

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

<i>In Re:</i>	)	
	)	
TRAVELERS INDEMNITY COMPANY OF AMERICA (NAIC # 25666)	)	Market Conduct Exam No. 1201-04-TGT
	)	
TRAVELERS PROPERTY AND CASUALTY COMPANY OF AMERICA (NAIC #25674)	)	Market Conduct Exam No. 1201-05-TGT
	)	
PHOENIX INSURANCE COMPANY (NAIC #25623)	)	Market Conduct Exam No. 1202-06-TGT
	)	
FIDELITY AND GUARANTY INSURANCE COMPANY (NAIC #35386)	)	Market Conduct Exam No. 1202-07-TGT
	)	

**ORDER OF THE DIRECTOR**

NOW, on this 23<sup>RD</sup> day of NOVEMBER, 2016, Director John M. Huff, after consideration and review of the market conduct examination reports of Travelers Indemnity Company of America (NAIC #25666) (hereafter referred to as "Travelers Indemnity"), report number 1201-04-TGT, Travelers Property and Casualty Company of America (NAIC #25674) (hereafter referred to as "Travelers Property"), report number 1201-05-TGT, Phoenix Insurance Company (NAIC #25623) (hereafter referred to as "Phoenix), report number 1202-06-TGT, and Fidelity and Guaranty Insurance Company (NAIC #35386) (hereafter referred to as "Fidelity"), report number 1202-07-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), does hereby adopt such reports as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), reports, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such reports 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 Travelers Indemnity, Travelers Property, Phoenix, Fidelity 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 Travelers Indemnity, Travelers Property, Phoenix and Fidelity shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place Travelers Indemnity, Travelers Property, Phoenix and Fidelity in full compliance with the requirements in the Stipulation and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation

**IT IS FURTHER ORDERED** that Travelers Indemnity shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$20,000.00 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Travelers Property shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$19,000.00 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Phoenix shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$21,000.00 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Fidelity shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$115,250.00 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 23<sup>RD</sup> day of NOVEMBER, 2016.



John M. Huff  
Director

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION  
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PHOENIX INSURANCE COMPANY (NAIC #25623)	)	Market Conduct Exam No. 1202-06-TGT
	)	
FIDELITY AND GUARANTY INSURANCE COMPANY (NAIC #35386)	)	Market Conduct Exam No. 1202-07-TGT
	)	

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Travelers Indemnity Company of America (NAIC #25666) (hereinafter "Travelers Indemnity"), Travelers Property and Casualty Company of America (NAIC #25674) (hereinafter "Travelers Property"), Phoenix Insurance Company (NAIC #25623) (hereinafter "Phoenix"), and Fidelity and Guaranty Insurance Company (NAIC #35386) (hereinafter "Fidelity"), 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;

**WHEREAS**, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity have been granted certificates of authority to transact the business of insurance in the State of Missouri;

**WHEREAS**, the Division conducted a Market Conduct Examination of Travelers Indemnity, Travelers Property, Phoenix, and Fidelity; and

**WHEREAS**, the Market Conduct Examination report of Travelers Indemnity revealed that:

1. Travelers Indemnity failed to apply the Second Injury Fund Surcharge rate to the correct premium for twenty-seven (27) policies in violation of §287.310.9<sup>1</sup> and §287.715.2.
2. In one (1) instance, Travelers Indemnity failed to include the entire amount of the payroll for class code 8742 in determining premium in violation of §287.955.3.
3. In one (1) instance, Travelers Indemnity failed to document that officer's payroll was included in the payroll amount listed on the final audit in violation of §287.020.1.
4. In one (1) instance, Travelers Indemnity failed to provide a Rejection of Coverage form to the insured in violation of §287.037.
5. In fifty (50) instances, Travelers Indemnity misrepresented the terms of the premium adjustment notices in violation of §375.936(4) and (6) (a).
6. In four (4) instances, Travelers Indemnity did not document the file with the basis for the change in the Schedule Modification rate from the previous year in violation of §287.950.1 and 20 CSR 500-4.100(7)(D).
7. In two (2) instances, Travelers Indemnity failed to apply the correct Experience Modification rate to premium on the NCCI algorithm in violation of §287.955.1.
8. Travelers Indemnity failed to apply the Administrative Surcharge rate to the correct premium for sixteen (16) policies resulting in overcharges and undercharges to the Fund in violation of §287.310.9 and §287.716.2.
9. In one (1) instance, Travelers Indemnity failed to apply the correct Premium Discount rate to the total standard premium on the NCCI algorithm in violation of §287.947.1 and §287.955.3.

10. Travelers Indemnity incorrectly applied the deductible credit rate to a premium subtotal on the NCCI algorithm in twenty-one (21) policies in violation of §287.955.3.

11. In one (1) instance, Travelers Indemnity failed to verify at audit that the information reported to the NCCI on the MOCCPAP credit application was accurate in violation of §287.955.3.

**WHEREAS**, the Market Conduct Examination report of Travelers Property revealed that:

1. Travelers Property erroneously applied a waiver of subrogation endorsement to one (1) policy containing construction group codes in violation of §287.150.6.

2. Travelers Property incorrectly attached a withdrawn endorsement to one (1) policy in violation of §287.310.1.

3. Travelers Property failed to apply the Second Injury Fund Surcharge rate to the correct premium for twenty-two (22) policies in violation of §287.310.9 and §287.715.2.

4. Travelers Property failed to apply the Administrative Surcharge rate to the correct premium for ten (10) policies resulting in violation of §287.310.9 and §287.716.2.

5. In one (1) instance, Travelers Property failed to apply the Increased Limits Factor to the correct premium resulting in a premium overcharge in violation of §287.955.3.

6. In one (1) instance, Travelers Property failed to apply the correct payroll amount on the final audit resulting in an overcharge in violation of §287.955.3.

7. In one (1) instance, Travelers Property failed to include the officer payroll on the final audit in violation of §287.020.1. and §287.955.3.

8. In one (1) instance, Travelers Property failed to retain the NCCI Experience Modification worksheet in the file in violation of §287.937.2.

9. In one (1) instance, Travelers Property failed to apply the correct Premium Discount rate in violation of §287.955.3.

10. In one (1) instance, Travelers Property failed to verify at audit that the information reported to the NCCI on the MOCCPAP credit application was accurate in violation of §287.955.3.

11. Travelers Property failed to apply the correct Short Rate Surcharge on two (2) policies resulting in overcharges in violation of §287.955.3.

12. In one (1) instance, Travelers Property failed to exclude the correct amount of overtime pay from the workers compensation final audit in violation of §287.955.3.

13. In one (1) instance, Travelers Property failed to allocate 10% of the officer payroll to Class Code 8810 resulting in an overcharge in violation of §287.955.3.

14. In one (1) instance, Travelers Property failed to apply the correct Terrorism rate to premium in violation of §287.947.1.

15. In one (1) instance, Travelers Property failed to retain documentation regarding a reduction of the credit on the Schedule Modification worksheet in violation of §287.350, §287.937.2, and 20 CSR 100-8.040(3)(A).

16. In two (2) instances, Travelers Property failed to apply the correct Experience Modification rate to premium in violation of §287.955.1.

17. Travelers Property failed to apply the deductible credit rate to the total manual premium on the NCCI algorithm for nineteen (19) policies in violation of §287.955.3.

18. In one (1) instance, Travelers Property failed to apply the correct payroll to the final audit in violation of §287.955.3.

**WHEREAS**, the Market Conduct Examination report of Phoenix revealed:

1. Phoenix failed to file individual risk rating plans and supplementary rate information for three (3) large deductible workers compensation insurance policies in violation of §287.947.1.

2. In one (1) instance, Phoenix failed to file all rates and supplementary rate information

in violation of §287.947.1, 20 CSR 500-6.950(3)(B)3, 20 CSR 500-6.950(5)(B), and 20 CSR 500-6.950(7).

3. In one (1) instance, Phoenix failed to attach a mandatory form to the policy in violation of §287.310.

4. Phoenix failed to apply the deductible credit rate to the total manual premium on the NCCI algorithm for twenty-one (21) policies in violation of §287.955.3.

5. In one (1) instance, Phoenix failed to apply the Short Rate Cancellation Factor in violation of §287.955.3.

6. In one (1) instance, Phoenix incorrectly applied the Increased Limits Factor to the premium in violation of §287.955.3.

7. Phoenix failed to verify at audit that the information reported to the NCCI on the MOCCPAP credit application for ten (10) policies were accurate in violation of §287.955.3.

8. Phoenix failed to apply the Second Injury Fund Surcharge rate to the correct premium for twenty-three (23) policies in violation of §287.310.9 and §287.715.2.

9. In one (1) instance, Phoenix failed to document the basis for the Schedule Modification rate in violation of §287.350, §287.950.1, 20 CSR 100-8.040(3)(A), and 20 CSR 500-4.100(7)(D).

10. Phoenix failed to apply the Administrative Surcharge rate to the correct premium for eighteen (18) policies resulting in violation of §287.310.9 and §287.716.2.

11. In one (1) instance, Phoenix failed to maintain information necessary for the reconstruction of the rating and underwriting of the policy in violation of §287.937.2, §374.205.2(2), and 20 CSR 100-8.040(3)(A).

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

1. In five (5) instances, Fidelity utilized forms that were attached to policies, but either not filed with the Department or were withdrawn from use in violation of §287.310.1 and CSR 500-6.100(1).
2. Fidelity failed to complete, bill and return premium to the insured within 120 days of policy expiration or cancellation for six (6) policies in violation of §287.310.1, §287.955.3 and 20 CSR 500-6.500(2)(A).
3. Fidelity failed to apply the Second Injury Fund Surcharge rate to the correct premium for six (6) policies in violation of §287.310.9 and §287.715.2.
4. In twenty-two (22) instances, Fidelity failed to maintain reasonable records necessary to reconstruct how policy premium was determined in violation of §287.937.2, §374.205.2(2), and 20 CSR 100-8.040(3)(A).
5. Fidelity failed to utilize the correct class code base rates on the premium adjustment notice for three (3) policies resulting in premium overcharges in violation of §287.947.1.
6. In one (1) instance, Fidelity failed to apply the Schedule Modification credit rate from the previous year to the premium when there was no change in the risk resulting in an overcharge in violation of §287.950.1 and 20 CSR 500-4.100(7)(D).
7. In one (1) instance, Fidelity failed to use the correct Experience Modification factor of .75 resulting in a premium overcharge in violation of §287.955.1.
8. In four (4) instances, Fidelity failed to use the correct Scheduled Modification factor resulting in two premium overcharges in violation of §287.955.3.
9. In one (1) instance, Fidelity failed to utilize the correct Terrorism rate in violation of §287.947.1.



10. Fidelity failed to file individual risk rating plans and supplementary rate information for three hundred twelve (312) large deductible workers compensation insurance policies in violation of §287.947.1.

**WHEREAS**, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity do not agree with certain findings in the Market Conduct Examination and it is the position of Travelers Indemnity, Travelers Property, Phoenix, and Fidelity that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed facts and legal allegation and that the signing of this Stipulation of Settlement and Voluntary Forfeiture and Travelers Indemnity's, Travelers Property's, Phoenix's, and Fidelity's consent to take the remedial actions required by it and to pay the voluntary forfeiture set forth herein does not constitute an admission of wrongdoing or liability on its part and is done to fully and completely resolve and settle the allegations found in the Market Conduct Examination.

**WHEREAS**, the Division, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity have agreed to resolve the issues raised in the Market Conduct Examination 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.** Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to take remedial action bringing each into compliance with the statutes and regulations of Missouri and agree to maintain those remedial actions at all times. Such remedial actions shall include, but not be limited to, the following:

1. Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to file an amendment to their waiver of subrogation endorsement form to include language that the endorsement does not apply to any construction classifications in the State of Missouri. The amendment is subject to prior approval from the Division.

2. Travelers Indemnity, Travelers Property, Phoenix and Fidelity agree that they will make individual risk filings with the Director for all large deductible workers compensation insurance policies with Missouri premium or exposure. Such filings shall be made within 30 days of the effective date of the policy.

3. Travelers Indemnity, Travelers Property, and Phoenix agree to randomly select 10 small deductible workers compensation insurance policies with Missouri premium or exposure with effective dates spread through policy years from 2012 to the date of the Order closing this examination to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. If this test results in no additional Second Injury Fund Surcharge or Administrative Surcharge Fund calculation errors, then no additional review of small deductible policies will be required. However, if errors are found then the Companies agree to review all small deductible policies with Missouri premium or exposure from 2012 to the date of the Order closing this examination. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct Examination," it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was

underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any amended returns that may be required by the Premium Tax Section of the Department.

4. Fidelity agrees to review all workers compensation insurance policies with Missouri premium or exposure issued from January 1, 2011 to the date of the Order closing this examination to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any amended returns that may be required by the Premium Tax Section of the Department.

5. Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to review and revise their premium adjustment notices to correctly label the standard premium amounts.

6. Travelers Indemnity and Fidelity agree to review their standard rating policies with

Missouri premium or exposure that were issued effective January 1, 2011 to the date of the Order closing this examination to determine if the insured is entitled to any adjustment of premium as a result of the failure to document the basis for change in the scheduled modification rate. If a refund is due the insured, the Companies will pay restitution to the affected policyholder (including interest at 9% per annum pursuant to §408.020). A letter will be included with any restitution payments indicating that “as a result of a Missouri Market Conduct Examination, it was found that a refund was owed to the insured.”

7. Travelers Indemnity, Travelers Property, Phoenix and Fidelity agree to review and generate a listing of policies with Missouri premium or exposure with Foreign Reimbursement coverage effective from January 1, 2011 to the date of the Order closing this examination to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. The Companies agree to report their findings to the Division within 120 days of the entry of a final Order. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any

amended returns that may be required by the Premium Tax Section of the Department.

8. Travelers Indemnity, Travelers Property, Phoenix and Fidelity agree that where a census study was conducted, there were 11 policies with Missouri USL&H premium or exposure from 2012 through 2016 found. The Companies agree to review these 11 policies to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any amended returns that may be required by the Premium Tax Section of the Department.

9. Travelers Indemnity agrees to issue a refund for premium overcharges to the policyholders (IHUB0947Y216, and 1HUB-7869L71A) listed on page 12 of the Final Market Conduct Examination Report, and to the policyholder (YHUB4837A29010) listed on page 17 of the Final Market Conduct Examination Report. All refunds provided will include interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund

was due to the insured.

10. Travelers Property agrees to issue a refund for premium overcharges to the policyholder (YJUB-4837A290-09) listed on page 15 of the Final Market Conduct Examination Report, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured.

11. Phoenix agrees to issue a refund for premium overcharges to the policyholder (5681B468) listed on page 10 of the Final Market Conduct Examination Report, and to the policyholder (YNUB894J297310) listed on pages 12 of the Final Market Conduct Examination Report. All refunds provided will include interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured.

C. **Compliance.** Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to file documentation with the Division within 90 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.** Travelers Indemnity agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$20,000, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013. Travelers Property agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$19,000, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013. Phoenix agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$21,000, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013. Fidelity agrees, voluntarily and

knowingly, to surrender and forfeit the sum of \$115,250, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Travelers Indemnity, Travelers Property, Phoenix, and Fidelity, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Exam Reports 1201-04-TGT, 1201-05-TGT, 1202-06-TGT and 1202-07-TGT.

F. **Waivers.** Travelers Indemnity, Travelers Property, Phoenix, and Fidelity, after being advised by legal counsel, do 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 Examinations.

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

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


I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement and Voluntary Forfeiture, on behalf of the Division, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity respectively.

J. **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.

K. **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.

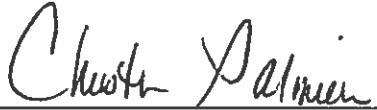
DATED: 11/21/2016

  
Angela L. Nelson  
Director, Division of Insurance  
Market Regulation


DATED: 11/21/2016

  
Stewart Freilich  
Senior Regulatory Affairs Counsel  
Division of Insurance Market Regulation

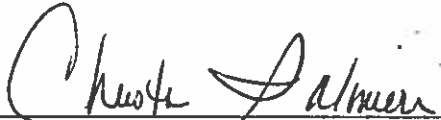
DATED: 11/8/16

  
[Christine Palmieri, Vice President]  
Travelers Indemnity Company of America

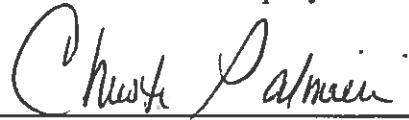
DATED: 11/8/16

  
[Christine Palmieri, Vice President]  
Travelers Property and Casualty Company of  
America

DATED: 11/8/16

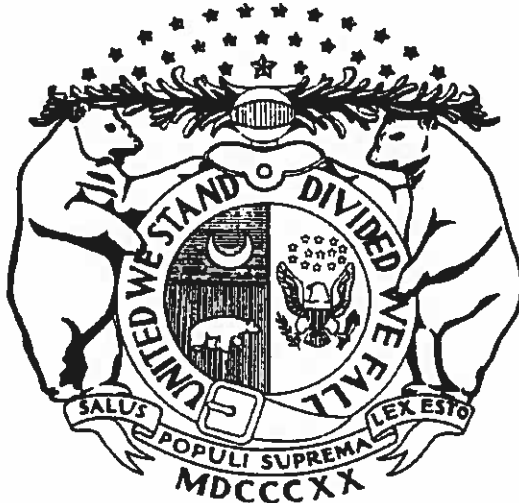
  
[Christine Palmieri, Vice President]  
Phoenix Insurance Company

DATED: 11/8/16

  
[Christine Palmieri, Vice President]  
Fidelity and Guaranty Insurance Company



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



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

**Fidelity & Guaranty Insurance Company**  
**NAIC Group #3548**  
**NAIC #35386**

**MISSOURI EXAMINATION # 1202-07-TGT**

**NAIC EXAM TRACKING SYSTEM # MO341-M90**

**November 22, 2016**

**Fidelity & Guaranty Insurance Company**  
**One Tower Square**  
**Hartford, Connecticut 06183**

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## **FOREWORD**

This is a targeted market conduct examination report of Fidelity and Guaranty Insurance Company (NAIC Code #35386). This examination was conducted at the Missouri Department of Insurance, Financial Institutions, and Professional Registration's Kansas City office at 615 East 13<sup>th</sup> Street, Room 506, Kansas City, Missouri 64106.

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

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

When used in this report:

- “Company” refers to Fidelity and Guaranty 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;
- “FGIC” refers to Fidelity & Guaranty Insurance Company;
- “NAIC” refers to the National Association of Insurance Commissioners;
- “RSMo” refers to the Revised Statutes of Missouri;
- “MOCCPAP” refers to Missouri Contracting Classification Premium Adjustment Program;
- “NCCI” refers to the National Council on Compensation Insurance;
- “ELPPF” refers to Excess Loss Pure Premium Factor;
- “SIF” refers to Second Injury Fund.

## SCOPE OF EXAMINATION

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

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

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

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

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%) and for other trade practices is ten percent (10%). *Note: Most Workers' Compensation laws do not apply a general business practice standard. No error rates were contemplated in these reviews unless the violation(s) were applicable to Missouri's Unfair Trade Practices Act.*

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

Policies with multiple violations were also accounted for in other sections of the report. For amounts less than \$5 the amounts are not listed in the report unless it is a violation of the SIF or Administrative Surcharge. Violations with an asterisk (\*) indicate that the amount of the premium overcharge or undercharge is listed elsewhere in the report to avoid duplication.

## **COMPANY PROFILE**

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

### **Fidelity and Guaranty Insurance Company**

Fidelity and Guaranty Insurance Company was incorporated on March 1, 1977, under the laws of the state of Iowa. It was acquired by The Saint Paul Companies (with the USF&G Corporation acquisition) on April 24, 1998. It is a property/casualty insurance company licensed to do business in all states.

Fidelity and Guaranty Insurance Company is a direct, wholly-owned subsidiary of United States Fidelity and Guaranty Company, which is in turn a direct, wholly-owned subsidiary of Saint Paul Fire and Marine Insurance Company (a direct, wholly owned subsidiary of The Travelers Companies, Inc.). On April 1, 2004, the Saint Paul Companies merged with Travelers Property Casualty Corporation and became known as The Saint Paul Travelers Companies, Incorporated.

On February 26, 2007, the Saint Paul Travelers Companies, Incorporated changed its name to The Travelers Companies, Incorporated.

## **EXECUTIVE SUMMARY**

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

### **Standard Policies**

- The examiners found two instances where the Company utilized forms that had been attached to policies but had not been filed with the DIFP or had been withdrawn from use.
- The examiners found one instance where the Company failed to complete the audit and bill or return premium within one hundred twenty (120) days of policy expiration or cancellation.
- The examiners found six instances where the Company failed to apply the SIF surcharge to the correct premium amount.
- The examiners found two instances where the Company failed to maintain reasonable records necessary to reconstruct how policy premium was determined.
- The examiners found three instances where the Company failed to utilize the correct class code base rates on final audits, resulting in premium overcharges.
- The examiners found one instance where the Company failed to use the same schedule rating credit of 25% that was used in the previous policy period when there was no change in the risk, resulting in a premium overcharge.
- The examiners found one instance where the Company failed to adhere to the uniform classification system and uniform experience rating plan by using an incorrect experience modification factor.
- The examiners found four instances where the Company failed to adhere to the manual rules of the National Council on Compensation Insurance (NCCI), by failing to use the correct schedule modification factor.

### **Large Deductible Policies**

- The examiners found three instances where the Company utilized forms that had not been filed with the DIFP.
- The examiners found five instances where the Company failed to complete the audit and bill or return premium within one hundred twenty (120) days of policy expiration or cancellation.
- The examiners found 20 instances where the Company failed to maintain reasonable records necessary to reconstruct how policy premium was determined.
- The examiners found one instance where the Company failed to utilize the correct terrorism rate.
- The examiners found that the Company failed to file with the Director all rates and supplementary rate information no later than 30 days after the effective

date in 312 instances. The policy files were rated on individual risk characteristics and those factors were not included in the large deductible plan.

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

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

## **EXAMINATION FINDINGS**

### **I. UNDERWRITING AND RATING PRACTICES**

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

The examiners reviewed a random sample of 25 large deductible policy files as agreed with the Company from a total population of 312 files. The examiners also reviewed a census of 23 standard policies for a total of 48 policy files. A policy/underwriting file is reviewed in accordance with 20 CSR 100-8.040 and the NAIC *Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and 375.445 RSMo.) and compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark error rate are presumed to indicate a general business practice contrary to the law. As most Workers' Compensation laws do not apply a general business practice standard, no error rates were contemplated in these reviews unless the violation(s) discovered fell within the scope of Missouri's Unfair Trade Practices Act.

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

The examiners also reviewed the Company's procedures, rules, and forms filed by or on behalf of the Company with the DIFP. The examiners reviewed all Missouri files from a listing furnished by the Company.

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

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

#### **A. Forms and Filings**

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

#### **Standard Policies**

1. The examiners found two instances where the Company utilized forms that had been attached to policies but had not been filed with the DIFP or had been withdrawn from use.

#	Policy #	Eff. Date
1	D254W00313	9/1/2008
2	D254W00337	1/1/2009

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

#### **Large Deductible Policies**

1. The examiners found three instances where the Company utilized forms that had been attached to policies but had not been filed with the DIFP or had been withdrawn from use.

#	Policy #	Eff. Date
1	D002W00833	4/1/2010
2	D002W00844	5/20/2010



3	D119W00100	7/1/2006
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Reference: §287.310.1 RSMo and 20 CSR 500-6.100(1).

**B. Workers' Compensation Policies Reviews**

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

In two separate reviews the examiners reviewed 48 files from a total population of 335 Missouri Fidelity and Guaranty Insurance Company Workers' Compensation policies issued during the examination period. The examiners reviewed 23 standard policies and 25 large deductible policies.

<u>Name of Review</u>	<u>Type of Sample</u>	<u>Population Size</u>	<u># of Files</u>
Standard	Census	23	23
Large Deductible	Random	312	25

Total: 48 policy files.

**1. Underwriting and Rating Practices:**

The examiners requested a sample of standard and large deductible policy files, as described in the previous section.

The following are the results of the reviews:

**Standard Policies**

- The examiners found one instance where the Company failed to complete the audit and bill or return premium within one hundred twenty (120) days of policy expiration or cancellation. The examiners were unable to determine whether the delay was caused by the policyholder's failure to respond to reasonable audit requests, or if the delay was by the mutual agreement of the policyholder and the Company.

<b>Policy #</b>	<b>Eff. Date</b>	<b>Est. Int. as of Date of Criticism</b>	<b>Paid/Not Paid</b>
D001W00426	7/1/2008	No refund due	NA

Reference: §§287.310.1 & 287.955.3 RSMo, 20 CSR 500-6.500(2)(A) and Missouri Amendatory Endorsement WC 06 04 A Section G., Audit.

2. The examiners found six instances where the Company failed to apply the Second Injury Fund Surcharge rate to the correct premium amount. These resulted in final premium and SIF overcharges that are listed elsewhere in the report due to multiple issues and instances that were discovered.

#	Policy #	eff. Date
1	D200W00389*	3/1/2010
2	D200W00340*	3/1/2009
3	D200W00441*	3/1/2011
4	D254W00337*	1/1/2009
5	D262W00084*	10/9/2009
6	D200W00229*	3/1/2007

Reference: §§287.310.9 & 287.715.2 RSMo.

3. The examiners found two instances where the Company failed to maintain reasonable records of the type and kind reasonably adapted to its method of operation containing its experiences or the experience of its members including the data, statistics or information collected or used by it in its activities and file documentation necessary for the examiners to reconstruct how the policy premium was determined.

The examiners criticized the Company for failing to provide the schedule modification worksheets. The Company indicated it maintained these documents as a common practice, but was unable to produce these documents pursuant to the requirements of §374.205.2.(2) RSMo.

The examiners requested the Company's record retention policies. Three retention schedules were provided by the Company. The first schedule was effective from September 2005 through October 13, 2010 and required "Underwriting Files-Workers Comp" to be retained on a "Permanent" basis for "All States". The other two retention schedules were effective from October 14, 2010 through December 1, 2011 and December 2, 2011 through January 15, 2011. These two retention schedules required the file documents to be maintained for 100 years after the policy expiration. The retention schedules defined underwriting files as "including applications, cancellations/non-renewal policies, conditional renewal, premium increase letters, coverage reduction requests, lost policy release forms, binders, rate schedule modification, uninsured motorist forms, policyholder forms, waivers, workers compensation sole proprietor, partner and officer election forms, and correspondence."

Based on the retention schedules, one requiring the underwriting documents to be retained on a permanent basis and the other two requiring them to be retained for

100 years, the Company did not maintain the schedule modification worksheets in accordance with its own retention policies.

The examiners were unable to determine how the schedule modifications were determined in the following two policies. There were no schedule modification worksheets in the files.

#	Policy #	Eff. Date
1	D254W00249	1/1/2008
2	D254W00120	12/31/2006

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

- The examiners found three instances where the Company failed to utilize the correct class code base rates on the Premium Adjustment Notice, resulting in a premium overcharge. The rates utilized by the Company were not on file with the DIFP, and the Company did not submit a filing of the rates within 30 days after the effective date of the policy.

#	Policy #	Eff. Date	Prem O/C	Est. Int. as of Date of Criticism	Total O/C	Paid/ Not Paid	SIF O/ Pymt
1	D200W00389	3/1/2010	\$38,367	\$4,390.04	\$42757.04	Paid	\$1,130
2	D262W00084	2/1/2009	\$207	\$44.77	\$251.77	Paid	\$6
3	D262W00084	10/9/2009	\$101	\$21.84	\$122.84	Paid	\$3

Reference: §287.947.1 RSMo and Workers' Compensation Class Code Rates-Missouri, filed by the Company.

- The examiners found one instance where the Company failed to apply the Schedule Modification credit rate from the prior year to the premium when there was no change in the risk from the prior year.

Policy #	Eff. Date	Prem O/C	Est. Int. as of Date of Criticism	Total O/C	Paid/ Not Paid	SIF O/ Pymt
D254W00337	1/1/2009	\$2,081	\$409.00	\$2,490.00	Paid	\$61

Reference: §287.950.1 RSMo & 20 CSR 500-4.100(7)(D)

- The examiners found one instance where the Company failed to adhere to the uniform classification system and uniform experience rating plan. The Company

failed to use the correct experience modification factor of .75, resulting in the following premium overcharge.

Policy #	Eff. Date	Premium O/C	Est. Int. as of Date of Criticism	Total Premium	Paid/Not Paid
D200W00229	3/1/2007	\$1,618	\$586.93	\$2,204.93	Paid

Reference: §287.955.1. RSMo and Basic Manual (2001 MO) – Miscellaneous Values, MO Workers Compensation Premium Algorithm.

- The examiners found four instances where the Company failed to adhere to the manual rules of the National Council on Compensation Insurance (NCCI) in writing and reporting its business. The Company failed to use the correct schedule modification factor, resulting in the following four errors.

#	Policy #	Eff. Date	Premium U/C	Premium O/C	Est. Int. as of Date of Criticism	Total Premium	Paid/Not Paid
1	D197W00141	2/1/2010	\$4.00				NA
2	D200W00389	3/1/2010					NA
3	D200W00441	3/1/2011		\$973	\$23.51	\$996.51	Paid
4	D200W00340	3/1/2009		\$811	\$183.79	\$994.79	Paid

Reference: §287.955.3 RSMo and NCCI Basic Manual (2001 MO)-Miscellaneous Rules: MO Workers Compensation Premium Algorithm.

### Large Deductible Policies

- The examiners found five instances where the Company failed to complete the audit and bill or return premium within one hundred twenty (120) days of policy expiration or cancellation. The examiners were unable to determine whether the delay was caused by the policyholder's failure to respond to reasonable audit requests, or if the delay was by the mutual agreement of the policyholder and the Company.

#	Policy #	Eff. Date	Est. Int. as of Date of Criticism	Paid/Not Paid
1	D002W00736	4/1/2009	NA	
2	D009W00152	4/1/2009	NA	
3	D002W00826	3/1/2011	NA	

4	D002W00833	4/1/2011	NA	
5	D002W00846	6/1/2011	\$7.51	Paid

Reference: §§287.310.1 & 287.955.3 RSMo, 20 CSR 500-6.500(2)(A), and Missouri Amendatory Endorsement WC 06 04 A Section G., Audit.

- The examiners found 20 instances where the Company failed to maintain reasonable records of the type and kind reasonably adapted to its method of operation containing its experiences or the experience of its members including the data, statistics or information collected or used by it in its activities and file documentation necessary for the examiners to reconstruct how the policy premium was determined.

The examiners criticized the Company for failing to provide the schedule modification worksheets. The Company indicated it maintained these documents as a common practice, but was unable to produce these documents pursuant to the requirements of §374.205.2.(2) RSMo.

The examiners requested the Company's retention policies. Three retention schedules were provided by the Company. The first schedule was effective from September 2005 through October 13, 2010 and required "Underwriting Files-Workers Comp" to be retained on a "Permanent" basis for "All States". The other two retention schedules were effective from October 14, 2010 through December 1, 2011 and December 2, 2011 through January 15, 2011. These two retention schedules required the file documents to be maintained for 100 years after the policy expiration. The retention schedules defined underwriting files as "including applications, cancellations/non-renewal policies, conditional renewal, premium increase letters, coverage reduction requests, lost policy release forms, binders, rate schedule modification, uninsured motorist forms, policyholder forms, waivers, workers compensation sole proprietor, partner and officer election forms, and correspondence."

Based on the retention schedules, one requiring the underwriting documents to be retained on a permanent basis and the other two requiring them to be retained for 100 years, the Company did not maintain the schedule modification worksheets in accordance with its own retention policies.

The examiners were unable to determine how the schedule modifications were determined in the following 20 policies. There were no schedule modification worksheets in the files.

#	Policy #	Eff. Date
1	D002W00826	3/1/2010
2	D002W00833	4/1/2010
3	D001W00387	6/30/2007

4	D002W00546	8/1/2006
5	D002W00568	11/30/2006
6	D002W00612	8/1/2007
7	D002W00717	1/1/2009
8	D002W00724	1/1/2009
9	D002W00733	4/1/2009
10	D002W00736	4/1/2009
11	D002W00773	9/1/2009
12	D002W00800	11/30/2009
13	D003W00248	3/1/2006
14	D008W00088	11/1/2008
15	D009W00036	1/1/2006
16	D009W00075	7/31/2007
17	D009W00152	1/1/2009
18	D009W00175	7/1/2009
19	D009W00177	10/1/2009
20	D009W00183	1/1/2010

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

3. The examiners found one instance where the Company failed to utilize the correct terrorism rate.

Policy #	Eff. Date	Prem. U/C
D119W00202	7/1/2010	\$37

Reference: §287.947.1 RSMo & 20 CSR 500-6.950(3)(B)3., (5)(B), & (7)

4. The examiners found that the Company failed to file with the Director all rates and supplementary rate information which is used in Missouri no later than 30 days after the effective date. The Company filed its large deductible plan; however, the following 312 policy files were rated on individual risk characteristics and those factors were not included in the large deductible plan.

#	Policy No.	Eff. Date	Exp. Date
1	D001W00342	1/1/2006	1/1/2007
2	D001W00345	1/1/2006	1/1/2007
3	D001W00355	3/1/2006	3/1/2007
4	D001W00361	6/1/2006	6/1/2007
5	D001W00365	6/30/2006	6/30/2007
6	D001W00369	7/1/2006	7/1/2007
7	D001W00373	10/1/2006	10/1/2007

#	Policy No.	Eff. Date	Exp. Date
8	D001W00382	12/31/2006	7/1/2007
9	D001W00390	7/1/2007	7/1/2008
10	D001W00396	10/1/2007	10/1/2008
11	D001W00400	12/13/2007	6/30/2008
12	D001W00403	12/1/2007	12/1/2008
13	D001W00407	12/31/2007	12/31/2008
14	D001W00416	6/30/2008	6/30/2009
15	D001W00433	12/1/2008	12/31/2008
16	D001W00437	12/31/2008	12/31/2009
17	D001W00448	6/30/2009	6/30/2010
18	D001W00457	7/1/2009	7/1/2010
19	D001W00470	12/31/2009	12/31/2010
20	D001W00479	6/30/2010	6/30/2011
21	D001W00486	7/1/2010	7/1/2011
22	D001W00501	12/31/2010	12/31/2011
23	D002W00484	1/1/2006	1/1/2007
24	D002W00501	1/1/2006	1/1/2007
25	D002W00503	1/28/2006	1/28/2007
26	D002W00505	4/1/2006	4/1/2007
27	D002W00506	4/1/2006	4/1/2007
28	D002W00508	4/1/2006	4/1/2007
29	D002W00509	4/1/2006	4/1/2007
30	D002W00513	4/1/2006	4/1/2007
31	D002W00523	5/20/2006	5/20/2007
32	D002W00528	9/1/2006	9/1/2007
33	D002W00530	6/1/2006	6/1/2007
34	D002W00534	6/1/2006	6/1/2007
35	D002W00538	7/1/2006	7/1/2007
36	D002W00542	8/1/2006	8/1/2007
37	D002W00545	7/1/2006	4/1/2007
38	D002W00548	10/1/2006	10/1/2007
39	D002W00555	10/1/2006	10/1/2007
40	D002W00562	1/1/2007	1/1/2008
41	D002W00566	11/30/2006	11/30/2007
42	D002W00571	12/1/2006	12/1/2007
43	D002W00577	1/28/2007	1/28/2008
44	D002W00579	4/1/2007	4/1/2008
45	D002W00580	4/1/2007	4/1/2008

<b>#</b>	<b>Policy No.</b>	<b>Eff. Date</b>	<b>Exp. Date</b>
46	D002W00581	4/1/2007	4/1/2008
47	D002W00586	4/1/2007	4/1/2008
48	D002W00591	5/20/2007	5/20/2008
49	D002W00595	6/1/2007	6/1/2008
50	D002W00598	6/1/2007	6/1/2008
51	D002W00601	8/1/2007	8/1/2008
52	D002W00608	7/1/2007	7/1/2008
53	D002W00615	9/1/2007	9/1/2008
54	D002W00619	10/1/2007	10/1/2008
55	D002W00623	10/1/2007	10/1/2008
56	D002W00627	10/1/2007	10/1/2008
57	D002W00631	11/1/2007	11/1/2008
58	D002W00634	11/30/2007	11/30/2008
59	D002W00637	11/30/2007	11/30/2008
60	D002W00640	1/1/2008	1/1/2009
61	D002W00645	1/28/2008	1/28/2009
62	D002W00648	3/1/2008	3/1/2009
63	D002W00651	4/1/2008	4/1/2009
64	D002W00652	4/1/2008	4/1/2009
65	D002W00654	4/1/2008	4/1/2009
66	D002W00656	4/1/2008	10/1/2008
67	D002W00660	10/1/2008	10/1/2009
68	D002W00663	4/1/2008	4/1/2009
69	D002W00667	4/1/2008	4/1/2009
70	D002W00671	5/20/2008	5/20/2009
71	D002W00674	6/1/2008	6/1/2009
72	D002W00677	6/1/2008	6/1/2009
73	D002W00683	8/1/2008	8/1/2009
74	D002W00685	8/1/2008	8/1/2009
75	D002W00691	9/1/2008	9/1/2009
76	D002W00694	10/1/2008	10/1/2009
77	D002W00697	10/1/2008	10/1/2009
78	D002W00703	10/1/2008	1/1/2009
79	D002W00707	11/30/2008	11/30/2009
80	D002W00710	11/1/2008	11/1/2009
81	D002W00713	11/30/2008	11/30/2009
82	D002W00727	1/28/2009	1/28/2010
83	D002W00730	3/1/2009	3/1/2010
84	D002W00734	4/1/2009	4/1/2010



<b>#</b>	<b>Policy No.</b>	<b>Eff. Date</b>	<b>Exp. Date</b>
85	D002W00737	4/1/2009	4/1/2010
86	D002W00740	4/1/2009	4/1/2010
87	D002W00748	5/1/2009	5/1/2010
88	D002W00754	5/20/2009	5/20/2010
89	D002W00756	6/1/2009	6/1/2010
90	D002W00759	6/1/2009	6/1/2010
91	D002W00763	8/1/2009	8/1/2010
92	D002W00765	6/4/2009	6/1/2010
93	D002W00766	7/1/2009	7/1/2010
94	D002W00776	10/1/2009	10/1/2010
95	D002W00781	10/1/2009	10/1/2010
96	D002W00787	10/1/2009	10/1/2010
97	D002W00792	11/1/2009	11/1/2010
98	D002W00795	11/1/2009	11/1/2010
99	D002W00798	11/30/2009	11/30/2010
100	D002W00804	1/1/2010	1/1/2011
101	D002W00810	1/1/2010	1/1/2011
102	D002W00815	1/28/2010	1/28/2011
103	D002W00820	4/1/2010	4/1/2011
104	D002W00823	3/1/2010	3/1/2011
105	D002W00829	4/1/2010	4/1/2011
106	D002W00831	4/1/2010	4/1/2011
107	D002W00838	5/1/2010	5/1/2011
108	D002W00849	6/1/2010	6/1/2011
109	D002W00852	7/1/2010	7/1/2011
110	D002W00855	8/1/2010	8/1/2011
111	D002W00857	7/1/2010	7/1/2011
112	D002W00865	9/1/2010	9/1/2011
113	D002W00867	8/1/2010	6/1/2011
114	D002W00869	10/1/2010	10/1/2011
115	D002W00873	10/1/2010	10/1/2011
116	D002W00877	10/1/2010	10/1/2011
117	D002W00883	11/1/2010	11/1/2011
118	D002W00886	11/1/2010	11/1/2011
119	D002W00888	11/30/2010	11/30/2011
120	D002W00890	11/30/2010	11/30/2011
121	D002W00894	12/1/2010	12/1/2011
122	D002W00897	12/31/2010	12/31/2011
123	D003W00244	1/1/2006	1/1/2007

<b>#</b>	<b>Policy No.</b>	<b>Eff. Date</b>	<b>Exp. Date</b>
124	D003W00253	4/1/2006	4/1/2007
125	D003W00257	4/1/2006	4/1/2007
126	D003W00262	6/1/2006	6/1/2007
127	D003W00267	6/30/2006	6/30/2007
128	D003W00271	7/1/2006	7/1/2007
129	D003W00274	1/1/2007	1/1/2008
130	D003W00277	1/1/2007	1/1/2008
131	D003W00281	3/1/2007	3/1/2008
132	D003W00284	4/1/2007	4/1/2008
133	D003W00293	7/1/2007	7/1/2008
134	D003W00296	6/30/2007	6/30/2008
135	D003W00309	1/1/2008	1/1/2009
136	D003W00313	1/1/2008	1/1/2009
137	D003W00324	7/1/2008	7/1/2009
138	D003W00329	6/30/2008	6/30/2009
139	D003W00336	10/1/2008	10/1/2009
140	D003W00340	10/1/2008	10/1/2009
141	D003W00344	12/1/2008	12/1/2009
142	D003W00348	1/1/2009	1/1/2010
143	D003W00351	1/1/2009	1/1/2010
144	D003W00359	5/1/2009	5/1/2010
145	D003W00365	7/1/2009	7/1/2010
146	D003W00376	6/30/2009	6/30/2010
147	D003W00383	10/1/2009	10/1/2010
148	D003W00386	10/1/2009	10/1/2010
149	D003W00392	12/1/2009	12/1/2010
150	D003W00393	1/1/2010	4/1/2010
151	D003W00397	1/1/2010	1/1/2011
152	D003W00405	4/1/2010	4/1/2011
153	D003W00408	4/1/2010	4/1/2011
154	D003W00412	5/1/2010	5/1/2011
155	D003W00418	7/1/2010	7/1/2011
156	D003W00422	6/30/2010	11/1/2010
157	D003W00428	7/1/2010	7/1/2011
158	D003W00435	10/1/2010	10/1/2011
159	D003W00436	11/1/2010	11/1/2011
160	D004W00242	4/1/2006	4/1/2007
161	D004W00246	5/1/2006	5/1/2007

<b>#</b>	<b>Policy No.</b>	<b>Eff. Date</b>	<b>Exp. Date</b>
162	D004W00250	6/1/2006	6/1/2007
163	D004W00257	9/1/2006	9/1/2007
164	D004W00264	4/1/2007	4/1/2008
165	D004W00266	5/1/2007	5/1/2008
166	D004W00270	6/1/2007	6/1/2008
167	D004W00278	9/1/2007	9/1/2008
168	D004W00283	12/1/2007	12/1/2008
169	D004W00285	4/1/2008	4/1/2009
170	D004W00289	5/1/2008	5/1/2009
171	D004W00293	6/1/2008	6/1/2009
172	D004W00298	6/30/2008	6/30/2009
173	D004W00306	10/1/2008	10/1/2009
174	D004W00309	10/1/2008	10/1/2009
175	D004W00317	10/1/2008	10/1/2009
176	D004W00318	12/1/2008	12/1/2009
177	D004W00322	4/1/2009	4/1/2010
178	D004W00328	5/1/2009	5/1/2010
179	D004W00331	6/1/2009	6/1/2010
180	D004W00337	6/30/2009	6/30/2010
181	D004W00344	10/1/2009	10/1/2010
182	D004W00347	10/1/2009	10/1/2010
183	D004W00350	12/1/2009	12/1/2010
184	D004W00355	4/1/2010	4/1/2011
185	D004W00359	5/1/2010	5/1/2011
186	D004W00363	6/30/2010	6/30/2011
187	D007W00053	1/1/2006	1/1/2007
188	D007W00061	10/1/2006	10/1/2007
189	D007W00067	10/1/2006	10/1/2007
190	D007W00073	12/2/2006	12/2/2007
191	D007W00075	12/15/2006	12/15/2007
192	D007W00082	7/1/2007	7/1/2008
193	D007W00083	10/1/2007	10/1/2008
194	D007W00089	10/1/2007	10/1/2008
195	D007W00096	12/2/2007	12/2/2008
196	D007W00097	12/15/2007	12/15/2008
197	D007W00102	5/1/2008	5/1/2009
198	D007W00106	8/5/2008	8/5/2009
199	D007W00110	11/1/2008	11/1/2009

<b>#</b>	<b>Policy No.</b>	<b>Eff. Date</b>	<b>Exp. Date</b>
200	D007W00114	12/2/2008	12/2/2009
201	D007W00119	12/15/2008	12/15/2009
202	D007W00120	1/1/2009	1/1/2010
203	D007W00135	8/5/2009	8/5/2010
204	D007W00138	12/2/2009	12/2/2010
205	D007W00142	1/1/2010	1/1/2011
206	D007W00152	3/31/2010	3/31/2011
207	D008W00036	5/31/2006	5/31/2007
208	D008W00040	8/5/2006	8/5/2007
209	D008W00051	10/1/2006	10/1/2007
210	D008W00053	11/1/2006	11/1/2007
211	D008W00054	12/31/2006	12/31/2007
212	D008W00058	5/31/2007	5/31/2008
213	D008W00062	8/5/2007	8/5/2008
214	D008W00066	10/1/2007	10/1/2008
215	D008W00070	11/1/2007	11/1/2008
216	D008W00071	12/31/2007	12/31/2008
217	D008W00082	10/1/2008	10/1/2009
218	D008W00086	11/1/2008	11/1/2009
219	D008W00094	12/31/2008	12/31/2009
220	D008W00097	12/31/2008	3/15/2009
221	D008W00101	8/1/2009	8/1/2010
222	D008W00104	10/1/2009	10/1/2010
223	D008W00109	11/1/2009	11/1/2010
224	D008W00111	11/1/2009	11/1/2010
225	D008W00114	12/31/2009	12/31/2010
226	D008W00118	8/1/2010	8/1/2011
227	D008W00122	11/1/2010	11/1/2011
228	D008W00124	11/1/2010	11/1/2011
229	D008W00127	12/31/2010	12/31/2011
230	D009W00015	1/1/2006	1/1/2007
231	D009W00023	1/1/2006	1/1/2007
232	D009W00038	3/1/2006	3/1/2007
233	D009W00042	7/31/2006	7/31/2007
234	D009W00045	10/21/2006	10/21/2007
235	D009W00049	10/1/2006	10/1/2007
236	D009W00052	1/1/2007	1/1/2008
237	D009W00056	12/1/2006	12/1/2007
238	D009W00059	1/1/2007	1/1/2008

#	Policy No.	Eff. Date	Exp. Date
239	D009W00067	1/1/2007	10/1/2007
240	D009W00071	3/1/2007	3/1/2008
241	D009W00078	10/1/2007	10/1/2008
242	D009W00081	10/21/2007	10/21/2008
243	D009W00085	10/1/2007	10/1/2008
244	D009W00092	1/1/2008	1/1/2009
245	D009W00097	12/1/2007	12/1/2008
246	D009W00104	1/1/2008	1/1/2009
247	D009W00110	3/1/2008	3/1/2009
248	D009W00117	7/1/2008	7/1/2009
249	D009W00119	7/1/2008	7/1/2009
250	D009W00123	7/31/2008	7/31/2009
251	D009W00126	10/1/2008	10/1/2009
252	D009W00129	10/1/2008	10/1/2009
253	D009W00132	1/1/2009	1/1/2010
254	D009W00136	1/1/2009	1/1/2010
255	D009W00139	12/1/2008	12/1/2009
256	D009W00142	1/1/2009	1/1/2010
257	D009W00146	1/1/2009	1/1/2010
258	D009W00147	1/1/2010	4/30/2010
259	D009W00159	3/1/2009	3/1/2010
260	D009W00168	7/1/2009	7/1/2010
261	D009W00169	7/31/2009	7/31/2010
262	D009W00180	10/1/2009	10/1/2010
263	D009W00187	1/1/2010	1/1/2011
264	D009W00194	12/1/2009	12/1/2010
265	D009W00197	1/1/2010	1/1/2011
266	D009W00208	3/1/2010	5/1/2010
267	D009W00212	4/30/2010	4/30/2011
268	D009W00216	5/1/2010	5/1/2011
269	D009W00219	5/1/2010	5/1/2011
270	D009W00226	7/1/2010	7/1/2011
271	D009W00228	7/1/2010	7/1/2011
272	D009W00232	7/31/2010	7/31/2011
273	D009W00235	8/17/2010	8/17/2011
274	D009W00238	10/1/2010	10/1/2011
275	D009W00241	10/1/2010	10/1/2011
276	D009W00244	12/1/2010	12/1/2011

#	Policy No.	Eff. Date	Exp. Date
277	D119W00102	7/1/2006	7/1/2007
278	D119W00107	7/1/2006	7/1/2007
279	D119W00125	7/1/2007	7/1/2008
280	D119W00127	7/1/2007	7/1/2008
281	D119W00189	12/1/2009	7/1/2010
282	D247W00009	7/1/2006	7/1/2007
283	D247W00016	7/1/2007	7/1/2008
284	D247W00019	7/1/2008	7/1/2009
285	D247W00023	7/1/2009	7/1/2010
286	D247W00027	7/1/2010	7/1/2011
287	D247W00031	7/1/2011	7/1/2012
288	D001W00387	6/30/2007	6/30/2008
289	D002W00546	8/1/2006	8/1/2007
290	D002W00568	11/30/2006	11/30/2007
291	D002W00612	8/1/2007	8/1/2008
292	D002W00717	1/1/2009	1/1/2010
293	D002W00724	1/1/2009	1/1/2010
294	D002W00733	4/1/2009	4/1/2010
295	D002W00736	4/1/2009	4/1/2010
296	D002W00773	9/1/2009	9/1/2010
297	D002W00800	11/30/2009	11/30/2010
298	D002W00826	3/1/2010	3/1/2011
299	D002W00833	4/1/2010	4/1/2011
300	D002W00844	5/20/2010	5/20/2011
301	D002W00846	6/1/2010	6/1/2011
302	D003W00248	3/1/2006	3/1/2007
303	D008W00088	11/1/2008	11/1/2009
304	D009W00036	1/1/2006	1/1/2007
305	D009W00075	7/31/2007	7/31/2008
306	D009W00152	1/1/2009	1/1/2010
307	D009W00175	7/1/2009	7/1/2010
308	D009W00177	10/1/2009	10/1/2010
309	D009W00183	1/1/2010	1/1/2011
310	D119W00100	7/1/2006	7/1/2007
311	D119W00105	7/1/2006	7/1/2007
312	D119W00202	7/1/2010	7/1/2011

Reference: §287.947.1. RSMo, 20 CSR 500-6.950(3)(B)3.,(5)(B) & (7), & Company Rate Filings.

## **II. COMPLAINT HANDLING PRACTICES**

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

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

The examiners verified the Company's complaint registry, dated January 1, 2006, through the present.

### **A. Complaints Sent Directly to the DIFP**

The review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint as required by §375.936.(3), RSMo, and 20 CSR 300-2.100(3)(D) (as replaced by 20 CSR 100-8.040(3)(D), eff. 1/30/09). The DIFP received no complaints during the examination period. The examiners found no evidence to the contrary.

The examiners discovered no issues or concerns.

### **B. Complaints Sent Directly to the Company**

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

The examiners discovered no issues or concerns.

## **III. CRITICISMS AND FORMAL REQUESTS TIME STUDY**

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days. Please note that in the event an extension was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the 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 within the time limit including any extensions:	35	100.0%
Received outside the time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	35	100.0%

The examiners discovered no issues or concerns.

**B. Formal Request Time Study**

<u>Calendar Days</u>	<u>Number of Formal Requests</u>	<u>Percentage</u>
Received within the time limit including any extensions:	3	100.0%
Received outside the time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	3	100.0%

The examiners discovered no issues or concerns.

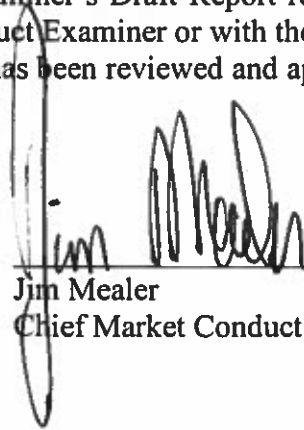


**EXAMINATION REPORT SUBMISSION**

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Fidelity & Guaranty Insurance Company (NAIC #35386), Examination Number 1202-07-TGT. This examination was conducted by Scott B. Pendleton, Dale Hobart, Dennis Foley, and Teresa Koerkenmeier. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated April 7, 2015. 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.

11/22/2016

Date



Jim Mealer

Chief Market Conduct Examiner