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

In Re:	)	
	)	
CAMERON MUTUAL INSURANCE COMPANY (NAIC # 15725)	)	**Market Conduct Exam No. 1012-16-TGT**
	)	
	)	

ORDER OF THE DIRECTOR

NOW, on this 29 day of September 2014, Director John M. Huff, after consideration and review of the market conduct examination report of Cameron Mutual Insurance Company (NAIC #15725) (hereafter referred to as "Cameron"), report number 1012-16-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. 2013), is in the public interest.

IT IS THEREFORE ORDERED that Cameron 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 Cameron shall implement remedial action, including, but not limited to, those remedial actions set forth in the Stipulation, bringing it into compliance with the statutes and regulations of Missouri and shall 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 in violation of the Improper Claims Practices Act, §375.1005, or in violation of any other Missouri insurance law.

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

IT IS FURTHER ORDERED that Cameron shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of $62,500 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 29 day of September, 2014.

John M. Huff
Director

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

In Re:	)	
	)	
CAMERON MUTUAL INSURANCE	)	
COMPANY (NAIC # 15725)	)	**Market Conduct Exam No. 1012-16-TGT**
	)	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Cameron Mutual Insurance Company (NAIC #15725) (hereinafter referred to as "Cameron"), 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, Cameron 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 Cameron and prepared report number 1012-16-TGT, which includes the following findings and conclusions of the Division:

1. In three (3) instances, Cameron failed to document whether a coverage was disclosed to an insured in violation of 20 CSR 100-1.020 (1) (A);

2. In numerous instances, Cameron failed to pay title and processing fees as part of total loss settlements in violation of §375.1007 (4);

3. In two (2) instances, Cameron failed to disclose to policyholders the availability of Medical Payments coverage in violation of 20 CSR 100-1.020 (1) (A);

4. In one (1) instance, Cameron failed to provide a written denial letter to claimants with

specific reference to a policy provision, condition or exclusion in violation of 20 CSR 100-1.050 (1) (A);

5. In some instances, Cameron failed to send a written denial letter to the insured in violation of §375.1007 (12) and 20 CSR 100-1.050 (1) (A);

6. In two (2) instances, Cameron failed to acknowledge receipt of notification of a claim within 10 working days in violation of 20 CSR 100-1.030 (1);

7. In numerous instances, Cameron did not adequately document depreciation values in its claim files by failing to document the age of the property, in violation of §374.205.2 (2) and 20 CSR 100-8.040 (3) (B).

WHEREAS, Cameron disagrees with certain findings of fact contained in the examination report and further disagrees that certain findings in the examination report constitute violations of Missouri insurance statutes and regulations or other Missouri laws.

WHEREAS, the Division and Cameron 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.** Cameron 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 in violation of the Improper Claims Practices Act, §375.1005, or in violation of any other Missouri insurance law. Such remedial actions shall include, but not be limited to, the following:

1. Cameron agrees to contact the three policyholders listed on page 10 of the examination report to determine if a $15.00 per day transportation expense was disclosed to the policyholders. If the policyholders indicate that the coverage was not disclosed, Cameron shall reimburse the policyholders for the $15.00 per day that they could have received during the period of

time that their covered autos were in the repair shop. Interest, at the rate of 9% per annum shall be included pursuant to §408.020. A letter shall be included with the payments, indicating that "as a result of a Missouri Market Conduct examination," it was found that additional payment was owed on the claims.

2. Cameron agrees that it will make payment of the title fee plus the processing fee to claimants on all auto total loss settlements', beginning on the date a final order is entered in this matter.

3. Cameron agrees to review all private passenger automobile collision claims paid and closed resulting in a total loss from January 1, 2007 to the date of the order closing this exam to determine if the total loss claimant was reimbursed for title and processing fees. If the title and processing fees were not paid to the total loss claimant, Cameron shall reimburse each claimant for the amount of the fees bearing in mind that interest at the rate of nine percent (9%) per annum is required pursuant to §408.020. A letter shall be included with the payments, indicating that "as a result of a Missouri Market Conduct examination," it was found that additional payment was owed on the claims.

4. Cameron agrees to review all private passenger automobile claims from January 1, 2007 to December 31, 2012 in which (a) there was coverage for Medical Payments, but no Medical Payments payment was made, and where a payment was made under Bodily Injury, Uninsured Motorist or Underinsured Motorist coverage, or (b) a Medical Payments reserve was established at the time the claim file was opened, to determine if Medical Payments coverage was properly handled. If Medical Payments coverage was available to the claimant, and the Company failed to disclose or improperly offset the medical payments coverage, Cameron must issue any payments that are due to the claimant for Medical Payments coverage, bearing in mind that an additional payment of nine per cent (9%) interest per annum is also required on all claims submitted, pursuant to §408.020. A letter must be included with the payments, indicating that "as a result of a Missouri Market Conduct examination," it was found that additional payment was owed on the claims.

5. Cameron agrees to review all mobile homeowners paid and closed claims from January 1, 2011 until the date of the order closing this exam to determine if other claims were underpaid. If any claims were underpaid, Cameron shall reimburse each claimant for any additional

amounts owed on the claim bearing in mind that interest at the rate of nine percent (9%) per annum is required pursuant to §408.020. A letter must be included with the payments, indicating that "as a result of a Missouri Market Conduct examination," it was found that additional payment was owed on the claims.

6. Cameron agrees to maintain its claim files so as to show the inception, handling and disposition of each claim. With respect to claims involving depreciation, Cameron agrees it will document in each claim file, the age (or estimated age) of the item being depreciated, the life expectancy of the item being depreciated, and supporting documentation or an appropriate explanation of the condition of the item being depreciated and/or an explanation of its functional or economic obsolescence. Cameron will also document that the basis for any adjustment has been explained to the claimant in writing.

C. **Compliance.** Cameron 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.** Cameron agrees, voluntarily and knowingly, to surrender and forfeit the sum of $62,500 (Sixty-Two Thousand, Five Hundred Dollars), 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 Cameron, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Examination 1012-16-TGT. The parties agree that in any future market conduct examination, recurrence of errors noted in this Market Conduct Examination which do not violate §375.1005 or any other Missouri insurance law shall not be used as the basis for enhancing a civil penalty or forfeiture pursuant to §374.049.7.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Cameron, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examination.

G. **Waivers.** Cameron, 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. Cameron, however, does not waive and expressly reserves its procedural rights referenced above which arise out of an order issued by the Director in relation to the above referenced Market Conduct Examination which is inconsistent with the contents of this Stipulation.

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: 9/24/2014

Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 9/15/2014

Gary Myers, President/CEO
Cameron Mutual Insurance Company

RECEIVED
SEP 19 2014
MO. DEPT OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION

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

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

Cameron Mutual Insurance Company
NAIC # 15725

MISSOURI EXAMINATION # 1012-16-TGT

NAIC EXAM TRACKING SYSTEM # M0341-M17

September 24, 2014

Home Office
214 McElwain Drive
Cameron, Missouri, 64429

TABLE OF CONTENTS

FOREWORD..... 4

SCOPE OF EXAMINATION..... 5

COMPANY PROFILE..... 6

EXECUTIVE SUMMARY..... 7

EXAMINATION FINDINGS..... 8

I. CLAIMS PRACTICES 8

A. Private Passenger Automobile Comprehensive Claims Paid and Closed..... 9
B. Private Passenger Automobile Collision Claims Paid and Closed... 12
C. Private Passenger Automobile Total Loss Claims Paid and Closed 13
D. Private Passenger Automobile Medical Payments Claims Paid and Closed..... 15
E. Private Passenger Automobile Subrogation Claims Paid and Closed 16
F. Private Passenger Automobile Uninsured and Underinsured Motorist Paid and Closed..... 18
G. Private Passenger Automobile Non-Paid Claims 20
H. Farmowners Paid and Closed..... 22
I. Farmowners Denied and Closed without Payment 25
J. Homeowners Paid and Closed..... 26
K. Homeowners Security Paid and Closed..... 28
L. Homeowners Preferred Subrogation Paid and Closed..... 30
M. Homeowners Security Subrogation Paid and Closed..... 31
N. Homeowners Preferred Non-Paid Claims..... 32
O. Homeowners Security Non-Paid Claims..... 33
P. Dwelling Paid Claims..... 34
Q. Dwelling Subrogation Paid Claims..... 39
R. Dwelling CWP and Non Paid Claims..... 40
S. Mobile Homeowners Paid and Closed Claims..... 41
T. Commercial Automobile Comprehensive Paid and Closed Claims. 44
U. Commercial Automobile Collision Paid and Closed Claims..... 46
V. Commercial Automobile Total Loss Paid and Closed Claims..... 47
W. Commercial Automobile Medical Payments Paid and Closed Claims 49
X. Commercial Automobile Subrogation Paid and Closed Claims..... 50
Y. Commercial Automobile UM/UIM Paid and Closed Claims..... 51
Z. Commercial Automobile Non Paid Claims..... 52
AA. Commercial General Liability Paid and Non Paid Claims..... 53

BB. Commercial Business Owner Paid Claims..... 55
CC. Commercial Business Owner Non Paid Claims..... 56
DD. Commercial Property Paid Claims..... 57
EE. Commercial Property Non Paid Claims..... 59
FF. Practices Not in the Best Interest of Consumers..... 61

II. COMPLAINTS..... 62

III. CRITICISMS AND FORMAL REQUESTS TIME STUDY 63

A. Criticism Time Study 63
B. Formal Request Time Study..... 63

EXAM REPORT SUBMISSION 64

FOREWORD

This is a targeted market conduct examination report of the Cameron Mutual Insurance Company (The "Company"), (NAIC Code # 15725). This examination was conducted at the Office of DIFP, 301 West High Street, Jefferson City, Missouri, 65102.

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 Cameron 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;
- "NAIC" refers to the National Association of Insurance Commissioners; 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, 2007, through December 31, 2010, unless otherwise noted. However, errors outside of this time period discovered during the course of the examination may also be included in the report.

The examination was a targeted examination involving the following business functions and lines of business: Company Complaints, Paid and Non-Paid Personal and Commercial lines Claims of Homeowners, Preferred Homeowners, Home Security, Dwelling Fire, Farm Owners, Mobile Homeowners, Personal Automobile, Business Automobile, Business Owners, Commercial Package Policies, and General Liability. 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%). 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

Cameron Mutual Insurance Co was established on March 29, 1892, as the Farmers Mutual Tornado, Cyclone and Windstorm Association of the Third Congressional District at Darlington in Gentry County, Missouri. The company was formed soon after the Missouri legislature passed a law in 1891 allowing farmers in each congressional district to organize a tornado insurance company. Meetings were later held in Stanberry, Missouri, but due to transportation facilities, the Home Office of the Company was moved to Cameron in 1902. In January 1907, the name of the Company was shortened to State Farmers Mutual Tornado Insurance Company of Missouri, and the charter was amended to include the entire State of Missouri in answer to groups of farmers from counties outside the Third Congressional District.

In order to better serve the insurance needs of its policyholders, the Company became authorized to write casualty insurance, and the first automobile policy was written in 1958.

As the Company continued to expand, a need for more office space was recognized and in March 1965 the Company moved from its downtown Cameron location into its new home office building at 214 McElwain Drive, Cameron, Missouri.

The Company had become widely known throughout the Missouri insurance industry as "the Cameron Insurance Company" and as the writings of the Company had continued to expand, the policyholders voted in 1968 to change the name of the company to Cameron Mutual Insurance Company.

In order to spread the Company's risk over a wider geographical area and to enable product expansion, the Company reorganized under Chapter 379, RSMo as a general writing company in 1984. Cameron Mutual began writing business in the State of Arkansas in 1985.

For many years CMIC managed a farmer mutual reinsurance company known as Cameron Country Mutual Insurance Company. Cameron Country provided reinsurance to the Farm Mutual industry in Missouri. In 2008, Cameron Country Mutual was merged into Cameron Mutual.

Cameron National Insurance Company (formerly Eagle National Assurance Corporation) was re-domesticated to the State of Missouri in 2000. Cameron National, a stock company wholly owned by Cameron Mutual Insurance Company, is under the same general management as Cameron Mutual. Cameron National writes preferred auto insurance in the states of Missouri and Arkansas and the full line of coverages in Iowa

Cameron Mutual Insurance Company has a branch claim office located in Springfield, Missouri.

EXECUTIVE SUMMARY

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

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

- The examiners found five violations in Private Passenger Automobile Comprehensive paid and closed claims.
- The examiners found nine violations in Private Passenger Automobile paid and closed collision claims.
- The examiners found 101 violations in Private Passenger Automobile paid and closed Total Loss claims.
- The examiners found three violations in Private Passenger paid and closed UM/UIM claims.
- The examiners found eight violations in Private Passenger Automobile Non-Paid and denied claims.
- The examiners found 21 violations in Farmowners paid and closed claims.
- The examiners found two violation in Farmowners non-paid and denied claims.
- The examiners found 41 violations in Homeowners paid and closed claims.
- The examiners found 27 violations in Homeowners Security paid and closed claims.
- The examiners found 62 violations in Dwellings paid and closed claims.
- The examiners found eight violations in Mobile Homeowners paid and closed claims.
- The examiners found one violation in Commercial Automobile Comprehensive paid closed claim.
- The examiners found 20 violations in Commercial Total Loss paid and closed claims.
- The examiners found 20 violations in Business Owners paid and closed claims.
- The examiners found ten violations in Commercial Property paid and closed claims.
- The examiners found one violation in Commercial Property Non-Paid claims.

EXAMINATION FINDINGS

I. Claims Practices

This section of the report is designed to provide a review of the Company's claims handling practices. Examiners reviewed how the Company handled claims to determine the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

To minimize the duration of the examination, while still achieving an accurate evaluation of claim practices, the examiners reviewed a statistical sampling of the claims processed. The examiners requested a listing of claims paid and claims closed without payment during the examination period for the line of business under review. The review consisted of Missouri claims selected from a listing furnished by the Company with a date of closing from January 1, 2007, through December 31, 2010.

A claim 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., §§375.1000 – 375.1018 and §375.445) are compared with the NAIC benchmark error rate of seven percent (7%). Error rates in excess of the NAIC benchmark error rate[s] are presumed to indicate a general business practice contrary to the law. Errors 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.

A claim error includes, but is not limited to, any of the following:

- An unreasonable delay in the acknowledgement of a claim;
- An unreasonable delay in the investigation of a claim;
- An unreasonable delay in the payment or denial of a claim;
- A failure to calculate claim benefits correctly; and
- A failure to comply with Missouri law regarding claim settlement practices.

The examiners reviewed the claim files for timeliness. In determining timeliness, examiners looked at the duration of time the Company used to acknowledge the receipt of the claim, the time for investigation of the claim, and the time to make payment or provide a written denial.

Missouri statutes require the Company to disclose to first-party claimants all pertinent benefits, coverage or other provisions of an insurance policy under which a claim is presented. Claim denials must be given to the claimant in writing, and the Company must maintain a copy in its claim files.

Unfair Claims Settlement Rates – Sampling and Error Rates

To test for compliance with timeliness standards, the examiners reviewed claim records and calculated the amount of time taken by the Company for claims processing. They reviewed the Company's claims processing practices relating to (1) the acknowledgement of receipt of notification of claims; (2) the investigation of claims; and (3) the payment of claims or the providing of an explanation for the denial of claims.

DIFP regulations require companies to abide by the following parameters for claims processing:

- Acknowledgement of the notification of a claim must be made within 10 working days;
- Completion of the investigation of a claim must be made within 30 calendar days after notification of the claim. If more time is needed, the Company must notify the claimant and send follow-up letters every 45 days; and
- Payment or denial of a claim must be made within 15 working days after investigation of the claim is complete.

A. Private Passenger Automobile Comprehensive Claims Paid and Closed

The examiners requested a sample from the total population of Missouri Comprehensive Private Passenger Automobile claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	7,547 6,306 files dated pre-8/28/07 1,241 files dated post-8/28/07 or later
Sample Size:	100 92 files dated pre-8/28/07 8 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 file dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. **Unfair Settlement and General Handling Practices**

   a. **Misrepresenting Relevant Facts or Policy Provisions (§375.1007.(1) RSMo)**

Field Size:	7,547 6,306 files dated pre-8/28/07 1,241 files dated post-8/28/07 or later
Sample Size:	100 92 files dated pre-8/28/07 8 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	3 0 files dated pre-8/28/07 3 files dated post-8/28/07 or later
Error Ratio:	3% 0% files dated pre-8/28/07 37.5% files dated post 8/28/07 or later
Within DIFP Guidelines:	Yes

Claim Numbers: 24E49649, 24E59720, 24E61831

The Company did not document that all pertinent benefits and coverages had been disclosed to the insured.

The Company did not document disclosure to the insured that a $15 per day transportation expense of $450 maximum was available while the covered auto was in the repair shop. In each claim the Company had issued a draft payable to the body shop. The file notes did not document that the Company disclosed such coverage to the insured or claimant.

References: §374.205.2 (2), RSMo, and 20 CSR 100-8.040 (3) (B), The Company's Personal Automobile Policy: Part D – Coverage for Damage to Your Auto; Transportation Expenses #1(a)(b) page 11 and the Company's Auto Physical Damage Claims Guidelines-Rental Reimbursement page 12.

b. Effectuating Equitable Settlement in Good Faith (§375.1007.(4) RSMo)

Field Size:	7,547 6,306 files dated pre-8/28/07 1,241 files dated post-8/28/07 or later
Sample Size:	100 92 files dated pre-8/28/07 8 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	2 0 files dated pre-8/28/07 2 files dated post-8/28/07 or later
Error Ratio:	2% 0% files dated pre-8/28/07 25% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

Claim Number: 24E64636

The insured presented an estimate for $323.76. The insured's deductible was $100. On October 27, 2010 the Company called the body shop and confirmed that the insured had paid their deductible.

Even though the Company had confirmed the deductible payment was made, the Company had issued a claim payment for $323.76 and did not apply the deductible. Therefore the claim was overpaid by the deductible amount of $100 and as a result the Company did not effectuate a fair and equitable settlement of the claim.

Reference: §375.1007(4), RSMo.

Claim Number: 24E33396

The insured presented an estimate for $1,775.00. The insured's deductible was $1,000. The Company issued payment for $1,525.00. The Company applied the incorrect deductible amount of $250.00.

As a result, of the overpayment of the claim by $750.00, the Company did not effectuate a prompt, fair and equitable claim settlement.

Reference: §375.1007(4), RSMo.

B. Private Passenger Automobile Collision Claims Paid and Closed

The examiners requested a sample from the total population of Missouri Comprehensive Private Passenger Automobile claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	4180 3,308 files dated pre-8/28/07 872 files dated post-8/28/07 or later
Sample Size:	111 22 files dated pre-8/28/07 89 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 file dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

a. Effectuating Equitable Settlement in Good Faith (§375.1007(4) RSMo)

Field Size:	7,547 6,306 files dated pre-8/28/07 1,241 files dated post-8/28/07 or later
Sample Size:	100 92 files dated pre-8/28/07 8 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	8 0 files dated pre-8/28/07 8 file dated post-8/28/07 or later

Error Ratio: 8%
0% files dated pre-8/28/07
8% files dated post-8/28/07 or later

Within DIFP Guidelines: No

The Company did not include the title fee and processing fee as part of the final settlement in the following eight collision claims that resulted in damages incurred to be a total loss. Therefore, the insured was not made whole for their loss.

The title fee and processing fee are expenses that the claimant would have not incurred, but for the loss. The Company has reimbursed the eight claimants in the amount of $88.00 plus $29.32 in interest.

Claim Numbers: 24E25480, 24E25836, 24E30355, 24E33421, 24E34247
24E58332, 24E59038, 24E45026

References: §§375.1007(4), RSMo, and 408.020, RSMo.

2. Not included in the Error Ratio

Although not included in the error ratio listed above in this section of the report, the following claim was considered an individual violation.

Claim Number: 24E38851

The examiner reviewed the above referenced claim in which the damage to the auto in the collision claim resulted in a total loss to the insured's vehicle. The insured received payment and retained the salvage vehicle.

The examiner was unable to locate a copy of Department of Revenue form 5043 in the claim file. An insurance company is required to provide this form to the insured, and send a copy to the Department of Revenue in accordance with Section 301.020, RSMo, whenever the insured owner retains a vehicle less than seven years old and damage exceeds 80 percent of the pre-damage fair market value.

Reference: §301.020, RSMo.

C. Private Passenger Automobile Total Loss Claims Paid and Closed

The examiners requested a sample from the total population of Missouri Private Passenger Automobile Total Loss Claims paid and closed during the examination period.

1. Time Error Rate

Field Size: 1072

259 files dated pre-8/28/07
813 files dated post-8/28/07 or later

Sample Size: 101
14 files dated pre-8/28/07
87 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0 % files dated pre-8/28/07
0 % files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

a. Effectuating Equitable Settlement in Good Faith (§375.1007(4), RSMo)

Field Size: 1072
259 files dated pre-8/28/07
813 files dated post-8/28/07 or later

Sample Size: 101
14 files dated pre-8/28/07
87 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 101
14 files dated pre-8/28/07
87 files dated post-8/28/07 or later

Error Ratio: 100%
100% files dated pre-8/28/07
100% files dated post-8/28/07 or later

Within DIFP Guidelines: No

There were 101 total loss paid claims in which the Company did not include the title fee and processing fee as part of the final settlement. Therefore, the insured and third party claimant was not made whole for their loss.

The title fee and processing fee are expenses that the claimant would not have incurred, but for the loss. The Company is liable for paying these fees in order to make all claimants whole.

As a result of this finding the Company has paid the title and processing fees for the entire sample of 101 total loss claims in the amount of $1,111 with 9% interest paid in the amount of $317.96 for a total of $1,428.96 back to the claimants.

References: §§375.1007(4) and 408.020, RSMo.

2. Not included in the Error Ratio

Although not included in the error ratio listed above in this section of the report, the following claims were still considered as violations. These violations were outside the sample.

There were 727 total loss paid claims from the population after the sample list was selected in which the Company did not include the title fee and processing fee as part of the final settlement in years 2007, 2008, and part of 2009.

The title fee and processing fee are expenses that the claimant would not have incurred, but for the loss. Without a specific exclusion in its policy for these fees, the Company is liable for paying these fees in order to make all claimants' whole.

As a result of this finding the Company has paid the title and processing fees in the amount of $8,250 with 9% interest paid in the amount of $2,515.70 for a total of $10,446.71 back to the claimants.

References: §§375.1007 (4) and 408.020, RSMo.

D. Private Passenger Automobile Medical Payments Claims Paid and Closed

The examiners requested a sample from the total population of Missouri Private Passenger Automobile Medical Payments Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	1218 377 files dated pre-8/28/07 841 files dated post-8/28/07 or later
Sample Size:	111 33 files dated pre-8/28/07 78 files dated post-8/28/07 or later
Type of Sample:	Random

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

a. Effectuating Equitable Settlement in Good Faith (§375.1007.(4) RSMo)

Field Size: 1218
377 files dated pre-8/28/07
841 files dated post-8/28/07 or later

Sample Size: 111
33 files dated pre-8/28/07
78 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

E. Private Passenger Automobile Subrogation Claims Paid and Closed

The examiners requested a sample from the total population of Missouri Private Passenger Automobile Subrogation Claims paid and closed during the examination period.

1. Time Error Rate

Field Size: 517
154 files dated pre-8/28/07
363 files dated post-8/28/07 or later

Sample Size:	50 24 files dated pre-8/28/07 26 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

a. Effectuating Equitable Settlement in Good Faith (§375.1007(4) RSMo)

Field Size:	517 154 files dated pre-8/28/07 363 files dated post-8/28/07 or later
Sample Size:	50 24 files dated pre-8/28/07 26 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0 % 0 % files dated pre-8/28/07 0 % files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

F. Private Passenger Automobile Uninsured and Underinsured Motorist Paid and Closed

1. Time Error Rate

Field Size:	94 40 files dated pre-8/28/07 54 files dated post-8/28/07 or later
Sample Size:	50 37 files dated pre-8/28/07 13 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0 % 0 % files dated pre-8/28/07 0 % files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

a. Misrepresenting Relevant Facts or Policy Provisions (§375.1007(1) RSMo)

Field Size:	94 40 files dated pre-8/28/07 54 files dated post-8/28/07 or later
Sample Size:	50 37 files dated pre-8/28/07 13 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	2 2 files dated pre-8/28/07 0 files dated post-8/28/07 or later

Error Ratio: 4%
5% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

Claim Number: 24D86387

The Company did not document in the file that the insured was informed of the $5,000 Medical Payment coverage that was available, in addition to the Uninsured Motorist payments.

The file did not document a Medical Payment coverage payment was issued. Also, the Company did not fully disclose to the first party claimants all pertinent benefits, coverages, or other provisions under which a claim was presented and misrepresented to the insured relevant facts or policy provisions relating to coverage.

The Company has paid the coverage amount of $5,000 plus nine percent of $1,565.91 for a total payment of $6,565.91 to the claimants.

References: §375.1007(1), RSMo, and 20CSR 100-1.020(1)(A).

Claim Number: 24E28378

The Company did not document in the file that the insured was informed of the $1,000 Medical Payment coverage that was available, in addition to the Uninsured Motorist payments.

The file did not document a Medical Payment coverage payment was issued. Also, the Company did not fully disclose to the first party claimants all pertinent benefits, coverages, or which other provisions under which a claim was presented and misrepresented to the insured relevant facts or policy provisions relating to coverage.

The Company has paid the coverage amount of $1,000 plus nine percent of $412.56 for a total payment of $1412.56 to the claimant.

References: §375.1007(1), RSMo, and 20CSR 100-1.020(1)(A).

b. Prompt Provision of Explanation for Denial (§375.1007(12) RSMo)

Field Size: 94
40 files dated pre-8/28/07
54 files dated post-8/28/07 or later

Sample Size: 50
37 files dated pre-8/28/07
13 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 1
0 files dated pre-8/28/07
1 file dated post-8/28/07 or later

Error Ratio: 2%
0% files dated pre-8/28/07
8% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

Claim Number: 24E36689

The Company failed to provide the insured a written denial letter with specific reference to a policy provision, condition or exclusion.

On October 3, 2007, the insured contacted the Company and demanded payment for his damaged vehicle. The adjuster advised the insured that his policy did not have collision coverage on the vehicle. The Company denied payment because insured did not have collision coverage on the vehicle. The Company did not find a copy of the denial letter in the file.

References: §375.1007(1), RSMo, 20 CSR 500-2.100(2)(G)(1) and 20CSR 100-1.020(1)(A).

G. Private Passenger Automobile Non-Paid Claims

The examiners requested a sample from the total population of Missouri Private Passenger Automobile Non-Paid Claims closed during the examination period.

1. Time Error Rate

Field Size: 2256
454 files dated pre-8/28/07
1802 files dated post-8/28/07 or later

Sample Size: 100
17 files dated pre-8/28/07
83 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0 % 0 % files dated pre-8/28/07 0 % files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

a. Prompt Provision of Explanation for Denial (§375.1007(12) RSMo)

Field Size:	2256 454 files dated pre-8/28/07 1802 files dated post-8/28/07 or later
Sample Size:	100 17 files dated pre-8/28/07 83 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	8 2 files dated pre-8/28/07 6 files dated post-8/28/07 or later
Error Ratio:	8% 11.7% files dated pre-8/28/07 7.2% files dated post-8/28/07 or later
Within DIFP Guidelines:	No

Claim Numbers: 24E35777 24E36708 24E57643

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, conditions and exclusion.

The Company denied the above three claims because the damage did not exceed the insured's deductible. Each file did not contain a copy of the denial letter stating the reason for such denial.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

Claim Number: 24E61305

The Company failed to provide the insured a written letter with specific reference to a policy provision, condition or exclusion and maintain a copy of the denial letter in the file.

The Claim was reported to the Company on May 20, 2010. The loss date was May 19, 2010. The Company inspected the insured camper on May 26, and determined no damage. However, the second inspection on June 23, confirmed damage. The estimate amount was $469.39. The insured's deductible was $500. The file did not contain a letter stating damage was below the deductible. In addition, the file notes did not document the Company discussed the denial with the insured.

As a result, the Company failed to provide the insured with a written letter denial containing the explanation of the basis for such actions and failed to maintain a copy of that denial letter in the file.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

Claim Numbers: 24E31781 24E37525 24E50469 24E51695

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, conditions and exclusion.

The Company denied the above four claims because the insured did not have collision coverage. Each file did not contain a copy of the denial letter stating the reason for such denial.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

H. Farmowners Paid and Closed

The examiners requested a sample from the total population of Missouri Farmowners Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	1893 399 files dated pre-8/28/07 1494 files dated post-8/28/07 or later
Sample Size:	100 18 files dated pre-8/28/07 82 files dated post-8/28/07 or later

Type of Sample:	Random
Number of Errors:	1 1 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	1% 1% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

Claim Number: 24E39690

The claim failed to acknowledge to the insured the receipt of notification of the claim within 10 working days.

The report date was January 16, 2008. The date of loss was April 10, 1999. According to the claim file notes, on February 14, 2008, the Company contacted the independent adjuster to discuss claim status. The next day, the Company provided the independent adjuster to the insured's information. The independent adjuster contacted the insured and inspected the insured's property on February 19, 2008. The Company acknowledged the claim to the insured 25 working days after notification of claim.

References: §375.1007(2), RSMo, and 20 CSR 100-1.030(1).

a. Prompt Provision of Explanation for Denial (§375.1007(12) RSMo)

Field Size:	1893 399 files dated pre-8/28/07 1494 files dated post 8/29/07
Sample Size:	100 18 files dated pre-8/28/07 82 files dated post-8/29/07
Type of Sample:	Random
Number of Errors:	1 0 files dated pre-8/28/07 1 file dated post-8/29/07
Error Ratio:	1% 0% files dated pre-8/28/07 1% files dated post 8/29/07

Within DIFP Guidelines: Yes

Claim Number: 24E61723

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provision, condition, and exclusion.

The insured reported $4,000.00 theft of money loss. According to the insured's policy language under Coverage C-Household Personal Property, #3 Special Limits of Insurance states a $200.00 limit on "money". The Company paid the $200.00 limit.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

2. Not included in the Error Ratio

Claim Number: 24E39690

The Company's claim file was not maintained so as to show clearly the handling of the claim.

The claim file did not provide adequate documentation regarding the depreciation value for the metal roofing. The examiner reviewed the adjuster's notes and was unable to confirm the age of the metal roofing and the exact depreciation method applied to determine the depreciation value.

References: §374.205.2 (2), RSMo, and 20 CSR 100-8.040(3)(B).

Claim Numbers: Pre - 8/28/2007

24E26426 24E33150 24E32899 24E35230

Post - 8/29/2007

24E37384 24E41872 24E42489 24E42026 24E43974 24E44229 24E50503

24E52445 24E52947 24E53336 24E52961 24E52688 24E61709 24E61865

The Company failed to clearly document the handling of the claims; therefore the examiner was unable to reconstruct the claim events.

References: §374.205.2 (2), RSMo, and 20 CSR 100-8.040(3)(B).

I. Farmowners Denied and Closed without Payment

The examiners requested a sample from the total population of Missouri Farmowners Claims paid and closed without payment during the examination period.

1. Time Error Rate

Field Size:	411 95 files dated pre-8/28/07 316 files dated post-8/28/07 or later
Sample Size:	100 30 files dated pre-8/28/07 70 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

a. Prompt Provision of Explanation for Denial (§375.1007(12) RSMo)

Field Size:	411 95 files dated pre-8/28/07 316 files dated post-8/28/07 or later
Sample Size:	100 30 files dated pre-8/28/07 70 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	1 1 file dated pre-8/28/07 0 files dated post-8/28/07 or later

Error Ratio: 1%
3% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

Pre-8/28/2007

Claim Number: 24E34652

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, condition and exclusion.

The claim was denied because the policy specifically excluded surface water. However, the denial letter did not; reference or state the following; C. Exclusions-The following Exclusions apply when any or all of the Covered Causes of Loss, BASIC, BROAD, OR SPECIAL, are specified in the Declarations.

References: 20 CSR 100-1.050(1)(A).

2. Not included in the Error Ratio

Claim Number: 24E33935

The Company failed to provide or maintain in the file a copy of the estimate for hail damage sustained to the insured's roof.

According to the May 16, 2007 denial letter, the adjuster advised the damage would not likely exceed the $500.00 deductible. The file did not include a copy of the adjuster's estimate after the inspection to support the claim denial.

References: §374.205.2 (2), RSMo, and 20 CSR 100-8.040(3)(B).

J. Homeowners Paid and Closed

The examiners requested a sample from the total population of Missouri Homeowners Claims paid and closed during the examination period.

1. Time Error Rate

Field Size: 2904
935 files dated pre-8/28/07
1969 files dated post 8/28/07 or later

Sample Size:	100 23 files dated pre-8/28/07 77 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post 8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Not included in the Error Ratio

Although not included in the error ratio listed above in this section of the report, the following 41 claims were considered as individual violations, and did not qualify as a general business violation that would have been included in the error ratio.

Claim Numbers:

Pre- 08/28/2007:	24E21302	24E26107	24E29337	24E29525	24E29634	24E29764
	24E31129	4E31335	24E32051	24E33273	24E33587	24E34568
Post-08/29/2007:	24E34603	24E36585	24E37745	24E39426	24E39989	24E40001
	24E40077	24E40825	24E40993	24E42136	24E42402	24E43374
	24E44061	24E45568	24E46977	24E47068	24E47101	24E47215
	24E47295	24E47829	24E49815	24E50313	24E50727	24E52184
	24E52450	24E54032	24E54251	24E54747	24E57136	

The above claims did not provide adequate documentation regarding the depreciation values for each depreciated properties. The examiner reviewed the claim file notes and estimate, and yet was unable to confirm the age or condition of each depreciated property. Therefore, the claims were not documented clearly and specific for the examiner to reconstruct the claim events.

References: §374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

K. Homeowners Security Paid and Closed

The examiners requested a sample from the total population of Missouri Homeowners Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	530 129 files dated pre-8/28/07 401 files dated post-8/29/07
Sample Size:	50 11 files dated pre-8/28/07 39 files dated post-8/29/07
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/29/07
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/29/07
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

a. Prompt Provision of Explanation for Denial (§375.1007(12) RSMo)

Field Size:	530 129 files dated pre-8/28/07 401 files dated post-8/28/07 or later
Sample Size:	50 11 files dated pre-8/28/07 39 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	1 1 file dated pre-8/28/07 0 files dated post-8/28/07 or later

Error Ratio: 2%
9% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

Claim Number: 24E50452

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, conditions and exclusions to provide an accurate explanation for such denial.

The loss was reported on 1/19/2007 for minor damage to the dwelling resulting from a tree hitting the house after an ice storm. The adjuster met the insured at the address on 1/19/2007 and explained the HS-2 policy then wrote an estimate and provided a draft for the repairs. On 3/2/2007, the adjuster reexamined the risk after the insured claimed additional damage for the original loss, including damage to the floor at the rear patio doors and water damage to the bathroom walls. Claim notes indicate damage pre-existed the current loss. There was nothing in the file to indicate a denial was sent. Without a specific denial, the examiner was unable to determine if the Company had effectuated a fair settlement of the claim or had given an accurate explanation for the claim denial.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

2. Not included in the Error Ratio

Claim Numbers:

Pre- 08/28/2007: 4E31001 24E31270 24E31938 24E31998

Post-08/29/2007: 24E38375 24E38423 24E39265 24E42027 24E61058
24E39494 24E39496 24E40470 24E41479 24E41932
24E42027 34E61058 24E61293 24E61573 24E61736
24E62414 24E64876 24E65285 24E50123 24E50287
24E50452 24E50560

The Company failed to clearly document the handling of the claim in the above 26 claim files.

The 26 claim files did not provide adequate documentation regarding the depreciation values for each depreciated property. The examiner reviewed the claim file notes and estimate, and yet was unable to confirm the age or condition of each depreciated property.

Therefore, the claim files were not documented clearly and specifically for the examiner to reconstruct the claim events.

References: §375.205.2(2), RSMo, and 20 CSR 8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

L. Homeowners Preferred Subrogation Paid and Closed

The examiners requested a sample from the total population of Missouri Homeowners Preferred Subrogation Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	11 5 files dated pre-8/28/07 6 files dated post-8/28/07 or later
Sample Size:	11 5 files dated pre-8/28/07 6 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	11 5 files dated pre-8/28/07 6 files dated post-8/28/07 or later
Sample Size:	11 5 files dated pre-8/28/07 6 files dated post-8/28/07 or later
Type of Sample:	Census

Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

M. Homeowners Security Subrogation Paid and Closed

The examiners requested a sample from the total population of Missouri Homeowners Security Subrogation Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	5 3 files dated pre-8/28/07 2 files dated post-8/28/07 or later
Sample Size:	5 3 files dated pre-8/28/07 2 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	5 3 files dated pre-8/28/07

2 files dated post-8/28/07 or later

Sample Size: 5
3 files dated pre-8/28/07
2 files dated post-8/28/07 or later

Type of Sample: Census

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

N. Homeowners Preferred Non-Paid Claims

The examiners requested a sample from the total population of Missouri Homeowners Preferred Non-Paid Claims paid and closed during the examination period.

1. Time Error Rate

Field Size: 904
240 files dated pre-8/28/07
664 files dated post 8/28/07 or later

Sample Size: 50
30 files dated pre-8/28/07
20 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post 8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	904 240 files dated pre-8/28/07 664 files dated post 8/28/07 or later
Sample Size:	50 30 files dated pre-8/28/07 20 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

O. Homeowners Security Non-Paid Claims

The examiners requested a sample from the total population of Missouri Homeowners Security Non-Paid Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	194 36 files dated pre-8/28/07 158 files dated post-8/28/07 or later
Sample Size:	50 13 files dated pre-8/28/07 37 files dated post-8/28/07 or later
Type of Sample:	Random

Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	194 36 files dated pre-8/28/07 158 files dated post-8/28/07 or later
Sample Size:	50 13 files dated pre-8/28/07 37 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

P. Dwelling Paid Claims

The examiners requested a sample from the total population of Missouri Dwelling Paid Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	1337 318 files dated pre-8/28/07 1019 files dated post-8/28/07 or later

Sample Size:	100 15 files dated pre-8/28/07 85 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	1 0 files dated pre-8/28/07 1 files dated post-8/28/07 or later
Error Ratio:	1% 0% files dated pre-8/28/07 1% file dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

Claim Number: 24E50286

The loss was reported by the agent on 2/2/2009 for damage to the electric and phone lines due to an ice storm. An adjuster was subsequently assigned to the loss on 2/2/2009 but the first contact with the insured was not until 2/19/2009, a period of 13 working days later, to advise of coverage and request the insured submit damage estimates.

As a result, the Company failed to acknowledge receipt of the claim to the insured within ten working days and failed to promptly provide necessary claim forms, instructions and reasonable assistance so the first-party claimant can comply with the policy conditions and the insurer's reasonable requirements.

References: §375.1007(2), RSMo, and 20 CSR 100-1.030(1)(3).

2. Unfair Settlement and General Handling Practices

Field Size:	1337 318 files dated pre-8/28/07 1019 files dated post 8/28/07 or later
Sample Size:	100 15 files dated pre-8/28/07 85 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	1 0 files dated pre-8/28/07 1 file dated post-8/28/07 or later

Error Ratio: 1%
0% files dated pre-8/28/07
1% files dated post 8/28/07 or later

Within DIFP Guidelines: Yes

a. Effectuating Equitable Settlement in Good Faith (§375.1007(4) RSMo)

Claim Number: 24E53238

The dwelling property was inspected for damage to gutters from an ice storm. An estimate was written to replace guttering totaling $1,091. The policy deductible was $500. The Company paid the full amount of the claim without applying the deductible resulting in an overpayment of $500. The Company did not effectuate a fair and equitable settlement of the claim.

Reference: §375.1007(4), RSMo.

b. Prompt Provision of Explanation for Denial (§375.1007(12) RSMo)

Field Size: 1337
318 files dated pre-8/28/07
1019 files dated post-8/28/07 or later

Sample Size: 100
15 files dated pre-8/28/07
85 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 3
1 file dated pre-8/28/07
2 files dated post-8/28/07 or later

Error Ratio: 3%
6.6% files dated pre-8/28/07
2.3% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

Claim Number:

Pre- 08/28/2007: 24E35899

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, conditions, and exclusions to provide an accurate explanation for such denial.

The loss was reported 8/9/2007 under a DP1 policy as damage to the dwelling due to vandalism. The adjuster met with the insured on 8/14/2007 and inspected the damage. The adjuster explained that the property was left very dirty and in an unmaintained condition and that the policy does not cover this but would cover vandalism damage. Subsequently, an estimate was written for vandalism damage only and the claim was paid. The adjuster failed to document the items of damage not being considered and did not send a denial letter as required with specific reference to the policy provisions, conditions, or exclusions giving the insured the complete explanation of coverage. Without an explanation of the damage not being considered and without a specific denial letter, the examiner was unable to determine if the Company had effectuated a fair settlement of the claim.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

Claim Number:

Post-08/29/2007: 24E52863

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, conditions, and exclusions to provide an accurate explanation for such denial.

The loss was reported 5/8/2009 under a DP1 policy for damage to the dwelling from a fallen tree. The adjuster contacted the insured on 5/11/2009 and was informed that the insured hired a tree service to remove the tree. An estimate was written considering the damage to the dwelling and the fee for removal of the tree from the roof to access repairs. Coverage for the tree itself and stump removal was not documented as discussed. Subsequently, months later on 10/22/2009, the agent inquired about this coverage question and was informed the DP1 does not have coverage for the tree or stump removal. The adjuster failed to send a denial letter as required with specific reference to policy provisions, conditions, or exclusions giving the insured a complete explanation of coverage at the time of the loss.

Without an explanation of the damage not being considered and without a specific denial letter, the examiner was unable to determine if the Company had effectuated a fair settlement of the claim.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

Claim Number:

Post-08/29/2007: 24E63716

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, conditions, and exclusions to provide an accurate explanation for such denial.

The loss was reported on 9/9/2010 for theft of items from the covered premises along with damage to the dwelling. The adjuster contacted the insured on 9/10/2010 and explained that the DP3 policy does not have coverage for the contents stolen. However, it did have Endorsement F004 giving coverage for theft of material from a building under construction but this would not cover theft of the insured's tools. Subsequently, only the damages to the dwelling were estimated and paid. Examination of the file indicated a specific denial was not sent nor a copy or a letter retained.

Without a specific denial, the examiner was unable to determine if the Company had effectuated a fair settlement of the claim or had given an accurate explanation for the claim denial.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

3. Not included in the Error Ratio

Claim Numbers:

Pre- 08/28/2007:	24E29479	24E31318	24E30478	24E32929	24E34358	24E35899
	24E35667	24E36335				
Post-08/29/2007:	24E41718	24E39369	24E40905	24E42445	24E42125	24E43192
	24E43397	24E43708	24E46233	24E45634	24E45639	24E46836
	23E46834	24E46239	24E46812	24E46599	24E47262	24E48311
	24E49153	24E50330	24E52152	24E53383	24E52586	24E53143
	24E53066	24E52999	24E53830	24E53169	24E52844	24E64265
	24E61180	24E61250	24E63425	24E64579	24E64581	24E64582
	24E64583	24E64584	24E61309	24E63241	24E62040	24E64038
	24E63684	24E63585	24E63733	24E63924	24E64115	24E48311
	24E35899					

The Company failed to clearly document the handling of the claim in the file.

The above 57 claims did not provide adequate documentation regarding the depreciation values for each of the depreciated properties. The examiner reviewed the claim file notes and estimate, and was unable to confirm the age or condition of each depreciated property.

Therefore, the claim files were not documented clearly and specific for the examiner to reconstruct the claim events.

References: §374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

Q. Dwelling Subrogation Paid Claims

The examiners requested a sample from the total population of Missouri Homeowners Dwelling Subrogation Claims paid and closed during the examination period.

1. Time Error Rate

Field Size:	14 2 files dated pre-8/28/07 12 files dated post-8/28/07 or later
Sample Size:	14 2 files dated pre-8/28/07 12 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	14 2 files dated pre-8/28/07 12 files dated post-8/28/07 or later
Sample Size:	14 2 files dated pre-8/28/07 12 files dated post-8/28/07 or later
Type of Sample:	Census

Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post 8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

R. Dwelling CWP and Non Paid Claims

The examiners requested a sample from the total population of Missouri Homeowners Dwelling CWP and Non-Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	432 95 files dated pre-8/28/07 337 files dated post-8/29/07
Sample Size:	50 12 files dated pre-8/28/07 38 files dated post-8/29/07
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/29/07
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	432 95 files dated pre-8/28/07

337 files dated post-8/28/07 or later

Sample Size: 50
12 files dated pre-8/28/07
38 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post 8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

S. Mobile Homeowners Paid and Closed Claims

The examiners requested a sample from the total population of Missouri Mobile Homeowners Paid Claims during the examination period.

1. Time Error Rate

Field Size: 92
21 files dated pre-8/28/07
71 files dated post-8/28/07 or later

Sample Size: 92
21 files dated pre-8/28/07
71 files dated post-8/28/07 or later

Type of Sample: Census

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	92 21 files dated pre-8/28/07 71 files dated post-8/28/07 or later
Sample Size:	92 21 files dated pre-8/28/07 71 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	3 0 files dated pre-8/28/07 3 files dated post-8/28/07 or later
Error Ratio:	3% 0% files dated pre-8/28/07 4% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

a. Effectuating Equitable Settlement in Good Faith (§375.1007(4) RSMo)

Claim Number: 24E35703

The Company did not effectuate a fair and equitable settlement of the claim, as a result of not implementing reasonable standards for the prompt settlement of a claim.

According to the estimate, total replacement cost was $1,240.88. Insured's deductible was $500.00. The loss payment amount was not $740.88. Instead, the Company applied $124.07 recoverable depreciation upon completion of repairs even though, the policy language under the Loss Settlement #4 (a) and (b) state if the cost to repair or replace the damage is both less than 5% of amount of insurance on building and less than $2,500.00, replacement cost would be paid.

Therefore the Company failed to effectuate a fair and equitable settlement of the claim, as a result of the claim underpayment in the amount of $124.07. The Company has refunded the insured $124.07 plus nine percent interest in the amount of $46.51 for a total amount of $170.58.

References: §§375.1007(4), and 408.020 RSMo.

Claim Number:

Post-08/29/2007: 24E41867

The Company failed to clearly document the file showing the handling of the claim.

The claim did not provide adequate documentation regarding the depreciation values for each depreciated property. The examiner reviewed the claim file notes, scope and estimate, and yet was unable to confirm the age or condition of each depreciated property.

The Company's Claims Depreciation Guide 1996, stated; "do not depreciate more than 50% without supervisor approval." The examiner was unable to confirm the supervisor had approved the adjustor's judgment to apply 56% depreciation on the roofing shingles. The unauthorized amount of 56%, or $858.09, was applied to the loss. The examiner determined the authorized amount was 50%, or $975.10. As a result, of applying the unauthorized depreciation amount, the insured was underpaid by $117.01.

The Company has refunded the underpayment of the claim in the amount of $117.01 plus nine percent interest of $37.02 for the total amount of $154.03 paid to the insured.

References: §375.1007(4), RSMo, and 20 CSR 100-8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

Claim Number:

Post-08/29/2007: 24E50113

The Company failed to clearly document the file showing the handling of the claim.

The insured suffered a covered fire loss. The repair estimate indicated two cleaning operations. One cleaning operation was to clean the carpet at $50.40. The other cleaning operation was to clean the entire house based off a vendor's estimate for $4,950.00. The Company incorrectly applied a 10% recoverable depreciation to clean the house, and no depreciation to clean the carpet.
Therefore, the Company failed to effectuate a fair and equitable settlement of the claim, as a result of incorrectly applying the 10% recoverable depreciation of $609.01, resulting in an underpayment to the insured.

The Company has refunded the insured in the amount of $495.00 plus nine percent interest of $134.01 for total underpayment of the claim in the amount of $609.01.

References: §§375.1007(4), and 408.020 RSMo.

3. Not included in the Error Ratio

Claim Numbers:

Pre-08/28/2007: 24E31063 24E34592

The Company failed to clearly document the file showing the handling of the above two claims.

The two claims did not provide adequate documentation regarding the depreciation values for each depreciated property. The examiner reviewed the claim file notes and estimate, and yet was unable to confirm the age or condition of each depreciated property.

Therefore, the claim files were not documented clearly and specific for the examiner to reconstruct the claim events.

References: §374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

Claim Numbers:

Post-08/29/2007: 24E47173 24E54350 24E54810

The Company failed to clearly document the file showing the handling of the above three claims.

The three claims did not provide adequate documentation regarding the depreciation values for each depreciated property. The examiner reviewed the claim file notes and estimate, and yet was unable to confirm the age or condition of each depreciated property.

Therefore, the claim files were not documented clearly and specific for the examiner to reconstruct the claim events.

References: §374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

T. Commercial Automobile Comprehensive Paid and Closed Claims

The examiners requested a sample from the total population of Missouri Commercial Automobile Comprehensive Paid Claims closed during the examination period.

1. Time Error Rate

Field Size: 371

60 files dated pre-8/28/07
311 files dated post-8/28/07 or later

Sample Size: 50
9 files dated pre-8/28/07
41 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 0
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Error Ratio: 0%
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size: 371
60 files dated pre-8/28/07
311 files dated post-8/28/07 or later

Sample Size: 50
9 files dated pre-8/28/07
41 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 1
0 files dated pre-8/28/07
1 files dated post-8/28/07 or later

Error Ratio: 2%
0% files dated pre-8/28/07
2% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

a. Effectuating Equitable Settlement in Good Faith (§375.1007(4) RSMo)

Claim Number:

Post-08/29/2007: 24E37607

The Company did not effectuate a fair and equitable settlement of the claim.

The policy insured a 1999 Ford F350 with a $250 Comprehensive deductible. The vehicle sustained a fire loss on 10/23/2007. An estimate was written totaling $1,124.01. The Company applied an incorrect deductible amount of $500 and the insured was paid $624.01, resulting in a $250 underpayment. Therefore, the Company did not effectuate a fair and equitable settlement.

The Company has refunded the underpayment of the claim in the amount of $250.00 and nine percent interest of $87.42, for a total amount of refund to the insured of $337.42.

References: §§375.1007(4), and 408.020 RSMo.

U. Commercial Automobile Collision Paid and Closed Claims

The examiners requested a sample from the total population of Missouri Commercial Automobile Collision Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	316 89 files dated pre-8/28/07 227 files dated post-8/28/07 or later
Sample Size:	50 22 files dated pre-8/28/07 28 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes
There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	316 89 files dated pre-8/28/07 227 files dated post-8/28/07 or later
Sample Size:	50 22 files dated pre-8/28/07 28 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/289/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

V. Commercial Automobile Total Loss Paid and Closed Claims

The examiners requested a sample from the total population of Missouri Commercial Automobile Total Loss Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	28 6 files dated pre-8/28/07 22 files dated post- 8/28/07 or later
Sample Size:	28 6 files dated pre-8/28/07 22 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07

0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size: 28
6 files dated pre-8/28/07
22 files dated post-8/28/07 or later

Sample Size: 28
6 files dated pre-8/28/07
22 files dated post-8/28/07 or later

Type of Sample: Census

Number of Errors: 20
5 files dated pre-8/28/07
15 files dated post-8/28/07 or later

Error Ratio: 71%
83% files dated pre-8/28/07
68% files dated post-8/28/07 or later

Within DIFP Guidelines: No

a. Effectuating Equitable Settlement in Good Faith (§375.1007(4) RSMo)

Claim Numbers:

Pre Post-08/28/2007: 24E15590 24E31613 24E33455 24E33623 24E35058

Post-08/29/2007: 24E36418 24E38397 24E40330 24E41843 24E41855
24E42529 24E48712 24E48961 24E53516 24E54596
24E54975 24E54978 24E55562 24E58620 24E62725

There were 20 claims that resulted in damages determined to be a total loss, in which the Company did not include the title fee and processing fee as part of the final settlement. Therefore, the insured was not made whole for their loss.

The title fee and processing fee are expenses that the claimant would not have incurred, but for the loss. The Company is liable for paying these fees in order to make all claimants whole.

The Company has refunded all 20 claims in the amount of $8.50 for title fee and $2.50 for processing fee for a total of $220.00 plus nine percent interest in the amount of $64.49 for a total refund to the insured's in the amount of $284.49.

References: §§375.1007(4), and 408.020 RSMo.

W. Commercial Automobile Medical Payments Paid and Closed Claims

The examiners requested a sample from the total population of Missouri Commercial Automobile Medical Payments Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	37 15 files dated pre-8/28/07 22 files dated post-8/28/07 or later
Sample Size:	37 15 files dated pre-8/28/07 22 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	37 15 files dated pre-8/28/07 22 files dated post 8/28/07 or later

Sample Size:	37 15 files dated pre-8/28/07 22 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post- 8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

X. Commercial Automobile Subrogation Paid and Closed Claims

The examiners requested a sample from the total population of Missouri Automobile Subrogation Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	27 11 files dated pre-8/28/07 16 files dated post-8/28/07 or later
Sample Size:	27 11 files dated pre-8/28/07 16 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	27 11 files dated pre-8/28/07 16 files dated post 8/28/07 or later
Sample Size:	27 11 files dated pre-8/28/07 16 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Error Ratio:	0% 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

Y. Commercial Automobile UM/UIM Paid and Closed Claims

The examiners requested a sample from the total population of Missouri Commercial Automobile UM/UIM Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	7 4 files dated pre-8/28/07 3 files dated post-8/28/07 or later
Sample Size:	7 4 files dated pre-8/28/07 3 files dated post-8/28/07 or later
Type of Sample:	Census
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size: 7
4 files dated pre-8/28/07
3 files dated post-8/28/07 or later

Sample Size: 7
4 files dated pre-8/28/07
3 files dated post-8/28/07 or later

Type of Sample: Census

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

Z. Commercial Automobile Non Paid Claims

The examiners requested a sample from the total population of Missouri Commercial Automobile Non-Paid Claims closed during the examination period.

1. Time Error Rate

Field Size: 131
34 files dated pre-8/28/07
97 files dated post-8/28/07 or later

Sample Size: 50
10 files dated pre-8/28/07
40 files dated post-8/28/07 or later

Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	131 34 files dated pre-8/28/07 97 files dated post 8/28/07 or later
Sample Size:	50 10 files dated pre-8/28/07 40 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

AA. Commercial General Liability Paid and Non Paid Claims

The examiners requested a sample from the total population of Missouri Commercial General Liability Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	273 135 files dated pre-8/28/07 138 files dated post 8/28/07 or later
Sample Size:	50 4 files dated pre-8/28/07 46 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post 8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	273 135 files dated pre-8/28/07 138 files dated post-8/28/07 or later
Sample Size:	50 4 files dated pre-8/28/07 46 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post 8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

BB. Commercial Business Owner Paid Claims

The examiners requested a sample from the total population of Missouri Commercial Business Owner Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	1029 266 files dated pre-8/28/07 763 files dated post-8/28/07 or later
Sample Size:	50 12 files dated pre-8/28/07 38 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Error Ratio:	0% 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Not included in the Error Ratio

Claim Numbers:

Pre Post-08/28/2007:	24E30244	24E31470	24E32050	24E32231	24E32518
	24E33228	24E33594	34E34116	24E34160	
Post-08/29/2007:	24E40999	24E41864	24E43601	24E43742	24E44666
	24E44667	24E45407	24E52264	24E53381	24E60866
	24E61109				

The Company failed to clearly document the file showing the handling of the claim.

The claims listed above did not provide adequate documentation regarding the depreciation values for each depreciated property. The examiner reviewed the claim file notes and estimate, and was unable to confirm the age or condition of each depreciated property.

Therefore, the claims files were not documented clearly and specific for the examiner to reconstruct the claim events.

References: §374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

CC. Commercial Business Owner Non Paid Claims

The examiners requested a sample from the total population of Missouri Commercial Business Owner Non-Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	904 240 files dated pre-8/28/07 664 files dated post-8/28/07 or later
Sample Size:	50 17 files dated pre-8/28/07 33 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post- 8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	904 240 files dated pre-8/28/07 664 files dated post-8/28/07 or later
Sample Size:	50 17 files dated pre-8/28/07

33 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0% files dated pre-8/28/07
0% files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

DD. Commercial Property Paid Claims

The examiners requested a sample from the total population of Missouri Commercial Property Paid Claims closed during the examination period.

1. Time Error Rate

Field Size: 664
152 files dated pre-8/28/07
512 files dated post-8/28/07 or later

Sample Size: 50
14 files dated pre-8/28/07
36 files dated post-8/28/07 or later

Type of Sample: Random

Number of Errors: 0
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Error Ratio: 0%
0 files dated pre-8/28/07
0 files dated post-8/28/07 or later

Within DIFP Guidelines: Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

a. Prompt Provision of Explanation for Denial (§375.1007.12 RSMo)

Field Size:	664 152 files dated pre-8/28/07 512 files dated post-8/28/07 or later
Sample Size:	50 14 files dated pre-8/28/07 36 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	1 0 files dated pre-8/28/07 1 files dated post-8/28/07 or later
Error Ratio:	2% 0% files dated pre-8/28/07 3% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

Claim Number:

Post-08/29/2007: 24E61492

The Company failed to provide the insured a written denial letter with specific reference to a policy provision, condition, or exclusion, and provide a copy of the denial letter in the file.

The payment letter dated July 20, 2010 stated that the Company was unable to consider damages to the concrete patio or privacy fence. The letter did not provide a reasonable and accurate explanation for the denial.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

3. Not included in the Error Ratio

Claim Numbers:

Pre Post-08/28/2007: 24E36718 24E21296 24E33512 24E29561

Post-08/29/2007: 24E42143 24E43015 24E44438 24E54498

The Company failed to clearly document the file showing the handling of the claim.

The above claims did not provide adequate documentation regarding the depreciation values for each depreciated property. The examiner reviewed the claim file notes and estimate, and yet was unable to confirm the age or condition of each depreciated property.

Therefore, the claim files were not documented clearly and specific for the examiner to reconstruct the claim events.

References: §374.205.2(2), RSMo, and 20 CSR 100-8.040(3)(B), and the Company's Statement of Philosophy – General Claims Handling-documentation p. 6 and Adjusting Property Loss-estimating damages p. 16.

EE. Commercial Property Non-Paid Claims

The examiners requested a sample from the total population of Missouri Commercial Property Non-Paid Claims closed during the examination period.

1. Time Error Rate

Field Size:	302 48 files dated pre-8/28/07 254 files dated post-8/28/07 or later
Sample Size:	50 10 files dated pre-8/28/07 40 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	0 0 files dated pre-8/28/07 0 files dated post-8/28/07 or later
Error Ratio:	0% 0% files dated pre-8/28/07 0% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

There were no errors noted in this review.

2. Unfair Settlement and General Handling Practices

Field Size:	302 48 files dated pre-8/28/07

	254 files dated post-8/28/07 or later
Sample Size:	50 10 files dated pre-8/28/07 40 files dated post-8/28/07 or later
Type of Sample:	Random
Number of Errors:	1 0 files dated pre-8/28/07 1 files dated post-8/28/07 or later
Error Ratio:	2% 0% files dated pre-8/28/07 2% files dated post-8/28/07 or later
Within DIFP Guidelines:	Yes

a. Prompt Provision of Explanation for Denial (§375.1007.12 RSMo)

Claim Number:

Pre-08/28/2007: 24E31452

The Company did not ensure that all pertinent benefits, coverages, and provisions had been disclosed to the insured.

The loss was reported on 1/29/2007 for property damages resulting from fallen tree branches. Notes initiated on 2/3/2007 indicate the property had been inspected and damages occurred to the siding, a weather head, and a chain link fence. Claim notes dated 2/9/2007 indicate there was fence damage to the chain link fence, but there was no coverage for the fence on the commercial policy or any extended coverages. No documentation was found indicating that pertinent benefits, coverages, or provisions relating to coverages at issue were fully disclosed to the first party claimant. Without a specific denial, the examiner was unable to determine if the Company had effectuated a fair settlement of the claim or had given an accurate explanation for the denial.

The Company failed to ensure a written denial letter was sent to the insured as required with specific reference to policy provisions, conditions, and exclusions to provide an accurate explanation for such denial.

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A).

FF. Practices Not in the Best Interest of Consumers

The examiners also looked for items that were not in the best interest of consumers. Not only could these practices be harmful to the insured, they may expose the company to potential liability.

The examiners discovered no general business practice issues in this review.

II. 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 106 complaints dated January 1, 2007, through December 31, 2010, from the Company's complaint registry and the Department's list. All of the complaints in the Company's registry came through the Department.

The examiners reviewed 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 100-8.040.

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 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

Calendar Days	Number of Criticisms	Percentage
Received w/in time-limit, incl. any extensions	50	100%
Received outside time-limit, incl. any extensions	0	0 %
No Response	0	0 %
Total	50	100%

References: §374.205.2(2), RSMo, and 20 CSR 100-8.040.

B. Formal Request Time Study

Calendar Days	Number of Requests	Percentage
Received w/in time-limit, incl. any extensions	15	100%
Received outside time-limit, incl. any extensions	0	0%
No Response	0	0%
Total	15	100%

References: §374.205.2(2), 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 Cameron Mutual Insurance Company (NAIC #15725), Examination Number 1012-16-TGT. This examination was conducted by Gary T. Meyer, Gerald Michitsch, Darren Jordan and Shelly Herzing. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated August 1, 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 9/25/14

Jim Mealer Date
Chief Market Conduct Examiner