

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
UTAH BUSINESS INSURANCE) **Market Conduct Exam No. 317017**
COMPANY (NAIC #12520)) **NAIC MATS NO.: MO-HICKSS1-96**

ORDER OF THE DIRECTOR

NOW, on this 03th day of March, 2020, Director, Chlora Lindley-Myers, after consideration and review of the market conduct examination report of Utah Business Insurance Company (NAIC #12520) (hereinafter "UBIC"), examination report number 317017, prepared and submitted by the Division of Insurance Market Regulation (hereinafter "Division") pursuant to §374.205.3(3)(a)¹, does hereby adopt such report as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), the examination 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). Director does hereby issue the following orders:

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

IT IS THEREFORE ORDERED that UBIC and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

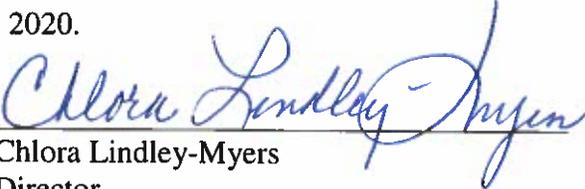
IT IS FURTHER ORDERED that UBIC shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016 as amended.

IT IS FURTHER ORDERED that UBIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$9,850.00 payable to the Missouri State School Fund in connection with examination no. 317017.

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 09th day of March, 2020.


Chlora Lindley-Myers
Director



**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
UTAH BUSINESS INSURANCE) **Market Conduct Examination**
COMPANY (NAIC #12520)) **No. 317017**
) **NAIC MATS NO. MO-HICKSS1-96**
)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Utah Business Insurance Company (NAIC #12520) (hereinafter “UBIC”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (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 of Missouri;

WHEREAS, UBIC has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a Market Conduct Examination of UBIC, examination #317017;

WHEREAS, the Division prepared a Final Market Conduct Examination (hereinafter, “Report”) dated January 30, 2020 attached hereto and incorporated herein.

WHEREAS, based on the Market Conduct Examination of UBIC, the Division alleges that:

1. In several instances, UBIC failed to attach a Schedule of Endorsements page to the policy in violation of §287.310.1 and 20 CSR 500-6.100(1).

2. In five instances, UBIC failed to complete and bill the audit and return premiums within 120 days of policy expiration/cancellation in violation of §287.955.3, §287.310 and 20 CSR 500-6.500(2)(A).

3. In five instances, UBIC failed to apply the Second Injury Fund (“SIF”) rate to the correct premium in violation of §287.715 and §287.310.9.

4. In one instance, UBIC did not maintain file documentation necessary for the examiners to reconstruct how policy premium was determined in violation of §287.932.2 and 20 CSR 100-8.040(3)(A).

5. In nine instances, UBIC failed to use the filed terrorism rate in violation of §287.955.1, §287.947.1, and 20 CSR 500-6.950(7).

6. In several instances, UBIC failed to use the filed Scheduled Rating Worksheet in violation §287.947.1.

7. In two instances, UBIC failed to maintain evidence in the file justifying the reduction in the Schedule Modification Credit in violation of §287.950.2 and 20 CSR 500-4.100(7)(D).

8. In five instances, UBIC utilized an unfiled Class Peculiarities Schedule rate in violation of §287.950.2.

9. In 11 instances, UBIC failed to send notification to the insured on an approved form that they might be eligible for a premium adjustment credit in violation of §287.955.3.

10. In one instance, the Company failed to use the filed Premium Determination for Executive Officers, Members of Limited liability Companies, Partners and Sole Proprietors in accordance with NCCI Basic Manual Rule 2-E in violation of §287.955.3.

11. In one instance, the Company failed to use the correct Experience Rating

Modification Factor at final audit in violation of §287.955.

12. In two instances, UBIC failed to apply the Administrative Surcharge to the estimated annual premium in violation of §287.716.2 and §287.310.9.

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) 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.** UBIC agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably assure that the errors noted in the Market Conduct Examination do not recur. Such remedial actions shall consist of the following:

1. UBIC has represented that its processes are being amended so that all policies will receive a schedule of endorsements. UBIC agrees going forward to attach a schedule of endorsements page to each policy. UBIC further agrees to file documentation with the Division of the new process change.

2. UBIC agrees that audits on workers compensation insurance policies with Missouri premium or exposure will be completed, billed, and premiums returned within 120 days of policy expiration or cancellation unless a) a delay is caused by the policyholder’s failure to respond to reasonable audit requests provided that the requests are timely and adequately documented or b) a delay is caused by the mutual agreement of the policyholder and the Company, provided that the

mutual agreement is adequately documented by the Company.

3. UBIC agrees to maintain file documentation necessary for examiners to reconstruct how policy premium is determined.

4. UBIC agrees that it will not reduce schedule modification credits unless there is supporting evidence in the file justifying the reduction.

5. UBIC agrees that it will not utilize unfiled rates or forms in workers compensation insurance policies.

6. UBIC has represented that as of June 21, 2019 it changed its systems to automatically include the MOCCPAP credit application form on Missouri policies. UBIC agrees to continue this process going forward and to provide documentation to the Division of this new process change.

7. UBIC agrees, that to the extent it has not already done so, it will remediate all instances of premium overcharges identified in the exam report. A letter shall be included with the remediation indicating that as a result of a Missouri Market Conduct Examination, it was found that a refund was due the insured.

8. UBIC agrees, that to the extent it has not already done so, it will reimburse the Second Injury Fund and Administrative Surcharge for any underpayments set out in exam report. Such payments to the Second Injury Fund shall be made to the fund with any applicable interest and penalties together with any amended filings required by the Division of Workers Compensation. Such payments to the Administrative Surcharge shall be made to the Premium Tax Section together with any applicable interest or penalties, and any amended returns that may be required by the Premium Tax Section of the Department.

9. UBIC agrees to review all guaranteed cost policies with Missouri premium or

exposure from January 1, 2015 to December 31, 2019 to determine if an unfiled terrorism rate was utilized. If an unfiled terrorism rate was utilized and resulted in a charge that exceeded the charge that would apply if the filed rate was utilized, UBIC shall remediate the policyholder in an amount that represents the difference between the premium charged and the premium that would have been charged using the filed terrorism rate. A letter shall be included with the remediation indicating that as a result of a Missouri Market Conduct Examination, it was found that a refund was due the insured.

C. **Compliance.** UBIC agrees to file documentation with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation and to document the payment of any restitution required by this Stipulation. Such documentation is provided pursuant to §374.205.

D. **Fees.** UBIC agrees to pay any reasonable examination fees expended by the Division in conducting its review of the documentation provided by UBIC pursuant to Paragraphs B and C of this Stipulation.

E. **Voluntary Forfeiture.** UBIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$9,850.00 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

F. **Other Penalties.** The Division agrees that it will not seek penalties against UBIC, other than those agreed to in this Stipulation, in connection with the above referenced Market Conduct Examination.

G. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by UBIC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal

allegations arising out of the above referenced market conduct examination.

H. **Waivers.** UBIC, 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.

I. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and UBIC.

J. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

K. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and UBIC respectively.

L. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution and delivery of this Stipulation by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

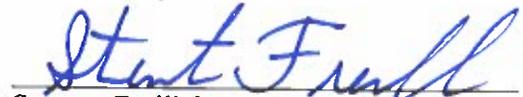
M. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

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

DATED: 3/3/2020


Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 3/9/2020


Stewart Freilich
Chief Market Conduct Examiner and
Senior Counsel
Division of Insurance Market Regulation

DATED: 02/02/2020


Tyler Nielsen
VP, Operations
Utah Business Insurance Company

STATE OF MISSOURI
DEPARTMENT OF COMMERCE AND INSURANCE



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

Utah Business Insurance Company
NAIC #12520

MISSOURI EXAMINATION # 317017

NAIC EXAM TRACKING SYSTEM # MO-HICKSS1-96

January 30, 2020

Utah Business Insurance Company
10421 South Jordan Gateway Blvd, Suite 400
South Jordan, Utah 84095

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FOREWORD

This is a targeted market conduct examination report of Utah Business Insurance Company (NAIC Code #12520). This examination was conducted at the Missouri Department of Insurance, Financial Institutions, and Professional Registration's Kansas City office at 615 East 13th Street, Room 506, Kansas City, Missouri 64106.

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

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

When used in this report:

- "Company" refers to Utah Business 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;
- "UBIC" refers to Utah Business Insurance Company;
- "NAIC" refers to the National Association of Insurance Commissioners;
- "RSMo" refers to the Revised Statutes of Missouri;
- "MOCCPAP" refers to Missouri Contracting Classification Premium Adjustment Program;
- "NCCI" refers to the National Council on Compensation Insurance and
- "SIF" refers to Second Injury Fund.

SCOPE OF EXAMINATION

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

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2015 through December 31, 2017 unless otherwise noted. Errors outside of this time period discovered during the course of the examination may also be included in the report.

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

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

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

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

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

COMPANY PROFILE

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

“Utah Business Insurance Company, Inc. (the Company) was incorporated on February 9, 2006, under the laws of the state of Utah as Utah Builders Insurance Company and changed its name to Utah Business Insurance Company on March 20, 2008. The Company is admitted in and writes workers compensation insurance in the state of Missouri, Nevada, and Utah.”

EXECUTIVE SUMMARY

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

Guaranteed Cost Policies

- The examiners found 44 instances where the Company agreed that it failed to attach a Schedule of Endorsements page to the policy.
- The examiners found five instances where the policy file audit was not completed and billed within one hundred twenty (120) days of the policy expiration and also failed to document in the underwriting files whether the delay was caused by the policyholder's failure to respond to reasonable requests, or if the delay was by mutual agreement of the policyholder and the Company.
- The examiners found three instances where the Company did not apply the Second Injury Fund Surcharge rate to the correct premium amount, resulting in insured premium and Second Injury Fund overcharges.
- The examiners found one instance where the Company failed to document how the Schedule Rating of a 10% credit was determined as the Schedule Rating Worksheet was blank.
- The examiners found in nine instances where the Company failed to use the correct, filed, terrorism rate of .010 and used an incorrect, unfiled rate of .015 resulting in premium overcharges in eight of nine policies.
- The examiners found in 15 instances where the Company failed to use the correct, filed, Schedule Rating Worksheet form number SRW(MO)-03, 2012-12-10 but used an incorrect, unfiled, Schedule Rating Worksheet form number SRW-03, 2012-11-06.
- The examiners found two instances where the company reduced the Schedule Modification credit without showing any change in the risk, resulting in premium overcharges.
- The examiners found five instances where the Company used a Class Peculiarities Schedule Modification rate that was not filed for use with the Schedule Rating Worksheet form SRW (MO)-03 filed by the Company resulting in three premium overcharges and two premium undercharges.
- The examiners found 11 instances where the Company failed to send notification on the approved form to insureds that explained they may be eligible for a premium adjustment credit under the Missouri Contracting Classification Premium Adjustment Program.
- The examiners found one instance where the Company failed to use the filed Premium Determination for Executive Officers, Members of Limited Liability Companies, Partners and Sole Proprietors as the Company used the incorrect limit of \$38,400 instead of the correct limit of \$36,900.

- The examiners found one instance where the Company failed to apply at audit, the Experience Rating Modification Factor of .96 resulting in a premium overcharge and a SIF overcharge.

Small Deductible Policies

- The examiners found two instances where the Company did not apply the Second Injury Fund Surcharge rate to the correct premium amount, resulting in undercharges to the insureds and underpayments to the Second Injury Fund.
- The examiners found one instance where the Company used an incorrect, unfiled deductible credit rate of .0908 instead of the correct, filed rate of .054 resulting in a premium undercharge.
- The examiners found two instances where the Company failed to apply the Administrative Surcharge to the estimated annual premium.

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

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

EXAMINATION FINDINGS

I. UNDERWRITING AND RATING PRACTICES

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

The total population of Worker's Compensation policies amounted to 339. Of the 339 policies, 280 were Active Guarantee policies, in which a random sample of 79 policies were reviewed. A census of 57 Canceled and Nonrenewal policies was reviewed. A census of two Small Deductible policies was reviewed as well. A policy/underwriting file is reviewed in accordance with 20 CSR 100-8.040 and the NAIC *Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and 375.445 RSMo.) and compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark error rate are presumed to indicate a general business practice contrary to the law. As most Workers' Compensation laws do not apply a general business practice standard, no error rates were contemplated in these reviews unless the violation(s) discovered fell within the scope of Missouri's Unfair Trade Practices Act.

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

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

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

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

A. Forms and Filings

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

The examiners discovered no issues or concerns.

B. Workers' Compensation Policies Reviews

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

1. Guaranteed Cost Policies

The examiners reviewed a random sample of 79 policy files from a total population of 280 guaranteed cost policy files.

The following are the results of the reviews:

1. The examiners found 44 instances where the Company agreed that it failed to attach a Schedule of Endorsements page to the following worker's compensation policies.

No.	Policy#	Exp. Date
1	WCXXXXX52017A	01/01/17
2	WCXXXXX82017A	01/07/17
3	WCXXXXX02017A	01/30/17
4	*WCXXXXX32017A	01/31/17
5	WCXXXXX92017A	02/27/17
6	WCXXXXX02017A	03/29/17
7	WCXXXXX62017 A	02/27/17
8	WCXXXXX52017 A	03/02/17
9	WCXXXXX62017 A	03/12/17
10	WCXXXXX62017A	03/20/17
11	*WCXXXXX22017A	04/01/17
12	*WCXXXXX32017A	04/01/17
13	*WCXXXXX82017A	04/06/17
14	WCXXXXX62017A	04/15/17
15	WCXXXXX62017A	04/23/17
16	WCXXXXX02017A	06/01/17

No.	Policy#	Exp. Date
17	WCxxxxx52017A	04/28/17
18	WCxxxxx52017 A	05/01/17
19	WCxxxxx12017A	06/01/17
20	WCxxxxx12017A	06/14/17
21	WCxxxxx22017A	06/23/17
22	WCxxxxx32017A	07/22/17
23	WCxxxxx72017A	08/02/17
24	WCxxxxx92017A	08/21/17
25	WCxxxxx82017A	08/04/17
26	WCxxxxx12017A	08/10/17
27	WCxxxxx92017A	09/22/17
28	WCxxxxx92017 A	09/01/17
29	WCxxxxx02017A	10/08/17
30	WCxxxxx22017 A	10/14/17
31	WCxxxxx32017 A	10/27/17
32	WCxxxxx22017A	11/01/17
33	WCxxxxx52017A	11/01/17
34	WCxxxxx02017A	11/27/17
35	WCxxxxx52017A	12/01/17
36	WCxxxxx22017A	12/02/17
37	WCxxxxx32017A	12/07/17
38	WCxxxxx62017A	12/08/17
39	WCxxxxx72017A	12/08/17
40	WCxxxxx42017A	12/19/17
41	WCxxxxx72017A	12/15/17
42	WCxxxxx32017A	12/27/17
43	*WCxxxxx32017A	12/13/17
44	WCxxxxx016622	07/01/16

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

2. The examiners found five instances where the policy file audit was not completed and billed within one hundred twenty (120) days of the policy expiration. The Company also failed to document in the underwriting files whether the delay was caused by the policyholder's failure to respond to reasonable requests, or if the delay was by mutual agreement of the policyholder and the Company.

No.	Policy#	Exp. Date	Audit Completed Date	# Days
1	*WCxxxxx32017A	1/31/18	06/27/18	147
2	*WCxxxxx22017A	04/01/18	08/2/18	123
3	*WCxxxxx32017A	04/01/18	07/31/18	121
4	*WCxxxxx82017A	04/06/18	08/16/18	132
5	*WCxxxxx01514	05/02/16	09/8/16	129

Reference: §§287.955.3 & 287.310 RSMo, 20 CSR 500-6.500(2)(A) and Missouri Amendatory Endorsement WC 24 06 04 A Section G., Audit.

3. The examiners found three instances where the Company did not apply the Second Injury Fund Surcharge rate to the correct premium amount, resulting in an overcharge to the insured and an overpayment to the Second Injury Fund.

No.	Policy#	Eff. Date
1	*WCxxxxx012942	01/01/15
2	*WCxxxxxxxxx62015A	02/01/15
3	*WCxxxxxxxxx72015A	11/09/15

Reference: §287.715.2 RSMo and §287.310.9 RSMo

4. The examiners found one instance where the Company did not maintain file documentation necessary for the examiners to reconstruct how the policy premium was determined. The Schedule Rating Worksheet was blank. The examiners were unable to determine how the Schedule Rating 10% credit was determined.

No.	Policy#	Eff. Date
1	*WCxxxxxxxxx52016A	08/01/16

Reference: §§287.937.2, 374.205.2(2) RSMo and 20 CSR 100-8.040(3)(A)

5. The examiners found in 9 instances where the Company failed to use the correct, filed, terrorism rate of .010 and used an incorrect, unfiled rate of .015 resulting in premium overcharges in eight of the nine following policies.

No.	Policy#	Eff. Date	Premium O/C
1	*WCxxxxxx13862	08/30/15	\$0
2	*WCxxxxxx14052	10/04/15	\$3

No.	Policy#	Eff. Date	Premium O/C
3	*WCxxxxxx15082	05/01/15	\$23
4	*WCxxxxxx12942	01/01/15	\$130
5	*WCxxxxxxxxxx62015A	02/01/15	\$162
6	*WCxxxxxxxxxx72015A	11/09/15	\$32
7	*WCxxxxxxxxxx52015A	11/10/15	\$22
8	WCxxxxxxxxxx02015A	12/19/05	\$35
9	WCxxxxxxxxxx42015A	05/02/15	\$15

Reference: §287.947.1, §287.955.1 RSMo and 20 CSR 500-6.950(7)

6. The examiners found in 15 instances where the Company failed to use the correct, filed, Schedule Rating Worksheet form number SRW(MO)-03, 2012-12-10. Instead, the Company used an incorrect, unfiled, Schedule Rating Worksheet form number SRW-03, 2012-11-06.

No.	Policy#	Eff. Date
1	WCxxxxx52017A	01/01/17
2	*WCxxxxx32017A	04/01/17
3	WCxxxxx62017A	04/23/17
4	WCxxxxx72017A	08/02/17
5	WCxxxxx92017A	08/21/17
6	WCxxxxx32017A	10/27/17
7	WCxxxxx02017A	11/27/17
8	*WCxxxxxxxxxx52015A	10/11/15
9	WCxxxxxxxxxx62014A	02/01/15
10	*WCxxxxxxxxxx32016A	07/12/16
11	*WCxxxxxxxxxx32016A	11/01/16
12	WCxxxxxxxxxx12016A	03/29/16
13	WCxxxxxxxxxx12016A	05/29/16
14	WCxxxxxxxxxx32016A	05/23/16
15	WCxxxxxxxxxx22016A	07/01/16

Reference: §287.947.1 RSMo

7. The company reduced the Schedule Modification credit in the following two instances without showing any change in the risk resulting in premium overcharges. In policy number WCxxxxxxxxxx32016A a 20% credit was reduced to 15% and in policy number WCxxxxx52017A a 15% credit was reduced to 5%.

Policy#	Eff. Date	Premium O/C	SIF O/C
*WCxxxxxxxx32016A	07/12/16	\$1,500	\$84
WCxxxxx52017A	12/1/17	\$2,776	\$157

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

8. The examiners found five instances where the Company used a Class Peculiarities Schedule Modification rate that was not filed for use concerning the Schedule Rating Worksheet form SRW (MO)-03 filed by the Company. This resulted in the following three premium overcharges and two premium undercharges.

No.	Policy#	Eff. Date	Prem U/C	Prem O/C	SIF U/C	SIF O/C
1	*WCxxxxx32017A	07/22/17		\$592		\$34
2	WCxxxxxxx22016A	07/01/16		\$1,028		\$59
3	*WCxxxxxxxx32016A	11/01/16		\$479		\$27
4	WCxxxxxxxx12016A	03/29/16	\$593		\$33	
5	WCxxxxxxxx12016A	05/29/16	\$197		\$11	

Reference: §287.950.2 RSMo

9. The examiners found in 11 instances where the Company failed to send notification on the approved form to the insured that explained they may be eligible for a premium adjustment credit under the Missouri Contracting Classification Premium Adjustment Program.

No.	Policy#	Eff. Date
1	WCxxxxx12017A	06/01/17
2	*WCxxxxx13862	06/30/15
3	*WCxxxxx14052	10/04/15
4	WCxxxxx14572	01/26/15
5	WCxxxxx17202	11/01/16
6	WCxxxxx01440	12/19/15
7	*WCxxxxx01514	05/02/15
8	WCxxxxx01516	06/01/16
9	WCxxxxx01567	11/09/15
10	WCxxxxx01623	04/11/16
11	WCxxxxx01643	05/23/16

Reference: §287.955.3 RSMo

10. The examiners found one instance where the Company failed to use the filed Premium Determination for Executive Officers, Members of Limited Liability Companies, Partners and Sole Proprietors in accordance with NCCI Basic Manual Rule 2-E. The Company used a limit of \$38,400. The correct limit was \$36,900.

No.	Policy#	Eff. Date
1	*WCxxxxxxxx72015A	11/09/15

Reference: §§287.955.3

11. The examiners found one instance where the Company failed to apply at audit, the Experience Rating Modification Factor of .96 resulting in a premium overcharge and a SIF overcharge.

No.	Policy#	Eff. Date	Premium O/C	SIF O/C
1	*WCxxxxx32017A	12/13/17	\$416	\$23

Reference: §287.955.1

2. Small Deductible Policies

The examiners reviewed a census of two small deductible policy files.

The following are the results of the reviews:

1. The examiners found two instances where the Company did not apply the Second Injury Fund Surcharge rate to the correct premium amount, resulting in an undercharge to the insured and underpayment to the Second Injury Fund.

No.	Policy#	Eff. Date	Premium U/C
1	*WCxxxxx52017A	07/07/17	
2	*WCxxxxx52016A	07/07/16	\$583

Reference: §287.715.2 and §287.310.9 RSMo

2. The examiners found one instance where the Company used a deductible credit rate that was not on file resulting in a premium undercharge. The Company used an incorrect rate of .0908 instead of the correct, filed rate of .054.

No.	Policy#	Eff. Date	Premium U/C
1	*WCxxxxx52017A	07/07/17	\$6,581

Reference: §§287.947.1, and 287.955.3 RSMo

3. The examiners found two instances where the Company failed to apply the Administrative Surcharge to the estimated annual premium.

Policy#	Eff. Date
*WCxxxxx52017A	07/07/17
*WCxxxxx52016A	07/07/16

Reference: §287.955.3 and §287.716.2 RSMo

3. Cancellation and Non-renewed Policies

The examiners reviewed a census of 57 Cancellation and Non-renewed policy files.

The examiners found no issues or concerns.

II. CRITICISMS AND FORMAL REQUESTS TIME STUDY

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

A. Criticism Time Study

Calendar Days	Percentage	Percentage
Received within the time limit including any extensions:	25	100.0%
Received outside the time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	25	100.0%

The examiners discovered no issues or concerns.

B. Formal Request Time Study

Calendar Days	Number of Formal Requests	Percentage
Received within the time limit including any extensions:	4	100.0%
Received outside the time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	4	100.0%

The examiners discovered no issues or concerns.

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Utah Business Insurance Company (NAIC #12520), Examination Number 317017. This examination was conducted by Scott B. Pendleton, Examiner-In-Charge, Shelly Herzing, Darren Jordan, Dale Hobart, and Dennis Foley. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated September 10, 2019. 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.

1/30/2020
Date

Stewart Freilich
Stewart Freilich
Chief Market Conduct Examiner