

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

In Re:)
)
HARTFORD ACCIDENT AND) Market Conduct Exam No. 1104-04-TGT
INDEMNITY COMPANY (NAIC # 22357))

ORDER OF THE DIRECTOR

NOW, on this 3rd day of May, 2016, Director John M. Huff, after consideration and review of the market conduct examination report of Hartford Accident and Indemnity Company (NAIC #22357) (hereafter referred to as "Hartford Accident"), report number 1104-04-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), does hereby adopt such report as filed. After consideration and review of the Stipulation, report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4).

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

IT IS THEREFORE ORDERED that Hartford Accident and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

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

IT IS FURTHER ORDERED that Hartford Accident shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$62,541.67 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 3rd day of May, 2016.



John M. Huff
Director

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

In Re:)
)
HARTFORD ACCIDENT AND) **Market Conduct Exam No. 1104-04-TGT**
INDEMNITY COMPANY (NAIC # 22357))

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Hartford Accident and Indemnity Company (NAIC #22357) (hereinafter “Hartford Accident”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, “the Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri;

WHEREAS, Hartford Accident 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 Hartford Accident; and

WHEREAS, based on the Market Conduct Examination report of Hartford Accident, the Division alleges:

1. In several instances, Hartford Accident policies included one or more forms that were used after they were withdrawn from use in Missouri in violation of §287.310.1¹ and 20 CSR 500-6.100(1).
2. In one instance, Hartford Accident failed to use the correct expense constant in violation of §287.955.3.
3. In one instance, Hartford Accident failed to use the correct administrative surcharge in violation of §287.716.1.
4. In several instances, Hartford Accident failed to complete the audit and bill or return premium within 120 days of policy expiration or cancellation in violation of §287.955.3 and 20 CSR 500-6.500(2)(A). Hartford Accident failed to apply the correct schedule debit rate

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

in violation of §287.947.

5. In one instance, Hartford Accident failed to document an underwriting file with a renewal notice in violation of §287.937.2.

6. In several instances, Hartford Accident failed to attach mandatory forms to policies in violation of §287.955.

7. In several instances, Hartford Accident failed to adhere to the NCCI's manual rules in writing and reporting its business in violation of §287.955.3.

8. In two instances, Hartford Accident failed to adhere to the uniform classification system and uniform experience rating plan in violation of §287.955.1.

9. In several, Hartford Accident failed to apply the Second Injury Fund Surcharge to the premium that would have been paid in the absence of the deductible credit in violation of §287.715 and 287.310.

10. In several instances, Hartford Accident failed to file individual rating plans for large deductible policies in violation of §287.947.

11. In several instances, Hartford Accident failed to file its terrorism rate in violation of §287.947.

12. In several instances, Hartford Accident failed to file the deductible rate credit in violation of §287.947.

13. In several instances, Hartford Accident failed to apply the correct Administrative Surcharge rate in violation of §287.716.1.

14. In several instances, Hartford Accident did not adequately maintain file documentation in violation of §287.937.2, §374.205.2(2) and 20 CSR 300-2.200.

15. In several instances, Hartford Accident did not issue a participating program for policyholders eligible for a Dividend Rating Plan in violation of §287.932.1 and 20 CSR 500-6.100(8).

16. In several instances, Hartford Accident did not keep the dividend payment separate from the rating plan in violation of §287.932.2.

17. In several instances, Hartford Accident did not apply the Administrative Surcharge rate to premium that would have been paid in the absence of the deductible credit in violation of §287.716.2 and §287.310.9.

18. In several instances, Hartford Accident did not include the phone number of the

insured on large deductible policies in violation of §375.924.1.

19. In one instance, Hartford Accident did not respond to a Department complaint inquiry within 20 calendar days in violation of 20 CSR 100-4.100(2)(A).

WHEREAS, the Division and Hartford Accident have agreed to resolve the issues raised in the Market Conduct Examination through a voluntary settlement 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. Hartford Accident 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. Such remedial actions shall include, but not be limited to, the following:

1. Hartford Accident agrees to file with the Director Form Number WC 66 01 07 "Missouri Contracting Classification - Premium Adjustment Program - Worker's Compensation" and Form Number G 3058 "Policy Adjustment Notice." The forms should be filed within 90 days of the final order of the Director.

2. Hartford Accident agrees that it will make individual risk filings with the Director for all large deductible workers compensation insurance policies with Missouri premium or exposure. Such filings shall be made within 30 days after the effective date of the policy.

3. Hartford Accident agrees, to the extent that it has not already done so, to make payment of restitution to policyholders for overcharges that are set out in the Final Market Conduct Examination Report, together with interest at the rate of 9% per annum as required by §408.020. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct examination," it was found that a refund was due to the insured.

4. Hartford Accident agrees, to the extent that it has not already done so, to make payment to the Second Injury Fund and to the Department of Revenue for any underpayments to the Second Injury Fund and to the Administrative Surcharge Fund that are set out in the Final Market Conduct Examination Report. If the Second Injury Fund is owed additional payments, such payments shall be made to the fund with any applicable interest and penalties together with

any amended filings required by the Division of Workers Compensation. If the Administrative surcharge was underpaid, such payments that are owed, with any applicable interest and penalties, shall be paid to the Department of Revenue. In addition, if underpayments are discovered, the Company must file an amended return on its Administrative Surcharge calculation in a manner satisfactory to the Premium Tax Section of the Department.

5. Hartford Accident agrees to review all deductible workers compensation insurance policies with Missouri premium or exposure issued from January 1, 2009 to the date of the order issued by the Director closing these exams to determine if the insured is entitled to any refund of premium or if the Second Injury Fund or Administrative Surcharge was incorrectly paid. If the policyholder is entitled to a refund of premium, the Company must issue any refund due to the insured, bearing in mind that an additional payment of nine per cent (9%) interest per annum is also required, pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct examination,” it was found that a refund was due to the insured. If the Second Injury Fund is owed additional payments, such payments shall be made to the fund with any applicable interest and penalties together with any amended filings required by the Division of Workers Compensation. If the Administrative surcharge was underpaid, such payments that are owed, with any applicable interest and penalties, shall be paid to the Department of Revenue. In addition, if underpayments are discovered, the Company must file an amended return on its Administrative Surcharge calculation in a manner satisfactory to the Premium Tax Section of the Department.

6. Hartford Accident 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.

C. **Compliance.** Hartford Accident agrees to file documentation with the Division within 120 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this stipulation and to document the payment of restitution required by this Stipulation, including payments made to the Second Injury Fund or to the Department of Revenue.

D. Voluntary Forfeiture. Hartford Accident agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$62,541.67, 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 Hartford Accident, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Exam Report 1104-04-TGT.

F. Non-Admission. Nothing in this Stipulation shall be construed as an admission by Hartford Accident of any violation of Missouri law or regulation, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examination.

G. Waivers. Hartford Accident, 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 Examinations.

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

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

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

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

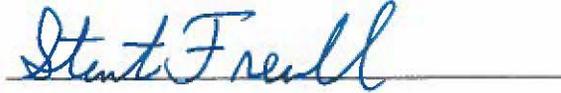
L. Request for an Order. The signatories below request that the Director issue an Order approving this Stipulation of Settlement and Voluntary Forfeiture and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 4/21/2016



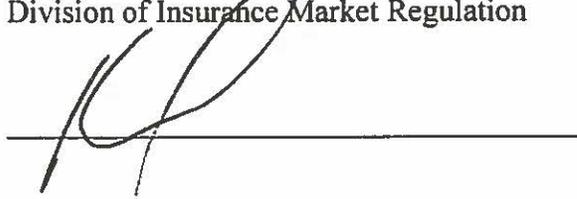
Angela L. Nelson
Director, Division of Insurance
Market Regulation

DATED: 4/21/2016



Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 4/8/16



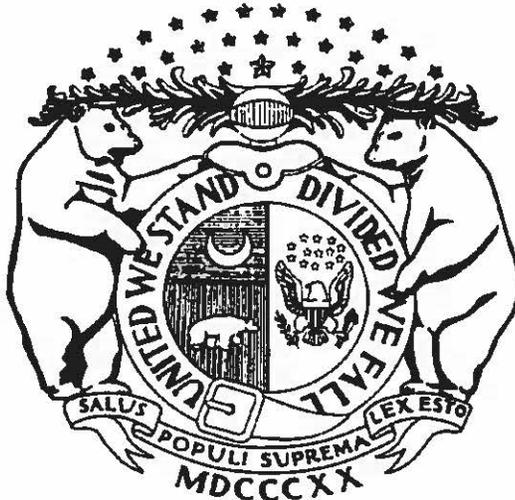
Karmela Malone
Vice President P&C Compliance
Hartford Accident and Indemnity Company

DATED: 4/15/16



Richard S. Brownlee, III
Counsel for Hartford Accident and Indemnity
Company

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



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

Hartford Accident and Indemnity Company
NAIC Group #0091
NAIC #22357

MISSOURI EXAMINATION # 1104-04-TGT

NAIC EXAM TRACKING SYSTEM # MO341-M76

April 27, 2016

Hartford Accident and Indemnity Company
One Hartford Plaza
Hartford, Connecticut 06115

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FOREWORD

This is a targeted market conduct examination report of Hartford Accident and Indemnity Company (NAIC Code #22357). 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 Hartford Accident and Indemnity 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;
- "HAIC" refers to Hartford Accident and Indemnity Company;
- "NAIC" refers to the National Association of Insurance Commissioners;
- "RSMo" refers to the Revised Statutes of Missouri.
- "MOCCPAP" refers to Missouri Contracting Classification Premium Adjustment Program;
- "NCCI" refers to the National Council on Compensation Insurance;
- "ELPPF" refers to Excess Loss Pure Premium Factor;
- "SIF" refers to Second Injury Fund;

SCOPE OF EXAMINATION

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

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

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

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

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. The policies listed with no overpayment, may have amounts listed elsewhere in the report or were not listed, as premium overcharge amounts of \$5 or less, are not tracked by the Missouri DIFP for insured reimbursement purposes. Some policies may have SIF and Administrative Surcharge undercharge and overcharge amounts that may not be shown in one section of the report, but may be listed in other sections of the report to avoid duplication.

COMPANY PROFILE

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

Hartford Accident and Indemnity Company

Home Office/Principal Executive Office:

One Hartford Plaza, Hartford, Connecticut 06155-0001

Form of Organization and State of Domicile

Hartford Accident and Indemnity Company is a property and casualty insurance writing company and a corporation organized under the laws of the State of Connecticut.

Date of Entry Into Holding Company System And Method By Which Control Was Acquired And Is Maintained:

On August 5, 1913, Hartford Accident and Indemnity Company was incorporated as a wholly-owned subsidiary of Hartford Fire Insurance Company, which is, in turn, a wholly-owned subsidiary of The Hartford Financial Services Group, Inc., the ultimate controlling person. It has not participated in any mergers or acquisitions for the period January 1, 2006 through the present.

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of Hartford Accident and Indemnity Company (HAIC). The examiners found the following principal areas of concern:

- The examiners found 25 instances where the Company utilized forms that had not been approved or had been withdrawn from use in the State of Missouri.
- The examiners documented two instances where the Company failed to use the correct expense constant as found by the Company in a self-audit. The self-audit was requested by the examiners as a result of market analysis data trending which identified this issue.
- The examiners documented one instance where the Company failed to use the correct administrative surcharge rate for year 2006 large deductible policies as found by the Company in a self-audit. The self-audit was requested by the examiners as a result of market analysis data trending which identified this issue.
- The examiners documented three instances where the Company failed to use the correct administrative surcharge rate for year 2009 large deductible policies as found by the Company in a self-audit. The self-audit was requested by the examiners as a result of market analysis data trending which identified this issue.
- The examiners found seven instances where the Company failed to return premium within 120 days from the expiration of the policy.
- The examiners found one instance where the Company failed to send the insured notice that a change in the scheduled modification was having the effect of increasing the premium.
- The examiners found 89 instances where the Company failed to adhere to the rules of the National Council on Compensation Insurance (NCCI)'s Basic Manual by failing to attach mandatory forms to the policies.
- The examiners found 41 instances where the Company failed to follow the basic rules set forth by the NCCI in writing and reporting its business.
- The examiners found two instances where the Company failed to adhere to the uniform classification system and uniform experience rating plan.
- The examiners found 26 instances where the Company failed to apply the Second Injury Fund Surcharge rate to the premium in the absence of the deductible credit.
- The examiners found 87 instances where the Company failed to file with the Department of Insurance all rates and supplementary rate information no later than 30 days after the effective date for large deductible policies.
- The examiners found nine instances where the Company failed to file with the Department of Insurance all rates and supplementary rate information no later than 30 days after the effective date for small deductible policies

- The examiners documented five instances where the Company failed to apply the correct Administrative Surcharge rate. Five were discovered by the examiners and an additional five were found by the Company in a self-audit. The self-audit was requested by the examiners as a result of market analysis data trending which identified this issue.
- The examiners found 12 instances where the Company failed to document the underwriting file well enough for the examiners to determine the basis for the rating of the policy.
- The Company unfairly discriminated against eight policyholders by not issuing participating dividend policies to those policyholders that were eligible for them, while issuing participating policies to other policyholders that were eligible.
- The examiners found five instances where the Company failed to keep the dividend payment separate from the rating plan by including the rating dividend factor in the rating of the policy.
- The examiners found 14 instances where the Company failed to apply the Administrative Surcharge rate to the premium in the absence of the deductible credit.
- The examiners found errors regarding the Missouri Unfair Trade Practices Act resulting in a 98.8% error ratio. In 85 instances the Company failed to provide the Company's telephone number to the insured within the policy or contract or in written form annexed to the policy for the insured's reference.
- The examiners found one Complaint file that was originally submitted to the DIFP, where the Company failed to respond within 20 calendar days of the DIFP's request for information.

Examiners requested that the Company make refunds concerning underwriting premium overcharges found for amounts greater than \$5.00 during the examination.

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

The examiners tracked and were mindful of the results, Company responses and public disciplinary action(s) of prior examinations concerning the Hartford Accident and Indemnity 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 their own underwriting guidelines, filed rates, and Missouri statutes and regulations.

The examiners conducted four separate reviews of underwriting issues. They reviewed large deductible and small deductible policy files. They also conducted reviews of files required to have the MOCCPAP letter explaining about the credit that is allowed for those policies having a construction class code as well as to ensure that the credit was applied to the policy in accordance with the NCCI basic manual. Finally, a review of Complaints with Underwriting issues was conducted.

For efficiency purposes and where convenient, policies that the examiners feel violate the same statutes are listed together but may have been identified in separate reviews.

The following is a list of the reviews that were conducted during the course of the examination.

<u>Name of Review</u>	<u>Type of Sample</u>	<u>Population Size</u>	<u># of Files</u>
Large Deductible	Random	519	86
Small Deductible	Census	45	45
Complaints	Census	1	1
MOCCPAP	Census	21	21

Total: 153 policy files.

The examiners reviewed a random sample of 86 Large Deductible policy files that was extracted from a population of 519 files. A census sample of 45 Small Deductible policy files was reviewed. One Complaint file was reviewed. A census sample of 21 MOCCPAP files were targeted for review bringing the total number of files to 153 in conducting the examiners compliance testing.

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 is adequate to protect those insured.

1. The examiners discovered 25 policies which included one or more forms that were used after they were withdrawn from use in Missouri.

No.	Policy No.	Eff. Date	Form No.	Name of Review
1	02WNJ79876	12/1/2010	WC990041B replaced in 2000	Large Deductible
2	10WNC77700	9/30/2011	WC000311	Large Deductible
3	10WNR25900	3/1/2010	WC000311	Large Deductible
4	20WND71900	11/1/2008	WC990223	Large Deductible
5	20WNR97500	3/1/2011	WC990158C not approved	Large Deductible

No.	Policy No.	Eff. Date	Form No.	Name of Review
6	37WNQV3218	1/26/2009	WC660337F	Large Deductible
7	37WNQV3237	7/17/2009	WC660337F	Large Deductible
8	39WNR28200	7/1/2010	WC000323, WC660337F	Large Deductible
9	72WNC78400	12/31/2009	WC990223	Large Deductible
10	83WNMS9680	12/31/2010	WC990223	Large Deductible
11	37WECPN3119	3/20/2009	WC660384, WC660330A, WC660337F, G-31330	Small Deductible
12	37WECPN3119	3/20/2010	WC660384, WC660330A, WC660337F, WC660343, G-3133-0	Small Deductible
13	37WECTC6795	3/31/2008	WC660384, WC990358A, WC660330A, G3133-0, G-3058-0	Small Deductible
14	37WECTC6795	3/31/2009	WC660384, WC660330A, WC660337F, WC660343, G-3133-0	Small Deductible
15	38WBRU2990	6/30/2008	WC660384, WC990356, WC990357, WC990359A, G-3133-0	Small Deductible
16	83WETC2966	4/24/2009	WC000311, G-3133-0	Small Deductible
17	84WBBO1868	1/1/2009	WC660384, WC660330A, WC660107C, G-3133-0	Small Deductible
18	84WBPA8824	6/1/2006	WC990358A, WC660330A, WC660107C, G-3133-0	Small Deductible

No.	Policy No.	Eff. Date	Form No.	Name of Review
19	84WBZF4111	7/1/2009	WC660384, WC660330A, WC660107C, G-3133-0	Small Deductible
20	84WBCIQ8782	1/27/2010	WC660384, WC660330A, G-3133-0	Small Deductible
21	84WBCTD0285	5/1/2010	WC660384, G-3133-0	Small Deductible
22	84WBGJV6000	6/10/2010	WC660384, WC660330A, G-3133-0	Small Deductible
23	84WBGJV6000	6/10/2011	WC660384, WC660330B, G-3133-0	Small Deductible
24	91WBGZP3134	1/22/2010	WC660384, WC660330A, G-3133-0	Small Deductible
25	91WBGZP3134	1/22/2011	WC660384, WC660330A, G-3133-0	Small Deductible

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

B. Underwriting and Rating Practices

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.

As a result of market analysis and trending, three issues were discovered concerning Hartford Accident Indemnity Company as described in the following paragraphs.

1. The Company failed to use the correct expense constant (\$160) resulting in the following two policy premium overcharges and SIF overpayment.

No.	Policy No.	Eff. Date	Exp. Date	Policy O/C	SIF O/Pymnt	Name of Review
1	20WBCZI0298	11/10/2009	11/5/2010	\$40	\$1.00	Expense Constant Self Audit
2	83WBGII3963	1/1/2008	1/1/2009	\$10	\$0.00	Expense Constant Self Audit

Reference: §287.955.3. RSMo.

- The Company failed to use the correct administrative surcharge (.5%) concerning year 2009 large deductible policies, resulting in the following three policy file errors.

No.	Policy No.	Eff. Date	Administrative Surcharge Used	Name of Review
1	037WNQV3216	01/08/2009	1.0000%	Large Deductible 2009 Admin Surcharge Self Audit
2	020WNMF5434	07/01/2009	1.0000%	Large Deductible 2009 Admin Surcharge Self Audit
3	037WNQV3239	07/24/2009	1.0000%	Large Deductible 2009 Admin Surcharge Self Audit

Reference: §287.716.1 RSMo.

1. Underwriting and Rating Practices:

The examiners requested a random sample of 86 policy files from the total population of 519 of Missouri Hartford Accident and Indemnity Insurance Company Workers Compensation Large Deductible policies and a census sample of 45 policy files concerning Small Deductible policies during the examination period.

The following are the results of the reviews:

- The Company failed to complete the audit and bill or return premium concerning the following seven policies within one hundred twenty (120) days

of policy expiration or cancellation. There was no documentation or evidence of a mutual agreement or that the delay was caused by the policyholder. The following listed interest amounts were based on those policy files that required a policy refund at the end of the audit. These were based on the amount of days of the delay after the 120 day period had expired.

No.	Eff. Date	Exp. Date	Interest	No. of Days After 120 Day Time Period	Invoiced/Refunded	Paid/Not Paid	Name of Review
1	7/1/2009	7/1/2010	-	41	Invoiced	N/A	Small Deductible
2	1/22/2011	1/22/2012	-	5	Invoiced	N/A	Small Deductible
3	11/1/2008	11/1/2009	\$2.60	48	Refunded	Not Paid	Large Deductible
4	7/1/2010	7/1/2011	\$61.34	115	Refunded	Not Paid	Large Deductible
5	8/31/2008	8/31/2009	\$0.90	16	Refunded	Not Paid	Large Deductible
6	12/31/2009	12/31/2010	\$0.10	76	Refunded	Not Paid	Large Deductible
7	9/1/2008	9/1/2009	\$9.26	78	Refunded	Paid	Large Deductible

Reference: §287.955.3 RSMo, and 20 CSR 500-6.500(2)(A).

- The examiners found that the Company failed to document the following underwriting file with a renewal notice instructing the insured that any inquiry concerning the increased premium due to the change in the scheduled modification factor may be directed to the insurer or producer.

No.	Policy No.	Eff. Date	Name of Review
1	84WBBO1868	1/1/2009	Small Deductible

Reference: §§287.937.2., 374.205 RSMo and 20 CSR 500-4.100(7)(D)2.

- The examiners found that the Company failed to adhere to the rules of the National Council on Compensation Insurance (NCCI)'s Basic Manual by failing to attach mandatory forms to the following 89 policies.

No.	Policy No.	Eff. Date	Name of Review
1	01WNR21600	8/15/2008	Large Deductible
2	02WNI79876	12/1/2010	Large Deductible
3	02WNR22000	10/1/2009	Large Deductible
4	10WNC73101	8/1/2009	Large Deductible
5	10WNC73101	8/1/2010	Large Deductible
6	10WNMG3520	12/1/2008	Large Deductible
7	10WNMG3520	12/1/2009	Large Deductible
8	10WNR25900	3/1/2010	Large Deductible
9	10WNR30600	12/31/2010	Large Deductible
10	12WNC71901	7/1/2009	Large Deductible
11	13WNS13600	11/1/2011	Large Deductible
12	14WNMG3560	1/1/2011	Large Deductible
13	16WNMG3310	1/1/2011	Large Deductible
No.	Policy No.	Eff. Date	Name of Review
14	20WNC75300	1/1/2011	Large Deductible
15	20WNC75400	1/1/2010	Large Deductible
16	20WND68900	2/1/2010	Large Deductible
17	20WND68900	2/1/2011	Large Deductible

18	20WND71400	4/1/2009	Large Deductible
19	20WND71900	11/1/2011	Large Deductible
20	20WND74700	10/1/2010	Large Deductible
21	20WND74700	10/1/2011	Large Deductible
22	20WNMG3240	11/13/2011	Large Deductible
23	20WNMS9025	6/1/2010	Large Deductible
24	20WNMS9530	7/1/2008	Large Deductible
25	20WNQU0523	12/31/2010	Large Deductible
26	20WNR20200	7/1/2010	Large Deductible
27	20WNR20200	7/1/2011	Large Deductible
28	20WNR21900	9/1/2010	Large Deductible
29	20WNR22200	9/1/2010	Large Deductible
30	20WNR97500	3/1/2011	Large Deductible
31	20WNS13900	11/1/2011	Large Deductible
32	21WNMG3333	3/1/2009	Large Deductible
No.	Policy No.	Eff. Date	Name of Review
33	22WNC79300	4/1/2010	Large Deductible
34	22WNJ44750	4/1/2009	Large Deductible
35	22WNMS3550	9/1/2011	Large Deductible
36	22WNMS9470	6/1/2008	Large Deductible

37	22WNR23400	11/12/2009	Large Deductible
38	22WNS11000	9/1/2011	Large Deductible
39	30WNMS8980	4/1/2009	Large Deductible
40	33WND72900	1/1/2010	Large Deductible
41	33WNS13001	10/1/2011	Large Deductible
42	34WNMS9970	7/31/2008	Large Deductible
43	34WNQU0770	11/14/2009	Large Deductible
44	34WNR29500	10/1/2009	Large Deductible
45	34WNR31300	1/1/2011	Large Deductible
46	35WNMS4753	7/1/2008	Large Deductible
47	35WNR32400	10/1/2011	Large Deductible
48	37WNMS3453	7/1/2010	Large Deductible
49	37WNQV3205	11/12/2008	Large Deductible
50	37WNQV3208	11/17/2008	Large Deductible
51	37WNQV3218	1/26/2009	Large Deductible
No.	Policy No.	Eff. Date	Name of Review
52	37WNQV3235	7/20/2009	Large Deductible
53	37WNQV3236	7/9/2009	Large Deductible
54	37WNQV3237	7/17/2009	Large Deductible
55	37WNR23800	12/1/2008	Large Deductible

56	39WNMF5370	3/1/2009	Large Deductible
57	39WNR28200	7/1/2010	Large Deductible
58	39WNR28200	7/1/2011	Large Deductible
59	42WNMF4640	9/30/2011	Large Deductible
60	42WNMG2540	1/1/2009	Large Deductible
61	43WND69900	8/1/2008	Large Deductible
62	44WNC73307	6/1/2009	Large Deductible
63	44WNC73307	6/1/2011	Large Deductible
64	45WNR24600	12/31/2009	Large Deductible
65	46WNC75200	10/26/2009	Large Deductible
66	46WNR27800	5/30/2011	Large Deductible
67	46WNR30300	12/31/2009	Large Deductible
68	46WNR94300	8/5/2011	Large Deductible
69	57WNC90300	4/2/2011	Large Deductible
70	61WNMD5060	8/31/2008	Large Deductible
No.	Policy No.	Eff. Date	Name of Review
71	61WNR31400	2/15/2010	Large Deductible
72	61WNR96300	12/31/2010	Large Deductible
73	72WNC78400	12/31/2009	Large Deductible
74	72WNC78400	12/31/2010	Large Deductible

75	72WNC94900	7/1/2008	Large Deductible
76	72WNMG3490	9/1/2008	Large Deductible
77	72WNR33801	7/1/2011	Large Deductible
78	72WNS12000	9/30/2011	Large Deductible
79	81WNR32200	4/1/2011	Large Deductible
80	83WND73400	12/31/2007	Large Deductible
81	83WND75203	4/1/2011	Large Deductible
82	83WNMS9680	12/31/2010	Large Deductible
83	83WETC2966	4/24/2009	Large Deductible
84	38WBCAC5955	10/5/2011	Large Deductible
85	84WBCZL4417	7/1/2009	Large Deductible
86	84WBCPV8448	1/1/2011	Large Deductible
87	84WBCTA9322	1/1/2007	Large Deductible
88	84WBCTI1941	9/29/2007	Large Deductible
89	84WBGJV6000	6/10/2010	Large Deductible

Reference: §287.955.3. RSMo and NCCI Forms Manual.

- The examiners found that the Company failed to adhere to the NCCI's manual rules in writing and reporting its business regarding the following 41 policy files. In items one through three below, the Company failed to send a notice to the insured on an approved form explaining the insured may be eligible for a premium adjustment credit concerning the MOCCPAP. In item four the Company failed to use the correct Administrative Surcharge rate. In items five and six, the Company failed to attach a required mandatory form to the policy. In items seven through twenty-nine and 31-32, the Company failed to use the correct deductible credit factor. In items 30, and 33-35, the Company failed to

use the correct MOCCPAP premium adjustment credit. In items 36-41 the Company failed to verify the insured's payroll at audit.

No.	Policy No.	Eff. Date	Prem. O/C	Interest	Total Reimb.	Prem. U/C	SIF O/P	SIF U/P	Admin O/P	Admin U/P	Paid/Not Paid	Name of Review
1	37WNQV3205	11/12/2008										Large Deductible
2	37WNQV3235	7/20/2009										Large Deductible
3	37WNQV3236	7/9/2009										Large Deductible
4	39WNMF5370	3/1/2009				\$3						Large Deductible
5	37WNQV3218	1/26/2009										Large Deductible
6	37WNQV3237	7/17/2009										Large Deductible
7	84WBCIQ8782	1/27/2010										Small Deductible
8	84WBCTD0285	5/1/2010				\$54	\$1		\$1			Small Deductible
9	37WECPN3119	3/20/2009				\$63						Small Deductible
10	37WECPN3119	3/20/2010				\$42			\$1			Small Deductible
11	37WECTC6795	3/31/2008	\$141	\$39.43	\$180.43					\$1	Not Paid	Small Deductible
12	37WECTC6795	3/31/2009	\$60	\$11.39	\$71.39					\$1	Not Paid	Small Deductible
13	84WBBO1868	1/1/2009										Small Deductible
14	37WBCJL0459	5/1/2011				\$8						Small Deductible
15	37WBCTD5677	5/1/2011	\$268	\$0.00	\$268						Not Paid	Small Deductible
16	37WBCVP3627	3/27/2011	\$258	\$0.00	\$258						Not Paid	Small Deductible
17	74WBGNS2544	11/25/2007	\$78	\$24.56	\$102.56						Not Paid	Small Deductible
18	84WBCNA8825	10/1/2008	\$31	\$7.09	\$38.09						Paid	Small Deductible
19	84WBCNA8825	10/1/2009	\$7	\$0.95	\$7.95						Paid	Small Deductible
20	84WBCTD0285	5/1/2007				\$19						Small Deductible
21	84WBCTD0285	5/1/2009				\$62						Small Deductible
No.	Policy No.	Eff. Date	Prem. O/C	Interest	Total Reimb.	Prem. U/C	SIF O/P	SIF U/P	Admin O/P	Admin U/P	Paid/Not Paid	Name of Review
22	84WBZG4111	7/1/2009	\$994	\$189.72	\$1,183.72						Not Paid	Small Deductible
23	84WBGJV6000	6/10/2011				\$29						Small Deductible
24	91WBGZP3134	1/22/2010	\$47	\$5.04	\$52.04						Not Paid	Small Deductible
25	91WBGZP3134	1/22/2011	\$42	\$0.30	\$42.30		\$10		\$2		Not Paid	Small Deductible
26	84WBGJV6000	6/10/2010	\$24	\$1.85	\$25.85		\$2				Not Paid	Small Deductible
27	37WBJK6797	1/26/2008				\$7						Small Deductible
28	84WBCIQ8782	1/27/2011										Small Deductible

29	84WBCKG8283	12/29/2006	\$101	\$40.35	\$141.35						Paid	Small Deductible
30	84WEJZ8930	12/13/2010				\$214		\$7				Small Deductible
31	84WBCNA8825	10/1/2006	\$67	\$27.72	\$94.72						Paid	Small Deductible
32	84WBCNA8825	10/1/2007	\$110	\$34.56	\$144.56						Paid	Small Deductible
33	84WBCII3570	2/6/2008				\$133						MOCCPAP
34	87WBCIL5663	6/5/2008				\$191						MOCCPAP
35	37WBCTD2441	6/6/2007				\$6						MOCCPAP
36	84WBCPV8448	1/1/2011										MOCCPAP
37	84WBCRO2137	4/6/2009										MOCCPAP
38	84WBCRX9327	5/4/2011										MOCCPAP
39	84WBCTA9322	1/1/2007										MOCCPAP
40	84WBCTI1941	9/29/2007										MOCCPAP
41	84WEBE3603	7/1/2011										MOCCPAP

Reference: §287.955.3. RSMo, NCCI Basic Manual (2001 MO) Rule 3-A.2., 11.a. and d., 14.b.(1)(c) & 16.b.(3), MO Exception Rule 3-A. 14.b.1., NCCI Basic Manual (2001 MO)-Miscellaneous Rules: MO Workers Compensation Premium Algorithm, MO Contracting Classification Premium Adjustment Program, and Deductible Insurance.

- The examiners found that the Company failed to adhere to the uniform classification system and uniform experience rating plan in the following two files. In item one the Company failed to assign the appropriate payroll to three class codes used (8742, 8720 & 8803). In item two an incorrect experience mod factor (.61) was used instead of the correct one (.62) creating an undercharge.

No.	Policy No.	Eff. Date	Premium Undercharge	Name of Review
1	02WVNJ79876	12/1/2010		Large Deductible
2	16WVNMG3310	1/1/2011	\$32	Large Deductible

Reference: §287.955.1. RSMo, and NCCI Scopes Manual, NCCI Experience Rating Plan Manual Rule 2.B.2. (2003) MO.

- The Company failed to apply the Second Injury Fund Surcharge rate to the premium that would have been paid in the absence of the deductible credit. In

calculating the surcharge owed, the premiums upon which the surcharge is assessed are those that would have been paid in the absence of the deductible option. This error resulted in the following 26 incorrect charges.

No.	Policy No.	Eff. Date	SIF Underpay't	SIF Overpay't	Premium Overcharge	Interest	Total Premium	Name of Review
1	84WBCIQ8782	1/27/2010	\$30					Small Deductible
2	37WECPN3119	3/20/2009	\$2					Small Deductible
3	37WECTC6795	3/31/2008		\$1				Small Deductible
4	38WBRU2990	6/30/2008		\$6				Small Deductible
5	84WBBO1868	1/1/2009		\$65				Small Deductible
6	84WBPA8824	6/1/2006		\$96	\$168	\$76.44	\$244.44	Small Deductible
7	37WBCJL0459	5/1/2011		\$14				Small Deductible
8	37WBCTD5677	5/1/2011		\$11				Small Deductible
9	37WBCVP3627	3/27/2011		\$8				Small Deductible
10	74WBGNS2544	11/25/2007		\$2				Small Deductible
11	84WBCTD0285	5/1/2007		\$2				Small Deductible
No.	Policy No.	Eff. Date	SIF Underpay't	SIF Overpay't	Premium Overcharge	Interest	Total Premium	Name of Review
12	84WBZG4111	7/1/2009		\$104				Small Deductible
13	84WBGJV6000	6/10/2011		\$1				Small Deductible
14	91WBGZP3134	1/22/2010		\$9				Small Deductible
15	91WBGZP3134	1/22/2011		\$10				Small Deductible
16	12WBCLS9739	1/1/2010		\$38				Small Deductible

17	37WBJK6797	1/26/2008	\$4					Small Deductible
18	37WBJK6797	1/26/2009		\$1				Small Deductible
19	37WBCJL0459	5/1/2010		\$14				Small Deductible
20	38WBRU2990	6/30/2009		\$12				Small Deductible
21	84WBCIQ8782	1/27/2011		\$2				Small Deductible
22	84WBCKG8283	12/29/2006		\$18				Small Deductible
23	84WBCNA8825	10/1/2006		\$1				Small Deductible
24	84WBCNA8825	10/1/2007		\$2				Small Deductible
25	84WBCII3570	2/6/2008	\$4					Small Deductible
26	87WBCIL5663	6/5/2008	\$6					Small Deductible

Reference: §§287.715, and 287.310.9, RSMo

7. The examiners found that the Company failed to file with the Director all rates and supplementary rate information which is used in Missouri no later than 30 days after the effective date. The Company filed its large deductible plan; however, the following 87 policy files were rated on individual risk characteristics and those factors were not included in the large deductible plan. The Company also failed to apply the correct terrorism factor. The Company negotiated the terrorism factor with the insureds instead of using its filed, terrorism rate. The errors found also resulted in the following 15 listed premium undercharges.

No.	Policy No.	Eff. Date	Premium Undercharge	Name of Review
1	01WNR21600	8/15/2008		Large Deductible
2	02WNJ79876	12/1/2010	\$421	Large Deductible
3	02WNR22000	10/1/2009		Large Deductible
4	08WNR23200	11/1/2008		Large Deductible
5	10WNC73101	8/1/2009		Large Deductible

6	10WNC73101	8/1/2010		Large Deductible
7	10WNC77700	9/30/2011		Large Deductible
8	10WNUMG3520	12/1/2008		Large Deductible
9	10WNUMG3520	12/1/2009		Large Deductible
10	10WNR25900	3/1/2010	\$187	Large Deductible
11	10WNR30600	12/31/2010		Large Deductible
12	12WNC71901	7/1/2009		Large Deductible
13	13WNR95900	11/1/2010	\$352	Large Deductible
14	13WNS13600	11/1/2011		Large Deductible
15	14WNUMG3560	1/1/2011		Large Deductible
16	16WNUMG3310	1/1/2011	\$154	Large Deductible
17	20WNC75300	1/1/2011		Large Deductible
18	20WNC75400	1/1/2010		Large Deductible
19	20WND68900	2/1/2010	\$132	Large Deductible
20	20WND68900	2/1/2011		Large Deductible
21	20WND71400	4/1/2009		Large Deductible
No.	Policy No.	Eff. Date	Premium Undercharge	Name of Review
22	20WND71900	11/1/2008	\$479	Large Deductible
23	20WND71900	11/1/2011		Large Deductible
24	20WND74700	10/1/2010		Large Deductible
25	20WND74700	10/1/2011		Large Deductible
26	20WNUMG3240	11/13/2011		Large Deductible

27	20WNMS9025	6/1/2010		Large Deductible
28	20WNMS9530	7/1/2008	\$6	Large Deductible
29	20WNQU0523	12/31/2010		Large Deductible
30	20WNR20200	7/1/2010		Large Deductible
31	20WNR20200	7/1/2011		Large Deductible
32	20WNR21900	9/1/2010		Large Deductible
33	20WNR22200	9/1/2010		Large Deductible
34	20WNR97500	3/1/2011		Large Deductible
35	20WNS13900	11/1/2011		Large Deductible
36	21WNMG3333	3/1/2009		Large Deductible
37	22WNC79300	4/1/2010	\$60	Large Deductible
38	22WNJ44750	4/1/2009		Large Deductible
39	22WNMS3550	9/1/2011		Large Deductible
40	22WNMS9470	6/1/2008	\$227	Large Deductible
41	22WNR23400	11/12/2009		Large Deductible
			Premium Undercharge	Name of Review
42	22WNS11000	9/1/2011		Large Deductible
43	30WNMS8980	4/1/2009	\$1	Large Deductible
44	33WND72900	1/1/2010		Large Deductible
45	33WNS13001	10/1/2011		Large Deductible

46	34WNMS9970	7/31/2008		Large Deductible
47	34WNQU0770	11/14/2009		Large Deductible
48	34WNR29500	10/1/2009		Large Deductible
49	34WNR31300	1/1/2011		Large Deductible
50	35WNMS4753	7/1/2008		Large Deductible
51	35WNR32400	10/1/2011		Large Deductible
52	37WNMS3453	7/1/2010		Large Deductible
53	37WNQV3205	11/12/2008		Large Deductible
54	37WNQV3208	11/17/2008		Large Deductible
55	37WNQV3218	1/26/2009		Large Deductible
56	37WNQV3235	7/20/2009		Large Deductible
57	37WNQV3236	7/9/2009		Large Deductible
58	37WNQV3237	7/17/2009		Large Deductible
59	37WNR23800	12/1/2008		Large Deductible
60	39WNMF5370	3/1/2009		Large Deductible
61	39WNR28200	7/1/2010	\$2,417	Large Deductible
			Premium Undercharge	Name of Review
62	39WNR28200	7/1/2011		Large Deductible
63	42WNMF4640	9/30/2011		Large Deductible
64	42WNMG2540	1/1/2009		Large Deductible
65	43WND69900	8/1/2008		Large Deductible
66	44WNC73307	6/1/2009		Large

				Deductible
67	44WNC73307	6/1/2011		Large Deductible
68	45WNR24600	12/31/2009		Large Deductible
69	46WNC75200	10/26/2009		Large Deductible
70	46WNR27800	5/30/2011		Large Deductible
71	46WNR30300	12/31/2009		Large Deductible
72	46WNR94300	8/5/2011		Large Deductible
73	57WNC90300	4/2/2011		Large Deductible
74	61WNMD5060	8/31/2008		Large Deductible
75	61WNR31400	2/15/2010		Large Deductible
76	61WNR96300	12/31/2010		Large Deductible
77	72WNC78400	12/31/2009	\$36	Large Deductible
78	72WNC78400	12/31/2010		Large Deductible
79	72WNC94900	7/1/2008		Large Deductible
80	72WNMG3490	9/1/2008	\$10	Large Deductible
81	72WNR33801	7/1/2011		Large Deductible
82	72WNS12000	9/30/2011		Large Deductible
			Premium Undercharge	Name of Review
83	81WNR32200	4/1/2011		Large Deductible
84	83WND73400	12/31/2007		Large Deductible
85	83WND75203	4/1/2011		Large Deductible
86	83WNMS9680	12/31/2010	\$45	Large Deductible
87	37WNMS3453	7/1/2010	\$10,044	Large

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

8. The examiners found that the Company failed to file with the Director all rates and supplementary rate information which is used in Missouri no later than 30 days after the effective date. The Company did not file the deductible credit rates that were used creating the following nine policy file errors.

No.	Policy No.	Eff. Date	Premium Undercharge	Name of Review
1	37WBCJL0459	5/1/2011		Small Deductible
2	84WBCTD0285	5/1/2007		Small Deductible
3	84WBCTD0285	5/1/2009		Small Deductible
4	37WBJK6797	1/26/2008		Small Deductible
5	38WBRU2990	6/30/2009		Small Deductible
6	84WBCIQ8782	1/27/2011		Small Deductible
7	84WBCKG8283	12/29/2006		Small Deductible
8	84WBCNA8825	10/1/2006		Small Deductible
9	84WBCNA8825	10/1/2007		Small Deductible

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

9. The Company failed to apply the correct Administrative Surcharge rate to the premium amount, resulting in the following five errors creating three Administrative Surcharge overpayments, one Administrative Surcharge underpayment and two Premium overcharges.

No.	Policy No.	Eff. Date	Administrative Overpayment	Premium Overcharge	Name of Review
1	39WNMF5370	3/1/2009			Large

					Deductible
2	76WBGNS2544	11/25/2006		\$5	Small Deductible
3	84WBCKG8283	12/29/2006	\$15		Small Deductible
4	84WBCNA8825	10/1/2006	\$1		Small Deductible
5	37WNQV3237	7/17/2009	\$3	\$3	Large Deductible

Reference: §287.716.1. RSMo

10. The Company failed to maintain file documentation necessary for the examiners to reconstruct how the policy premium was determined in the following 12 files.

No.	Policy No.	Eff. Date	Name of Review
1	34WNR31300	1/1/2011	Large Deductible
2	37WNQV3218	1/26/2009	Large Deductible
3	37WNQV3237	7/17/2009	Large Deductible
4	83WNMS9680	12/31/2010	Large Deductible
5	84WBCIQ8782	1/27/2010	Small Deductible
6	84WBCTD0285	5/1/2010	Small Deductible
7	84WBBO1868	1/1/2009	Small Deductible
No.	Policy No.	Eff. Date	Name of Review
8	84WBPA8824	6/1/2006	Small Deductible
9	91WBGZP3134	1/22/2011	Small Deductible
10	37WBJK6797	1/26/2008	Small Deductible
11	37WBJK6797	1/26/2009	Small Deductible
12	84WBCIQ8782	1/27/2011	Small

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

11. The Company unfairly discriminated against policyholders by not issuing a participating program for those eligible for a dividend rating plan. This resulted in the following eight, non-participating policy file errors.

No.	Policy No.	Eff. Date	Name of Review
1	84WEBE3603	7/1/2011	MOCCPAP
2	84WEJZ8930	12/13/2010	MOCCPAP
3	37WECPN3119	3/20/2008	Small Deductible
4	37WECPN3119	3/20/2009	Small Deductible
5	37WECPN3119	3/20/2010	Small Deductible
6	37WECTC6795	3/31/2008	Small Deductible
7	37WECTC6795	3/31/2009	Small Deductible
8	83WETC2966	4/24/2009	Small Deductible

Reference: §287.932.1. RSMo and 20 CSR 500-6.100(8).

12. The Company failed to keep the dividend payment separate from the rating plan. The dividend factor was included in the rating of the policy for the policies issued with a dividend plan, resulting in the following five policy file errors and four premium undercharges.

No.	Policy No.	Eff. Date	Premium Undercharge	Name of Review
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1	84WBCIQ8782	1/27/2010		Small Deductibles
2	38WBRU2990	6/30/2008	\$547	Small Deductibles
3	38WBRU2990	6/30/2009	\$872	Small Deductibles
4	38WBRU2990	6/30/2010	\$474	Small Deductibles
5	84WBCIQ8782	1/27/2011	\$903	MOCCPAP

Reference: §287.932.2. RSMo

13. The Company failed to apply the Administrative Surcharge rate to the premium that would have been paid in the absence of the deductible credit. In calculating the surcharge owed, the premiums upon which the surcharge is assessed are those that would have been paid in the absence of the deductible option. This error resulted in the following 13 Administrative Surcharge overpayments and one Administrative Surcharge underpayment.

No.	Policy No.	Eff. Date	Administrative Overpayment	Administrative Underpayment	Name of Review
1	84WBCIQ8782	1/27/2010	\$9		Small Deductible
2	38WBRU2990	6/30/2008	\$7		Small Deductible
3	84WBBO1868	1/1/2009	\$5		Small Deductible
4	84WBPA8824	6/1/2006	\$72		Small Deductible
5	37WBCJL0459	5/1/2011	\$5		Small Deductible
6	84WBCTD0285	5/1/2007	\$1		Small Deductible
No.	Policy No.	Eff. Date	Administrative Overpayment	Administrative Underpayment	Name of Review
7	84WBZG4111	7/1/2009	\$13		Small Deductible
8	91WBGZP3134	1/22/2010	\$2		Small

					Deductible
9	91WBGZP3134	1/22/2011	\$2		Small Deductible
10	12WBCLS9739	1/1/2010	\$13		Small Deductible
11	37WBJK6797	1/26/2008		\$1	Small Deductible
12	37WBCJL0459	5/1/2010	\$5		Small Deductible
13	38WBRU2990	6/30/2009	\$5		Small Deductible
14	84WBCIQ8782	1/27/2011	\$6		Small Deductible

Reference: §§287.716.2., and 287.310.9. RSMo.

The examiners requested a sample from the total population of Workers Compensation Large Deductible policies during the examination period.

Field Size: 519
Sample Size: 86
Type of Sample: Random
Number of Errors: 85
Error Ratio: 98.8%
Within DIFP Guidelines: No

14. The following 85 Large Deductible policy files were found to be in violation of Missouri's Unfair Trade Practices Act. The examiners found that the Company failed to include its phone number within the policy or contract or in written form annexed to the policy.

No.	Policy No.	Eff. Date	Name of Review
1	01WNR21600	8/15/2008	Large Deductible

2	02WNR22000	10/1/2009	Large Deductible
3	08WNR23200	11/1/2008	Large Deductible
4	10WNC73101	8/1/2009	Large Deductible
5	10WNC73101	8/1/2010	Large Deductible
6	10WNC77700	9/30/2011	Large Deductible
7	10WNMG3520	12/1/2008	Large Deductible
8	10WNMG3520	12/1/2009	Large Deductible
9	10WNR25900	3/1/2010	Large Deductible
10	10WNR30600	12/31/2010	Large Deductible
11	12WNC71901	7/1/2009	Large Deductible
12	13WNR95900	11/1/2010	Large Deductible
13	13WNS13600	11/1/2011	Large Deductible
14	14WNMG3560	1/1/2011	Large Deductible
15	16WNMG3310	1/1/2011	Large Deductible
16	20WNC75300	1/1/2011	Large Deductible
17	20WNC75400	1/1/2010	Large Deductible
18	20WND68900	2/1/2010	Large Deductible
19	20WND68900	2/1/2011	Large Deductible
20	20WND71400	4/1/2009	Large Deductible
No.	Policy No.	Eff. Date	Name of Review
21	20WND71900	11/1/2008	Large Deductible
22	20WND71900	11/1/2011	Large Deductible

23	20WND74700	10/1/2010	Large Deductible
24	20WND74700	10/1/2011	Large Deductible
25	20WNUMG3240	11/13/2011	Large Deductible
26	20WNMS9025	6/1/2010	Large Deductible
27	20WNMS9530	7/1/2008	Large Deductible
28	20WNQU0523	12/31/2010	Large Deductible
29	20WNR20200	7/1/2010	Large Deductible
30	20WNR20200	7/1/2011	Large Deductible
31	20WNR21900	9/1/2010	Large Deductible
32	20WNR22200	9/1/2010	Large Deductible
33	20WNR97500	3/1/2011	Large Deductible
34	20WNS13900	11/1/2011	Large Deductible
35	21WNMG3333	3/1/2009	Large Deductible
36	22WNC79300	4/1/2010	Large Deductible
37	22WNJ44750	4/1/2009	Large Deductible
38	22WNMS3550	9/1/2011	Large Deductible
39	22WNMS9470	6/1/2008	Large Deductible
40	22WNR23400	11/12/2009	Large Deductible
41	22WNS11000	9/1/2011	Large Deductible
No.	Policy No.	Eff. Date	Name of Review
42	30WNMS8980	4/1/2009	Large Deductible
43	33WND72900	1/1/2010	Large Deductible

44	33WNS13001	10/1/2011	Large Deductible
45	34WNMS9970	7/31/2008	Large Deductible
46	34WNQU0770	11/14/2009	Large Deductible
47	34WNR29500	10/1/2009	Large Deductible
48	34WNR31300	1/1/2011	Large Deductible
49	35WNMS4753	7/1/2008	Large Deductible
50	35WNR32400	10/1/2011	Large Deductible
51	37WNMS3453	7/1/2010	Large Deductible
52	37WNQV3205	11/12/2008	Large Deductible
53	37WNQV3208	11/17/2008	Large Deductible
54	37WNQV3218	1/26/2009	Large Deductible
55	37WNQV3235	7/20/2009	Large Deductible
56	37WNQV3236	7/9/2009	Large Deductible
57	37WNQV3237	7/17/2009	Large Deductible
58	37WNR23800	12/1/2008	Large Deductible
59	39WNMF5370	3/1/2009	Large Deductible
60	39WNR28200	7/1/2010	Large Deductible
61	39WNR28200	7/1/2011	Large Deductible
62	42WNMF4640	9/30/2011	Large Deductible
			Name of Review
63	42WNMG2540	1/1/2009	Large Deductible
64	43WND69900	8/1/2008	Large Deductible

Reference:
RSMo

II.

65	44WNC73307	6/1/2009	Large Deductible
66	44WNC73307	6/1/2011	Large Deductible
67	45WNR24600	12/31/2009	Large Deductible
68	46WNC75200	10/26/2009	Large Deductible
69	46WNR27800	5/30/2011	Large Deductible
70	46WNR30300	12/31/2009	Large Deductible
71	46WNR94300	8/5/2011	Large Deductible
72	57WNC90300	4/2/2011	Large Deductible
73	61WNMD5060	8/31/2008	Large Deductible
74	61WNR31400	2/15/2010	Large Deductible
75	61WNR96300	12/31/2010	Large Deductible
76	72WNC78400	12/31/2009	Large Deductible
77	72WNC78400	12/31/2010	Large Deductible
78	72WNC94900	7/1/2008	Large Deductible
79	72WNMG3490	9/1/2008	Large Deductible
80	72WNR33801	7/1/2011	Large Deductible
81	72WNS12000	9/30/2011	Large Deductible
82	81WNR32200	4/1/2011	Large Deductible
83	83WND73400	12/31/2007	Large Deductible
			Name of Review
No.	Policy No.	Eff. Date	
84	83WND75203	4/1/2011	Large Deductible
85	83WNMS9680	12/31/2010	Large Deductible

§375.924.1.

COMPLAINT HANDLING PRACTICES

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

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

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

A. Complaints Sent Directly to the DIFP

The review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint as required by §375.936.(3), RSMo, and 20 CSR 300-2.100(3)(D) (as replaced by 20 CSR 100-8.040(3)(D), eff. 1/30/09). The Company forwarded one complaint that it received from the Missouri DIFP.

The examiners discovered the following issue.

1. The Company failed to respond to a Missouri DIFP complaint inquiry within 20 calendar days.

No.	Policy No.	Eff. Date	Correspondence No.
1	83WBCII1657	4/1/2008	2008009177

Reference: §§374.085, 374.190 RSMo and 20 CSR 100-4.100(2)(A)

B. Complaints Sent Directly to the Company

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

The examiners discovered no issues or concerns.

III. CRITICISMS AND FORMAL REQUESTS TIME STUDY

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

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received within time limit including any extensions:	79	100.0%
Received outside time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	79	100.0%

The examiners discovered no issues or concerns.

B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Formal Requests</u>	<u>Percentage</u>
Received within time Limit including any extensions:	7	100.0%
Received outside time limit Including any extensions:	0	0.0%
No response:	0	0.0%
Total:	7	100.0%

The examiners discovered no issues or concerns.

