

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

**In Re:** )  
 )  
**IDS PROPERTY CASUALTY** ) **Market Conduct Exam No. 1702-77-TGT**  
**INSURANCE COMPANY (NAIC #29068)** )

**ORDER OF THE DIRECTOR**

NOW, on this 9<sup>th</sup> day of October, 2019, Director, Chlora Lindley-Myers, after consideration and review of the market conduct examination report of IDS Property Casualty Insurance Company (NAIC #29068) (hereinafter, "IDS"), examination report number 1702-77-TGT, prepared and submitted by the Division of Insurance Market Regulation (hereinafter "Division") pursuant to §374.205.3(3)(a)<sup>1</sup>, 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 is 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 IDS and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that IDS 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.

**IT IS FURTHER ORDERED** that IDS shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$500.00 payable to the Missouri State School Fund in connection with examination no. 1702-77-TGT.

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

**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 09<sup>th</sup> day of October, 2019.



*Chlora Lindley Myers*  
Chlora Lindley-Myers  
Director

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

<i>In Re:</i>	)	
	)	
<b>IDS PROPERTY CASUALTY INSURANCE</b>	)	<b>Market Conduct Examination</b>
<b>COMPANY (NAIC #29068)</b>	)	<b>1702-77-TGT</b>
	)	

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and IDS Property Casualty Insurance Company (NAIC #29068) (hereinafter “IDS”), 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; and

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

**WHEREAS**, the Division conducted a Market Conduct Examination of IDS, examination #1702-77-TGT;

**WHEREAS**, the Division prepared a Final Market Conduct Examination Report (hereinafter, “Report”) dated August 6, 2019 attached hereto as Exhibit A; and

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

1. In three instances, IDS failed to acknowledge and respond to pertinent communications with respect to claims in violation of 20 CSR 100-1.030(1), (2), and (3) and

implicating the provisions of §375.1007(2)<sup>1</sup>.

2. In four instances, IDS failed to implement reasonable standards for the prompt investigation and settlement of claims implicating the provisions of §375.1007(3).

3. In two instances, IDS failed to effectuate a fair and equitable settlement in which the liability was reasonably clear implicating the provisions of §375.1007(4).

4. In several instances, IDS failed to adequately document the basis for reductions in claim settlements on homeowners policies in violation of §375.1005, §375.1007(3), §375.205.2(2) and 20 CSR 100-8.040(3)(B).

5. In three instances, IDS failed to send the insured a written denial letter with specific reference to a policy provision, condition or exclusion in violation of 20 CSR 100-1.050(1)(A) and implicating the provisions of §375.1007(4) and (12).

6. In four instances, IDS failed to document its homeowner claims' files clearly showing the inception, handling and disposition of the claims in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(B).

7. In one instance, IDS failed to provide timely responses to some information requests in violation of §374.205.2(2) and 20 CSR 100-8.040(6).

**WHEREAS**, the Division and IDS 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

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<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended.

terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** IDS agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agree to maintain those remedial actions at all times. Such remedial actions shall include, but are not limited to, the following:

1. IDS agrees if it has not already done so, to develop and implement written policies and procedures to ensure that claim files are sufficiently documented that it can be determined from the file whether a claim was fairly and adequately settled. In addition, IDS agrees to investigate all open claims to determine liability. If IDS determines that a claim was opened in error the claim file shall contain sufficient documentation to support said determination.

2. IDS agrees if it has not already done so, to develop and implement written policies and procedures for the investigation and settlement of claims involving depreciation such that it can be determined that depreciation was calculated in a fair and reasonable manner, this should include definitions and examples for “average condition”, “above average condition” and “below average condition”. IDS agrees that, as part of these policies and procedures, it will document in each claim file, the age (or estimated age) of each specific item being depreciated, the actual condition of each specific item being depreciated, and the inputs utilized by its vendors in determining depreciation. IDS further agrees to provide, upon request, the life expectancy value used for each item being depreciated, as determined by its vendors. IDS will also document in the claim file any other factors or justification it utilizes in support of the depreciation taken. IDS further agrees that the basis for any adjustment will be fully explained to the claimant in writing.

3. IDS agrees that training in the newly implemented policies and procedures shall be provided to all company employees handling claims or maintaining claim files, including all newly hired employees handling claims or maintaining claim files.

4. IDS agrees to adequately maintain and timely provide to the Department, upon request, books, records, documents, basic identifying information for each claimant, and other business records in compliance with §374.205.2(2) and 20 CSR 100-8.040(6).

5. For claim number 2160528, IDS agrees to submit the insured's itemized Coverage C Personal Property loss list to Enservio for processing. IDS agrees to make additional payment to the claimant including interest at the annual adjusted prime rate of interest as determined by section 32.065, not to exceed nine per cent (9%) interest per annum. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct Examination," it was found that an additional payment was owed on the claim.

C. **Compliance.** IDS 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 to implement compliance with the terms of this Stipulation and to document payment of restitution required under the terms of this Stipulation. Such documentation is provided pursuant to §374.205.

D. **Examination Fees.** IDS agrees to pay any reasonable examination fees expended by the Division in conducting its review of the documentation provided by the Company pursuant to Paragraph C of this Stipulation.

E. **Voluntary Forfeiture.** IDS agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$500.00 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 IDS, other than those agreed to in this Stipulation, in connection with Market Conduct Examination #1702-77-TGT.

G. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by

IDS, 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.** IDS, 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 Market Conduct Examination #1702-77-TGT.

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

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 IDS 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 by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

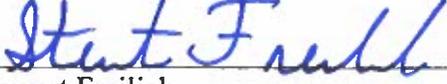
M. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation and the Report dated August 6, 2019.

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

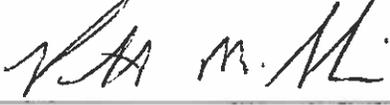
DATED: 10/7/2019

  
\_\_\_\_\_  
Angela L. Nelson, Director  
Division of Insurance Market Regulation

DATED: 10/7/2019

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

DATED: 10-2-2019

  
\_\_\_\_\_  
Patrick Shine  
General Counsel and Chief Compliance Officer  
IDS Property Casualty Insurance Company

## **EXHIBIT A**

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



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

**IDS Property Casualty Insurance Company**  
**NAIC Group #0004**  
**NAIC # 29068**

**MISSOURI EXAMINATION # 1702-77-TGT**

**NAIC EXAM TRACKING SYSTEM # MO-HICKSS1-77**

**August 6, 2019**

**IDS Property Casualty Insurance Company**  
**3500 Packerland Drive**  
**DePere, WI 54115**

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## **FOREWORD**

This is a targeted market conduct examination report of the IDS Property Casualty Insurance Company (NAIC Code # 29068). This examination was conducted at the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP), located at 615 East 13<sup>th</sup> Street, Room 506, Kansas City Mo. 64106.

This examination report is generally a report by exception. However, failure to comment on 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.

Where used in this report:

- “Company” refers to IDS Property Casualty Insurance Company;
- “CSR refers to the Missouri Code of State Regulation;
- “DIFP” refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “Director” refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “NAIC” refers to the National Association of Insurance Commissioners;
- “IDS’ refers to IDS Property Casualty Insurance Company;
- “RSMo” refers to the Revised Statutes of Missouri;
- “CWP” refers to Closed Without Payment; and
- “TBD” refers to To Be Determined.

## SCOPE OF EXAMINATION

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

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations were consistent with the public interest. The primary period covered by this review was January 1, 2014 through December 31, 2016, unless otherwise noted. However, errors outside of this time period found during the course of the examination may also be included in the report.

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

Homeowners underwriting, policyholders services, claims and complaints practices.

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

In performing this examination, the examiners only reviewed a sample of the Company's practices, procedures, products, and files. Therefore, some noncompliant practices, procedures, products, and files may not have been found.

## COMPANY PROFILE

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

The Company was incorporated on December 15, 1972 under the laws of Wisconsin. It began business on January 24, 1973. Business of the company was conducted under the name Wisconsin No-Fault Insurance Company, Inc. from inception until November 7, 1979 when the corporate title Wisconsin Employers Casualty Company was adopted. The Company was the surviving entity of the merger with IDS Reinsurance Company, effective May 31, 1986. IDS acquired Wisconsin Employers Casualty Company of Green Bay, WI in 1986.

In 1995, the Company began underwriting business as AMEX Assurance Company under the parent company American Express. In 2005, the Company was spun off and resumed writing property casualty under IDS Property Casualty Insurance Company. The Company is a subsidiary of Ameriprise Financial and writes personal lines property casualty insurance including auto, home and umbrella insurance.

The Company began writing property casualty insurance in Missouri in July 1, 2005. The Company also writes personal lines home and umbrella products. The Company is licensed to write insurance in all states and the District of Columbia.

## EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of the IDS Property Casualty Insurance Company. The examiners found the following areas of concern:

### Subrogation Claims

- The examiners found three instances where the Company failed to follow up with the insured to determine if there was damage to their personal property.
- The examiners found one instance where the Company failed to investigate the insured's mitigation costs for a claim concerning time and effort incurred by the insured for water removal.
- The examiners found one instance where the Company failed to investigate the insured's personal property loss for a claim by not sending any forms.
- The examiners found one instance where the Company failed to photograph the insured's damaged personal property.
- The examiners found 12 instances where the Company failed to attempt in good faith to effectuate fair and equitable settlement of a claim by failing to pay for the insured's damaged driveway in one instance, it failed to pay for a personal property loss in another instance and failed to have in place a depreciation schedule explaining the life expectancy, age and condition of property items for fair and equitable claims determinations of building and contents losses.
- The examiners found three instances where the Company failed to document claim files showing the inception, handling and disposition of a claim by not documenting why no Additional Living Expense coverage was not provided, not documenting that a contents form was sent to the insured along with conversations, and correspondence and in the third file by not having an Adjuster Field Report and closing letter which would have described the damage and final disposition of the claim.

### Claims CWP

- The examiners found one instance where the Company failed to send a field adjuster to determine the insured's damages.
- The examiners found three instances where the Company failed to send first party claimants a written denial letters. Such letters should have included a specific reference to a policy provision, condition, or exclusion upon which the decision was based.
- The examiners found one instance where the Company failed to document the claim file showing the inception, handling and disposition of the claim as the file contained no claim notes.

### Criticism Time Studies

- The examiners found one instance where the Company failed to respond to a criticism within 10 calendar days.

## EXAMINATION FINDINGS

### I. CLAIMS PRACTICES

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

To minimize the duration of the examination, while still achieving an accurate evaluation of claim practices, the examiners reviewed a statistical sampling of the claims processed. The examiners requested a listing of claims paid and claims closed without payment during the examination period for the line of business under review. The review consisted of Missouri claims selected from a listing furnished by the Company with a date of closing from January 1, 2014, through December 31, 2016.

A claim 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., §§375.1000 – 375.1018 and 375.445 RSMo) and compared with the NAIC benchmark error rate of seven percent (7%). Error rates in excess of the NAIC benchmark error rates are presumed to indicate a general business practice contrary to the law. Errors indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

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

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

Missouri statutes require the Company to disclose to first-party claimants all pertinent benefits, coverage or other provisions of an insurance policy under which a claim is presented. Claim denials must be given to the claimant in writing, and the Company must maintain a copy in its claim files.

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

## A. Subrogation Claims

### 1. Claims Time Studies

The examiners requested a sample from the total population of Missouri Homeowners claims paid and closed during the examination period.

#### a. Acknowledgment

Field Size:	114
Sample Size:	114
Type of Sample:	Census
Number of Errors:	3
Error Ratio:	2.6%
Within DIFP Guidelines:	Yes

The examiners discovered the following exceptions.

1. The examiners found that the Company failed to follow up with the insured to determine if there was personal property damage from the claim.

#### Claim Number

xxx1973

xxx6346

xxx0461

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

#### b. Investigation

Field Size:	114
Sample Size:	114
Type of Sample:	Census
Number of Errors:	3
Error Ratio:	2.6%
Within DIFP Guidelines:	Yes

The examiners discovered the following three exceptions.

1. The examiners found that the Company failed to investigate the insured's mitigation cost for the claim. The insured's time and effort incurred for water removal was not paid for.

Claim Number

xxx1973

Reference: §375.1007(3), RSMo

2. The examiners found that the Company failed to investigate the insured's personal property loss for the claim. No forms were sent to the insured for the personal property that was damaged.

Claim Number

xxx3973

Reference: §375.1007(3), RSMo

3. The examiners found that the Company Adjuster failed to photograph the insured's damaged personal property.

Claim Number

xxx0461

Reference: §375.1007(3), RSMo

c. Determination

Field Size:	114
Sample Size:	114
Type of Sample:	Random
Number of Errors:	0

The examiners discovered no issues or concerns.

## 2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri Homeowners claims paid and closed during the examination period.

### Effectuate Prompt, Fair and Equitable Settlements

Field Size:	114
Sample Size:	114
Type of Sample:	Census
Number of Errors:	11
Error Ratio:	9.6%
Within DIFP Guidelines:	No

The examiners noted the following two exceptions.

1. The examiners found that the Company failed to attempt in good faith to effectuate fair and equitable settlement of the claims regarding the following two claim files, which resulted in claim underpayments. In claim number xxx3005 the Company failed to pay for the insured's damage driveway. In claim number xxx0528 it failed to pay the insured's personal property loss.

<u>Claim Number</u>	<u>Claim Underpayment</u>
xxx3005	\$222.28
xxx0528	\$1,355.00

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

2. The examiners found that the Company failed to develop a system that would explain the reductions that were applied to claim settlements concerning depreciation. The life expectancy, age, and condition of the building and personal property items damaged, were not shown on the estimates. In addition, there was no depreciation schedule used that would show how the reductions were made. Therefore, the examiners were unable to determine if the claim settlements were fair and equitable, because the depreciation reduction amounts could not be determined. Claim number 2160528 is a duplicate and therefore, was only counted once in the error ratio.

### Claim Number

xxx2517  
xxx6333

Claim Number

xxx7159

xxx1395

xxx5371

xxx3900

xxx8396

xxx7610

xxx8586

xxx0528

Reference: §375.1007(3) RSMo, §374.205.2(2) RSMo, and 20 CSR 100-8.040(3)(B)

**3. Other Claims Handling Practices Not Included In the Error Ratio**

The examiners noted the following three exceptions during their review.

1. The examiners found that the Company failed to clearly document the following claim files showing the inception, handling and disposition of the claim. In claim number xxx1973, there was no explanation or documents that explained why the insured was not eligible for Additional Living Expense coverage that was not paid. In claim number xxx3759, there were no documents confirming that claim forms were provided nor any notes documenting the substance of any conversations, emails or letters. In claim number xxx3599, there was no Adjuster Report explaining the damage, or closing letter documented in the claim file. Therefore, the examiners were unable to determine their handling and dispositions in accordance with Missouri law.

Claim Number

xxx1973

xxx3759

xxx3599

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

## B. Claims CWP

### 1. Claims Time Studies

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

#### a. Acknowledgment

Field Size:	852
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0

The examiners discovered no issues or concerns.

#### b. Investigation

Field Size:	852
Sample Size:	50
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	2%

The examiners discovered the following issue during the review.

1. The examiners found that the Company failed to send a field adjuster out to the insured's to determine the cause of loss.

#### Claim Number

xxx4746

Reference: §375.1007(3), RSMo

#### c. Determination

Field Size:	852
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0

The examiners discovered no issues or concerns.

## 2. Unfair Settlement and General Handling Practices

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

### a. Effectuate Prompt, Fair and Equitable Settlements

Field Size:	852
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0

The examiners discovered no issues or concerns.

### b. Unfair Settlement Rate

Field Size:	852
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0

The examiners discovered no issues or concerns.

### c. Promptly Providing Reasonable and Accurate Explanations of Claims Actions

Field Size:	852
Sample Size:	50
Type of Sample:	Random
Number of Errors:	3
Error Ratio:	6.0%

The examiners discovered the following exceptions during the review.

1. The examiners found that the Company failed in the following three instances to send a written denial letter to first party claimants. The denial letters should include specific references to a policy provision, condition, or exclusion.

#### Claim Number

xxx4746

xxx3478

xxx8423

Reference: §§375.1007(4) & (12) RSMo, and 20 CSR 100-1.050(1) (A)

### **3. Other Claims Handling Practices Not Included In the Error Ratio**

The examiners noted the following exception during their review.

1. The examiners found that the Company failed to clearly document the following claim file showing the inception, handling and disposition of the claim. The claim file had a building damage reserve that was opened but it later was closed without payment and an explanation. Therefore, the examiners were unable to determine their handling and dispositions in accordance with Missouri law.

Claim Number

xxx4746

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

## **II. UNDERWRITING AND RATING PRACTICES**

This section of the report provides 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 adhered to its own underwriting guidelines, filed rates, and Missouri statutes and regulations.

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. Errors indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

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

The examiners also reviewed the Company's procedures, rules, and forms filed by or on behalf of the Company with the DIFP. The examiners used a census or randomly selected the files for review from a listing furnished by the Company.

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

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

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

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

The examiners discovered no issues or concerns.

#### **B. Underwriting Cancellations Initiated By the Company**

The examiners requested a sample from the total population of all cancelled/non-renewed Homeowners Policies initiated by the Company written in the state of Missouri for the examination period.

The following are the results of the reviews:

Field Size:	851
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0

The examiners discovered no issues or concerns.

### **III. 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 adhering 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, whether sent to the DIFP and those sent directly to the company.

The examiners verified the Company's complaint registry, dated January 1, 2014, to December 31, 2016.

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

The review consisted of an analysis 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).

The examiners discovered no issues or concerns.

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

The examiners requested copies of the complaint files regarding complaints that were sent directly to the Company.

The examiners discovered no issues or concerns.

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

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

**A. Criticism Time Study**

<b>Calendar Days</b>	<b>Number of Criticisms</b>	<b>Percentage</b>
Received within the time limit including any extensions	25	96.0%
Received outside time limit including any extensions	1	4.0%
No response	0	0.0%
<b>Total</b>	<b>26</b>	<b>100.0%</b>

1. The examiners found one instance where the Company failed to provide a criticism response within ten calendar days of receipt of the criticism.

<b>Crit #</b>	<b>Original Crit #</b>	<b>Response - Days Late</b>	<b>Claim #</b>
26	10	14	xxxxxxxxxx0008

Reference: §374.205.2(2) RSMo

**B. Formal Request Time Study**

<b>Calendar Days</b>	<b>Number of Criticisms</b>	<b>Percentage</b>
Received within the time limit including any extensions	4	100.0%
Received outside time limit including any extensions	0	0.0%
No response	0	0.0%
<b>Total</b>	<b>4</b>	<b>100.0%</b>

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

## EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of IDS Property Casualty Insurance Company (NAIC #29068), Examination Number 1702-77-TGT. This examination was conducted by Scott B. Pendleton, Examiner-In-Charge, Dale Hobart, Examiner III, Dennis Foley, Examiner III, and Jon Meyer, Examiner III. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated January 29, 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.

8/6/2019  
Date

Stewart Freilich  
Stewart Freilich  
Chief Market Conduct Examiner