

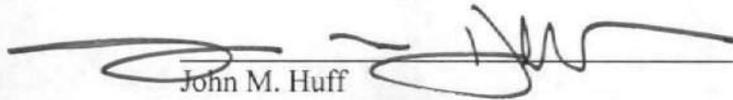


Missouri and to maintain those corrective actions at all times

IT IS FURTHER ORDERED that the Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$60,908.00, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 5<sup>th</sup> day of DECEMBER, 2012.

A handwritten signature in black ink, appearing to read "John M. Huff", is written over a horizontal line.

John M. Huff  
Director

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

In Re: )  
 )  
VICTORIA AUTOMOBILE ) **Market Conduct Exam**  
 ) **No. 0810-15-TGT**  
INSURANCE COMPANY (NAIC # 10644) )  
 )

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Victoria Automobile Insurance Company (NAIC #10644) (hereinafter referred to as "Victoria"), 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, Victoria has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Examination of Victoria and prepared report number 0810-15-TGT; and

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

1. Victoria failed to comply with the examiners' request for documentation pertaining to its advertising material, agent training procedure manuals, sales presentations, and other materials used to sell a particular endorsement, in violation of §374.205<sup>1</sup> and 20 CSR 100-8.040.

2. In 24 instances, Victoria's personal auto policies indicated that the policyholders were receiving a discount for airbags, although the declaration page provided to the policyholders failed to show that discount, thereby misrepresenting the benefits, advantages,

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

fair and reasonable settlement of claim by improperly denying a bodily injury claim, in violation of §§375.1007(1) and (4) and 408.020, and the Company's Automobile Insurance Policy MO76GEP0010606-Auto Liability-Coverage Exclusions # 15 a, b, c, d (page 15-16).

13. In five instances, Victoria failed to attempt in good faith to effectuate prompt, fair and equitable settlement of its private passenger auto property damage claims, in violation of §§144.027 and 375.1007(4), 20 CSR 300-2.200(B)(3) (as replaced by 20 CSR 100-8.040, effective 7/30/08), and 20 CSR 100-8.040(3)(B).

14. In 13 instances, Victoria did not utilize an OEM part in the repair of the claimants' vehicles as is required by the policies' endorsement, thereby misrepresenting to the claimants the relevant fact or policy provision relating to the available OEM endorsement, in violation of §§375.1007(1) and (4), and 408.020, and 20 CSR 100-1.020 (1)(A) and (B).

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

1. Victoria agrees to develop a survey to be sent to the following claimants who were eligible for receiving the sales tax affidavit, as required by §144.027.1, RSMo, to ascertain whether or not they actually received the sales tax affidavit within 180 days of the date of payment by Victoria on the claim:

- a. Private passenger total loss auto comprehensive claims;
- b. Private passenger total loss auto collision claims;

Market Conduct examination," it was found that the policyholder is entitled to a refund of premium that represents the discount they should have received had the airbag discount been applied to their Personal Auto policy.

C. **Compliance.** Victoria 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 payment of any restitution required by this Stipulation.

D. **Voluntary Forfeiture.** Victoria agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$60,908, 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 Victoria, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Examination 0810-15-TGT.

F. **Waivers.** Victoria, 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.

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

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

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

J. **Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall become effective only upon entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.



Cheryl L. Davis, MCM, ACS, AIRC  
Market Conduct Director

March 25, 2011

Ms. Carolyn H. Kerr  
Senior Counsel, Department of Insurance  
Financial Institutions and Professional Registration  
Division of Insurance Market Regulation  
301 West High Street, Room 530  
Jefferson City, MO 065102-0690

RE: Missouri Market Conduct Examination  
Victoria Automobile Insurance Co. Responses

Ms. Kerr:

Thank you once again for providing us with the opportunity to review the Missouri Department of Financial Institutions and Professional Registration Division of Insurance Market Regulation (hereinafter referred to as "Department") draft market conduct examination report. Please find enclosed for your review and consideration, the responses from Victoria Automobile Insurance Company (hereinafter referred to as "Company").

For ease of review, the response has been formatted to include text from Missouri's report followed by notation of where the Company's response is included.

Once you have the opportunity to review, we look forward to scheduling a teleconference meeting to further discuss the Company's response to this report and next steps.

If you have any questions or concerns, please feel free to contact me by email at [davisc60@nationwide.com](mailto:davisc60@nationwide.com) or via telephone at (614) 249-4580. We look forward to discussing with you further as we work toward closure of this examination.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl L. Davis".

Cheryl L. Davis  
Market Conduct Director

Nationwide considers the information submitted herewith confidential, proprietary and trade secret information. The disclosure of this information could adversely affect Nationwide's ability to compete in the insurance business in your state. Therefore, Nationwide is submitting this information with the understanding that it will not be released to the public and will be treated with the utmost confidentiality.

## **Nationwide Response to Missouri Draft Market Conduct Report March 25, 2011**

1. The Company failed to comply with the examiners' request for documentation pertaining specifically to how the Company's Original Equipment Manufacturer Parts Loss Settlement Endorsement (MO76GEE640606) was being sold by their agents to Missouri consumers. The examiners requested the Company's advertising material, the Company's agent training procedure materials, sales presentations and any other material the Company used to sell this endorsement to a potential insured. The Company only complied by sending their underwriting guides which the examiners already had. (Page 8)

### **Company Response:**

- The Company respectfully disagrees with the Department's finding. The Company provided all documents responsive to the Department's request. The Company does not have advertising material, agent training procedure materials, sales presentations or any other material used to sell the OEM endorsement.

2. The Company's policies in 24 cases indicated that the policy-owner was receiving a discount for a driver side air bag or a discount for both driver/passenger side air bags. However, according to the Company's underwriting manual, the policy-owner must purchase the Medical Payment Coverage in order for the discount to apply. The policies did not have Medical Payment Coverage; therefore, the Company was misrepresenting the benefits, advantages, conditions, and terms of the policy for the rating period November 7, 2006 to September 16, 2007 (20% or 30% discount), rating period September 17, 2007 to September 7, 2008 (10% or 20% discount). (Page 9)

### **Company Response:**

- The Company agrees with the Department's finding that the identified cases received a discount for a drivers side or for both driver/passenger side air bags without having purchased Medical Payments Coverage. The Company removed the air bag discounts from its rate order of calculations and from the declaration pages issued to customers with our rate revision implementation effective February 25, 2008. However, the Company respectfully disagrees that this constitutes a misrepresentation of the benefits, advantages, conditions and terms of the policy insofar as the provision of the discount was a system programming irregularity and was not at any time utilized in the advertising, sales, or marketing of the personal automobile insurance product. Upon identification of the irregularity, it was promptly rectified. The Company asserts that there was no harm to the consumer as a result of the irregularity.

3. The cancellation declaration that was provided to the insured gave the reason of "Unacceptable Drivers" for the cancellation of the policy. For the policies listed below, the cancellation declarations failed to provide the consumer a sufficiently clear and specific reason for the cancellations. (Pages 9-10)

The cancellation declaration that was provided to the insured gave the reason of "Not all drivers listed" for the cancellation of the policies. The cancellation declaration failed to provide the consumers a sufficiently clear and specific reason for the cancellation. (Page 10)

The cancellation declarations that were provided to the insured gave the reason of "Details on Spouse not Received" for the cancellation of the policies. The cancellation declarations failed to provide the consumers a sufficiently clear and specific reason for the cancellations. (Page 11)

The cancellation declaration also gave the reason "Substantial change in risk assumed" for the cancellation of the policy. The cancellation declaration failed to provide the consumer a sufficiently clear and specific reason for the cancellation. (Page 11)

**Company Response:**

- The Company acknowledges the use of reasons for cancellation as cited. However, the Company maintains that termination reasons must be short, plain and factually direct in order to be understandable to the customer. Such an approach avoids confusing the cancellation reason with excessive detail, simplifying the statement in an effort to maximize consumer understanding.

While an appropriate level of detail is difficult to define, the Company believes the cancellation reasons presented are sufficiently clear and specific for broad customer understanding. We respectfully request that the error count be adjusted and that further discussion take place with the Company subsequent to the Division's receipt and review of the Company's response.

As stated in our response to the criticisms pertaining to the Company's cancellation declarations, we recognize and appreciate the partnership with the Division. We have begun a project to refine the level of detail provided. This project is planned for testing and deployment in calendar year 2011.

4. For Personal Auto Terminations, the cancellation declaration that was provided to the insured gave the reason of "Per Previous Cancel Notice" for the cancellation of the policy. The cancellation declarations failed to provide the consumers a sufficiently clear and specific reason for the cancellations. (Page 11)

**Company Response:**

- The Company would like to provide additional background on the use of this reason in order that the Department might better understand the extenuating circumstances involved.

Please note that there are two situations that are normally involved when the Company utilizes the "Per previous cancel notice" reason. These situations pertain to: 1) a cancellation for non-payment of premium with a reactivation/cancel due to a returned payment (returned as NSF or no account/account closed), or 2) a reactivation/cancel to facilitate a correction to premium and/or coverage that must be made to the policy based upon additional information received after cancellation has occurred for the time during which the policy was active.

In both instances, the reactivation/cancel activity results in the generation of a second cancellation notice. The Company's system does not permit us to suppress these notices to the customers. In the interest of avoiding confusion to our customer, the "Per previous cancel notice" code is utilized to direct the customer back to the cancellation reason as stated on the original cancellation. Please note that these actions are taken either at the customer's request or to benefit the customer. In no case is the customer disadvantaged by these actions.

5. When an insurance carrier has certified a motor vehicle liability policy under §303.170, RSMo, or 303.180, RSMo, the insurance shall not be canceled or terminated until at least 10 days after a notice of cancellation or termination of the insurance has been filed with the office of the director of revenue by means of an SR-26 form. The file did not contain a copy of the SR-26 form. (Pages 10-12)

**Company Response:**

- Policy Number 6063083:

The Company acknowledges that it failed to provide either a copy of the SR-26 or proof of its transmission. The Company apologizes for this oversight. Please find attached a screen print where we sent the SR-26. The Company invites any additional discussion with the Department on this issue.

- Policy Number 8257579:

The Company acknowledges that it failed to provide either a copy of the SR-26 or proof of its transmission. The Company apologizes for this oversight. Please find attached a screen print where we sent the SR-26. The Company invites any additional discussion with the Department on this issue.

- Policy Number 8211372:

The Company acknowledges that it failed to provide either a copy of the SR-26 or proof of its transmission. The Company apologizes for this oversight. Please find attached a screen print where we sent the SR-26. The Company invites any additional discussion with the Department on this issue.

6. The cancellation declaration that was provided to the insured gave the reason "Valid MVR not received" for the cancellation of the policies. The cancellation declaration failed to provide the consumers a sufficiently clear and specific reason for the cancellation. (Page 10)

**Company Response:**

- Policy Number 3736659:

The Company canceled the policy upon seeking clarification on driver identity, date of birth and address. Not having received the requested information from the customer in response to the Company's written inquiry, the cancellation declaration was processed. Attached is a copy of the memo sent to the policyholder.

The Company maintains that termination reasons must be short, plain and factually direct in order to be understandable to the customer. Such an approach avoids confusing the cancellation reason with excessive detail, simplifying the statement in an effort to maximize consumer understanding.

While an appropriate level of detail is difficult to define, the Company believes the cancellation reason presented is sufficiently clear and specific for broad customer understanding. We respectfully request that the error count be adjusted and that further discussion on this issue take place subsequent to the Division's final assessment of the Company's response.

- Policy Numbers 3684957, 5056573, 5358894, 5646585, 6027035, and 5984446:

The Company ordered an MVR for the customer, however no information was returned from consumer reporting agency. The Company made a written request to the customer for updated information to run an MVR. The customer did not respond to the Company's written requests. Not having received the requested information from the customer in response to the Company's written inquiry, the cancellation declaration was processed.

- The Company maintains that termination reasons must be short, plain and factually direct in order to be understandable to the customer. Such an approach avoids confusing the cancellation reason with excessive detail, simplifying the statement in an effort to maximize consumer understanding.

While an appropriate level of detail is difficult to define, the Company believes the cancellation reason presented is sufficiently clear and specific for broad customer understanding. We respectfully request that the error count be adjusted and that further discussion on this issue take place subsequent to the Division's final assessment of the Company's response.

7. For Commercial Auto terminations, the termination declaration that was provided to the insured's failed to provide the consumer a sufficiently clear and specific reason for the cancellations. (Page 13)

**Company Response:**

- The Company continues to disagree with the errors noted. With the exception of the reason "Per previous cancel notice," the Company continues to view the reasons presented on their termination notices as sufficient, clear, and specific.
- The Company maintains that termination reasons must be short, plain and factually direct in order to be understandable to the customer. Such an approach avoids confusing the cancellation reason with excessive detail, simplifying the statement in an effort to maximize consumer understanding.

While an appropriate level of detail is difficult to define, the Company believes the cancellation reason presented is sufficiently clear and specific for broad customer understanding. We respectfully request that the error count be adjusted and that

further discussion on this issue take place subsequent to the Division's final assessment of the Company's response.

8. The Company must send a written denial letter to the insured with specific references to the policy provision, condition and exclusion. On February 18, 2008 the insured contacted the Company and requested rental coverage (Loss of Use). The Company advised the insured that the policy did not have Loss of Use coverage. The Company failed to provide a copy of the written denial letter in the file stating that the policy did not have Loss of Use coverage. (Pages 15-16).

**Company Response:**

- Claim Number: Pre 8/27/07: 50008000106

The Company has reviewed the above referenced claim file. The Company maintains that on the date of the accident our insured's policy did not carry Loss of Use coverage. The associate handling the claim advised the insured that at the time of the accident there was no rental coverage on the policy and that as such, rental would not be afforded for this loss. Communication with our insured was prompt and direct.

A denial letter with specific reference to policy provisions would not have been appropriate as the policy did not afford the coverage being requested. The lack of coverage was explained to the policyholder and the file was properly noted, documenting the conversation. The policyholder did not have any questions and was satisfied with our explanation.

We respectfully request that the error count be adjusted and that further discussion on this issue take place subsequent to the Division's final assessment of the Company's response.

9. The Company shall ensure that a written denial letter was sent to the insured with specific reference to policy provisions, condition, and exclusion. On September 8, 2008 the insured contacted the Company and requested rental coverage (Loss of Use). According to the Company, it advised the insured verbally that the policy did not have coverage. The Company failed to provide a copy of the written denial letter in the file indicating that the notice was sent to the claimant. (Page 17)

**Company Response:**

- Claim Number: Post 8/28/07: 50008003555

The Company has reviewed the above referenced claim file. The Company maintains that on the date of the accident our insured's policy did not carry Loss of Use Coverage. The associate handling the claim advised the insured that at the time of the accident there was no rental coverage on the policy and that as such, rental would not be afforded for this loss.

A denial letter with specific reference to policy provisions would not have been appropriate as the policy did not afford the coverage being requested. The lack of

coverage was explained to the policyholder and the file was properly noted, documenting the conversation. The policyholder did not have any questions and was satisfied with our explanation.

We respectfully request that the error count be adjusted and that further discussion on this issue take place subsequent to the Division's final assessment of the Company's response.

10. The Company shall not misrepresent to the claimant or insured relevant facts or policy provisions relating to coverage issues and attempt in good faith to effectuate prompt, fair and reasonable settlement of claim. The Company mailed a Bodily Injury denial letter dated March 25, 2009 that stated the reason for the denial. The examiners determined there was coverage up to policy limits required by the Missouri Financial Responsibility Law of \$25,000. The Company misrepresented the policy provision to the insured and did not effectuate prompt, fair and reasonable settlement by denying the son of the insured the bodily injury claim that was presented. (Pages 20-21)

**Company Response:**

- Claim Number: 90009000589

The Company has reviewed the above referenced claim file and has subsequently resolved the claim with respect to the Insured's son. On December 17, 2009, the Company re-opened the bodily injury exposure, contacted the claimant, advised them of the error, and began working to resolve the injury claim for Brandon East. The injury claim for Brandon East was settled for \$5,000.00 on December 21, 2009, but as Brandon East was a minor the settlement required court approval which delayed final resolution of the claim. The settlement hearing was conducted on May 18, 2010, and the \$5,000.00 settlement was ultimately approved by the court. We received the signed closing paperwork on May 27, 2010, and closed our file. The Company respectfully disagrees with the Department's allegation that this matter was a misrepresentation of policy provisions, but merely an inadvertent action not indicative of a consistent business practice.

11. The Company failed to ensure that the appropriate application of depreciation and betterment was done in the following files. The Company deducted depreciation on the property damage but failed to document how the depreciation amount was determined. The Company failed to provide a copy of the Company's depreciation guide or the outside adjusting company's depreciation guidelines that were used to settle claims. (Page 22)

**Company Response:**

- Claim Numbers: Pre 8/28/07: 50007001851      50008002669

The Company disagreed with this criticism upon initial receipt, and provided its response including the reason for disagreement and received no response. Attached is the original response for further review.

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

**Company Response:**

- The Company processed the refunds for the claims overcharges at the time of the criticisms. We provided the examiner with a spreadsheet of the refunds, the amount interest and the date of the checks. We have attached this spreadsheet as part of our response for the draft report.
- The Company did not have any refunds for the underwriting portion of the exam.

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

**Company Response:**

- The Company endeavors to conduct business according to the insurance laws and regulations of the State of Missouri as well as the laws and regulations of other states in which the Company conducts business.

CONFIDENTIAL

Policy 6063083

Driver Information for 6063083-0-10			
Driver	1	Drv.Factor.:	0
<b>SPEAR, MICHAEL J</b>			
Married	Male	Age: 54	Born: 02/25/1954
License#:	490607742	License ST:	MO
Reinstated:		SSN:	490607742
Tier:		Points:	0
		DMV:	0
SR22 Req'd/Alt:	Y /	Snt:	06/20/2008
		S26:	11/11/2008
FR44 Effective:		Snt:	
		F46:	
MVR Req'd:	Y	Ord:	06/20/2008
		Rec'd:	06/20/2008
MVR Status:	VIDREV	Agency MVR Rec'd?	N

Policy 8257579

Driver		1	Drv.Factor.:	0	Relation:	Self															
<b>DAMERON, PAUL</b> Single Male Age: 21 Born: 08/07/1987																					
License#:		N213211043		License ST:	MO																
Reinstated:				SSN:	497945248																
Tier:				Points:	0																
DMV:		0																			
SR22 Req'd/Alt:		Y /		Snt:	03/16/2009																
S26:		08/20/2009																			
FR44 Effective:				Snt:																	
F46:																					
MVR Req'd:		Y		Ord:	03/16/2009																
Rec'd:		03/16/2009																			
MVR Status:		VIOREV		Agency MVR Rec'd?:	N																
						Total Points Charged: 0															
<table border="1"> <thead> <tr> <th colspan="3">VIOLATIONS</th> </tr> <tr> <th>Date</th> <th>Description</th> <th>Pts</th> </tr> </thead> <tbody> <tr> <td>11/13/2006</td> <td>Driving while Susp/Revoked/Ca</td> <td>0</td> </tr> <tr> <td>06/28/2006</td> <td>Stop Sign</td> <td>0</td> </tr> <tr> <td colspan="3" style="text-align: right;">Total Points Charged: 0</td> </tr> </tbody> </table>							VIOLATIONS			Date	Description	Pts	11/13/2006	Driving while Susp/Revoked/Ca	0	06/28/2006	Stop Sign	0	Total Points Charged: 0		
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VIOLATIONS																					
Date	Description	Pts																			
Total Points Charged:																					
1 Drivers on Policy																					
<input type="button" value="Driver Filings"/>		<input type="button" value="Return"/>			<input type="button" value="Print S"/>																

Ready

CONFIDENTIAL

Policy 8211372-0-6

Driver Information for 8211372-0-6									
Driver	1	Drv.Factor.:	0	Relation:	Sell				
<b>KUHNS, MICHAEL</b>				Occupation:	Other				
Single	Male	Age:	21	Born:	11/14/1987				
License#:	N21320501	License ST:	MD						
Reinstated:		SSN:	498987444						
Tier:		Points:	0	DMV:	0				
SR22 Req'd/Alt:	Y /	Snt:	04/20/2009	S26:	04/30/2009				
FR44 Effective:		Snt:		F46:					
MVR Req'd:	Y	Ord:	02/26/2009	Rec'd:	02/26/2009				
MVR Status:	VIDREV	Agency MVR Rec'd?	N						
						Total Points Charged: 0			
<b>VIOLATIONS</b>									
Date	Description	Pts	Ch	Wait	Age				
05/30/2006	Drag Racing	0	Y		33				
						Total Points Charged: 0			
Driver	2	Drv.Factor.:	0	Relation:	Not Related to Insured				
<b>KOLSTAD, NICOLE</b>				Occupation:	Unknown				
Single	Female	Age:	28	Born:	12/01/1980				
License#:	L161243011	License ST:	MD						
Reinstated:		SSN:	495961981						
Tier:		Points:	0	DMV:	0				
SR22 Req'd/Alt:	N /	Snt:		S26:					
FR44 Effective:		Snt:		F46:					
MVR Req'd:	Y	Ord:	04/13/2009	Rec'd:	04/14/2009				
MVR Status:	VIDREV	Agency MVR Rec'd?	N						
						Total Points Charged:			
2 Drivers on Policy									
Driver Filings			Return			Print Screen			

CONFIDENTIAL

END  
**Victoria**<sup>SM</sup>  
INSURANCE

January 8, 2007

PRATT, JEFF  
614 MEADOWVIEW DR  
NIXA, MO 65714

BERGEN INSURANCE AGENCY  
(1240208)  
238 BLAIRS FERRY RD N E  
CEDAR RAPIDS, IA 52402  
(319) 377-9807

RE : Insured Name : PRATT, JEFF  
Policy Number : 003736659-00-00

Dear JEFF PRATT,

As part of our underwriting review of your policy, we obtain a motor vehicle report (MVR) for all listed drivers. For the driver(s) noted below, we were unable to obtain a valid MVR. Please resubmit the driver's license number and state for the driver noted, or a copy of their drivers license. Your policy may be cancelled and/or a surcharge may be applied if this information is not received within 35 days.

JEFF PRATT

Please be informed that personal information was obtained from sources other than you to verify the rate provided for coverage. The adverse action taken may have been based in whole or in part on information obtained from a consumer report.

The consumer reporting agency did not make the decision to take adverse action on your policy and is unable to provide you with the specific reason why the adverse action was taken.

If you have questions about the consumer report that was used to make this decision, please contact the consumer reporting agency. You have the right to obtain a free copy of the consumer report from the consumer reporting agency by request within 60 days of the receipt of this notice. You may contact the consumer reporting agency if you dispute the accuracy or completeness of any information contained in the report.

Consumer Reporting Agency:  
ChoicePoint, Inc.  
Consumer Disclosure Services  
P.O. Box 105108  
Atlanta, GA 30348-5108  
1-800-456-6004

CONFIDENTIAL

END

Victoria<sup>SM</sup>  
INSURANCE

January 8, 2007

PRATT, JEFF  
614 MEADOWVIEW DR  
NIXA, MO 65714

BERGEN INSURANCE AGENCY  
(1240208)  
238 BLAIRS FERRY RD N E  
CEDAR RAPIDS, IA 52402  
(319) 377-9807

RE : Insured Name : PRATT, JEFF  
Policy Number : 003736659-00-00

[www.consumerdisclosure.com](http://www.consumerdisclosure.com)

If you have any questions or concerns regarding the above matter(s), please feel free to contact our underwriting department at 1-800-888-8424.

Thank You,  
Underwriting Department  
(CMACI)

CONFIDENTIAL

Victoria<sup>SM</sup>  
INSURANCE

November 30, 2006

CONKLIN, LORENE  
8266 WOODS RD  
ORRICK, MO 64077

LETZIG GROUP INC (1246009)  
PO BOX 96  
RICHMOND, MO 64085  
(816) 776-5600

RE : Insured Name : CONKLIN, LORENE  
Policy Number : 003684957-00-00

Dear LORENE CONKLIN,

As part of our underwriting review of your policy, we obtain a motor vehicle report (MVR) for all listed drivers. For the driver(s) noted below, we were unable to obtain a valid MVR. Please resubmit the driver's license number and state for the driver noted, or a copy of their drivers license. Your policy may be cancelled and/or a surcharge may be applied if this information is not received within 35 days.

LORENE CONKLIN

Please be informed that personal information was obtained from sources other than you to verify the rate provided for coverage. The adverse action taken may have been based in whole or in part on information obtained from a consumer report.

The consumer reporting agency did not make the decision to take adverse action on your policy and is unable to provide you with the specific reason why the adverse action was taken.

If you have questions about the consumer report that was used to make this decision, please contact the consumer reporting agency. You have the right to obtain a free copy of the consumer report from the consumer reporting agency by request within 60 days of the receipt of this notice. You may contact the consumer reporting agency if you dispute the accuracy or completeness of any information contained in the report.

Consumer Reporting Agency:  
ChoicePoint, Inc.  
Consumer Disclosure Services  
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Atlanta, GA 30348-5108  
1-800-456-6004  
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June 4, 2007

PATTERSON BEY, MARVIN  
215 PRESLEY  
SAINT LOUIS, MO 63147

MICHAEL S. LEBLANC  
AGENCY (1245005)  
11652 DORSETT RD  
MARYLAND HTS., MO 63043  
(314) 209-0959

RE : Insured Name : PATTERSON BEY, MARVIN  
Policy Number : 005056573-00-00

Dear MARVIN PATTERSON BEY,

As part of our underwriting review of your policy, we obtain a motor vehicle report (MVR) for all listed drivers. For the driver(s) noted below, we were unable to obtain a valid MVR. Please resubmit the driver's license number and state for the driver noted, or a copy of their drivers license. Your policy may be cancelled and/or a surcharge may be applied if this information is not received within 35 days.

MARVIN PATTERSON BEY

Please be informed that personal information was obtained from sources other than you to verify the rate provided for coverage. The adverse action taken may have been based in whole or in part on information obtained from a consumer report.

The consumer reporting agency did not make the decision to take adverse action on your policy and is unable to provide you with the specific reason why the adverse action was taken.

If you have questions about the consumer report that was used to make this decision, please contact the consumer reporting agency. You have the right to obtain a free copy of the consumer report from the consumer reporting agency by request within 60 days of the receipt of this notice. You may contact the consumer reporting agency if you dispute the accuracy or completeness of any information contained in the report.

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Victoria<sup>SM</sup>  
INSURANCE

September 27, 2007

MCGEE, CLAY C  
1146 E FORDLAND  
SPRINGFIELD, MO 65807

ALLIED INS AGY OF SW MO  
INC (1240151)  
1722 S GLENSTONE, STE JJ  
SPRINGFIELD, MO 65804  
(417) 887-4456

RE : Insured Name : MCGEE, CLAY C  
Policy Number : 005358894-00-00

Dear CLAY MCGEE,

As part of our underwriting review of your policy, we obtain a motor vehicle report (MVR) for all listed drivers. For the driver(s) noted below, we were unable to obtain a valid MVR. Please resubmit the driver's license number and state for the driver noted, or a copy of their drivers license. Your policy may be cancelled and/or a surcharge may be applied if this information is not received within 35 days.

CLAY MCGEE

Please be informed that personal information was obtained from sources other than you to verify the rate provided for coverage. The adverse action taken may have been based in whole or in part on information obtained from a consumer report.

The consumer reporting agency did not make the decision to take adverse action on your policy and is unable to provide you with the specific reason why the adverse action was taken.

If you have questions about the consumer report that was used to make this decision, please contact the consumer reporting agency. You have the right to obtain a free copy of the consumer report from the consumer reporting agency by request within 60 days of the receipt of this notice. You may contact the consumer reporting agency if you dispute the accuracy or completeness of any information contained in the report.

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INSURANCE

January 28, 2008

BAZZLE, PAMELA  
HC 5 BOX 5250  
THEODOSIA, MO 65761

ABSOLUTE INS SERVICES LLC  
(1240136)  
P O BOX 896  
GAINESVILLE, MO 65655  
(417) 679-2802

RE : Insured Name : BAZZLE, PAMELA  
Policy Number : 005646585-00-00

Dear PAMELA BAZZLE,

As part of our underwriting review of your policy, we obtain a motor vehicle report (MVR) for all listed drivers. For the driver(s) noted below, we were unable to obtain a valid MVR. Please resubmit the driver's license number and state for the driver noted, or a copy of their drivers license. Your policy may be cancelled and/or a surcharge may be applied if this information is not received within 35 days.

PAMELA BAZZLE

Please be informed that personal information was obtained from sources other than you to verify the rate provided for coverage. The adverse action taken may have been based in whole or in part on information obtained from a consumer report.

The consumer reporting agency did not make the decision to take adverse action on your policy and is unable to provide you with the specific reason why the adverse action was taken.

If you have questions about the consumer report that was used to make this decision, please contact the consumer reporting agency. You have the right to obtain a free copy of the consumer report from the consumer reporting agency by request within 60 days of the receipt of this notice. You may contact the consumer reporting agency if you dispute the accuracy or completeness of any information contained in the report.

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INSURANCE

June 7, 2008

BISHOP, TERRY L  
301 1ST ST APT 203  
BOONVILLE, MO 65233

INSURANCE ASSOCIATES  
AMERICA INC (1240145)  
P O BOX 8  
TIPTON, MO 65081  
(660) 433-2141

RE : Insured Name : BISHOP, TERRY L  
Policy Number : 006027035-00-00

Dear TERRY BISHOP,

As part of our underwriting review of your policy, we obtain a motor vehicle report (MVR) for all listed drivers. For the driver(s) noted below, we were unable to obtain a valid MVR. Please resubmit the driver's license number and state for the driver noted, or a copy of their drivers license. Your policy may be cancelled and/or a surcharge may be applied if this information is not received within 35 days.

TERRY BISHOP  
THERESA EDGAR

Please be informed that personal information was obtained from sources other than you to verify the rate provided for coverage. The adverse action taken may have been based in whole or in part on information obtained from a consumer report.

The consumer reporting agency did not make the decision to take adverse action on your policy and is unable to provide you with the specific reason why the adverse action was taken.

If you have questions about the consumer report that was used to make this decision, please contact the consumer reporting agency. You have the right to obtain a free copy of the consumer report from the consumer reporting agency by request within 60 days of the receipt of this notice. You may contact the consumer reporting agency if you dispute the accuracy or completeness of any information contained in the report.

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INSURANCE

May 22, 2008

TYRA, NIKOLAS  
410 NORTH CHIPP  
NEW HAMPTON, MO 64471

LEWIS AGENCY THE (1246006)  
PO BOX 647  
KING CITY, MO 64463  
(660) 535-4391

RE : Insured Name : TYRA, NIKOLAS  
Policy Number : 005984446-00-00

Dear NIKOLAS TYRA,

As part of our underwriting review of your policy, we obtain a motor vehicle report (MVR) for all listed drivers. For the driver(s) noted below, we were unable to obtain a valid MVR. Please resubmit the driver's license number and state for the driver noted, or a copy of their drivers license. Your policy may be cancelled and/or a surcharge may be applied if this information is not received within 35 days.

NIKOLAS TYRA

Please be informed that personal information was obtained from sources other than you to verify the rate provided for coverage. The adverse action taken may have been based in whole or in part on information obtained from a consumer report.

The consumer reporting agency did not make the decision to take adverse action on your policy and is unable to provide you with the specific reason why the adverse action was taken.

If you have questions about the consumer report that was used to make this decision, please contact the consumer reporting agency. You have the right to obtain a free copy of the consumer report from the consumer reporting agency by request within 60 days of the receipt of this notice. You may contact the consumer reporting agency if you dispute the accuracy or completeness of any information contained in the report.

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Attachment for item 11

Jeremiah W. (Jay) Nixon  
Governor  
State of Missouri



Department of Insurance  
Financial Institutions  
and Professional Registration  
John M. Huff, Director

**Criticism**

**Victoria Insurance**

**Subject:** Personal Auto Property Damage paid claim

**Examiners:** Darren Jordan, AIC

<b>Insured:</b>	<b>DOL</b>	<b>Claim Number:</b>	<b>Depreciation Amount (%)</b>
Brad Stone	8/28/07	50007001851	\$162.93/35%
Junior Perry	7/04/08	50008002669	\$234.50/50%

**Date Submitted:** 1/04/2010

**Reference:** See Below

**Date Returned:** \_\_\_\_\_

**Examiner Comment:**

1. Ensure the appropriate application of depreciation and betterment was done. The Company deducted for depreciation on the property damage. The Company failed to document how the depreciation amount was determined. The Company failed to provide a copy of the Company's depreciation guide in the file. 20 CSR 100-1.050(2)(E)

**Company Response (Backside may be used):**

In response to the above referenced criticism the Company has reviewed claim numbers 500 08 002669 and 50007001851, and has determined that the Property Damage appraisal was completed by an independent adjusting firm, Property Damage Appraisers. Property Damage Appraisers was utilized as the Company had no staff appraisers available in that area that that were able to handle this type of assignment. We contacted Property Damage Appraisers and were advised that any recommendations for depreciation are based on visual inspection along with the estimating software they use to complete property appraisals. Property Damage Appraisers does not utilize a specific depreciation schedule. We were advised that the inspection/recommendation process takes into account the age, use, and condition of the item in question. This is in line with our internal company guidelines which state that depreciation should be applied based on age, use, condition, and/or obsolescence.

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Attachment for item 11

The assignment to an independent adjusting company was important to ensure that a fair and accurate appraisal was obtained based on an actual visual inspection of the damaged items.

Property Damage Appraisers made recommendations regarding depreciation which were in line with our internal guidelines and were accepted. The estimates were discussed with, and copies were provided to the owners and there were no outstanding questions regarding depreciation.

Company Reviewer:  Company Agrees: \_\_\_\_\_

Review Date: 1/20/00 Company Disagrees: X

Section 374.205.2(2), RSMo requires the Company to furnish records to the examiners within 10 calendar days.

**If you do not agree with the examiner's comments, attach all relevant documentation that you believe substantiates your response.**

Exhibit: \_\_\_\_\_ Page 1 of 1

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Claim #	Payment Amount	Check #	date
50009002117	\$11.48	1906091	1/21/2010
90008002324	\$12.09	1906095	1/21/2010
50008003554	\$12.19	1906101	1/21/2010
77708004768	\$12.11	1906106	1/21/2010
90009000857	\$11.79	1906109	1/21/2010
50008005266	\$11.95	1906112	1/21/2010
50008004478	\$12.06	1906116	1/21/2010
50009000741	\$11.78	1906124	1/21/2010
90009000896	\$11.68	1906129	1/21/2010
90009002483	\$11.34	1906149	1/21/2010
50008002130	\$12.52	1906155	1/21/2010
50008001926	\$12.53	1906161	1/21/2010
50009001276	\$11.71	1900745	1/14/2010
50009000526	\$11.86	1900755	1/14/2010
77708001199	\$12.69	1900026	1/13/2010
90009001497	\$11.54	1906213	1/21/2010

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



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

**Victoria Automobile Insurance Company**  
**NAIC # 10644**

**MISSOURI EXAMINATION # 0810-15-TGT**

**NAIC EXAM TRACKING SYSTEM # MO268-M85**

**October 30, 2012**

**Home Office**  
**1 Nationwide Plaza DSPF - 76**  
**Columbus, Ohio, 43215**

## TABLE OF CONTENTS

FOREWORD.....	3
SCOPE OF EXAMINATION.....	4
COMPANY PROFILE.....	5
EXECUTIVE SUMMARY.....	6
EXAMINATION FINDINGS.....	7
I. UNDERWRITING AND RATING PRACTICES.....	7
A. Company Advertising.....	8
B. Forms and Filings.....	8
C. Personal Auto Underwriting and Rating.....	8
D. Personal Lines Terminations.....	9
E. Commercial Underwriting and Rating.....	14
F. Commercial Auto Terminations.....	14
G. Practices Not in the Best Interest of Consumers.....	15
II. CLAIMS PRACTICES .....	15
A. Claims Time Study .....	16
B. Unfair Settlement and General Handling Practices .....	16
C. Practices Not in the Best Interest of Consumers .....	28
III. COMPLAINTS .....	28
IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY .....	29
A. Criticism Time Study.....	29
B. Formal Request Time Study .....	29
EXAM REPORT SUBMISSION .....	30

## FOREWORD

This is a targeted market conduct examination report of the Victoria Automobile Insurance Company, (NAIC Code # 10644). This examination was conducted at the office 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 Victoria Automobile Insurance Company;
- "CSR" refers to the Missouri Code of State Regulation;
- "DIFP" refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "Director" refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "NAIC" refers to the National Association of Insurance Commissioners;
- "RSMo" refers to the Revised Statutes of Missouri.

## SCOPE OF EXAMINATION

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

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2007, through August 31, 2009, unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a targeted examination involving the following business functions and lines of business: Company Complaints, Personal and Commercial Auto Underwriting, Personal and Commercial Auto Terminations, and Personal and Commercial Auto Paid and Non-Paid Claims.

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

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

## COMPANY PROFILE

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

Victoria Automobile Insurance Company (VAIC) was formed February 18, 1994, to serve the property and casualty market in the State of Indiana by Victoria Fire and Casualty Company.

It was acquired by Nationwide Mutual Insurance Company in August, 2003, as part of the Victoria Financial Corporation acquisition which included all the Victoria insurance group of entities and the Titan Insurance Group of entities.

## EXECUTIVE SUMMARY

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

- The examiners found one violation in the Company's private passenger advertising.
- The examiners found a total of 24 errors in the Company's private passenger automobile underwriting.
- The examiners found a total of 64 errors in the Company's private passenger automobile terminations.
- The examiners found a total of five errors in the Company's commercial automobile terminations.
- The examiners found a total of 36 errors in the Company's private passenger paid claims.

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

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

## EXAMINATION FINDINGS

### I. UNDERWRITING AND RATING PRACTICES

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

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

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

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

**A. Company Advertising**

The Company failed to comply with the examiners' request for documentation pertaining specifically to how the Company's Original Equipment Manufacturer Parts Loss Settlement Endorsement (MO76GEE640606) was being sold by their agents to Missouri consumers. The examiners requested the Company's advertising material, the Company's agent training procedure materials, sales presentations and any other material the Company used to sell this endorsement to a potential insured. The Company only complied by sending their underwriting guides which the examiners already had.

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

**B. Forms and Filings**

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

The examiners found no errors.

**C. Personal Auto Underwriting and Rating**

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

**1. Personal Auto Underwriting (New and Renewal)**

Field Size:	20,593 5,648 files dated pre-8/28/07 14,945 files dated post-8/28/07
Sample Size:	100 total 28 files dated pre-8/28/07 72 files dated post-8/28/07
Type of Sample:	Random
Number of Errors:	24 total 7 files dated pre-8/28/07 17 files dated post-8/28/07
Error Ratio:	24 % total 25% files dated pre-8/28/07 24% files dated post- 8/28/07

Within DIFP Guidelines: No

The following policies indicated that the policy-owner was receiving a discount for a driver side air bag or a discount for both driver/passenger side air bags. However, according to the Company's underwriting manual, the policy-owner must purchase the Medical Payment Coverage in order for the discount to apply. Because the policies did not have Medical Payment Coverage, no discount was actually provided to the insureds. However, once the Company's system "caught" the mistake, the discount was removed from the declaration sheet and an amended declaration sheet was provided to the insured. Nevertheless, the Company's initial communication with the insured in terms of providing an inaccurate declaration page misrepresented the benefits, advantages, conditions, and terms of the policy for the rating period 11-7-06 to 9-16-07 (20% or 30% discount), rating period 9-17-07 to 9-7-08 (10% or 20% discount).

**Policy Numbers:**

Pre 8/28/07: 3619105 3789288 3864030 3945741  
3742289 5243039 5264288

Post 8/28/07: 5299675 5316629 5334764 5374284 5459698 5615739  
5483473 3674440 5544327 5568904 3484358 5502657  
5176610 6593852 5715645 5634400 5394483

References: §§375.144(3), and 375.936(4) and (6)(a), RSMo.

**D. Personal Auto Terminations**

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

**1. Personal Auto Terminations**

Field Size: 1,058 total  
316 files dated pre-8/28/07  
742 files dated post-8/28/07

Sample Size: 100 total  
38 files dated pre-8/28/07  
62 files dated post-8/28/07

Type of Sample: Random

Number of Errors: 64 total  
26 files dated pre-8/28/07  
38 files dated post-8/28/07

Error Ratio: 64 % total  
68% files dated pre-8/28/07  
61% files dated post- 8/28/07

Within DIFP Guidelines: No

The following errors were noted:

The cancellation declaration that was provided to the insured gave the reason of "Unacceptable Drivers" for the cancellation of the policy. For the policies listed below, the cancellation declarations failed to provide the consumer a sufficiently clear and specific reason for the cancellations.

**Policy Numbers:**

<u>Pre 8/28/07:</u>	3816190	3892102	3912140	3779557	3903603	3822935
	3882079	3877730	5041623	3890934	5213965	3756892
	3833842	3759490	3848452	3822255		
<u>Post 8/28/07:</u>	6099521	5324994	5379319	8498560	6373433	5321887
	8280938	6085383	8084861	8193437	8421285	6351700
	6066424	6216249	8279517	5957114		

Reference: §379.118.1(3), RSMo.

The cancellation declaration that was provided to the insured gave the reason of "Not all drivers listed" for the cancellation of the policies. The cancellation declaration failed to provide the consumers a sufficiently clear and specific reason for the cancellation.

**Policy Numbers:**

Pre 8/28/07: 3874709 3937412 3976430 3921489

Post 8/28/07: 5205656 5894211 3511767 5639952 5457545 5696973

Reference: §379.118.1(3), RSMo.

The cancellation declaration that was provided to the insured gave the reason "Valid MVR not received" for the cancellation of the policies. The cancellation declaration failed to provide the consumers a sufficiently clear and specific reason for the cancellation.

**Policy Numbers:**

Pre 8/28/07: 3736659 3684957 5056573

Post 8/28/07: 5358894 5646585 6027035 5984446

Reference: §379.118.1(3), RSMo.

When an insurance carrier has certified a motor vehicle liability policy under §303.170 or 303.180 RSMo, the insurance shall not be canceled or terminated until at least 10 days after a notice or termination of insurance has been filed with the office of the Director of Revenue by means of an SR-26 form. The following files did not contain a copy of the SR-26 form.

**Policy Numbers:**

Post 8/28/07: 8257579 6063083 8211372

References: §303.210, RSMo, and 20 CSR 500-2.300(4)(A) and (5)(A).

The cancellation declarations that were provided to the insured gave the reason of "Details on Spouse not Received" for the cancellation of the policies. The cancellation declarations failed to provide the consumers a sufficiently clear and specific reason for the cancellations.

The cancellation declaration also gave the reason "Substantial change in risk assumed" for the cancellation of the policy. The cancellation declaration failed to provide the consumer a sufficiently clear and specific reason for the cancellation.

**Policy Number:**

Post 8/28/07: 8393666

Reference: §379.118.1(3), RSMo.

The cancellation declaration that was provided to the insured gave the reason of "Details on Spouse not Received" for the cancellation of the policies. The cancellation declaration failed to provide the consumer a sufficiently clear and specific reason for the cancellation.

**Policy Numbers:**

Post 8/28/07: 5453395

Reference: §379.118.1(3), RSMo.

The cancellation declaration that was provided to the insured gave the reason of "Per Previous Cancel Notice" for the cancellation of the policy. The cancellation declarations failed to provide the consumers a sufficiently clear and specific reason for the cancellations.

**Policy Numbers:**

Pre 8/28/07: 3963321

Post 8/28/07: 5700025 3346709 8238300 3597810 5437917 3979804

Reference: §379.118.1(3), RSMo.

The cancellation declaration that was provided to the insured gave a reason of "Valid MVR not Received" for the cancellation of the policy. The cancellation declaration failed to provide the consumer a sufficiently clear and specific reason for the cancellation.

When an insurance carrier has certified a motor vehicle liability policy under §303.170, RSMo, or 303.180, RSMo, the insurance shall not be canceled or terminated until at least 10 days after a notice of cancellation or termination of the insurance has been filed with the office of the director of revenue by means of an SR-26 form. The file did not contain a copy of the SR-26 form.

**Policy Number:**

Pre 8/28/07: 3763989

References: §§303.210 and 379.118.1(3), RSMo, and 20 CSR 500-2.300(4)(A) and (5)(A).

The cancellation declaration that was provided to the insured gave a reason of "Not All Drivers Listed" for the cancellation of the policy. The cancellation declaration failed to provide the consumer a sufficiently clear and specific reason for the cancellation.

When an insurance carrier has certified a motor vehicle liability policy under §303.170, RSMo, or 303.180, RSMo, the insurance shall not be canceled or terminated until at least 10 days after a notice of cancellation or termination of the insurance has been filed with the office of the director of revenue by means of an SR-26 form. The file did not contain a copy of the SR-26 form.

**Policy Number:**

Post 8/28/07: 5831986

References: §§303.210 and 379.118.1(3), RSMo, and 20 CSR 500-2.300(4)(A) and (5)(A).

The cancellation declaration that was provided to the insured gave a reason of "Per Previous Cancel Notice" for the cancellation of the policy. The cancellation declaration failed to provide the consumer a sufficiently clear and specific reason for the cancellation.

If any insurer proposes to cancel or to refuse to renew a policy of automobile insurance delivered or issued for delivery in this state except at the request of the named insured or for non-payment of premium, it shall, on or before 30 days prior to the proposed effective date of the action, send written notice by certificate of mailing of its intended action to the named insured at his last known address. The Company failed to notify the insured 30 days prior to the effective date of the cancellation.

**Policy Number:**

Pre 8/28/07: 5117618

References: §§303.210 and 379.118.1(3), RSMo, and 20 CSR 500-2.300(3)(B).

**E. Commercial Auto Underwriting and Rating**

**Commercial Auto Underwriting (New and Renewal)**

Field Size: 1,200  
Type of Sample: Census  
Number of Errors: 0  
Error Ratio: 0%  
Within DIFP Guidelines: Yes

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

**F. Commercial Auto Terminations**

**Commercial Auto Terminations**

Field Size: 137 total  
21 files dated pre-8/28/07  
116 files dated post-8/28/07  
  
Type of Sample: Census  
  
Number of Errors: 5 total  
1 files dated pre-8/28/07  
4 files dated post-8/28/07  
  
Error Ratio: 4 % total  
4.7% files dated pre-8/28/07  
3.4% files dated post- 8/28/07  
  
Within DIFP Guidelines: Yes

The following errors were noted:

The termination declaration that was provided to the insured's failed to provide the consumer a sufficiently clear and specific reason for the cancellations.

**Policy Numbers:**

Pre 8/28/07: 3819981

Post 8/28/07: 6084234 5276917 3880553 6164915

Reference: §379.118.1(3), RSMo.

## G. Practices Not in the Best Interest of Consumers

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

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

## II. CLAIMS PRACTICES

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

To minimize the duration of the examination, while still achieving an accurate evaluation of claim practices, the examiners reviewed a statistical sampling of the claims processed. The examiners requested a listing of claims paid and claims closed without payment during the examination period for the line of business under review. The review consisted of Missouri claims selected from a listing furnished by the Company with a date of closing from January 1, 2007, through August 31, 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) and compared with the NAIC benchmark error rate of seven percent (7%). Error rates in excess of the NAIC benchmark error rate[s] are presumed to indicate a general business practice contrary to the law. Errors indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

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

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

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

Missouri statutes require the Company to disclose to first-party claimants all pertinent benefits, coverage or other provisions of an insurance policy under which a claim is

presented. Claim denials must be given to the claimant in writing, and the Company must maintain a copy in its claim files.

#### **A. Claims Time Studies**

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

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

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

The examiners discovered no issues or concerns.

#### **B. Unfair Settlement and General Handling Practices**

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 it for noncompliance.

##### **1. Private Passenger Auto Comprehensive Paid Claims**

Field Size:	202 total 45 files dated pre-8/28/07 157 files dated post-8/28/07
Sample Size:	100 total 66 files dated pre-8/28/07 34 files dated post-8/28/07
Type of Sample:	Random

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

Error Ratio: 1% total  
1.5% files dated pre-8/28/07  
0% files dated post- 8/28/07

Within DIFP Guidelines: Yes

The following error was noted:

The Company must send a written denial letter to the insured with specific references to the policy provision, condition and exclusion. On 2/18/08 the insured contacted the Company and requested rental coverage (Loss of Use). The Company advised the insured that the policy did not have Loss of Use coverage. The Company failed to provide a copy of the written denial letter in the file stating that the policy did not have Loss of Use coverage.

**Claim Number:**

Pre 8/28/07: 50008000106

References: §375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)3.

**Violations Not Counted in Error Ratio:**

In a total loss settlement, the Company shall ensure that the claimant was given a sales tax affidavit and a copy of it was placed in the file. The Company failed to maintain a copy of the sales tax affidavit in the file.

**Claim Numbers:**

Post 8/28/07: 500080004593    50008002917    50008001529  
900090000600    90009000081

References: §§144.027 and 374.205, RSMo, and 20 CSR 300-2.200(3)(B)3 (as replaced by 20 CSR 100-8.040(3)(B)3, effective 7/30/08).

The claimant's vehicle was a total loss. A salvage title is required to be provided to the insured and a copy placed in the file. The Company retained the salvage on the claimant's vehicle, but the file did not contain a copy of the salvage title.

**Claim Number:**

Post 8/28/07: 50007002859

Reference: §301.027, RSMo, and Nationwide Materials Damage Best Claims Practices section: Subrogation and Salvage (page 11).

The Company shall ensure that the claim file was clearly documented showing the inception, handling and disposition of each claim. The Company did not provide the estimate of damages for the insured's loss; therefore the examiner was unable to determine the inception, handling and disposition of the claim.

**Claim Numbers:**

Pre 8/28/07: 77707002939

Post 8/28/07: 50008003307      50009000775

References: §374.205, RSMo, and 20 CSR 300-2.200(3)(B) (as replaced by 20 CSR 100-8.040(3)(B), effective 7/30/08).

**2. Private Passenger Auto Collision Paid Claims**

Field Size:	422 total 125 files dated pre-8/28/07 297 files dated post-8/28/07
Sample Size:	111 total 75 files dated pre-8/28/07 36 files dated post-8/28/07
Type of Sample:	Random
Number of Errors:	2 total 0 file dated pre-8/28/07 2 file dated post-8/28/07
Error Ratio:	1.8% total 0% files dated pre-8/28/07 5.5% files dated post- 8/28/07
Within DIFP Guidelines:	Yes

The following errors were noted:

The Company determined that the claimant's vehicle was a total loss; however, the Company did not pay the title fee in the amount of \$11.00. The claimant is due an \$11.00 refund plus nine percent interest for the amount of \$11.71.

**Claim Number:**

Post 8/28/07: 50009001276

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

The Company shall ensure that a written denial letter was sent to the insured with specific reference to policy provisions, condition, and exclusion. On 9/8/08 the insured contacted the Company and requested rental coverage (Loss of Use). According to the Company, it advised the insured verbally that the policy did not have coverage. The Company failed to provide a copy of the written denial letter in the file indicating that the notice was sent to the claimant.

**Claim Number:**

Post 8/28/07: 50008003555

References: §§374.205 and 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)3 and 20 CSR 300-2.200 (as replaced by 20 CSR 100-8.040, effective 7/30/08).

**Violations Not Counted in Error Ratio:**

The Company failed to ensure that the claimant was given a sales tax affidavit and that a copy of it was placed in the file.

**Claim Numbers:**

Post 8/28/07:            50008000552        50008005128

References: §§144.027 and 374.205, RSMo, and 20 CSR 300-2.200(3)(B)3 (as replaced by 20 CSR 100-8.040(3)(B)3, effective 7/30/08).

The Company failed to ensure that the claimant was given a sales tax affidavit and that a copy of it was placed in the file.

The Company shall ensure any total loss settlement values or reductions in values were documented in file. The Company determined the salvage value of \$2,063.98. The Company failed to document how that amount was determined and did not have a copy in the file.

**Claim Number:**

Pre 8/28/07:            50007000804

References: §§144.027 and 374.205, RSMo, and 20 CSR 300-2.200(3)(B)3, (as replaced by 20 CSR 100-8.040(3)(B)3, effective 7/30/08).

**3. Private Passenger Auto Total Loss Paid Claims**

Field Size: 365 total  
61 files dated pre-8/28/07  
304 files dated post-8/28/07

Sample Size: 111 total  
69 files dated pre-8/28/07  
42 files dated post-8/28/07

Type of Sample: Random

Number of Errors: 13 total  
1 files dated pre-8/28/07  
12 files dated post-8/28/07

Error Ratio: 12% total  
1.4% files dated pre-8/28/07  
29% files dated post- 8/28/07

Within DIFP Guidelines: No

The following errors were noted:

The Company shall attempt in good faith to effectuate prompt, fair and equitable settlement of claims. The Company settled the following 13 total loss claims, but did not pay the \$11.00 title fee that the insured and or the claimant incurred as a result of the total loss.

**Claim Numbers:**

Pre 8/28/07: 50008002130

Post 8/28/07: 50008001926 50090021117 90008002324 50008000662  
50008003554 77708004768 90009000657 50008005266  
50008004478 50009000741 90009000896 90009002483

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

**Violations Not Counted in Error Ratio:**

The Company failed to obtain a salvage title when the Company determined the vehicle to be a total loss. A copy of the salvage title was not in the file.

**Claim Numbers:**

<u>Post 8/28/07:</u>	90008002324	90009000896	50007003096
	50008003445	50007002645	

References: §§301.227 and 374.205, RSMo, 20 CSR 300-2.200 (as replaced by 20 CSR 100-8.040, effective 7/30/08) and Nationwide Materials Best Claims Practices section: Subrogation and Salvage (page 11).

The Company failed to maintain copies of the Missouri Sales Tax Affidavits for the following claim files. The examiners could not determine that they were provided to the claimants.

**Claim Numbers:**

<u>Pre 8/28/07:</u>	50007000094	50007000617	
<u>Post 8/28/07:</u>	50008004529	50009002786	50008005059
	88809006084	50008005189	50009001253
	5 0008001386	50007002815	50008002130
	50008002110	50007002040	50008000611
	50008000682		

References: §§144.027 and 374.205, RSMo, and 20 CSR 300-2.200(3)(B)3 (as replaced by 20 CSR 100-8.040(3)(B)3, effective 7/30/08).

**4. Private Passenger Auto Medical Payment Paid Claims**

Field Size:	44
Type of Sample:	Census
Errors:	1
Error Ratio:	2%
Within DIFP Guidelines:	Yes

The examiners found the following error:

The Company shall ensure that the claimant and the insured are advised of the relevant facts or the policy provision relating to coverage issues. The Company mailed a Medical Payments letter dated 12/29/09 to the insured's passenger which

stated that the policy provides a limited amount for payment of reasonable medical expenses incurred within two years of the accident. According to the Company's Missouri Private Passenger Automobile Policy MO76GEP0010606 (page 18) - Medical Payments - Coverage Agreement # 2, states it will pay for reasonable medical expenses incurred within one year after the accident. Therefore, the letter that was mailed to the insured's passenger, indicating two years, misrepresented the policy provision relating to the Medical Coverage.

**Claim Number:** 50008005069

Reference: §375.1007(1), RSMo.

**5. Private Passenger Auto Subrogation Paid Claims**

Field Size:	80
Sample Size:	80
Type of Sample:	Census
Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns relating to the Company's general business practices.

**6. Private Passenger Auto Uninsured Motorist Bodily Injury Paid Claims**

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

The examiners discovered no issues or concerns relating to the Company's general business practices.

**7. Private Passenger Auto Bodily Injury Paid Claims**

Field Size:	185
Sample Size:	185
Type of Sample:	Census
Errors:	1
Error Ratio:	.5%
Within DIFP Guidelines:	Yes

The following error was noted:

The Company shall not misrepresent to the claimant or insured relevant facts or policy provisions relating to coverage issues and attempt in good faith to effectuate prompt, fair and reasonable settlement of claim. The Company mailed a Bodily Injury denial letter dated 3/25/09 that stated the reason for the denial. The examiners determined there was coverage up to policy limits required by the Missouri Financial Responsibility Law of \$25,000. The Company misrepresented the policy provision to the insured and did not effectuate prompt, fair and reasonable settlement by denying the son of the insured the bodily injury claim that was presented.

**Claim Number:** 90009000589

References: §§375.1007(1) and (4) and 408.020, RSMo, and the Company's Automobile Insurance Policy MO76GEP0010606-Auto Liability-Coverage Exclusions # 15 a, b, c, d (page 15-16).

**8. Private Passenger Auto Property Damage Paid Claims**

Field Size:	680 total 181 files dated pre-8/28/07 499 files dated post-8/28/07
Sample Size:	112 total 79 files dated pre-8/28/07 33 files dated post-8/28/07
Type of Sample:	Random
Number of Errors:	5 total 3 files dated pre-8/28/07 2 file dated post-8/28/07
Error Ratio:	5% total 3.8% files dated pre-8/28/07 6% files dated post- 8/28/07
Within DIFP Guidelines:	Yes

The following errors were noted:

On 5/7/09, the Company determined that the insured and the claimant were each 50% at fault. The claimant agreed to the liability decision. On 5/22/09, the Company determined that the actual cash value for the claimant's vehicle was \$4,892.00. The claimant agreed to retain the vehicle and accept full payment less

the salvage value of \$950.00. The file notes indicate the Company paid \$3,942.00 to the claimant for the total loss settlement. This amount does not reflect 50% of the property damage owed; therefore, the handling of the claim resulted in an over payment of \$1,971.00.

**Claim Number:**

Post 8/28/07: 50009001451

References: §375.1007(4), RSMo, and 20 CSR 100-8.040(3)(B).

The Company shall attempt in good faith to effectuate prompt, fair and equitable settlement of claims. The Company settled the total loss for the 1994 Oldsmobile Cutlass. The Company did not pay the \$11.00 title fee that the claimant incurred as a result of the total loss.

**Claim Number:**

Post 8/28/07: 50009000526

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

The Company failed to ensure that the appropriate application of depreciation and betterment was done in the following files. The Company deducted depreciation on the property damage but failed to document how the depreciation amount was determined. The Company failed to provide a copy of the Company's depreciation guide or the outside adjusting company's depreciation guidelines that were used to settle claims.

**Claim Numbers:**

Pre 8/28/07: 50007001851 50008002669

References: §375.1007(4), RSMo, and 20 CSR 300-2.200(B)(3) (as replaced by 20 CSR 100-8.040, effective 7/30/08).

The Company failed to provide the claimant with a sales tax affidavit and failed to maintain a copy of it in the file.

The Company shall attempt in good faith to effectuate prompt, fair and equitable settlement of claims. The Company settled the total loss, but did not pay the \$11.00 title fee that the insured and or the claimant incurred as a result of the total loss.

**Claim Number:**

Pre 8/28/07: 77708001199

References: §§144.027, 375.1007(4) and 408.020, RSMo, and 20 CSR 300-2.200(B)(3) (as replaced by 20 CSR 100-8.040, effective 7/30/08).

**Violations Not Counted in Error Ratio:**

The Company failed to provide the examiners with a copy of the salvage title for the following claim file.

**Claim Number:**

Post 8/28/07: 50007002077

References: §301.227, RSMo, and 20 CSR 300-2.200(3)(B) (as replaced by 20 CSR 100-8.040(3)(B), effective 7/30/08), and Nationwide Material Damage Best Claims Practices, Section Subrogation and Salvage, Page 11.

The Company failed to provide a copy of the sales tax affidavit to the claimant and did not maintain a copy of it in the file.

**Claim Numbers:**

Post 8/28/07: 50008001925                      50008000719

References: §§144.027 and 374.205, RSMo, 20 CSR 300-2.200 (as replaced by 20 CSR 100-8.040, eff. 7/30/08).

**9. Private Passenger Auto Non-Paid Comprehensive Claims**

Field Size:	38
Sample Size:	38
Type of Sample:	Census
Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns relating to the Company's general business practices.

**10. Private Passenger Auto Non-Paid Collision Claims**

Field Size:	131
Sample Size:	131
Type of Sample:	Census
Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns relating to the Company's general business practices.

**11. Private Passenger Non-Paid Medical Payment Claims**

Field Size:	44
Sample Size:	44
Type of Sample:	Census
Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns relating to the Company's general business practices.

**12. Private Passenger Auto Non-Paid Uninsured /Underinsured Motorists**

Field Size:	26
Sample Size:	26
Type of Sample:	Census
Errors:	0
Error Ratio:	0%
Within DIFP Guidelines:	Yes

The examiners discovered no issues or concerns relating to the Company's general business practices.

**13. Private Passenger Auto Paid OEM Collision**

Field Size:	75
Sample Size:	75
Type of Sample:	Census
Errors:	13
Error Ratio:	17.33%
Within DIFP Guidelines:	No

The following errors were noted:

In the following 13 claims (all post-8/28/07), the claimants purchased an OEM endorsement on their policies. However, the Company did not utilize an OEM part in the repair of the claimant's vehicles as is required by the endorsement. Therefore, it misrepresented to claimants the relevant fact or policy provision relating to the available OEM endorsement on the policies. By failing to use the OEM part in the repair per the endorsement, it also failed to attempt in good faith to effectuate prompt, equitable, and fair settlement of the claims submitted.

The Company initially advised the Department that it had only sold four policies with the endorsement and had only one total loss claim where OEM parts were not utilized. When the examiners requested extra data from the field of 476 active policies, it was discovered that out of the entire field of 476 policies where the insured purchased the OEM endorsement, there were actually 75 claims for OEM parts presented to the Company for payment.

After several conference calls and discussions with the Department, the Company agreed to either replace the parts with OEM parts or issue refunds to the claimants.

<u>Claim Numbers:</u>	<u>Amount</u>	<u>Interest Paid</u>	<u>Total Paid</u>
50007000375	\$465.00	\$11.39	\$476.39
50007002762	\$1,297.27	\$25.71	\$1,322.98
50008001478	\$1,650.13	\$28.17	\$1,678.30
50009004171	\$64.75	\$4.31	\$69.06
88807000328	\$201.00	\$58.13	\$259.75
88807000862	\$1,747.11	\$42.69	\$1,789.80
90009000695	\$359.72	\$45.27	\$404.99
50006000568	\$452.00	\$44.35	\$496.35
50007000025	\$135.39	\$11.35	\$146.74
50007000581	\$349.34	\$55.65	\$460.64
88807000862	\$817.96	\$55.87	\$873.83

The body shops were paid directly by the Company in two of the 13 total claims in the amounts of \$872.65 and \$552.34 respectively.

**Claim Numbers:** 50009004171 and 50008000878

References: §§375.1007(1) and (4), and 408.020, RSMo, and 20 CSR 100-1.020 (1)(A) and (B).

### **C. 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 claims.

The examiners discovered no issues in this review.

## **III. COMPLAINTS**

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

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

The examiners verified the Company's complaint registry, dated January 1, 2007, through August 31, 2009. The registry contained a total of nine complaints. They reviewed all nine complaints that went through DIFP and ones that went directly to the Company.

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

The examiners discovered no issues or concerns.

#### IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY

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

##### A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	89	100%
Received outside time-limit, incl. any extensions	0	0 %
<u>No Response</u>	<u>0</u>	<u>0 %</u>
Total	89	100%

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

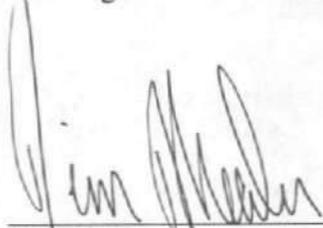
##### B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Requests</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	25	100%
Received outside time-limit, incl. any extensions	0	0%
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	25	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 Victoria Automobile Insurance Company (NAIC #10644), Examination Number 0904-20-TGT. This examination was conducted by Gary T. Meyer, Gerald Michitsch, and Darren Jordan. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated January 25, 2011. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.



Jim Mealer  
Chief Market Conduct Examiner

11/9/2012

Date