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

In Re:	)	
	)	
GUIDE ONE INSURANCE COMPANIES)	)	
(NAIC Group #0303) consisting of	)	**Market Conduct Exam No. 0908-25-TGT**
GUIDE ONE MUTUAL INSURANCE	)	
COMPANY (NAIC #15032)	)	
GUIDE ONE SPECIALTY MUTUAL	)	
INSURANCE COMPANY (NAIC #14559)	)	
GUIDE ONE AMERICAN	)	
INSURANCE COMPANY (NAIC #42331)	)	
GUIDE ONE ELITE INSURANCE	)	
COMPANY (NAIC #42803)	)	

ORDER OF THE DIRECTOR

NOW, on this 22nd day of February, 2016, Director John M. Huff, after consideration and review of the market conduct examination report of Guide One Insurance Companies (NAIC Group #0303) consisting of Guide One Mutual Insurance Company (NAIC #15032), Guide One Specialty Mutual Insurance Company (NAIC #14559), Guide One American Insurance Company (NAIC #42331), and Guide One Elite Insurance Company (NAIC #42803) (hereinafter collectively referred to as "Guide One") report number 0908-25-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3) (a) RSMo 2000 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) RSMo 2000.

This order, issued pursuant to §374.205.3(4) RSMo 2000, §374.280, and §374.046.15. RSMo (Cum. Supp. 2013), is in the public interest.

IT IS THEREFORE ORDERED that Guide One 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 Guide One shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Pacific Indemnity in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that Guide One shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of $114,000 payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 2nd day of February, 2016.

John M. Huff
Director

HAND CARRIED

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FEB 05 2016
MO. DEPT. OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION

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

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GUIDE ONE AMERICAN	)	
INSURANCE COMPANY (NAIC #42331)	)	
GUIDE ONE ELITE INSURANCE	)	
COMPANY (NAIC #42803)	)	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Guide One Insurance Companies (NAIC Group #0303) consisting of Guide One Mutual Insurance Company (NAIC #15032), Guide One Specialty Mutual Insurance Company (NAIC #14559), Guide One American Insurance Company (NAIC #42331), and Guide One Elite Insurance Company (NAIC #42803) (hereinafter referred to collectively as "Guide One"), 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, Guide One has been granted a certificates of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Examination of Guide One and prepared report number 0908-25-TGT; and

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

1. In several instances, Guide One failed to adequately document its files with respect to

whether or not it required answers on applications to questions concerning prior cancellations, declinations, and non-renewals in violation of §374.205.2 (2) and 20 CSR 100-8.040;

2. In several instances, Guide One failed to document its files with the basis for the IRPM rating credit/debit in violation of §374.205.2 (2) and 20 CSR 500-4.100 (7) (D) (1);

3. In several instances, Guide One unfairly discriminated between similarly situated risks or charged excessive rates in violation of §379.318 (4);

4. In several instances, Guide One moved insureds from one rating tier to another, circumventing the 25% plus or minus restriction on schedule rating in violation of 20 CSR 500-4.100 (7) (A), (C);

5. In several instance, Guide One used the wrong protection class in violation of §379.470 (1);

6. In several instances, Guide One accepted applications that included an answer to a question concerning prior declinations, cancellations, and non-renewals in violation of §375.936 (11) (f);

7. In one instance, Guide One charged an incorrect premium by using an incorrect rating territory in violation of §379.470 (1);

8. In one instance, Guide One failed to apply the correct classification code in violation of §379.321.1 and 20 CSR 500-4.100 (1) (B);

9. In several instances, Guide One failed to document files with a copy of a motor vehicle report and CLUE report in violation of §374.205.2 (2) and 20 CSR 100-8.040;

10. In several instances, Guide One failed to classify policies having essentially the same degree of hazard into the appropriate rating tier in violation of §379.470 (1), (6);

11. In several instances, Guide One failed to document files to show the basis for the rating of policy premium in violation of §374.205.2 (2) and 20 CSR 100-8.040.

12. In several instances, Guide One failed to adequately document the movement of risks between rating tiers in violation of §374.205.2 (2) and 20 CSR 500-4.100 (7) (C) & (D);

13. In several instances, Guide One failed to send insureds a 45 day letter in violation of 20 CSR 100-1.050 (1) (C);

14. In several instances, Guide One failed to adequately document depreciation in its

claim files in violation of §374.205.2 (2) and 20 CSR 300-2.200;

15. In several instances Guide One failed to respond to pertinent communications within 10 working days in violation of 20 CSR 100-1.030 (2);

16. In one instance, Guide One failed to acknowledge a claim within 10 working days in violation of 20 CSR 100-1.030 (1) & (3);

17. In several instances, Guide One failed to effectuate prompt, fair and equitable settlement of claims in violation of §375.1007 (4);

18. In several instances, Guide One failed to timely provide claim file documents to the examiners in violation of §374.205.2 (2) and 20 CSR 100-8.040;

19. In several instances, Guide One failed to accept or deny a claim within 15 working days in violation of §375.1007 (7) and 20 CSR 100-1.050 (1) (A);

20. In several instances, Guide One failed to complete its claim's investigation within 30 calendar days of notification in violation of §375.1007 (4) and 20 CSR 100-1.040;

21. Guide One failed to maintain a complete record of all complaints received over a period of not less than 3 years in violation of §375.936 (3) and 20 CSR 300-2.100 (3) (D).

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

1. Guide One agrees to require its producers to use the language from the 2010 Accord Form containing the verbiage "Missouri Applicants – Do not answer this question," for the question

on its application forms concerning prior declinations, cancellations, and non-renewals. Guide One further agrees to send letters to its producers advising them that they may not require a Missouri applicant to answer the question on the application form relating to prior declinations, cancellations and non-renewals, and advising them that an application containing an answer to that question will be returned. Guide One further agrees that it will maintain copies of the letters sent to producers and will make those letters available to the Department upon request.

2. Guide One agrees that it will review IRPM worksheets on a yearly basis, and will note on the IRPM worksheet any changes to the risk characteristics for the policy period effective date or note that there was no change in risk characteristics for the policy period effective date. The reviewer making the notation will sign and date the worksheet. Guide One further agrees that it will maintain a copy of the IRPM worksheet in each applicable policy file.

3. Guide One agrees to review all Guide One Mutual Insurance Company Private Passenger Automobile policies from August 15, 2009 to January 31, 2011, except policies in the highest rating tier, all Guide One Elite Insurance Company Private Passenger Automobile policies from August 15, 2009 to January 31, 2011, except policies in the highest rating tier, and all Guide One America Insurance Company Private Passenger Automobile policies from January 1, 2008 to January 31, 2011, except policies in the highest rating tier to determine if the appropriate rating tier was utilized. If a policy was incorrectly rated and a premium overcharge resulted, the Company must issue any refunds that are due to the insured, bearing in mind that an additional payment of nine per cent (9%) interest per annum is also required pursuant to §408.020. A letter must be included with the payments, indicating that "as a result of a Missouri Market Conduct examination," it was found that a refund is due on payment of premium.

4. Guide One agrees that pursuant to the attached Statement (Exhibit A), and it's Multivariate Rating System, it will not provide discretion to underwriters or agents in placing insureds into rating tiers.

5. Guide One agrees to review all Guide One Elite Insurance Company Commercial Package claims paid from January 1, 2008 to the date of the Order closing this exam to determine if any other payments were made as excess under policies where medical payments coverage was

primary. If Guide One's review reveals that any claims were underpaid, the Company must issue any payments that are due to the claimants, 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.

6. Guide One agrees that with respect to claims involving depreciation, Guide One will clearly document in each claim file the age of the item being depreciated, the life expectancy of the item being depreciated, and either the condition of the item being depreciated or an explanation of its functional or economic obsolescence.

7. Guide One agrees to provide restitution, if it has not already done so, in the amount of $1,658.89 on claim number 14C04049 listed on page 74 of the final exam report, $407.38 on claim number 14C02470 listed on page 74 of the final exam report, and $1,292.58 on claim number 14C04164 listed on page 78 of the final exam report. 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.

C. **Compliance.** Guide One agrees 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.** Guide One agrees, voluntarily and knowingly, to surrender and forfeit the sum of $114,000, 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 Guide One, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Examination 0908-25-TGT.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Guide One, 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.** Guide One, after being advised by legal counsel, does hereby voluntarily

and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above referenced Market Conduct Examination.

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

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

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

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

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

DATED: 2/16/16

Angela L. Nelson
Director
Division of Insurance Market Regulation

DATED: 2/16/16

Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 2/5/2016

James D. Wallace

President
Guide One Mutual Insurance Company

DATED: 2-5-2016

James D. Wallace
President
Guide One Specialty Mutual Insurance Company

DATED: 2-5-2016

James D. Wallace
President
Guide One America Insurance Company

DATED: 2-5-2016

James D. Wallace
President
Guide One Elite Insurance Company

DATED: 2-5-2016

Richard Brownlee
Counsel for Guide One Mutual Insurance Company,
Guide One Specialty Mutual Insurance Company
Guide One America Insurance Company
Guide One Elite 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

GuideOne Insurance Companies
(NAIC Group Code #0303)
Consisting of

GuideOne Mutual Insurance Company	**(NAIC #15032)**
GuideOne Specialty Mutual Insurance Company	**(NAIC #14559)**
GuideOne American Insurance Company	**(NAIC #42331)**
GuideOne Elite Insurance Company	**(NAIC #42803)**

MISSOURI EXAMINATION # 0908-25-TGT

NAIC EXAM TRACKING SYSTEM # MO268-M125

February 8, 2016

GuideOne Insurance
1111 Ashworth Road
West Des Moines, IA 50265

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FOREWORD

This is a targeted market conduct examination report of the GuideOne Mutual Insurance Company, NAIC #15032, GuideOne Specialty Mutual Insurance Company, NAIC #14559, GuideOne America Insurance Company, NAIC #42331 and the GuideOne Elite Insurance Company, NAIC #42803. This examination was conducted at the offices of the Company, located at 1111 Ashworth Road, West Des Moines, Iowa, 50265 and at the offices of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP).

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 GuideOne Insurance Companies;
- "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;
- "RSMo" refers to the Revised Statutes of Missouri. All citations are to RSMo 2000, unless otherwise specified; and
- "IRPM" refers to Individual Risk Premium Modification.

SCOPE OF EXAMINATION

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

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations were consistent with the public interest. The primary period covered by this review is January 1, 2008, through August 14, 2009, 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 included a review of the following areas of the Company's operations for the lines of business reviewed: underwriting and rating practices, claims handling practices, and complaint handling practices.

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%). The benchmark error rates were not utilized, however, for reviews not applying to the general business practice standard.

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

COMPANY PROFILE

The following company profile was provided to the examiners by the Company, as it was copied from the Company's website.

Our Company History

Protecting Policyholders for More Than 60 Years

More than six decades ago, and long before "niche marketing" and "corporate citizenship" were popular business strategies, GuideOne Insurance was founded upon two key philosophies that endure to this day: a commitment to social responsibility and a dedication to serving customers in select niche markets.

During the mid-1940s, William N. Plymat, an insurance executive and attorney, set out to create an auto insurance company that would insure non-drinkers at lower rates. Plymat believed the company would incur fewer losses because drivers who did not drink would avoid accidents. On April 1, 1947, GuideOne Mutual Insurance Company (then known as Preferred Risk Mutual Insurance Company) became licensed to operate in Iowa.

Company History Highlights

The 1950s – In 1958, Preferred Risk Life was established to provide life coverage for non-drinkers.

The 1960s – The Company introduced America's first multiple-peril package policy for churches in 1962, and the sales force grew to 475 agents. By 1966, the group's life insurance products were actively sold in 29 states with over 900 agents. Toward the end of the decade, the Company moved to a new home office constructed in West Des Moines.

The 1970s – By 1975, the Company's insurance written on churches increased substantially and the life operation had become a thriving business with over $500 million of insurance in force. William N. Plymat, founder and Chairman of the Board retired in 1976. In 1977, GuideOne Mutual's premiums exceeded $84 million. The following year, it was licensed in 38 states with 1,975 agents.

The 1980s – As part of its ongoing social mission, in 1980 the Company donated seed money to help Mothers Against Drunk Driving (MADD) expand nationally. Net premium written for all companies combined to nearly $175 million in 1988.

The 1990s – In 1990, total net premium for all companies in the group had grown to $234 million. A year later, the life operation achieved $2 billion of insurance in force. In

the mid-1990s, the Company's mutual ownership structure was simplified and a common name was adopted to create a unified, identifiable product and a strong national brand. In 1998, the GuideOne Foundation was created to further enhance the Company's social mission. In 1999, the GuideOne Center for Risk Management was established to provide safety and security resources to commercial policyholders. Also in 1999, GuideOne received an Integrity Award from the Iowa Better Business Bureau.

The 2000s – During the early 2000s, GuideOne's life insurance business was sold as part of an alliance established with Kansas City Life (KCL) Insurance Company. This arrangement allows GuideOne agents to market a broader variety of life insurance products underwritten by KCL. In 2005, GuideOne launched a new mission and vision and also introduced FaithGuard® auto for people of faith. In 2008, SafeChurch, the most comprehensive risk management website was launched for church customers, and in 2009, GuideOne began rolling out commercial and personal lines product coverage enhancements on a state-by-state basis. The Company continued to improve the profitability of its core business lines and increased surplus substantially in the 2000s.

The 2010s – GuideOne entered the social media world in 2010 by regularly tweeting on Twitter and posting status updates on Facebook. In addition, the Company launched a new home care product to leverage its existing strengths and expertise in the senior living community niche.

Our Future

Much has changed at GuideOne since its inception in 1947. Specifically, GuideOne has transitioned from managing through legal entities to managing around customer niches. When combined with the Company's expert agent force and an unwavering social commitment, GuideOne maintains its position as a premier niche market insurer.

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

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of GuideOne Insurance Companies. The examiners found the following principal areas of concern:

The examiners discovered the following exceptions regarding the GuideOne Mutual Insurance Company Commercial Auto Underwriting and Rating practices reviews.

- The examiners found in two instances that the Company accepted an application that included an answer to the prohibited question regarding whether an applicant's prior coverage had been declined, cancelled or nonrenewed.

The examiners discovered the following exception regarding the GuideOne Mutual Insurance Company Commercial Property Underwriting and Rating practices reviews.

- The examiners found in one instance that the Company failed to document the file with the basis for the IRPM rating/debit.

The examiners discovered the following exceptions regarding the GuideOne Specialty Mutual Insurance Company Commercial Property Underwriting and Rating practices reviews:

- The examiners found in four instances that the Company failed to document the file with the basis for the IRPM rating/debit.
- The examiners found in two instances that the Company unfairly discriminated between risks having essentially the same degree of hazard and degree of protection against fire and allied lines by using incorrect property size factors and deductible factors resulting in undercharges.

The examiners discovered the following exceptions regarding the GuideOne Elite Insurance Company Commercial Property Underwriting and Rating practices reviews:

- The examiners found in three instances that the Company failed to document the file with the basis for the IRPM rating/debit.
- The examiners found in two instances that the Company unfairly discriminated between risks having essentially the same degree of hazard and degree of protection against fire and allied lines by using incorrect personal property deductible factors resulting in undercharges.

The examiners discovered the following exceptions regarding the GuideOne Mutual Insurance Company Commercial Package Underwriting and Rating practices reviews:

- The examiners found in three instances that the Company failed to document the file with the basis for the IRPM rating/debit.
- The examiners found in 11 instances that the Company accepted an application that included an answer to the prohibited question regarding

whether an applicant's prior coverage had been declined, cancelled or nonrenewed.

- The examiners found in one instance that the Company placed the insured in the incorrect policy tier, circumventing the 25% plus or minus restriction concerning IRPM schedule rating.

The examiners discovered the following exceptions regarding the GuideOne Mutual Insurance Company Commercial Package Underwriting and Rating practices reviews:

- The examiners found in six instances that the Company accepted an application that included an answer to the prohibited question regarding whether an applicant's prior coverage had been declined, cancelled or nonrenewed.
- The examiners found in nine instances that the Company failed to document the file with the basis for the IRPM rating/debit.
- The examiners found in two instances that the Company placed the insured in the incorrect policy tier, circumventing the 25% plus or minus restriction concerning IRPM schedule rating. .
- The examiners found one instance that the Company failed to use the correct protection class resulting in a premium overcharge.

The examiners discovered the following exceptions regarding the GuideOne Elite Insurance Company Commercial Package Underwriting and Rating practices reviews:

- The examiners found in two instances that the Company accepted an application that included an answer to the prohibited question regarding whether an applicant's prior coverage had been declined, cancelled or nonrenewed.
- The examiners found in three instances that the Company failed to document the file with the basis for the IRPM rating/debit.

The examiners discovered the following exceptions regarding the GuideOne America Insurance Company Commercial Package Underwriting and Rating practices reviews:

- The examiners found in seven instances that the Company accepted an application that included an answer to the prohibited question regarding whether an applicant's prior coverage had been declined, cancelled or nonrenewed.
- The examiners found in three instances that the Company failed to document the file with the basis for the IRPM rating/debit.
- The examiners found in one instance that the Company placed the insured in the incorrect policy tier, circumventing the 25% plus or minus restriction concerning IRPM schedule rating.

The examiners discovered the following exceptions regarding the GuideOne Mutual Insurance Company Workers Compensation Underwriting and Rating practices reviews:

- The examiners found in sixteen instances that the Company accepted an application that included an answer to the prohibited question regarding whether an applicant's prior coverage had been declined, cancelled or nonrenewed.

The examiners discovered the following exceptions regarding the GuideOne Elite Insurance Company Workers Compensation Underwriting and Rating practices reviews:

- The examiners found in two instances that the Company failed to document the file with the basis for the IRPM rating/debit.
- The examiners found in one instance that the Company accepted an application that included an answer to the prohibited question regarding whether an applicant's prior coverage had been declined, cancelled or nonrenewed.

The examiners discovered the following exceptions regarding the GuideOne Specialty Mutual Insurance Company Commercial Liability Underwriting and Rating practices reviews:

- The examiners found in one instance that the Company failed to document the file with the basis for the IRPM rating/debit.

The examiners discovered the following exceptions regarding the GuideOne Elite Insurance Company Commercial Liability Underwriting and Rating practices reviews:

- The examiners found in one instance that the Company failed to document the file with the basis for the IRPM rating/debit.

The examiners discovered the following exceptions regarding the GuideOne Mutual Insurance Company Private Passenger Auto Underwriting and Rating practices reviews:

- The examiners found in one instance that the Company failed to file every manual of classifications, rules, underwriting rules and rates, every rating plan and every modification of the foregoing which it uses and the policies and forms to which such rates applied by failing to apply the correct classification code.
- The examiners found in nine instances that the Company failed to document the file clearly showing the basis for rating of the policy.
- The examiners found in 12 instances that the Company failed to classify the policies in the appropriate rating tier creating three undercharges and nine overcharges.

The examiners discovered the following exceptions regarding the GuideOne Elite Insurance Company Private Passenger Auto Underwriting and Rating practices reviews:

- The examiners found in 33 instances that the Company failed to classify policies having essentially the same degree of hazard into the appropriate rating tiers resulting in overcharges.

The examiners discovered the following exceptions regarding the GuideOne America Insurance Company Private Passenger Auto Underwriting and Rating practices reviews:

- The examiners found in 13 instances that the Company failed to classify policies having essentially the same degree of hazard into the appropriate rating tiers resulting in overcharges and undercharges.
- The examiners found in nine instances that the Company failed to document the file clearly showing the basis for rating of the policy.
- The examiners found in one instance that the Company failed to file every manual of classifications, rules, underwriting rules and rates, every rating plan and every modification of the foregoing which it uses and the policies and forms to which such rates applied by failing to apply the correct classification code.

The examiners discovered the following exceptions regarding the GuideOne Specialty Insurance Company Homeowners Underwriting and Rating practices reviews:

- The examiners found in five instances that the Company unfairly discriminated between risks having essentially the same degree of hazard and degree of protection against fire and allied lines by using incorrect personal property deductible factors resulting in overcharges.
- The examiners found one instance that the Company failed to document the file clearly showing the basis for rating of the policy.

The examiners discovered the following exceptions regarding the GuideOne Specialty Mutual Insurance Company Commercial Package Claims Paid reviews:

- The examiners found in two instances that the Company failed after 45 days of the initial notification of the claim to send a letter to the insured explaining why the claim remained open.
- The examiners found two instances that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation of property items was determined.
- The examiners found one instance that the Company failed to effectuate prompt, fair and equitable settlement of claims by not protecting the mortgagee on a loss of $5,000 or more.

The examiners discovered the following exceptions regarding the GuideOne Elite Insurance Company Commercial Package Claims Paid reviews:

- The examiners found in 12 instances that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.
- The examiners found in three instances that the Company failed to accept or deny a claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.
- The examiners found in two instances that the Company failed to complete its claim investigation within 30 days when it could have reasonably been done.
- The examiners found in two instances that the Company failed to respond to pertinent communication that suggested a response was expected within 10 working days.
- The examiners found in one instance that the Company failed to acknowledge the claim with the insured within 10 working days after notification of the claim.
- The examiners found in seven instances that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation was determined.
- The examiners found in four instances that the Company failed to effectuate prompt, fair and equitable settlement of claims by not protecting the mortgagee on a loss of $5,000 or more in two files, and paying Medical Payments Coverage as excess coverage, instead of primary coverage, resulting in two claim underpayments.

The examiners discovered the following exceptions regarding the GuideOne America Insurance Company Commercial Package Claims Paid reviews:

- The examiners found in two instances that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation was determined.
- The examiners found in two instances that the Company failed to effectuate prompt, fair and equitable settlement of claims by not protecting the mortgagee on a loss of $5,000 or more.

The examiners discovered the following exceptions regarding the GuideOne Mutual Insurance Company Commercial Package Claims Closed Without Payment reviews:

- The examiners found in one instance that the Company failed to accept or deny a claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.
- The examiners found in one instance that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.

The examiners discovered the following exceptions regarding the GuideOne Specialty Mutual Insurance Company Commercial Package Claims Closed Without Payment reviews:

- The examiners found in three instances that the Company failed to accept or deny a claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.
- The examiners found in three instances that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.
- The examiners found in one instance that the Company failed to provide a claim file to the examiners within 10 calendar days of the request.
- The examiners found in one instance that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation was determined.
- The examiners found in one instance that the Company failed to send the insured a written letter explaining why the claim was denied.
- The examiners found in one instance that the Company failed to effectuate prompt, fair and equitable settlement of claims by not paying the full amount of the claim.

The examiners discovered the following exceptions regarding the GuideOne America Insurance Company Commercial Package Claims Closed Without Payment reviews:

- The examiners found in two instances that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.
- The examiners found in one instance that the Company failed to accept or deny a claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

The examiners discovered the following exceptions regarding the GuideOne America Insurance Company Private Passenger Auto Medical Payments Claims Closed Paid reviews:

- The examiners found in two instances that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.
- The examiners found in one instance that the Company misrepresented to the insured relevant policy provisions relating to coverage at issue regarding Uninsured Motorist coverage.
- The examiners found in one instance that the Company failed to document a sales tax affidavit was provided to a claimant concerning the total loss vehicle.

- The examiners found in one instance that the Company allowed an offset of the Uninsured Motorist coverage resulting in a claim underpayment.

The examiners discovered the following exceptions regarding the GuideOne Mutual Insurance Company Homeowners Claims Paid reviews:

- The examiners found in four instances that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.
- The examiners found in four instances that the Company failed to accept or deny a claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.
- The examiners found in four instances that the Company failed to complete its claim investigation within 30 days when it could have reasonably been done.
- The examiners found in two instances that the Company failed to respond to pertinent communication that suggested a response was expected within 10 working days.
- The examiners found in 17 instances that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how depreciation was determined and why the settlement check had to be reissued.
- The examiners found in three instances that the Company failed to effectuate a prompt, fair and equitable settlement of the claim in regard to the application of the coinsurance penalty that resulted in a claim overpayment in one file and the unnecessary protection of the mortgagee for claim settlements under $5,000 in two files.

The examiners discovered the following exceptions regarding the GuideOne Specialty Mutual Insurance Company Homeowners Claims Paid reviews:

- The examiners found in one instance that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation of property items was determined.

The examiners discovered the following exceptions regarding the GuideOne America Insurance Company Homeowners Claims Paid reviews:

- The examiners found in five instances that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter of explanation in writing explaining why the claim remained open.
- The examiners found in one instance that the Company failed to accept or deny a claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

- The examiners found in five instances that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation of property items was determined.
- The examiners found in three instances that the Company failed to effectuate a prompt, fair and equitable settlement of the claim in regard to the unnecessary protection of the mortgagee for claim settlements under $5,000 in two files and not protecting the mortgagee for claim settlements over $5,000 in one file.

The examiners discovered the following exceptions regarding the GuideOne Mutual Homeowners Insurance Company Claims Closed Without Payment reviews:

- The examiners found in six instances that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.
- The examiners found four instances that the Company failed to accept or deny a claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.
- The examiners found in three instances that the Company failed to complete its claim investigation within 30 days when it could have reasonably been done.
- The examiners found in two instances that the Company failed to respond to pertinent communication that suggested a response was expected within 10 working days.
- The examiners found in four instances that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation was determined.
- The examiners found in one instance that the Company failed to send the insured a letter explaining why the claim was denied.

The examiners discovered the following exceptions regarding the GuideOne America Homeowners Claims Closed Without Payment reviews:

- The examiners found in one instance that the Company failed to complete its claim investigation within 30 days when it could have reasonably been done.
- The examiners found in one instance that the Company failed to send the insured a written letter of the explanation of the denial.

The examiners discovered the following exceptions regarding the GuideOne Mutual Dwelling Fire Claims Paid reviews:

- The examiners found in one instance that the Company failed after 45 days of the initial notification of the claim and 45 days thereafter to send a letter to the insured explaining why the claim remained open.

- The examiners found in six instances that the Company failed to document the file, clearly showing the inception, handling and disposition by not explaining how the depreciation was determined.

The examiners discovered the following exceptions regarding conduct not in the best interest of Missouri Consumers:

- The examiners found in one instance that the Company failed to protect the lienholder in the settlement check presented to the insured regarding vehicle damage.
- The examiners found in one instance that the Company denied an automobile theft claim presented by the insured, because the keys were left in the vehicle with no forcible signs of entry and subsequent damage.

The examiners discovered the following exceptions regarding Complaints Sent Directly to the Company reviews:

- The examiners found in one instance that the Company failed to maintain a complete record of all complaints that were sent directly to the Company as the complaint was found to primarily express a grievance, in written form.

The examiners discovered the following exceptions regarding the Criticism Time Study reviews:

- The examiners found in three instances that the Company failed to respond to criticisms within the time requirement.

Examiners requested that the Company make refunds to policyholders concerning underwriting premium overcharges and claim underpayments found in amounts greater than $5.00 during the examination.

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

The examiners tracked and were mindful of the results, Company responses and public disciplinary action(s) of prior examinations concerning the GuideOne Insurance Companies. The following represents a summary of the results from a previous Missouri, Market Conduct Examination of the Company.

A. Prior Market Conduct Examination Report Findings From Missouri

The previous market conduct report and subsequent stipulation of settlement voluntary forfeiture and order of director for the state of Missouri was reviewed by the examiners. A voluntary forfeiture in the amount of $45,482 was surrendered in accordance with Section 374.280 RSMo, as agreed, on May 24, 2004. The violations discovered in that examination involved the Company's failure to complete workers compensation premium audits within 120 days after the policy's expiration date, failure to adequately document workers compensation and other policies with reasons for using schedule credits, accepting applications that documented the prohibited question being answered regarding whether an applicant had been declined, cancelled or nonrenewed, failure to charge the correct premium on an endorsement or based on the policy declarations page, failure to document IRPMs in commercial policies, failure to charge correct Homeowners premiums on an endorsement, failure to retain copies of original declarations sheets prior to January 2003 concerning renewal and amended private passenger, homeowners and dwelling fire policies, adding an endorsement to PACER homeowners policies to increase premium with little chance of paying for a loss, failure to provide proof of mailings concerning cancellation, nonrenewals and declinations of homeowners policies, failure to state a reason for proposing action concerning church, business auto, and workers compensation policies without requiring further inquiry by the applicant, failure to retain copies of cancellation, nonrenewal and declination notices before January, 2003, failure to document the file with a sales tax affidavit or the correct affidavit (180 days instead of 90 days), using incorrect deductibles, failing to pay correct claim amounts, failure to date stamp correspondence, failure to pursue subrogation recoveries, failure to document claim files (depreciation and holdback determinations), failure to document the file with 45 day contact letters to first party claimants, failure to send denial letters to first party claimants referencing the specific policy provision, condition, or exclusion, failure to accept or deny a claim within 15 working days after receipt of all forms needed, failure to conduct a claim investigation within 30 days when it could have reasonably been done, using Uninsured Motorist coverage to offset Medical Payments coverage, failure to disclose pertinent benefits and coverages to first party claimants, failure to provide claim forms and reasonable assistance in 10 working days, failure to code a loss adjustment expense accurately, failure to respond to claimants within 10 working days, failure to maintain a complaint log in the last three years and not identifying complaints accurately in the complaint log.

The examiners kept in mind the respective violations found as they applied to Missouri law.

EXAMINATION FINDINGS

I. UNDERWRITING AND RATING PRACTICES

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

Because of the time and cost involved in reviewing each policy/underwriting file, the examiners utilize sampling techniques in conducting compliance testing. A policy/underwriting file is determined in accordance with 20 CSR 100-8.040 and the NAIC *Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and 375.445, 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. 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.

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 used a census or randomly selected the files for review from a listing furnished by the Company.

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

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

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 is not ambiguous or misleading and is adequate to protect those insured.

The examiners discovered no issues or concerns.

B. Guide One Mutual Insurance Company Commercial Automobile

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

The following are the results of the reviews:

Underwriting

Field Size:	395
Sample Size:	25
Type of Sample:	Random
Number of Errors:	2
Error Ratio:	8.0%

1. The examiners could not determine from the files maintained by Guide One whether Guide One or its producers/agents required applicants to answer the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following two files.

   Policy Number

   01752959
   01702330

   Reference: §374.205.2 (2) RSMo, 20 CSR 300-2.200.

C. Guide One Mutual Insurance Company Commercial Property

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

The following are the results of the reviews:

Underwriting

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	33.3%

The following violation was found in a previous examination.

1. The examiners found that the Company failed to document the file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the property premiums as there was no worksheet in the following file.

   Policy Number

   01230726

   Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

D. GuideOne Specialty Mutual Insurance Company Commercial Property

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

The following are the results of the reviews:

Underwriting

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	4
Error Ratio:	100.0%

The following violation was found in a previous examination.

1. The examiners found that the Company failed to document the file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the following four files.

Policy Number

01233131
01253782
01229336
01253777

Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	2
Error Ratio:	50.0%

2. The examiners found that the Company unfairly discriminated between risks having essentially the same hazard and degree of protection against fire and allied lines as the Company used incorrect property size factors and personal property deductible factors resulting in the following two undercharges.

Policy Number	Premium Undercharge
01253782	$984.00
01253777	$197.00

Reference: §379.318.(4) RSMo and Underwriting Rules and Guidelines.

E. GuideOne Elite Insurance Company Commercial Property

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

The following are the results of the reviews:

Underwriting

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	3
Error Ratio:	75.0%

The following violation was found in a previous examination.

1. The examiners found that the Company failed to document the file with the basis for the Individual Risk Premium Modifier Plan (IRPM) rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the following three files.

   Policy Number

   01266290
   01264206
   01268237

   Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	2
Error Ratio:	50.0%

2. The examiners found that the Company unfairly discriminated between risks having essentially the same hazard and degree of protection against fire and allied lines as the Company used incorrect property size factors and personal property deductible factors resulting in policy premium undercharges in the following two files.

Policy Number	Premium Undercharge
01264206	$1,421.00
01268237	$202.00

   Reference: §379.318(4) RSMo and Underwriting Rules and Guidelines.

F. GuideOne America Insurance Company Commercial Property

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

The following are the results of the reviews:

Underwriting

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0.0%

The examiners discovered no issues or concerns.

G. GuideOne Mutual Insurance Company Commercial Package

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

The following are the results of the reviews:

Underwriting

Field Size:	213
Sample Size:	100
Type of Sample:	Random
Number of Errors:	6
Error Ratio:	6.0%

The following violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found that the Company failed to document the file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the following six files.

Policy Number	Policy Number
01139851	01173922
01142925	01197578
01271264	01147361

Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

Field Size:	213
Sample Size:	100
Type of Sample:	Random
Number of Errors:	11
Error Ratio:	11.0%

2. The examiners could not determine from the files maintained by Guide One whether Guide One or its producers/agents required applicants to answer the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following 11 files.

Policy Number	Policy Number
01147361	01148985
01161315	01174917
01174967	01178390
01185233	01209088
01215641	01229098
01271264	

Reference: §374.205.2 (2) RSMo, 20 CSR 300-2.200

H. GuideOne Specialty Mutual Insurance Company Commercial Package

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

The following are the results of the reviews:

Underwriting

Field Size:	455
Sample Size:	100
Type of Sample:	Random
Number of Errors:	6
Error Ratio:	6.0%

1. The examiners could not determine from the files maintained by Guide One whether Guide One or its producers/agents required applicants to answer the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following three files.

Policy Number	Policy Number
01225393	01201848
01217469	01300691
01183829	01257146

Reference: §374.205.2 (2) RSMo, 20 CSR 300-2.200

Field Size:	455
Sample Size:	100
Type of Sample:	Random
Number of Errors:	9
Error Ratio:	9.0%

The following violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

2. The examiners found that the Company failed to document the file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the following nine files.

Policy Number	Policy Number
01262864	01270706
01208591	01208891
01190937	01180081
01212135	01188050
01236449	

Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

Field Size:	455
Sample Size:	100
Type of Sample:	Random
Number of Errors:	2
Error Ratio:	2.0%

3. The Company moved the following insured policy from one rating tier to another, circumventing the 25% plus or minus 25% restriction concerning IRPM schedule rating.

Policy Number
01262824

Reference: 20 CSR 500-4.100(7)(C).

Field Size:	455
Sample Size:	100
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	1.0%

4. The Company applied more than the 25% debit or credit to the following policy. A rating plan may not allow more than a 25% credit as 27% was allowed in this policy resulting in a premium undercharge.

Policy Number	Premium Undercharge
01239124	$188.00

Reference: 20 CSR 500-4.100(7)(A).

Field Size:	455
Sample Size:	100
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	1.0%

5. The Company failed to use the correct protection class in rating the premium of the following insured policy resulting in a premium overcharge. A protection class nine was used when protection class five was the correct class.

Policy Number	Premium Overcharge	Interest	Total Paid
01262864	$224	$30.77	$254.77

Reference: §§379.470 (1) and 408.020 RSMo.

I. GuideOne Elite Insurance Company Commercial Package

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

The following are the results of the reviews:

Underwriting

Field Size:	442
Sample Size:	100
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	4.0%

The following violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

1. The examiners found that the Company accepted applications that included an answer to the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following four files. Missouri's Unfair Trade Practices Act prohibits asking questions about cancellation and nonrenewal as unfair discrimination, whether in a written application or orally.

Policy Number	Policy Number
01228833	01147318
01148394	01145903

Reference: §375.936(11)(f) RSMo, 20 CSR 500-6.100(6)

Field Size:	442
Sample Size:	100
Type of Sample:	Random
Number of Errors:	3
Error Ratio:	3.0%

The following violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

2. The examiners found that the Company failed to document the file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the following two files. In the other file, the Company failed to document the correct credit amount.

Policy Number
01134251
01270876
01300002

Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

J. GuideOne America Insurance Company Commercial Package

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

The following are the results of the reviews:

Underwriting

Field Size:	83
Sample Size:	83
Type of Sample:	Census
Number of Errors:	7
Error Ratio:	8.4%

The following violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

1. The examiners found that the Company accepted applications that included an answer to the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following three files. Missouri's Unfair Trade Practices Act prohibits asking questions about cancellation and nonrenewal as unfair discrimination, whether in a written application or orally.

   Policy Number
   01144586
   09930367
   01162687

   Reference: §375.936(11)(f) RSMo, 20 CSR 500-6.100(6)

2. The examiners could not determine from the files maintained by Guide One whether Guide One or its producers/agents required applicants to answer the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following four files.

   Policy Number
   01138959
   01239418
   01227796
   01268680

   Reference: §374.205.2 (2) RSMo, 20 CSR 300-2.200

Field Size:	83
Sample Size:	83
Type of Sample:	Census
Number of Errors:	3
Error Ratio:	3.6%

The following violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

2. The examiners found that the Company failed to document the file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the following three files.

Policy Number

01126413
01231065
01254263

Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

Field Size:	83
Sample Size:	83
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	1.2%

3. The Company failed to charge the insured the correct premium by using an incorrect rating territory resulting in the following a premium overcharge.

Policy Number	Premium Overcharge	Interest	Total Paid
01262903	$8.00	$9.03	$17.03

Reference: §§379.470 (1) and 408.020 RSMo.

K. GuideOne Mutual Insurance Company Workers Compensation

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

The following are the results of the reviews:

Underwriting

Field Size:	342
Sample Size:	100
Type of Sample:	Random
Number of Errors:	16
Error Ratio:	16.0%

The following violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found that the Company accepted applications that included an answer to the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following 15 files. Missouri's Unfair Trade Practices Act prohibits asking questions about cancellation and nonrenewal as unfair discrimination, whether in a written application or orally.

Policy Number	Policy Number
01176556	01270792
01162431	01186196
01159429	01161316

Policy Number	Policy Number
01176177	01178391
01185371	01270127
01194150	01197728
01204267	
01176420	01183432

Reference: §375.936(11)(f) RSMo, 20 CSR 500-6.100(6)

2. The examiners could not determine from the files maintained by Guide One whether Guide One or its producers/agents required applicants to answer the

prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed in the following file

Policy Number

1241101

Reference: §374.205.2 (2) RSMo, 20 CSR 300-2.200

L. GuideOne Elite Insurance Company Workers Compensation

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

The following are the results of the reviews:

Underwriting

Field Size:	9
Sample Size:	9
Type of Sample:	Census
Number of Errors:	2
Error Ratio:	22.2%

This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found that the Company failed to document the file with the basis for the Individual Risk Premium Modifier Plan (IRPM) rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the following three files.

   Policy Number

   01222550
   01224539

   Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

Field Size:	9
Sample Size:	9
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	11.1%

This violation can be considered a general business practice by definition, and was found in a previous examination.

2. The examiners found that the Company accepted the following application that included an answer to the prohibited question regarding an applicant's prior coverage being declined, cancelled, or non-renewed. Missouri's Unfair Trade Practices Act prohibits asking questions about cancellation and nonrenewal as unfair discrimination, whether in a written application or orally.

   Policy Number

   01227197

   Reference: §375.936.(11)(f) RSMo, 20 CSR 500-6.100(6)

M. GuideOne Mutual Insurance Company Commercial Liability

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

The following are the results of the reviews:

Underwriting

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0.0%

The examiners discovered no issues or concerns.

N. GuideOne Specialty Mutual Insurance Company Commercial Liability

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

The following are the results of the reviews:

Underwriting

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	100.0%

The following violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found that the Company failed to document the following file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Property premiums as there was no worksheet in the file.

   Policy Number

   01253777

   Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(D)(1).

O. GuideOne Elite Insurance Company Commercial Liability

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

The following are the results of the reviews:

Underwriting

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	100.0%

This violation can be considered a general business practice by definition, and it was found in a previous examination.

1. The examiners found that the Company failed to document the following file with the basis for the IRPM rating credit/debit. Therefore, the examiners were unable to determine the basis for the credits applied to the Liability premiums as there was no worksheet in the file.

   Policy Number

   01266290

   Reference: §374.205.2(2) RSMo and 20 CSR 500-4.100 (7)(D)(1).

P. GuideOne America Insurance Company Commercial Liability

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

The following are the results of the reviews:

Underwriting

Field Size:	2
Sample Size:	2
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0.0%

The examiners discovered no issues or concerns.

Q. GuideOne Mutual Insurance Company Private Passenger Automobile

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

The following are the results of the reviews:

Underwriting

Field Size:	88
Sample Size:	88
Type of Sample:	Census
Number of Errors:	21
Error Ratio:	23.9%

1. The Company failed to file every manual of classifications, rules, underwriting rules and rates, every rating plan and every modification of the foregoing which it uses and the policies and forms to which such rates applied in the following file, resulting in a premium undercharge of $258.73. The Company failed to apply the correct filed classification code. The policy number is commented on in another section of the report, listed further below as an undercharge.

Policy Number	Overcharge	Undercharge	Interest	Total Paid
084131950*	--	--	--	--

Reference: §379.321.1. RSMo and 20 CSR 500-4.100(1)(B).

2. The examiners found that the Company failed to document the file clearly showing the basis for the rating of the policy premium in the following nine files. As a result, the examiners were unable to determine if the premium was correct.

Policy Number	Policy Number
021089718	084134337
084124814	084129333
084127630	021091178
084128969	084131950*
084131930	

Reference: §374.205.2.(2) RSMo and 20 CSR 100-8.040(3).

3. The Company failed to classify the following 12 policy files having essentially the same degree of hazard into the appropriate rating tier, resulting in the following premium over and undercharges.

Policy Number	Overcharge	Undercharge	Interest	Total Paid
021093700	$50.22		$7.44	$57.66
021091745	$16.00		$2.49	$18.49
021095486	$127.92		$17.98	$145.90
021097755	$185.59		$24.12	$209.71
021091325	$122.59		$19.29	$141.88
021101364	$38.19		$4.46	$42.65
021100900		$37.82		
021100903	$30.29		$3.68	$33.97
084131950*		$258.73		
021099094	$22.90		$2.90	$25.80
021097368	$30.34		$1.10	$31.44
021099445		$81.98		

Reference: §§379.470(1) (6) and 408.020 RSMo.

*Although listed multiple times, the policy numbers listed above with an asterisk in this section of the report were counted only once in determining the error ratio.

R. GuideOne Specialty Mutual Insurance Company Private Passenger Automobile

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

The following are the results of the reviews:

Underwriting

Field Size:	24
Sample Size:	24
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0.0%

The examiners discovered no issues or concerns.

S. GuideOne Elite Insurance Company Private Passenger Automobile

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

The following are the results of the reviews:

Underwriting

Field Size:	157
Sample Size:	157
Type of Sample:	Census
Number of Errors:	33
Error Ratio:	21.0%

1. The Company failed to classify the following 33 policy files having essentially the same degree of hazard into the appropriate rating tier, resulting in the following premium overcharges.

Policy Number	Overcharge	Interest	Total Paid
021085655	$51.62	$9.85	$61.47
021077562	$48.51	$10.97	$59.48
021088150	$41.23	$9.32	$50.55
021071697	$87.96	$22.15	$110.11
021082974	$38.48	$7.71	$46.19
021102296	$23.24	$2.71	$25.95
021090367	$27.69	$4.72	$32.41
021098498	$41.09	$5.38	$46.47
021102173	$26.67	$3.20	$29.87
021075221	$47.57	$11.41	$58.98
021089775	$74.30	$13.06	$87.36
021084661	$16.63	$3.30	$19.93
021073781	$25.40	$6.26	$31.66
021071017	$37.29	$9.62	$46.91
021086553	$23.03	$4.37	$27.40
021098983	$60.25	$8.29	$68.54
021100400	$95.10	$12.48	$107.78
021073433	$20.84	$5.22	$26.06
021074088	$21.37	$5.31	$26.68
021071956	$30.36	$7.81	$38.17
021071221	$43.56	$11.36	$54.92
021100678	$27.86	$3.63	$31.49
021085726	$21.79	$4.30	$26.09
021089619	$34.08	$6.18	$40.26

Policy Number	Overcharge	Interest	Total Paid
021079873	$17.38	$3.88	$21.26
021096366	$44.38	$6.71	$51.09
021098990	$47.67	$6.64	$54.31
084132412	$108.19	$16.70	$124.89
021080565	$27.60	$6.13	$33.73
021076559	$75.68	$17.99	$93.67
021091806	$18.65	$3.18	$21.83
021082395	$20.28	$4.33	$24.61
021092086	$18.49	$3.01	$21.50

Reference: §§379.470(1) (6) and 408.020 RSMo.

T. GuideOne America Insurance Company Private Passenger Automobile

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

The following are the results of the reviews:

Underwriting

Field Size:	367
Sample Size:	100
Type of Sample:	Random
Number of Errors:	17
Error Ratio:	17.0%

1. The Company failed to classify the following 13 policy files having essentially the same degree of hazard into the appropriate rating tier, resulting in the following premium over and undercharges.

Policy Number	Overcharge	Undercharge	Interest	Total Paid
021080007	$20.11		$4.34	$24.45
021088104		$41.55		
060116263	$19.77		$2.47	$22.24
084129419		$198.88		
021086767	$109.08			
021078809		$28.91		
021077850		$56.41		
021093759*		$62.49		
021073106		$34.21		

Policy Number	Overcharge	Undercharge	Interest	Total Paid
021073711*	$39.21		$9.92	$49.13
021083972		$101.65		
021099964		$458.46		
021071547		$67.18		

Reference: §§379.470(1) (6) and 408.020 RSMo.

The following violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

2. The examiners found that the Company failed to document the file clearly showing the basis for the rating of the policy premium in the following nine files. As a result, the examiners were unable to determine if the premium was correct.

Policy Number	Policy Number
021096734	021093792
021084169	021094081
021082935	021097411
021085648	021093810
021093759*	

Reference: §374.205.2.(2) RSMo and 20 CSR 100-8.040(3).

3. The Company failed to file every manual of classifications, rules, underwriting rules and rates, every rating plan and every modification of the foregoing which it uses and the policies and forms to which such rates applied in the following file. Coverages were rated for the current model year instead of being classified and rated for a private passenger auto.

Policy Number
021073711*

Reference: §379.321.1. RSMo and 20 CSR 500-4.100(1)(B).

*Although listed multiple times, the claim numbers listed above with an asterisk in this section of the report were counted only once in determining the error ratio.

U. GuideOne Mutual Insurance Company Homeowners

The examiners reviewed applications for coverage that were issued, modified, or declined by the Company to determine the accuracy of rating and adherence to prescribed and acceptable underwriting criteria. Fifty-three files were reviewed as no concerns were found concerning the GHO4 policies and therefore were removed from the review process.

The following are the results of the reviews:

Underwriting

Field Size:	805
Sample Size:	53
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0.0%

The examiners discovered no issues or concerns.

V. GuideOne Specialty Insurance Company Homeowners

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

The following are the results of the reviews:

Underwriting

Field Size:	34
Sample Size:	34
Type of Sample:	Census
Number of Errors:	6
Error Ratio:	17.6%

1. The examiners found that the Company charged excessive rates and rates that unfairly discriminated between risks in the application of like charges or credits or the use of rates which unfairly discriminate between risks having essentially the same hazard and having substantially the same degree of protection against fire and allied lines resulting in the following five premium overcharges.

Policy Number	Overcharge	Interest	Total Paid
021099689	$33.74	$5.05	$38.79

Policy Number	Overcharge	Interest	Total Paid
021095806	$89.00	$14.84	$103.84
021077534	$241.00	$59.49	$300.49
021077718	$245.00	$60.11	$305.11
021081922	$241.00	$53.43	$294.43

Reference: §§379.318.(4) and 408.020 RSMo.

2. The examiners found that the Company failed to document the file clearly showing the basis for the rating of the policy premium in the following file, resulting in a premium undercharge.

Policy Number	Undercharge
021081286	$58.00

Reference: §374.205.2.(2) RSMo and 20 CSR 100-8.040(3).

W. GuideOne America Insurance Company Homeowners

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

The following are the results of the reviews:

Underwriting

Field Size:	196
Sample Size:	100
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0.0%

The examiners discovered no issues or concerns.

X. GuideOne Mutual Insurance Company Dwelling Fire

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

The following are the results of the reviews:

Underwriting

Field Size:	221
Sample Size:	100
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0.0%

The examiners discovered no issues or concerns.

Y. Guide One Companies Commercial Property Review of 10 Files

The examiners requested the Company (through mutual agreement concerning files selected by the Missouri DIFP) to forward the following 10 commercial property underwriting and rating policy files for review. The files requested were those that moved between rating tiers between January 1, 2008 and August 14, 2009. The examiners reviewed the files to ensure no unfair discrimination practices occurred, and that the files were documented to justify moving the policies to a different Company based on the underwriting criteria. The examiners discovered six of the 10 policies indicated below that failed to document the file explaining why it was acceptable for the policies to be moved between rating tiers.

Policy Number	Reason For Criticism
012339072 eff. 5/4/07	No IRPM worksheet documenting 15% and no reason explaining why 15% IRPM qualified the policy to be moved. No explanation if 15% was a debit or credit. No changes in risk documented.
01137689 eff. 1/27/08	No IRPM worksheet in the file documenting 25% credit and no reason explaining why the policy qualified to be moved. No changes in risk documented.
01259939 eff. 11/1/07	

Policy Number	Reason For Criticism
01238223 eff. 6/15/07	No IRPM worksheet in file or explanation documenting why the policy was moved. No changes in risk documented.
01197578 eff. 3/1/08	No IRPM worksheet in file or explanation documenting why the policy was moved.
01231279 eff. 1/30/08	
01122118 eff. 9/6/07	No IRPM worksheet in file or explanation documenting why the policy was moved. No changes in risk documented.
01260977 eff. 12/7/08	
06006838 eff. 3/14/08	
01112464 eff. 2/17/07	No IRPM worksheet in file or explanation documenting why the policy was moved. No changes in risk documented as the changes noted would have applied to the 2/17/07 renewal and not 2008.

Reference: §374.205.2.(2) RSMo and 20 CSR 500-4.100(7)(C)(D)(1).

Z. 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 issues or concerns.

II. 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, 2008, through June 30, 2009.

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 RSMo) and compared with the NAIC benchmark error rate of seven percent (7%). Error rates in excess of the NAIC benchmark error rates 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.
- 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 of the letter in its claim files.

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 when it could have reasonably been done. If more time is needed, the Company must notify the claimant and send follow-up letters every 45 days.
- Payment or denial of a claim must be made within 15 working days after the investigation of the claim is complete.

In addition to the Claim Time Studies, examiners reviewed the Company's claim handling processes to determine compliance with contract provisions and adherence to unfair claims statutes and regulations. Whenever a claim file reflected that the Company failed to meet these standards, the examiners cited the Company for noncompliance.

A. GuideOne Specialty Mutual Insurance Company Commercial Property Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Commercial Property claims paid and closed during the examination period.

a. Acknowledgment

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Commercial Property claims paid and closed during the examination period.

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

B. GuideOne Elite Insurance Company Commercial Property Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Commercial Property claims paid and closed during the examination period.

a. Acknowledgment

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Commercial Property claims paid and closed during the examination period.

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

C. GuideOne Specialty Mutual Insurance Company Commercial Property Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri Guideone Specialty Mutual Insurance Company Commercial Property claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri Guideone Specialty Mutual Insurance Company Commercial Property claims closed without payment during the examination period.

Field Size:	1
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

D. GuideOne Elite Insurance Company Commercial Property Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Commercial Property claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Commercial Property claims closed without payment during the examination period.

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

E. GuideOne Mutual Insurance Company Commercial Package Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Commercial Package claims paid during the examination period.

a. Acknowledgment

Field Size:	83
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	83
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	83
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Commercial Package claims paid during the examination period.

Field Size:	83
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

F. GuideOne Specialty Mutual Insurance Company Commercial Package Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Commercial Package claims paid during the examination period.

a. Acknowledgment

Field Size:	157
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	157
Sample Size:	50
Type of Sample:	Random
Number of Errors:	2
Error Ratio:	4%
Within DIFP Guidelines:	Yes

The examiners discovered the following exceptions during the review.

1. The examiners found that the Company failed after 45 days of the initial notification of the claim to send the insured a letter of explanation in writing explaining why the claim remained open.

Claim Number

14A84956
14C08422

Reference: §375.1007. (4) RSMo and 20 CSR 100-1.050(1)(C).

c. Determination

Field Size:	157
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Commercial Package claims paid during the examination period.

Field Size:	157
Sample Size:	50
Type of Sample:	Random
Number of Errors:	2
Error Ratio:	4.0%
Within DIFP Guidelines:	Yes

The examiners discovered the following exceptions during the review.

1. The examiners found two files that the Company failed to document how the depreciation of the property items was determined. The life expectancy and condition of the property items were not documented. Therefore the examiners were unable to determine if the loss was paid correctly.

Claim Number

14A76747
14C11303

Reference: §§374.205.2.(2), 375.1007.(3) RSMo and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)]

Field Size:	157
Sample Size:	50
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	2.0%
Within DIFP Guidelines:	Yes

2. The examiners found that the Company failed to effectuate prompt, fair and equitable settlement of claims submitted. The Company guidelines required that the mortgagee or any person(s) with insurable interest are required to be included on the checks for any claim where all loss payments total at least $5,000 to date. The file documented that there was a mortgage on the property. A payment of $7,175.60 made on 11/28/2007 was issued to the insured only. Therefore, the Company did not protect the mortgagee when payment was made which resulted in an unfair and inequitable settlement.

   Claim Number

   14C02956

   Reference: §375.1007. (4), RSMo, Company Claims Guidelines and Conduct not in the best interest of Missouri consumers.

G. GuideOne Elite Insurance Company Commercial Package Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company claims paid during the examination period.

a. Acknowledgment

Field Size:	206
Sample Size:	50
Type of Sample:	Random
Number of Errors:	3
Error Ratio:	6.0%
Within DIFP Guidelines:	Yes

The following violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found two files in which the company failed to respond to pertinent communication which suggested a response was expected within 10 working days.

   Claim Number

   14C04092
   14C08413

   Reference: §375.1007. (2) RSMo and 20 CSR 100-1.030(2).

2. The examiners found one file in which the Company failed to acknowledge the claim with the insured within 10 working days of notification of the claim.

   Claim Number

   14C02339

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

   b. Investigation

Field Size:	206
Sample Size:	50
Type of Sample:	Random
Number of Errors:	14
Error Ratio:	28.0%
Within DIFP Guidelines:	No

   The following violation can be considered as a general business practice by definition, but was found in a previous examination.

1. The examiners found 12 files in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial notification and 45 days thereafter.

Claim Number	Claim Number
14C02319	14C09617
14C04654	14C08413
14C05135	14C12042
14C06863	14C12068
14C07190	14C12574
14C08481	14C04929

   Reference: §375.1007. (4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

The following violation did not qualify as a general business practice by definition, but were found in a previous examination.

2. The examiners found two files in which the Company failed to complete its claim investigation within 30 calendar days of notification of a claim when it could have reasonably been done.

   Claim Number

   14C06727
   14C04929

   Reference: §375.1007. (3) (4) RSMo and 20 CSR 100-1.040 [as replaced by 20 CSR 100-1.050(4)].

   c. Determination

Field Size:	206
Sample Size:	50
Type of Sample:	Random
Number of Errors:	3
Error Ratio:	6.0%
Within DIFP Guidelines:	Yes

The following violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found three files in which the Company failed to accept or deny the claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

   Claim Number

   14C04092
   14C06727
   14C09736

   Reference: §375.1007. (7) RSMo and 20 CSR 100-1.050(1)(A).

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Commercial Package claims paid during the examination period.

Field Size:	206
Sample Size:	50
Type of Sample:	Random
Number of Errors:	7
Error Ratio:	14.0%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

The following violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found seven files in which the Company failed to clearly show the inception, handling and disposition of the claim in regards to depreciation applied to the claims.
   Claim Number

   14C02319
   14C04092
   14C08413
   14C12574
   14C06266
   14C06267
   14C12441

   Reference: §374.205.2(2) RSMo, and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)].

Field Size:	206
Sample Size:	50
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	8.0%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

2. The examiners found four files in which the company failed to effectuate prompt, fair and equitable settlement of claims submitted in regards to protection of the mortgagee and making payments under Medical Payments as primary.

Claim Number	Underpayment	Interest	Total
14C10206			
14C15015			
14C02339	$202.19	$59.53	$261.72
14C09056	$1,452.40	$295.84	$1,784.24

Reference: §§375.1007.(4), 408.020 RSMo, Policy Provisions, Company Claims Guidelines and Conduct not in the best interest of Missouri consumers.

H. GuideOne America Insurance Company Commercial Package Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne America Insurance Company Commercial Package claims paid during the examination period.

a. Acknowledgment

Field Size:	9
Sample Size:	9
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	9
Sample Size:	9
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	9
Sample Size:	9
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne America Insurance Company Commercial Package claims paid during the examination period.

Field Size:	9
Sample Size:	9
Type of Sample:	Census
Number of Errors:	2
Error Ratio:	22.2%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found two files in which the Company failed to clearly show the inception, handling and disposition of the claim in regards to depreciation applied to the claims.

Claim Number

14C03671
14C13455

Reference: §374.205.2.(2) RSMo, and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)].

Field Size:	9
Sample Size:	9
Type of Sample:	Census
Number of Errors:	2
Error Ratio:	22.2%
Within DIFP Guidelines:	No

2. The examiners found two files in which the Company failed to effectuate a prompt, fair, and equitable settlement of a claim in regards to the protection of the mortgagee. Both claim payments of over $5,000 failed to include the Mortgagee.

   Claim Number

   14C03671
   14C13455

   Reference: §375.1007.(4) RSMo, Policy Provisions, Company Claims Guidelines and Conduct not in the best interest of Missouri consumers.

I. GuideOne Mutual Insurance Company Commercial Package Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Commercial Package claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	30
Sample Size:	30
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	30
Sample Size:	30
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	3.3%
Within DIFP Guidelines:	Yes

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found one file in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial claim notification and 45 days thereafter.

   Claim Number
   14C03299

   Reference: §375.1007.(4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

   c. Determination

Field Size:	30
Sample Size:	30 total
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	3.3%
Within DIFP Guidelines:	Yes

   This violation did not qualify as a general business practice by definition, but was found in a previous examination.

2. The examiners found one file in which the Company failed to accept or deny the claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

   Claim Number
   14C03299

   Reference: §375.1007.(7) RSMo, and 20 CSR 100-1.050(1)(A).

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Commercial Package claims closed without payment during the examination period.

Field Size:	30
Sample Size:	30
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

J. GuideOne Specialty Mutual Insurance Company Commercial Package Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Commercial package claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	82
Sample Size:	50
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	2.0%
Within DIFP Guidelines:	Yes

1. The examiners found one file in which the company failed to provide the claim file documents within 10 days of the request of the examiners.

Claim Number
14C15274

Reference: §374.205.2.(2) RSMo and 20 CSR 100-8.040(3)(B)1.& 4.

b. Investigation

Field Size:	82
Sample Size:	50
Type of Sample:	Random
Number of Errors:	3
Error Ratio:	6.0%
Within DIFP Guidelines:	Yes

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found three files in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial claim notification and 45 days thereafter.

Claim Number

14C06808
14C09226
14C10775

Reference: §375.1007.(4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

c. Determination

Field Size:	82
Sample Size:	50
Type of Sample:	Random
Number of Errors:	3
Error Ratio:	6.0%
Within DIFP Guidelines:	Yes

The examiners discovered the following exceptions during the review.

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found three files in which the Company failed to accept or deny the claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

Claim Number

10C25304
Claim Number

14C09751
14C10775

Reference: §375.1007.(7) RSMo, and 20 CSR 100-1.050(1)(A).

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Commercial Package claims closed without payment during the examination period.

Field Size:	82
Sample Size:	50
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	2.0%
Within DIFP Guidelines:	Yes

The examiners discovered the following exceptions during the review.

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found one file in which the Company failed to clearly show the inception, handling and disposition of the claim in regards to depreciation applied to the claims.

   Claim Number

   14C12306

   Reference: §374.205.2.(2) RSMo and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)].

Field Size:	82
Sample Size:	50
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	2.0%
Within DIFP Guidelines:	Yes

The following violation did not qualify as a general business practice by definition, but was found in a previous examination.

2. The examiners found one file in which the Company failed to provide a written letter of the explanation for the basis of the denial.

   Claim Number
   14C05844

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

Field Size:	82
Sample Size:	50
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	2.0%
Within DIFP Guidelines:	Yes

The following violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

3. The examiners found one file in which the Company failed to effectuate prompt, fair and equitable settlement of claims submitted in regards to payment of the full amount of the claim.

Claim Number	Underpayment	Interest	Total
14C08757	$173.52	$41.55	$215.07

Reference: §§375.1007.(4) and 408.020 RSMo.

K. GuideOne Elite Insurance Company Commercial Package Claims Closed Without Payment

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Commercial Package claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	119
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	119
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%

Within DIFP Guidelines: Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	119
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Commercial package claims closed without payment during the examination period.

Field Size:	119
Sample Size:	25
Type of Sample:	Random
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

L. GuideOne America Insurance Company Commercial Package Claims Closed Without Payment

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne America Insurance Company Commercial Package claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	2
Error Ratio:	50.0%
Within DIFP Guidelines:	No

The following violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found two files in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial notification and 45 days thereafter.

Claim Number

14C10616
14C14545

Reference: §375.1007.(4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

c. Determination

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	25.0%
Within DIFP Guidelines:	No

The following violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found one file in which the Company failed to accept or deny the claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

Claim Number

14C14545

Reference: §375.1007.(7) RSMo and 20 CSR 100-1.050(1)(A).

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of paid Missouri GuideOne America Insurance Company Commercial Package claims closed without payment during the examination period.

Field Size:	4
Sample Size:	4
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

M. GuideOne Mutual Insurance Company Private Passenger Automobile Medical Payments Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Private Passenger Automobile Medical Payments claims paid during the examination period.

a. Acknowledgment

Field Size:	12
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	12
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	12
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of paid Missouri GuideOne Mutual Insurance Company Private Passenger Automobile Medical Payments claims paid during the examination period.

Field Size:	12
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

N. GuideOne Elite Insurance Company Private Passenger Automobile Medical Payments Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Elite Insurance Company Private Passenger Automobile Medical Payments claims paid during the examination period.

a. Acknowledgment

Field Size:	41
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	41
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	41
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of paid Missouri GuideOne Elite Insurance Company Private Passenger Automobile Medical Payments claims paid during the examination period.

Field Size:	41
Sample Size:	1
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

O. GuideOne America Insurance Company Private Passenger Automobile Medical Payments Claims Paid

1. Claims Time Studies

The examiners requested three files for a targeted review from the total population of 52 Missouri GuideOne America Insurance Company Private Passenger Automobile Medical Payments claims paid during the examination period. Three files were requested based on a test of the data for medical payments and uninsured motorist setoffs. There were no acknowledgment or Determination time studies violations found during this review.

Investigation

The examiners discovered the following exceptions during the review; however, these exceptions are mentioned to put the Company on notice for future market conduct examinations.

1. The examiners found two files in which the Company failed after 45 days of the initial notification of the claim to send the insured a letter of explanation in writing explaining why the claim remained open.

   Claim Number
   14C02470
   14C04049

   Reference: §375.1007.(3) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

2. Unfair Settlement and General Handling Practices

The examiners requested three files for a targeted review from the total population of 52 Missouri GuideOne America Insurance Company Private Passenger Automobile Medical Payments claims paid during the examination period. Three files were requested based on a test of the data for medical payments and uninsured motorist setoffs.

The examiners discovered the following exceptions during the review.

1. The examiners found one file in which the Company allowed an offset of the uninsured motorists' portion of the claim with the medical payments portion of the claim resulting in an underpayment.

Claim Number	Overcharge	Interest	Total Restitution
14C02470	$635.00	$175.07	$810.07

Reference: §§375.1007.(1), 379.203.4, 408.020 RSMo, 20 CSR 1001.020(1)(A)&(B), 20 CSR 500-2.100(2)(G)1., and Webb v State Farm 479 S.W.2d 148 (Mo. App. 1972).

2. The examiners found one file in which the Company misrepresented to the insured relevant policy provisions relating to the coverage at issue in regards to underinsured motorists resulting in the following claim overpayment.

Claim Number	Overpayment
14C04049	$1,658.89

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

3. The examiners found one file in which the Company failed to provide the insured with a copy of a Missouri sales tax affidavit concerning the total loss of the vehicle.

Claim Number	Overcharge	Interest	Total Restitution
14C02470	$307.45	$99.93	$407.38

Reference: §§375.1007.(4), 144.027, 408.020 RSMo and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)3.].

P. GuideOne Mutual Insurance Company Homeowners Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Homeowners claims paid during the examination period.

a. Acknowledgment

Field Size:	781
Sample Size:	50
Type of Sample:	Random
Number of Errors:	2
Error Ratio:	4.0%
Within DIFP Guidelines:	Yes

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found two files in which the company failed to respond to pertinent communication which suggested a response was expected within 10 working days.

   Claim Number

   14C06397
   14C13463

   Reference: §375.1007(2) RSMo & 20 CSR 100-1.030(2).

   b. Investigation

Field Size:	781
Sample Size:	50
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	8.0%
Within DIFP Guidelines:	No

1. The examiners found four files in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial notification and 45 days thereafter.

   Claim Number

   14C03908
   14C11057
   14C13463
   14C13493

   Reference: §375.1007(4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

Field Size:	781
Sample Size:	50
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	8.0%
Within DIFP Guidelines:	No

This violation can be considered as a general business practice by definition, but was found in a previous examination.

2. The examiners found four files in which the Company failed to complete its claim investigation within 30 calendar days of notification of a claim when it could have reasonably been done.

Claim Number

14C04476
14C11057
14C04628
14C07817

Reference: §375.1007.(4) RSMo and 20 CSR 100-1.040 [as replaced by 20 CSR 100-1.050(4)].

c. Determination

Field Size:	781
Sample Size:	50
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	8%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

1. The examiners found four files in which the Company failed to accept or deny the claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

Claim Number

14C04476
14C11057
14C04628
14C07817

Reference: §375.1007.(7) RSMo and 20 CSR 100-1.050(1)(A).

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of paid Missouri GuideOne Mutual Insurance Company Homeowners claims paid during the examination period.

Field Size:	781
Sample Size:	50
Type of Sample:	Random
Number of Errors:	17
Error Ratio:	34%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

Although this violation was not considered a general business practice by definition, but was found in a previous examination.

1. The examiners found 17 files in which the Company failed to clearly show the inception, handling and disposition of the claim in regards to the depreciation applied to the claims and reissuance of a check.

Claim Number	Claim Number
14C04476	14C04194
14C04628	14C06515
14C07817	14C07131
14C06397	14C08951
14C13493	14C13420
14C13453	14C10303
14C04164	14C05508
14C04397	14C04818
14C04502	

Reference: §374.205.2.(2) RSMo and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)].

Field Size:	781
Sample Size:	50
Type of Sample:	Random
Number of Errors:	3
Error Ratio:	6%
Within DIFP Guidelines:	Yes

2. The examiners found three files in which the Company failed to effectuate a prompt, fair, and equitable settlement of a claim in regards to application of the coinsurance penalty and protection of the mortgagee.

Claim Number	Overpayment
14C13493	
14C13453	
14C04164	$1,292.58

Reference: §375.1007.(4) RSMo, Policy Provisions, Company Claims Guidelines and Conduct not in the best interest of Missouri consumers.

Q. GuideOne Specialty Mutual Insurance Company Homeowners Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Homeowners claims paid during the examination period.

a. Acknowledgment

Field Size:	5
Sample Size:	5
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	5
Sample Size:	5
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	5
Sample Size:	5
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of paid Missouri GuideOne Specialty Mutual Insurance Company Homeowners claims paid during the examination period.

Field Size:	5
Sample Size:	5
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	20%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found one file in which the Company failed to document how the depreciation was determined in the payment of the claim. The life expectancy and condition of the property items were not documented.

Claim Number

14C11904

Reference: §§374.205.2.(2), 375.1007.(3) and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)]

R. GuideOne America Insurance Company Homeowners Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne America Insurance Company Homeowners claims paid during the examination period.

a. Acknowledgment

Field Size:	47
Sample Size:	47
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	47
Sample Size:	47
Type of Sample:	Census
Number of Errors:	5
Error Ratio:	10.6%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found five files in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial claim notification and 45 days thereafter.

Claim Number
14C04568

Claim Number
14C05810
14C02555
14C13470
14C08730

Reference: §375.1007.(4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

c. Determination

Field Size:	47
Sample Size:	47
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	2.1%
Within DIFP Guidelines:	Yes

The following violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found one file in which the Company failed to accept or deny the claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

Claim Number
14C08730

Reference: §375.1007.(7) RSMo and 20 CSR 100-1.050(1)(A).

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of paid Missouri GuideOne America Insurance Company Homeowners claims paid during the examination period.

Field Size:	47
Sample Size:	47
Type of Sample:	Census
Number of Errors:	5
Error Ratio:	10.6%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found five files in which the Company failed to document how the depreciation was determined in the payment of the claim. The life expectancy and condition of the property items were not documented.

   Claim Number

   14C11915
   14C06485
   14C09591
   14C09158
   14C11990

   Reference: §§374.205.2.(2), 375.1007.(3) and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)]

Field Size:	47
Sample Size:	47
Type of Sample:	Census
Number of Errors:	3
Error Ratio:	8.1%
Within DIFP Guidelines:	No

2. The examiners found three files in which the Company failed to effectuate a prompt, fair, and equitable settlement of a claim by not protecting the mortgagee regarding claim payments of $5,000 or more in one file, and failing to remove the mortgagee in two files concerning claim payments of less than $5,000.

   Claim Number

   14C11264
   14C14166
   14C07928

   Reference: §375.1007.(4) RSMo, Policy Provisions, Company Claims Guidelines and Conduct not in the best interest of Missouri consumers.

S. GuideOne Mutual Insurance Company Homeowners Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Homeowners claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	374
Sample Size:	50
Type of Sample:	Random
Number of Errors:	2
Error Ratio:	4%
Within DIFP Guidelines:	Yes

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found two files in which the company failed to respond to pertinent communication which suggested a response was expected within 10 working days.

Claim Number

14C06693
14C09945

Reference: §375.1007.(2) RSMo and 20 CSR 100-1.030(2).

b. Investigation

Field Size:	374
Sample Size:	50
Type of Sample:	Random
Number of Errors:	6
Error Ratio:	12%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found six files in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial claim notification and 45 days thereafter.

   Claim Number
   14C06491
   14C06693
   14C09733
   14C12049
   14C13237
   14C06349

   Reference: §375.1007.(4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

   This violation did not qualify as a general business practice by definition, but was discovered in a previous examination.

2. The examiners found three files in which the Company failed to complete its claim investigation within 30 calendar days of notification of a claim when it could have reasonably been done.

   Claim Number

   14C06491
   14C06693
   14C09945

   Reference: §375.1007.(4) RSMo and 20 CSR 100-1.040 [as replaced by 20 CSR 100-1.050(4)].

   c. Determination

Field Size:	374
Sample Size:	50
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	8%
Within DIFP Guidelines:	No

   This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found four files in which the Company failed to accept or deny the claim within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim.

   Claim Number
   14C06491
   14C06693
   14C09945
   14C12049

   Reference: §375.1007.(7) RSMo and 20 CSR 100-1.050(1)(A).

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Homeowners claims closed without payment during the examination period.

Field Size:	374
Sample Size:	50
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	8%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

The following violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found four files in which the Company failed to clearly show the inception, handling and disposition of the claim in regards to depreciation applied to the claim.

   Claim Number

   14C04444
   14C07012
   14C13310
   14C13522

   Reference: §§ 374.205.2.(2), 375.1007.(3) and 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)]

T. GuideOne Specialty Mutual Insurance Company Homeowners Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Homeowners claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Homeowners claims closed without payment during the examination period.

Field Size:	3
Sample Size:	3
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

U. GuideOne America Insurance Company Homeowners Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne America Insurance Company Homeowners claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	22
Sample Size:	22
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	22
Sample Size:	22
Type of Sample:	Census
Number of Errors:	1
Error Ratio:	4.5%
Within DIFP Guidelines:	Yes

The examiners discovered the following exception during the review.

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found one file in which the Company failed to complete its claim investigation within 30 calendar days of notification of a claim when it could have reasonably been done.

   Claim Number

   14C07727

   Reference: §375.1007.(4) RSMo and 20 CSR 100-1.040 [as replaced by 20 CSR 100-1.050(4)].

   c. Determination

Field Size:	22
Sample Size:	22
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne America Insurance Company Homeowners claims closed without payment during the examination period.

Field Size:	22
Sample Size:	22
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

V. GuideOne Mutual Insurance Company Dwelling Fire Claims Paid

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Dwelling Fire claims paid during the examination period.

a. Acknowledgment

Field Size:	85
Sample Size:	50
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	85
Sample Size:	50
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	2%
Within DIFP Guidelines:	Yes

The examiners discovered the following exception during the review.

This violation did not qualify as a general business practice by definition, but was found in a previous examination.

1. The examiners found one file in which the Company failed to send a letter of explanation in writing to the insured explaining why the file remained open more than 45 days after the initial claim notification and 45 days thereafter.

Claim Number

14A84064

Reference: §375.1007.(4) RSMo, 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.010(1)(F).

c. Determination

Field Size:	85
Sample Size:	50
Type of Sample:	Census
Number of Errors:	0

Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Dwelling Fire claims paid during the examination period.

Field Size:	85
Sample Size:	50
Type of Sample:	Random
Number of Errors:	6
Error Ratio:	12%
Within DIFP Guidelines:	No

The examiners discovered the following exceptions during the review.

This violation can be considered a general business practice by definition, and was found in a previous examination.

1. The examiners found six files in which the Company failed to clearly show the inception, handling and disposition of the claim in regards to depreciation applied to the claim.

   Claim Number

   14C13446
   14C03771
   14C14390
   14C04779
   14C13869
   14C11172

   Reference: §§374.205.2.(2), 375.1007.(3) RSMo & 20 CSR 300-2.200(3)(B) [as replaced by 20 CSR 100-8.040(3)(B)]

W. GuideOne Mutual Insurance Company Dwelling Fire Claims CWP

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri GuideOne Mutual Insurance Company Dwelling Fire claims closed without payment during the examination period.

a. Acknowledgment

Field Size:	42
Sample Size:	25
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

b. Investigation

Field Size:	42
Sample Size:	25
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

c. Determination

Field Size:	42
Sample Size:	25
Type of Sample:	Census
Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri GuideOne Specialty Mutual Insurance Company Homeowners claims closed without payment during the examination period.

Field Size:	42
Sample Size:	25
Type of Sample:	Census

Number of Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns.

X. 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 issues or concerns.

III. COMPLAINTS

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

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

The examiners verified the Company's complaint registry, dated January 1, 2008, through December 31, 2008. The registry contained a total of twelve complaints. They reviewed all twelve that went through the DIFP and those that did not come through the Department, but went directly to the Company.

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 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 examiners discovered the following exception regarding GuideOne America Insurance Company during the review.

1. The examiners found that the Company failed to maintain a complete record of complaints received for a period of not less than three years. The claim file listed below contained a written complaint which primarily expressed a grievance. The Company previously verified to the examiners it had not received any Complaints that were sent directly to it during the examination period. Therefore, no complaint register or log was maintained.

   Claim Number

   14C11915

   Reference: § 375.936.(3) RSMo, and 20 CSR 300-2.100(3)(D) (as replaced by 20 CSR 100-8040(3)(D), eff. 1/30/09)

IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY

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

A. Criticism Time Study

Calendar Days	Number of Criticisms	Percentage
Received w/in time-limit, incl. any extensions	204	98.6 %
Received outside time-limit, incl. any extensions	3	1.4 %
No response	0	0.0 %
Total	207	100 %

Reference: §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	31	100 %
Received outside time-limit, incl. any extensions	0	0.0 %
No response	0	0.0 %
Total	31	100 %

Reference: §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 Guide One Insurance Companies (NAIC Group #0303), consisting of Guide One Mutual Insurance Company (NAIC #15032), Guide One Specialty Mutual Insurance Company (NAIC #14559), Guide One American Insurance Company (NAIC #42331), and Guide One Elite Insurance Company (NAIC #42803), Examination Number 0908-25-TGT. This examination was conducted by Scott B. Pendleton, Dale Hobart, and Teresa Koerkenmeier and Christy Donner. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated January 19, 2012. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

2/8/16

Jim Mealer — Date
Chief Market Conduct Examiner