrawn 7/1/06 NI-Sched
WC 9158201-00	WC890415 - Extension of Information Page WC240602A - Withdrawn 7/1/06

Policy No.	Forms
WC 9161961-00	WC890415 - Extension of Information Page WC000406A - Premium Discount End WC240602A - Withdrawn 7/1/06
WC477398272444	UND-6204 - Privacy Disclosure Notice WC000406A - Premium Discount End WC000001SE - Schedule of Endorsements WC000001SP - Schedule of Premium
WC 9158630-00	WC890415 - Extension of Information Page WC240602A - Withdrawn 7/1/06
WC 9122541-01	WC890415 - Extension of Information Page WC000406A - Premium Discount End WC240602A - Withdrawn 7/1/06
WC477398287874	WC000406A - Premium Discount End WC000001A FE - Schedule of Forms & End WC000001AOT - Schedule of Named Insureds WC000001ACL - Extension of Information Page
WC 9121800-02	WC890415 - Extension of Information Page WC000406A - Premium Discount End WC240602A - Withdrawn 7/1/06
WC 9164289-00	WC000406A - Premium Discount End
WC 9164289-01	WC000001A FE - Schedule of Forms & End WC000001AOT - Schedule of Named Insureds WC000001ACL - Extension of Information Page WC240602A - Withdrawn 7/1/06
WC 9120785-00	WC890415 - Extension of Information Page
WC 9121234-04	WC890415 - Extension of Information Page WC000406A - Premium Discount End
WC 9121403-04	WC890415 - Extension of Information Page

Policy No.	Forms
WC 9121979-02	WC890415 - Extension of Information Page WC240602A - Withdrawn 7/1/06
WC 9121979-03	WC890415 - Extension of Information Page
WC 9153445-03	WC890415 - Extension of Information Page WC000406A - Premium Discount End NI-Sched - Schedule of Named Insureds
WC 9158522-00	WC890415 - Extension of Information Page WC240602A - Withdrawn 7/1/06
WC 9159805-02	WC890415 - Extension of Information Page
WC47690826287	CM IN 01 UND-6204 - Privacy Disclosure Notice WC000406A - Premium Discount End WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47717825013	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End-W/D 1/1/08
WC47721829360	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End-W/D 1/1/08 WC000406A - Premium Discount End

Policy No.	Forms
WC47731830424	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End-W/D 1/1/08 WC000406A - Premium Discount End
WC47732825433	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End W/D 1/1/08 WC000406A - Premium Discount End
WC47699827124	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End CMIN01 - Installment Schedule
WC47712828498	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47721822787	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End-W/D 1/1/08
WC477458330464	UND-6204 - Privacy Disclosure Notice WC000001A FE - Schedule of Forms & End WC000001AOT - Schedule of Named Insureds WC000001ACL - Extension of Information Page

Policy No.	Forms
WC47710828288	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47728826602	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47716828741	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47723829674	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47717822417	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End-W/D 1/1/08
WC47702827074	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC240602A - Withdrawn 7/1/06

Policy No.	Forms
WC47717827734	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End-W/D 1/1/08
WC47710828229	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47695826766	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC240406B - MO Employer Pd Med-W/D 8/28/05 CMIN01 - Installment Schedule
WC47724829793	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47702822278	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47702827384	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000406A - Premium Discount End CMIN01 - Installment Schedule WC240602A - Withdrawn 7/1/06 WC240406B - MO Employer Pd Med-W/D 8/28/05

Policy No.	Forms
WC47736826082	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47712826082	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47730822394	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC47695826896	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000406A - Premium Discount End WC240406B - MO Employer Pd Med-W/D 8/28/05
WC477418254744	WC000406A - Premium Discount End WC000001A FE - Schedule of Forms & End WC000001AOT - Schedule of Named Insureds WC000001ACL - Extension of Information Page
WC47728822433	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000406A - Premium Discount End

Policy No.	Forms
WC 9123183-02	WC890415 - Extension of Information Page WC240602A - MO P&C Guaranty Assoc-WD 7/1/06
WC47714827183	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC 9161976-00	WC890415 - Extension of Information Page WC240602A - MO P&C Guaranty Assoc-WD 7/1/06
WC 9166535-00	WC890415 - Extension of Information Page
WC 9121399-04	WC890415 - Extension of Information Page
WC 9121399-03	WC890415 - Extension of Information Page
WC47724828472	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End WC000404 - Pending Rate Chg End W/D 1/1/08 WC000406A - Premium Discount End
WC47718825515	UND-6204 - Privacy Disclosure Notice WC000001SE - Schedule of Endorsements WC000001SL - Schedule of Locations WC000001SP - Schedule of Premium WC990403 - Exp Rating Mod Factor End
WC 9121402-05	WC000406A - Premium Discount End WC890415 - Extension of Information Page NI-Sched - Schedule of Named Insureds
WC 9161000-00	WC000406A - Premium Discount End WC890415 - Extension of Information Page WC240602A - MO P&C Guaranty Assoc-WD 7/1/06

Policy No.	Forms
WC477388299834	WC000406A - Premium Discount End WC000001AOT - Schedule of Named Insureds
WC47694826688	WC240406 B eff. 8/28/2005 WC00420 eff. 1/12006
WC9123019-03	WC240602A - Withdrawn 7/1/06
WC9154689-01	WC240602A - Withdrawn 7/1/06
WC47707824502	WC000402 - Anniversary Rating Date WC000420 - Terrorism Risk Insurance Act
WC47696822696	WC240602A - Withdrawn 7/1/06 WC240406B -Mo. Employers Paid Medical
WC47715822294	WC990403 - Exp Rating Mod Factor WC000404 - Pending Rate Change WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC47707827903	WC990403 - Exp Rating Mod Factor
WC477418301124	WC000404 - Pending Rate Change
WC477398296344	WC000404 - Pending Rate Change
WC47709827006	WC990403 - Exp Rating Mod Factor
WC47735821899	WC000420 - Terrorism Risk Insurance Act WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC47715828764	WC990403 - Exp Rating Mod Factor WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC47726825025	WC990403 - Exp Rating Mod Factor
WC47704822418	WC990403 - Exp Rating Mod Factor
WC47726825737	WC990403 - Exp Rating Mod Factor WC000404 - Pending Rate Change

Policy No.	Forms
WC47693826716	WC990403 - Exp Rating Mod Factor
WC47726827943	WC990403 - Exp Rating Mod Factor WC000404 - Pending Rate Change
WC47733829452	WC990403 - Exp Rating Mod Factor WC000404 - Pending Rate Change
WC47721829077	WC990403 - Exp Rating Mod Factor
WC47732826022	WC990403 - Exp Rating Mod Factor WC000404 - Pending Rate Change
WC915730001	WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC47714822362	WC990403 - Exp Rating Mod Factor
WC47714827686	WC990403 - Exp Rating Mod Factor
WC47696822675	WC990403 - Exp Rating Mod Factor
WC912216802	WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC912044902	WC000420 - Terrorism Risk Insurance Act
WC912044903	WC240602A - Withdrawn 7/1/06
WC912121700	WC240602A - Withdrawn 7/1/06
WC912216801	WC240602A - Withdrawn 7/1/06
WC912318303	WC240602A - Withdrawn 7/1/06 WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC915468902	WC240602A - Withdrawn 7/1/06 WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC915882901	WC000404 - Pending Rate Change
WC915289702	WC240602A - Withdrawn 7/1/06

Policy No.	Forms
WC912127300	WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure
WC47694822485	WC240406B -Mo. Employers Paid Medical
WC47690826265	WC240406B - Mo. Employers Paid Medical
WC47700826582	WC240602A - Withdrawn 7/1/06 WC240406B -Mo. Employers Paid Medical
WC47699827183	WC240602A - Withdrawn 7/1/06 WC240406B -Mo. Employers Paid Medical
WC47712828513	WC990403 - Exp Rating Mod Factor
WC47717829060	WC990403 - Exp Rating Mod Factor
WC47701827349	WC240602A - Withdrawn 7/1/06 WC240406B -Mo. Employers Paid Medical
WC915410301	WC240602A - Withdrawn 7/1/06
WC47698826038	WC990403 - Exp Rating Mod Factor WC240602A - Withdrawn 7/1/06 WC240406B -Mo. Employers Paid Medical
WC47702827425	WC240602A - Withdrawn 7/1/06 WC240406B -Mo. Employers Paid Medical
WC47693826419	WC240406B -Mo. Employers Paid Medical
WC47708825649	WC990403 - Exp Rating Mod Factor
WC47691825212	WC240406B -Mo. Employers Paid Medical
WC912314004	WC240602A - Withdrawn 7/1/06 WC000404 - Pending Rate Change WC000422 - Terrorism Risk Ins. Program Reauthorization Act Disclosure

Reference: §287.310.1. RSMo and 20 CSR 500-6.100(1).

B. Argonaut Insurance Company Underwriting and Rating Practices

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

The examiners reviewed samples from a total population of 660 Missouri Argonaut Insurance Company Workers Compensation policies issued during the examination period that were forwarded to the examiners by the Company. From the total population of 660 policy files, the examiners performed the reviews as described below.

Name of Review	Type of Sample	Population Size	# of Files
ILF 1 Million	Census	1	1
ILF 500,000	Census	3	3
ILF 100,000	Census	1	1
Large Deductible	Census	3	3
Small Deductible	Census	13	13
SIF	Random	660	113
Scheduled Mods	Random	137	50
Class Code Changes	Census	31	31

Total: 215 policy files.

The examiners discovered the following exceptions during the review.

1. The examiners found that the Company failed to document the underwriting file with the basis for the scheduled modification debits or credits applied to the policy or chan ged scheduled modifications from year to year without documenting a material change in the risk or used the incorrect scheduled modification in the following six files.

Policy Number	Premium Overcharge	Interest	Total Restitution	Premium Undercharge
WC916428901	$3,671.00	$445.39	$4,116.39	
WC912197903	$115.00	$26.15	$141.15	
WC47726829927	$1,747.00	$312.34	$2,059.34	
WC47732825433	$113.00	$15.55	$128.55	
WC912078500				$1,911.00
WC912140304				$956.00

Reference: §§287.950.1, 287.955 (1), 408.020 RSMo, 20 CSR 500-4.100(7)(D), 20 CSR 300-2.200 [as replaced by 20 CSR 100-8.040(3)(A) eff.

1/30/2009], and NCCI Basic Manual (2001-MO) Miscellaneous Values-Missouri.

2. The examiners found that the Company failed to document the underwriting file with a renewal notice instructing the insured that any inquiry concerning the increased premium due to the change in the scheduled modification factor may be directed to the insurer or producer.

Policy Number
WC916428901
WC912197903
WC915344503
WC47726829927
WC47732825433

Reference: §379.893 RSMo and 20 CSR 500-4.100(7)(D)2.

3. The examiners found that the Company failed to adhere to the rules of the National Council on Compensation Insurance (NCCI)'s Basic Manual by failing to use the correct foreign Terrorism rate in three files, failing to use the correct Workers Compensation Administrative Surcharge rate in 46 files, failing to apply a prorated Expense Constant in two files, failing to apply the correct Minimum Premium in five files, failing to use the correct deductible rating factor in six files and failing to send a notice on an approved form for the Premium Adjustment Credit for MOCCPAP in seven files. There were a total of 69 errors listed for this section of the report. Note: Some of the policies listed below may have additional violations that are listed in other sections of the report. The policies listed below with no overpayment may have amounts listed elsewhere in the report or were not listed as premium overcharge amounts of $5 or less, are not tracked by the Missouri DIFP.

Policy Number	Premium Overcharge	Interest	Total
WC912044902	$50.00	$21.32	$71.32
WC47710822832	$5.00	$1.44	$6.44
WC912216801	$4.00	$1.40	$5.40
WC47739828787	$92.00	$9.07	$101.07
WC47731830424			
WC47721822787			

Policy Number	Premium Overcharge	Interest	Total
WC477458330464			
WC47739827244			
WC47723829674			
WC47736826082	$10.00	$1.22	$11.22
WC477418254744			
WC47730822394			
WC477388299834	$407.00	$48.88	$455.88
WC47732825433	$13.00	$1.74	$14.74
WC915746502	$360.00	$56.55	$416.55
WC916192901	$515.00	$125.86	$640.86
WC47731824502	$429.00	$57.87	$486.87
WC912044903	$68.00	$24.06	$92.06
WC912121700	$19.00	$7.74	$26.74
WC912121702	$4.00	$1.21	$5.21
WC912131103	$308.00	$96.23	$404.23
WC47720828675	$38.00	$15.17	$53.17
WC915468902	$10.00	$2.63	$12.63
WC912127300	$14.00	$3.27	$17.27
WC47726828729			
WC47729825013	$86.00	$13.21	$99.21
WC47725829310			
WC47732826022	$43.00	$6.29	$49.29
WC47726827797			
WC47737826335			
WC47742826706			
WC47690826265	$31.00	$14.11	$45.11
WC47696821636			
WC47733829452	$12.00	$0.99	$12.99
WC47732822907	$12.00	$0.99	$12.99
WC47729822324	$10.00	$1.61	$11.61
WC477398296344			
WC47735826463			
WC47735821899			
WC477398274424			
WC47726825025			
WC47726825737			
WC47726827943			
WC47709827006			
WC916147101	$48.00	$9.62	$57.62
WC47726826306	$25.00	$3.79	$28.79
WC47732822675			
WC47695826766	$10.00	$4.12	$14.12
WC47699827183	$435.00	$199.52	$634.52
WC47702822278			

Policy Number	Premium Overcharge	Interest	Total
WC47709827006			
WC912140205	$693.00	$92.80	$785.80
WC47710828229	$463.00	$171.38	$634.38
WC47717822417	$537.00	$149.64	$686.64
WC47724828472			
WC477410828288	$211.00	$74.56	$285.56
WC47714827183			
WC47717825910			
WC47726829927	$43.00	$7.69	$50.69
WC47704827554			
WC9123019			
WC9123019 Eff. Date 12/14/07			
WC9154689			
WC477078242502 Eff. 6/7/2007			
WC477078242502 Eff. 6/1/2008			
WC477078242502 Eff. 6/1/2009			
WC912032402			
WC912123002			
WC912123302			

Reference: §§287.955.3., 287.947, 408.020 RSMo, NCCI Basic Manual (2001 MO) Rule 2-E.1. & 2. and Exceptions – Rule C.1.a. & b, NCCI Basic Manual (2001 MO) MO Contracting Classification Premium Adjustment Program.

4. The examiners found that the Company failed to adhere to the uniform classification system and uniform experience rating plan in the following eight files. It was discovered that the Company used an incorrect experience modification in five files and an incorrect classification code was used in three files.

Policy Number	Premium Overcharge Amount	Interest	Total Restitution	Premium Undercharge
WC47739828787	$233.00	$22.98	$255.98	
WC47730822394	$45.00	$7.96	$52.96	
WC47700826582	$42.00	$19.56	$61.56	
WC47693826716				$22.00

WC47718826665	$9.00	$.73	$9.73

Policy Number	Premium Overcharge Amount	Interest	Total Restitution	Premium Undercharge
WC47712826082				
WC47712826082				$8.04
WC912314004				$1,045.00

Reference: §§287.955.1, 408.020 RSMo and NCCI Basic Rule Manual (2001 MO) Miscellaneous Rules, Missouri Workers Compensation Premium Algorithm.

5. The examiners found that the Company failed to apply the correct factor for the Second Injury Fund Surcharge or failed to apply the factor to the correct premium amount, resulting in incorrect charges to the insured and incorrect submissions to the SIF, in the following 25 files. Note: Some of the policies listed below may have additional violations that are listed in other sections of the report. The policies listed below with no overpayment or underpayment listed may have amounts listed elsewhere in the report. Premium overcharge amounts of $5 or less, are not tracked by the Missouri DIFP and are not listed.

Policy Number	SIF Overpayment	SIF Underpayment
WC912044902		
WC47717825013		$2.00
WC47718825515		$2.00
WC47690826287		$5.00
WC47721829360		$3.00
WC47732825433		
WC9123019	$27.00	
WC9123019 Eff. 12/14/07		$66.00
WC915746502	$11.00	
WC916192901	$15.00	
WC912121702	$1.00	

Policy Number	Premium Overcharge	Interest
WC912131103	$10.00	
WC47726828729		
WC47729825013		
WC47690826265		
WC47696821636		

WC47708825433

Policy Number	Premium Overcharge	Interest
WC912314004		$31.00
WC47699827183	$12.00	
WC912032402		$76.00
WC912123002	$17.00	
WC912123003	$11.00	
WC912123302	$10.00	
WC912123303	$7.00	
WC912044903		

Reference: §287.715.2. RSMo.

6. The examiners found that the Company utilized base rates not on file with the DIFP and did not submit a filing within 30 days after the effective date of the policy, resulting in improper premium charges to the insured in the following 81 files. In 64 files, the Company failed to use the correct terrorism factor. In three files, the incorrect discount factor was used. In seven files, an incorrect premium deductible credit rate was used. In three files a large individual deductible rating plan was not filed, and in four files, an incorrect class code base rate was used. Note: Some of the policies listed below may have additional violations that are listed in other sections of the report. The policies listed below with no overpayment or underpayment listed may have amounts listed elsewhere in the report. Premium overcharge amounts of $5 or less, are not tracked by the Missouri DIFP and are not listed.

Policy Number	Premium Overcharge	Interest	Total Restitution	Premium Undercharge
WC916196100	$37.00	$10.44	$47.44	
WC915863000	$10.00	$3.50	$13.50	
WC912254101	$10.00	$3.82	$13.82	
WC912180002	$22.00	$9.10	$31.10	
WC915702100				$184.00
WC915820100				$104
WC912044902				
WC912197903	$7.00	$1.59	$8.59	
WC912078500				
WC47721822787				
WC47717827734				
WC47717825013				

WC47723829674				$2.00
WC47702827384				
Policy Number	**Premium Overcharge**	**Interest**	**Total Restitution**	**Premium Undercharge**
WC47712826082				
WC912318302				
WC912139903	$7.00	$2.19	$9.19	
WC912139904	$8.00	$1.78	$9.78	
WC47724828472				
WC47718825515				
WC916100000	$12.00	$3.36	$15.36	
WC912123404	$16.00	$4.06	$20.06	
WC912140304				
WC912197902	$6.00	$1.93	$7.93	
WC915852200				
WC47714827183				
WC47717825910				
WC916197600				
WC47690826287				
WC47716828741				
WC47710828229				
WC47721829360				
WC47710822832				
WC912044903				
WC912121700				
WC912121702				
WC912131103				
WC912216801				
WC915468902				
WC915289701				
WC47725829310				
WC47693825493				
WC47718821466				
WC47718827841				
WC47705827797				
WC47690826265				
WC47712828513				
WC47717829060				
WC47711826357				
WC47708822696				

WC47708825433				$123.00
WC47698826038				
WC912123203	$7.00	$1.90	$8.90	

Policy Number	Premium Overcharge	Interest	Total Restitution	Premium Undercharge
WC912216802	$11.00	$2.99	$13.99	
WC911736306	$17.00	$4.67	$21.67	
WC912318303				
WC47704827554				
WC47720822675				
WC47708825649				
WC912123002				
WC912123003	$62.00	$19.00	$81.00	
WC912123303	$39.00	$12.23	$51.23	
WC915882901				
WC915289702				
WC916428901				
WC47739827244				$183
WC47709827006				
WC9123019				
WC9123019 Eff. Date 12/14/07				
WC9154689				
WC477078242502 Eff. 6/7/07				
WC477078242502 Eff. 6/1/08				
WC477078242502 Eff. 6/1/09				
WC47718826665				
WC912032402				
WC912123002				
WC912123302				
WC915746502				
WC916192901				
WC47720828675				

Reference: §287.947.1. RSMo, 20 CSR 500-6.950 (2)(I) & (3)(B) & (7) and Company Rate Filings.

7. The examiners found that the Company failed to complete and bill the audit or return premium within 120 days of policy expiration or cancellation for the following 73 policies.

Policy Number	Days Late
WC47717825910	133
WC47739827244	23
WC47721829360	69
WC47695826766	124
WC47702827384	195
WC916428901	34
WC912078500	100
WC915980502	18
WC47717825013	108
WC47726829927	220
WC47731830424	127
WC47732825433	214
WC47690826287	148
WC47721822787	117
WC47716828741	212
WC47723829674	31
WC4772482973	66
WC47695826896	40
WC47714827183	410
WC912318302	10
WC912139903	168
WC912140205	94
WC477388299834	45
WC9120989-02	397
WC915794801	146
WC47703822300	124
WC47736831007	207
WC915289701	285
WC47693825493	897
WC47718827841	173
WC47726827797	342
WC47705827797	125
WC47742826706	231
WC47708825433	357

WC912123203	142
WC911736306	145

Policy Number	**Days Late**
WC47694822485	149
WC47704827554	517
WC47720822675	310
WC47726826306	238
WC47732822675	329
WC912032402	364
WC912123002	142
WC912123003	170
WC912123302	142
WC912123303	142
WC915882901	148
WC47696822675	352
WC47707824502	355
WC47707824502	483
WC47707824502	401
WC47696821636	194
WC47732822696	391
WC912140202	141
WC47720828675	693
WC47726828729	228
WC47694826523	198
WC47712823056	201
WC47707827903	191
WC477398296344	168
WC47735826463	249
WC47735821899	251
WC47726825025	168
WC47726825737	687
WC47693826716	897
WC47708827873	142
WC47725829310	220
WC4777718829077	538
WC47714822362	131
WC47703822300	124
WC915410301	174
WC47702827425	129

Reference: §287.310 RSMo, and 20 CSR 500-6.500(2)(A).

8. The examiners found that the Company used an incorrect Administrative Surcharge factor concerning the following four policy files. Note: Some of the policies listed below may have additional violations that are listed in other sections of the report. The policies listed below with no overpayment may have amounts listed elsewhere in the report or were not listed as premium overcharge amounts of $5 or less, are not tracked by the Missouri DIFP.

Policy Number	Premium Overcharge	Interest	Total Restitution	Premium Undercharge
WC9123019 Eff. 12/14/07 WC47731824502 WC912123003 WC912123303				$22

Reference: §287.716.2 RSMo

9. The examiners found that the Company attached a waiver of subrogation endorsement to the policy which had construction codes and charged a fee of $100 resulting in the following three policy file overcharges. The Company was not allowed to waive subrogation for policies with contracting class codes since it was against public policy and therefore, void.

Policy Number	Premium Overcharge	Interest	Total Restitution
WC47724828472	$130.00	$24.20	$154.20
WC47717825910	$183.00	$49.96	$232.96
WC47702827074	$82.00	$32.17	$114.17

Reference: §§287.150.6, 408.020 RSMo and NCCI Basic Manual Rule 3-22 and MO Exception to Rule 3-22.

10. The Company failed to document the following 60 policy files in order to determine the basis for the rating.

Policy Number	Description
WC 9157021-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9158201-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9161961-00	Kansas exposure was split off into a separate policy and there were no underwriting rules, guidelines or instructions filed with DIFP for the determination of this process.
WC 9158630-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.

WC 9122541-01	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
Policy Number	**Description**
WC 9164289-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9164289-01	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9120785-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9121234-04	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9121403-04	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.

WC 9121979-02	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
Policy Number	**Description**
WC 9121979-03	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9153445-03	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9158522-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033. Failed to appropriately document the scheduled modification factor applied to the policy and did not use its filed scheduled modification worksheet.
WC 9159805-02	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC47717825013	Failed to provide the scheduled modification worksheets or underwriting notes.

WC47721829360	Failed to provide the final audit worksheets and scheduled modification worksheets
WC47726829927	Failed to provide the MOCCPAP letter.
Policy Number	**Description**
WC47731830424	Failed to provide the final audit worksheets, and underwriting notes for verification of the officers-location, payroll and class codes.
WC47732825433	Failed to provide the underwriting notes for verification of the class codes, officers-location, class code, and payroll.
WC47699827124	Failed to provide the final audit worksheets and underwriting notes for verification of class codes and reasons for the short-term policy or for the officers- location, class code and payroll.
WC47721822787	Failed to provide the final audit worksheets and underwriting notes to verify the class codes assigned.
WC47710828288	Failed to provide the premium refund check, experience modification worksheet for the correct year and underwriting notes to verify the class codes assigned.

WC47728826602	Failed to provide the scheduled modification worksheet and the underwriting notes provided indicate a scheduled credit of 40%; however, only 25% was applied to the policy since this is all that is allowed by MO.
WC47716828741	Failed to provide the underwriting notes to verify the class codes assigned or officers-location, class code and payroll.
Policy Number	**Description**
WC47723829674	Failed to provide the application for verification of the class codes, officers-location, class code, and payroll.
WC47717822417	Failed to provide the letter to the insured notifying them of the MOCCPAP program and underwriting notes to verify the class codes assigned.
WC47702827074	Failed to provide the premium refund check or the letter to the insured notifying them of the MOCCPAP program.
WC47710828229	Failed to provide underwriting notes explaining the reason for the short-term policy or for verification of the class codes or officers-location, class code, and payroll.
WC47695826766	Failed to provide the underwriting notes for verification of the class codes, officer location, class code, and payroll.

WC47724829793	Failed to provide the underwriting notes explaining the reason for the short-term policy or for verification of the class codes, officers-location, class code, and payroll.
WC47702827384	Failed to appropriately document the scheduled modification credit applied to the policy and did not use its filed Scheduled Modification Worksheet.
Policy Number	**Description**
WC47695826896	Failed to provide the application, final audit worksheets, and underwriting notes for verification of class codes assigned to the policy or for members-location, class code, and payroll.
WC47714827183	Failed to provide the application, final audit worksheets, and underwriting notes in order to verify the class code applied to the policy and the officers-location, class code and payroll.
WC 9123183-02	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9161976-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.

WC 9166535-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9121399-04	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
Policy Number	**Description**
WC 9121399-03	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9121402-05	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9121800-02	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.
WC 9161000-00	Failed to confirm that cost of fresh meats, poultry or fish constitute less than 65% of the total cost of all merchandise purchased during the period in order to confirm the appropriate class code of 8033.

WC477388299834	Failed to provide the underwriting notes for verification of class codes assigned to the policy or for officers-location, class code, and payroll.
WC47726828729	Failed to Provide Policy and Endorsements for review.
WC9121402-04	Failed to provide Scheduled Mod Rating Worksheet.
WC9123785-03	Failed to provide Scheduled Mod Rating Worksheet.
WC9157465-00	Failed to provide Scheduled Mod Rating Worksheet.
Policy Number	**Description**
WC47696822675	Failed to provide Scheduled Mod Rating Worksheet.
WC47720828675	Failed to provide Scheduled Mod Rating Worksheet.
WC47726828729 eff. 1/1/2009	Failed to provide Scheduled Mod Rating Worksheet.
WC47729825013	Failed to provide Scheduled Mod Rating Worksheet.
WC47732822696	Failed to provide Scheduled Mod Rating Worksheet.
WC47708822696	Failed to contain a copy of the policy and Schedule Rating Plan worksheet.
WC47698826038	Failed to contain a policy application, experience mod worksheet and a cancellation notice or cancellation request by the insured.
WC47694822485	Failed to contain a copy of premium debit schedule Rating Plan worksheet.
WC47704827554	Failed to contain a policy and the Schedule Rating Plan Worksheet.
WC47720822675	Failed to contain a copy of the policy, application, and Premium Debit Schedule Rating Plan.

WC47726826306	Failed to contain the policy, application, and the Premium Credit Schedule Rating Plan worksheet.
WC47732822675	Failed to contain a copy of the application, and Premium Debit Schedule Rating Plan worksheet.
WC47691825212	No application contained in file.

Reference: §§287.937.2., 374.205.2.(2) RSMo and 20 CSR 300-2.200 [as replaced by 20 CSR 100-8.040(3)(A) eff. 1/30/2009].

The examiners requested a sample from the total population of Missouri Argonaut Insurance Company Workers Compensation policies during the examination period.

Field Size:	660
Sample Size:	113
Type of Sample:	Random
Number of Errors:	30
Error Ratio:	26.5%
Within DIFP Guidelines:	No

11. The following 30 files were found to be in violation of Missouri's Unfair Trade Practices Act. The examiners found that the Company failed to provide the Company's phon e number to the insured within the policy or contract or in written form annexed to the policy for the insured's reference.

Policy Number

WC47699827124
WC47712828498
WC47721822787
WC47710828288
WC47716828741
WC47723829674
WC47717822417
WC47702827074
WC47717827734
WC47710828229
WC47695826766
WC47724829793

WC47702822278
WC47702827384
WC47736826082
WC47712826082
WC47730822394
WC47695826896
WC47728822433
WC47714827183
WC 9123183-02
WC 9161976-00
WC 9166535-00

Policy Number

WC 9121399-04
WC 9121399-03
WC47724828472
WC47718825515
WC 9121402-05
WC 9121800-02
WC 9161000-00

Reference: §375.924.1. RSMo.

II. COMPLAINT HANDLING PRACTICES

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 the present. The complaint registry did not contain any complaints that were sent directly to the Missouri DIFP or those that would have been sent directly to the Company.

A. Complaints Sent Directly to the DIFP

This 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 300-2.100(3)(D) (as replaced by 20 CSR 100-8.040(3)(D), eff. 1/30/09). The Company explained that it received no complaints from the Missouri DIFP. The examiners found no evidence to the contrary.

The examiners discovered no issues or concerns.

B. Complaints Sent Directly to the Company

This review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint. The Company explained that it did not receive any complaints from its insureds, claimants, or others. The examiners found no evidence to the contrary.

The examiners discovered no issues or concerns.

III. 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 extended time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

The following are the results of the criticism time studies in which 36 criticisms were submitted late to the examiners. Four criticisms were submitted late to the examiners and were criticized accordingly as a level one violation. The Company was placed on notice with an explanation that any future violations would be considered as an elevated violation or level two, knowing violation. The examiners discovered an additional 34 criticisms that were not submitted in a timely manner resulting in level two violations.

A. Criticism Time Study

Calendar Days	Number of Criticisms	Percentage
Received within the time limit including any extensions:	102	73.9%
Received outside time limit including any extensions:	36	26.1%
No response:	0	0.0%
Total:	138	100.0%

Reference: §§374.049.7., 374.205.2.(2) RSMo, and 20 CSR 100-8.040(6).

B. Formal Request Time Study

Calendar Days	Number of Formal Requests	Percentage
Received within the time limit including any extensions:	10	100.0%
Received outside time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	10	100.0%

Reference: §§374.049.7., 374.205.2.(2) RSMo, and 20 CSR 100-8.040(6).

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Argonaut Insurance Company (NAIC #19801), Examination Number 1104-12-TGT. This examination was conducted by Scott B. Pendleton, Dale Hobart, Dennis Foley and Teresa Koerkenmeier. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated November 13, 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.

2/18/2014

Jim Mealer — Date
Chief Market Conduct Examiner