



**DEPARTMENT OF COMMERCE & INSURANCE**

P.O. Box 690, Jefferson City, Mo. 65102-0690

*In Re:*

NATIONAL LIABILITY & FIRE  
INSURANCE COMPANY (NAIC # 20052)

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)  
)  
)

**Market Conduct Examination No. 352806**

**ORDER OF THE DIRECTOR**

NOW, on this 21<sup>st</sup> day of MAY, 2024, Director, Chlora Lindley-Myers, after consideration and review of the market conduct examination report of National Liability & Fire Insurance Company (hereinafter “National Liability”), examination report number #352806, 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”), relating to the market conduct examination #352806, the examination report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director’s findings and conclusions accompanying this order pursuant to §374.205.3(4). The Director does hereby issue the following orders:

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

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

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

**IT IS FURTHER ORDERED** that National Liability shall not engage in any of the violations of statutes 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, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

**IT IS FURTHER ORDERED** that National Liability shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$22,700.00, payable to the Missouri State School Fund.

**IT IS SO ORDERED.**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 21<sup>st</sup> day of MAY, 2024.



*Chlora Lindley-Myers*

Chlora Lindley-Myers  
Director

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

*In Re:* )  
 )  
NATIONAL LIABILITY & FIRE ) Market Conduct Examination No. 352806  
INSURANCE COMPANY (NAIC # 20052) )

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and National Liability & Fire Insurance Company (NAIC #352806) (hereinafter “National Liability”), as follows:

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

**WHEREAS**, National Liability 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 National Liability, Examination No. 352806; and

**WHEREAS**, based on the market conduct examination of National Liability the Division alleges that:

1. In 16 instances, National Liability did not follow filed underwriting rules, rates or classifications in violation of §379.470<sup>1</sup>, §379.889 and 20 CSR 500-4.100 (1) and (6).
2. In 9 instances, National Liability omitted to clearly disclose at renewal the relationship between the Stated Value of a vehicle and the premium charged for the coverage in violation of

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

§375.936 (6) (a) and §375.934.

3. In 87 instances, National Liability did not follow its filed underwriting rules and rates and applied rates that discriminated between like risks by applying a GEICO Personal Auto Policy credit in violation of §379.470, §379.889, §379.890 and 20 CSR 500-4.100 (1), (3) and (6).

4. In one policy insuring four vehicles, National Liability did not consistently apply rules and rates for ABS and airbag discounts in violation of §379.470, §379.889 and 20 CSR 500-4.100 (1) and (6).

5. In five instances, National Liability allowed an amendment excluding drivers who were not a member of the insureds' household in violation of §303.190.2 (3).

6. In one instance, National Liability did not maintain a completed Missouri application bearing the insured's signature in its underwriting file in violation of §374.205.2 (2) and 20 CSR 100-8.040 (3) (A) 1 A.

7. In two instances, National Liability did not acknowledge medical claims within 10 working days of loss reporting in violation of §375.1007 (2), §375.1005 and 20 CSR 100-1.030 (3).

8. In seven instances, National Liability did not send a 45 day letter to the insured setting forth the reasons additional time was needed to complete its investigation in violation of §375.1007 (3), §375.1005 and 20 CSR 100-1.050 (1) (C).

9. In two instances, National Liability did not accept or deny a claim for medical treatment within 15 working days in violation of §375.1007 (4), §375.1005 and 20 CSR 100-1.050 (1) (A).

10. In one instance, National Liability did not acknowledge or reply to a medical provider within 10 days in violation of §375.1007 (2), §375.1005 and 20 CSR 100-1.030 (1) (B).

11. In one instance, National Liability did not communicate its denial of liability to the insured and waited almost a year to inform the insured that the covered damages were below the

insured's deductible implicating the provision of §375.1007 (4) and in violation of 20 CSR 100-1.050 (1) (A).

12. In one instance, National Liability did not affirm or deny coverage of claims within a reasonable time after proof of loss statements were completed and received implicating the provisions of §375.1007 (4) and (7) and in violation of 20 CSR 100-1.050 (1) (A).

13. In eight instances, National Liability did not maintain claim files so as to clearly show the inception, handling and disposition of each claim in violation of §374.205.2 (2) and 20 CSR 100-8.040 (3) (B).

14. In three instances, National Liability failed to pay the sales tax on total loss claims in violation of §375.1007 (4) and §375.1005.

15. In seven instances, National Liability did not disclose all pertinent benefits and coverages to the insured in violation of §375.1007 (1), §375.1005 and 20 CSR 100-1.020 (1) (A).

16. In one instance, National Liability incorrectly calculated a claim settlement in violation of §375.1007 (3) and (4) and §375.1005.

17. In one instance, National Liability did not include a salvage processing fee in a total loss settlement in violation of §375.1007 (4) and §375.1005.

18. In nine instances, National Liability failed to promptly provide a reasonable and accurate explanation, in writing, for claim denials in violation of §375.1007 (12), §375.1005 and 20 CSR 100-1.050 (1) (B).

**WHEREAS**, the Division and National Liability have agreed to resolve the issues raised in the market conduct examination as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") embodies the entire agreement and understanding of the signatories with

respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** National Liability 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 the following:

1. National Liability agrees that it will apply the anti-lock brake discount to all vehicles that include anti-lock brakes and the airbag discount to all vehicles that include airbags.

2. National Liability agrees to review all commercial auto policies from January 1, 2021 to the date of the Order approving this Stipulation to determine if any policyholders should have qualified for an anti-lock brake discount. If a policyholder should have qualified for an anti-lock brake discount, National Liability will refund the difference between the premium charged without the discount and the premium that would have been charged if the discount had been applied. Interest, calculated pursuant to section 374.191, will be included with the refund. A letter will be included indicating that as a result of a Missouri Market Conduct Examination it was discovered that a premium refund was owed to the insured.

3. National Liability agrees to review all commercial auto policies from January 1, 2021 to the date of the Order approving this Stipulation to determine if any policyholders should have qualified for an airbag discount. If a policyholder should have qualified for an airbag discount, National Liability will refund the difference between the premium charged without the discount and the premium that would have been charged if the discount had been applied. Interest, calculated pursuant to section 374.191, will be included with the refund. A letter will be included indicating that as a result of a Missouri Market Conduct Examination it was discovered

that a premium refund was owed to the insured.

4. National Liability agrees to consistently apply its existing rates and rules in underwriting commercial auto policies in Missouri.

5. National Liability agrees to revise its written notices to commercial insureds at renewal to clearly delineate to the insured that a reduction in the Stated Value amount of the vehicle due to depreciation or other factors may result in a reduction of premium. National Liability further agrees to submit the revised written notice to the Division for review and approval prior to use.

6. National Liability agrees not to use credits or debits to alter a filed rate unless the debits or credits meet the definition of schedule rating contained in 20 CSR 500-4.100 (2) (E) and to apply schedule rating credits or debits based only on the documentation contained in the file at the time the debit or credit is applied.

7. National Liability agrees to maintain its claim files so as to clearly show the inception, handling and disposition of each claim.

8. National Liability agrees that it will pay all automobile total loss claims, including payment for all sales taxes relating to such claims, according to the terms of its policy provisions.

9. National Liability agrees to disclose all pertinent benefits, coverages and other policy provisions to its insured claimants.

10. National Liability agrees to promptly provide a reasonable and accurate explanation, in writing, for all claim denials.

11. National Liability agrees to reimburse all claimants for premium overcharges or claim underpayments identified in the exam report which have not already been reimbursed. Payment of interest, pursuant to §374.191 will be included. A letter will be included indicating that as a result of a Missouri Market Conduct Examination it was discovered either that a premium refund was owed

or additional payments were owed on the claim.

12. National Liability has provided the Division with an attestation affirming that it has not contested in connection with a claim any warranty, representation or condition contained in any application for commercial auto insurance coverage not containing a signature of the applicant since January 1, 2017. National Liability agrees that it will not contest in connection with a claim any warranty, representation or condition contained in the application for a commercial auto policy not containing a signature of the applicant.

C. **Compliance.** National Liability agrees to file documentation pursuant to section 374.205 with the Division, in a format acceptable to the Division, within 90 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation, including documentation of any refund or claim payments made to insureds.

D. **Voluntary Forfeiture.** National Liability agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$22,700, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2.

E. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by National Liability, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examination.

F. **Waivers.** National Liability, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 no.352806 .

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in



writing and agreed to by authorized representatives of the Division and National Liability.

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

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

J. **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 electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter "Director") approving this Stipulation.

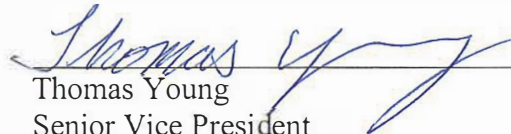
L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: April 24, 2024

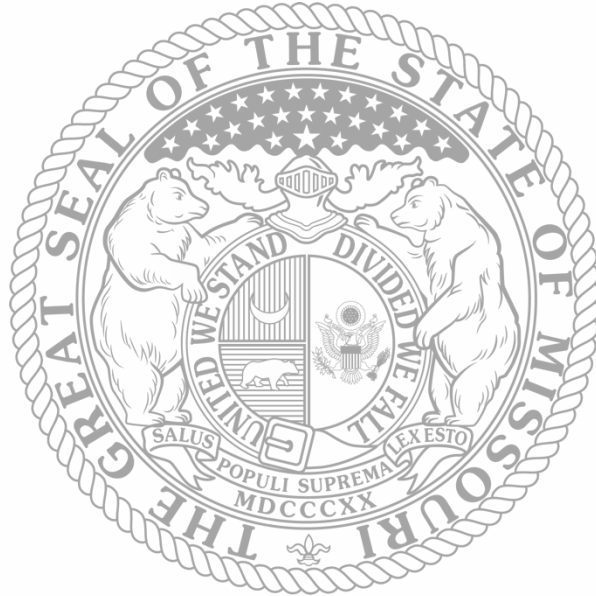


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Teresa Kroll  
Chief Market Conduct Examiner  
Division of Insurance Market Regulation

DATED: April 24, 2024



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Thomas Young  
Senior Vice President  
National Liability & Fire Insurance Company



**FINAL MARKET CONDUCT EXAMINATION REPORT  
Property and Casualty of**

**National Liability & Fire Insurance Company  
NAIC # 20052**

**MISSOURI SBS EXAMINATION # 352806**

**NAIC MATS #MO-HICKSS1-133**

**March 11, 2024**

**Home Office  
1314 Douglas Street, Suite 1300  
Omaha, NE 68102**

**STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE**

**JEFFERSON CITY, MISSOURI**

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March 11, 2024

Honorable Chlora Lindley-Myers, Director  
Missouri Department of Commerce and Insurance  
301 West High Street, Room 530  
Jefferson City, Missouri 65101

Director Lindley-Myers:

In accordance with your market conduct examination warrant, a targeted market conduct examination has been conducted of the specified lines of business and business practices of

**National Liability & Fire Insurance Company (NAIC #20052)**

hereinafter referred to as National Liability & Fire Insurance or as the Company. This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI).

**FOREWORD**

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

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

When used in this report:

- “ABS” refers to the Anti-lock Braking Systems of vehicles
- “Company” refers to the National Liability & Fire Insurance Company
- “CSR” refers to the Missouri Code of State Regulation
- “DCI” refers to the Missouri Department of Commerce and Insurance
- “Director” refers to the Director of the Missouri Department of Commerce and Insurance
- “NAIC” refers to the National Association of Insurance Commissioners
- “RSMo” refers to the Revised Statutes of Missouri

**SCOPE OF EXAMINATION**

The DCI has authority to conduct this examination pursuant to, but not limited to, §§ 374.110, 374.190, 374.205, 375.938, and 375.1009, RSMo, and conducted in accordance with § 374.205.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DCI regulations. The primary period covered by this review is January 1, 2017 through December 31, 2019, unless otherwise noted. Errors found outside of this time-period may also be included in the report.

The examination was a targeted examination involving the following line of business and business functions: Commercial Auto (Underwriting and Rating, Claims, and Operations and Management).

The examination was conducted in accordance with the standards in the 2020 NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the NAIC 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 it is ten percent (10%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized for reviews not applying the general business practice standard.

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

## **COMPANY PROFILE**

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

National Liability & Fire Insurance Company (NLF) is a Connecticut domiciled property & casualty insurance company. NLF is a wholly owned subsidiary of Berkshire Hathaway Inc. (BHI). NLF writes primarily commercial automobile and workers' compensation insurance in most jurisdictions of the United States.

## **EXECUTIVE SUMMARY**

The DCI conducted a targeted market conduct examination of National Liability & Fire Insurance Company. The examiners found the following areas of concern:

### **OPERATIONS AND MANAGEMENT**

- The Company did not update the stated value of vehicles on policies which caused the Company to charge a premium not commensurate with the value of the vehicle. The company supplied eight policy history illustrations with stated value coverage that serve as examples that the company does not have proper standards and procedures to verify the value of vehicles at inception or renewal. Reference: § 379.889, RSMo

## **UNDERWRITING AND RATING**

### **ACTIVE POLICIES**

- In nine instances, the Company omitted to clearly disclose to policyholders at renewal the relationship between the Stated Value Amount and the renewal premium. Reference: § 375.936 (6) (a) and §375.934 RSMo
- In one file, the Company failed to follow underwriting rules when applying the motor vehicle report (MVR) and accident/loss history report to determine the accurate driver-rating factor. Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)
- In three instances, the Company failed to follow underwriting rules and rates when applying the driver-rating factor. Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)
- In one file, the Company failed to properly classify and rate the vehicle by using “Group Home” classification. Reference: § 379.470, RSMo, and 20 CSR 500-4.100(1) and (6)
- In one file, the Company failed to properly rate a vehicle by failing to apply the garaging location. Reference: § 379.470, RSMo, and 20 CSR 500-4.100(1) and (6)
- In five instances, the Company failed to properly classify and rate the vehicles by failing to apply an ABS discount. Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)
- In three instances, the Company failed to properly classify and rate the vehicle by failing to apply an airbag discount. Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)
- In one file, the Company failed to properly rate a vehicle when it failed to apply an ABS discount factor of .95 to the liability coverage and .975 physical damage coverage. Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)
- In the rating for all physical damage coverages, the Company failed to follow filed rules and rates for combined physical damage rates. The premium allocated by coverage was 75% to collision and 25% to other than collision instead of the filed 50% to collision and 50% to other than collision rate. Reference: § 379.470, RSMo, and 20 CSR 500-4.100(1) and (6)
- In one file, the Company failed to follow rules for rating of four of the insureds vehicles by failing to apply an ABS discount or air bag discount in a consistent manner. Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)
- In one file, the Company failed to provide and maintain the completed application, which bears the insured’s signature on the application as part of the underwriting file. Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(A)1.A

### **NON-ACTIVE POLICIES**

- In 87 instances, the Company unfairly discriminated between risks having essentially the same hazard in the application of charges or credits or the use of rates. Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)
- In 87 instances, the Company failed to properly rate policies when the Company used a credit considered improper for use with schedule rating plans. Reference: §§ 379.889, 379.890, RSMo and 20 CSR 500-4.100 (3)
- In 87 instances, the Company failed to follow underwriting rules and rates by entering the GPAP Credit directly into the Company’s NICO-Rate Software. The Company altered

their filed rate resulting in use of an unfiled rate for the entire policy population. Reference: § 379.470, RSMo, 20 CSR 500-4.100(1) and (6)

- In four instances, the Company failed to follow filed underwriting rules and rates by not applying the 15% Liability GPAP Credit. Customers met eligibility requirements but did not receive this credit. Reference: §§ 379.470, 379.889, RSMo
- In five instances, the Company allowed an endorsement excluding drivers who were not a member of the insureds household. Reference: § 303.190.2(3) RSMo

## **PAID CLAIMS**

- In two claims, the Company failed to acknowledge a medical claim within 10 working days of loss reporting by not providing the medical payment claim forms, instructions and reasonable assistance to the first party. Reference: § 375.1007(2), RSMo, and 20 CSR 100-1.030(3)
- In four claims, the Company failed to implement reasonable standards for a prompt investigation and was not timely in sending 45-day letters. Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050 (1)(C)
- In two claims, the Company failed to effectuate prompt settlement of claims submitted in which liability had become reasonably clear by not accepting or denying a claim within 15 working days. Reference: § 375.1007(4), RSMo, and 20 CSR 100-1.050 (1)(A)
- In one claim, the Company failed to acknowledge with reasonable promptness pertinent communications with respect to claims arising under its policies by not replying to medical provider within 10 working days. Reference: § 375.1007(2), RSMo, and 20 CSR 100-1.030(1)(B)
- In four claims, the Company failed to maintain the claim file correspondence and claim notes so as to show clearly the inception, handling, and disposition of each claim. Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)
- In one claim, the Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim by not having a copy of the sales tax affidavit in the file. Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)
- In three claims, the Company failed to effectuate a fair and equitable settlement of the claim in which liability has become reasonably clear by not paying the sales tax on the total loss claim settlement. Reference: § 375.1007(4), RSMo
- In four claims, the Company failed to disclose all pertinent benefits, coverages, or other provisions of an insurance policy under which a claim was presented. Reference: § 375.1007(1), RSMo, and 20 CSR 100-1.020(1)(A)
- In one claim, the Company failed to implement reasonable standards for settlement of a claim and in good faith did not effectuate a prompt, fair and equitable settlement by not calculating the claim settlement amount correctly. Reference: § 375.1007(3), and (4), RSMo
- In one claim, the Company failed in good faith to effectuate prompt, fair and equitable settlement of claim submitted in which liability has become reasonably clear by not including the \$11 salvage processing fee and by taking ownership of the salvage title. Reference: § 375.1007(4), RSMo
- In four claims, the Company failed in the case of a denial to promptly provide a reasonable and accurate explanation for the basis for such actions in writing. Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)

- In one claim, the Company failed in the case of a denial to promptly provide a reasonable and accurate explanation for the basis for such actions in writing. The Company provided instructions to the third party claimant on damages incurred and noted in the file that the Company would complete an investigation and advise the claimant but failed to advise of the denial of coverage. Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(B)

## **NON-PAID CLAIMS**

- In three claims, the Company failed to implement reasonable standards for a prompt investigation and was not timely in sending 45-day letters. Reference: § 375.1007(3), RSMo, and 20 CSR 100-1.050(1)(C)
- In one claim, the Company failed to effectuate prompt settlement of the claim submitted in which liability became reasonably clear and failed to communicate the denial within a reasonable time. Reference: § 375.1007(4), RSMo, and 20 CSR 100-1.050(1)(A)
- In one claim, the Company failed to effectuate prompt settlement of the claim submitted in which liability has become reasonably clear and failed to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed and communicated to the insurer. Reference: §§ 375.1007(4), 375.1007(7), RSMo, and 20 CSR 100-1.050(1)(A)
- In three claims, the Company failed to maintain the claim file correspondence and claim notes so as to show clearly the inception, handling, and disposition of each claim. Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)
- In three claims, the Company misrepresented policy provisions relating to coverages at issue by failing to fully disclose to the insured pertinent benefits, coverages and other provisions of an insurance policy under which a claim was presented. Reference: § 375.1007(1), RSMo, and 20 CSR 100-1.020(1)(A)
- In three claims, the Company failed in the case of denial to promptly provide a reasonable and accurate explanation for the basis for such actions in writing. Reference: § 375.1007(12), RSMo, and 20 CSR 100-1.050(1)(A)

## **EXAMINATION FINDINGS**

### **I. OPERATIONS/MANAGEMENT**

The operations/management portion of the examination provides a review of what the Company is and how it operates. The examiners used operations and management examination standards taken from Chapter 20 General Examinations Standards of the NAIC Market Regulation Handbook to determine the Company's compliance with Missouri laws.

#### **A. NAIC Market Regulation Handbook Chapter 20 Standard 7: Records are adequate, accessible, consistent and orderly and comply with state record retention requirements.**

The examiners did not separately test for this area of review. Rather, the examiners reviewed the same files from the samples in the Underwriting and Rating section and Claims section of the report to determine if compliance with state record retention requirements were met.



No areas of concern were noted.

**B. NAIC Market Regulation Handbook Chapter 20 Standard 11: The regulated entity has developed and implemented written policies, standards and procedures for the management of insurance information.**

The examiners did not separately test for this area of review. Rather, the examiners reviewed the same files from the samples in the Underwriting and Rating section and Claims section of the report to determine if the Company developed and applied policies, standards, procedures and guidelines in accordance with Missouri law.

**1. Procedures and Standards for Active Policies**

The examiners found the following errors in this review:

Finding 1: The Company did not update the stated value of vehicles on policies that caused them to charge a premium not commensurate with the value of the vehicle. The company supplied eight policy history illustrations with stated value coverage that serve as examples that the company does not have proper standards and procedures to verify the value of vehicles at inception or renewal.

Reference: § 379.889, RSMo

**II. UNDERWRITING AND RATING**

The underwriting and rating portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding underwriting and rating practices such as the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures used to decline or terminate coverage beginning on January 1, 2017 and ending on December 31, 2019.

The examiners used underwriting and rating examination standards taken from Chapter 20 General Examinations Standards and Chapter 21 Conducting the Property and Casualty Examinations of the NAIC Market Regulation Handbook to determine the Company's compliance with Missouri laws.

**A. NAIC Market Regulation Handbook Chapter 20 Standard 1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan.**

To test for this standard, examiners requested and reviewed random samples of 86 of 720 active policies and 87 of 332 non-active policies from the data supplied by the Company to determine if the premiums charged agreed with the Company's rate filings.

**1. Rates for Active Policies**

Field Size	720
Sample Size	86
Type of Sample	Random
Number of Files in Error	86*

\*Policies with more than one error were only counted once.

The examiners found the following errors in this review:

Finding 1: The Company failed to follow filed underwriting rules by not applying the motor vehicle report and loss history report to determine the accurate driver rating factor.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 2: The Company failed to follow filed underwriting rules, rate and classification for a day care center by not applying the correct driver rating factor resulting in a \$362 premium undercharge.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 3: The Company failed to follow the filed rating plan by waiving driver’s points not allowed by the plan and not applying the correct driver rate factor resulting in a \$300 premium undercharge.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 4: The Company failed to follow the filed rating plan by not rerating the policy with a new driver added on the date of inception and not applying the correct driver rate factor resulting in a \$150 premium overcharge.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 5: The Company failed to follow filed underwriting rules, rates and classifications by using an incorrect classification of “Group Home.”

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 6: The Company failed to follow filed underwriting rules and rates by failing to apply the garaging location resulting in a \$14 premium overcharge.

Reference: §§ 379.470, 379.889 RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 7: The Company failed to follow filed underwriting rules and rates by failing to apply an ABS discount resulting in an overcharge of \$161.65.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 8: The Company failed to follow filed underwriting rules and rates by failing to apply an ABS discount to a qualifying vehicle resulting in an overcharge of \$82.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 9: The Company failed to follow filed underwriting rules and rates by failing to apply an airbag discount to a qualifying vehicle resulting in an overcharge of \$10.22.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 10: The Company failed to follow filed underwriting rules and rates by failing to apply an airbag discount to a qualifying vehicle resulting in overcharge of \$11.83.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 11: The Company failed to follow underwriting rules and rates by failing to apply an ABS discount factor of 1.00 in the filed rating algorithm resulting in neither an overcharge nor an undercharge.

Reference: 20 CSR 500-4.100(1) and (6)

Finding 12: The Company failed to follow underwriting rules and rates by failing to apply an airbag discount to a qualifying vehicle resulting in an overcharge of \$8.19.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 13: The Company failed to follow underwriting rules and rates by failing to apply an ABS discount factor of 1.00 in the filed rating algorithm resulting in neither an overcharge nor an undercharge.

Reference: 20 CSR 500-4.100(1) and (6)

Finding 14: The Company failed to follow underwriting rules and rates by failing to apply an ABS discount factor of 1.00 in the filed rating algorithm resulting in neither an overcharge nor an undercharge.

Reference: 20 CSR 500-4.100(1) and (6)

Finding 15: The Company failed to properly rate a vehicle when it failed to apply an ABS discount factor of .95 to the liability coverage and .975 physical damage coverage, resulting in a \$56.23 premium overcharge.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 16: In the rating sample of 86 policies with physical damage coverages, the Company failed to follow its filed rules and rates. The premium allocated by coverage was 75% to

collision and 25% to other than collision instead of the filed 50% to collision and 50% to other than collision rate.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

Finding 17: In nine instances, the Company omitted to clearly disclose to policyholders at renewal the relationship between the Stated Value Amount and the renewal premium.

Reference: § 375.936 (6) (a) and §375.934 RSMo

**2. Rates for Non-Active Policies**

Field Size	332
Sample Size	87
Type of Sample	Random
Number of Files in Error	87

The examiners found the following error in this review:

Finding 1: In 87 instances, the Company failed to follow underwriting rules and rates by entering the GPAP (GEICO Personal Auto Policy) Credit directly into the Company’s NICO-Rate Software. The Company altered their filed rate resulting in use of an unfiled rate for the entire policy population.

Reference: § 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

**B. NAIC Market Regulation Handbook Chapter 21 Standard 1: Credits, debits and deviations are consistently applied on a non-discriminatory basis.**

To test for this standard, examiners requested and reviewed random samples of 86 of 720 active policies and 87 of 332 non-active policies from the data supplied by the Company to determine if the premiums charged agreed with the Company’s rate filings.

**1. Credits for Active Policies**

No areas of concern were noted.

**2. Credits for Non-Active Policies**

No areas of concern were noted.

**C. NAIC Market Regulation Handbook Chapter 21 Standard 2: Schedule rating or individual risk premium modification plans, where permitted are based on objective criteria with usage supported by appropriate documentation.**

To test for this standard, examiners requested and reviewed random samples of 86 of 720 active policies and 87 of 332 non-active policies from data supplied by the Company to determine appropriate application of schedule rating.

**1. Schedule Rating for Active Policies**

No areas of concern were noted.

**2. Schedule Rating for Non-Active policies**

Field Size	332
Sample Size	87
Type of Sample	Random
Number of Files in Error	87

The examiners found the following errors in this review:

Finding 1: In 87 instances, the Company failed to properly rate policies when the Company used a credit considered improper for use with schedule rating plans.

Reference: §§ 379.889, 379.890, RSMo, and 20 CSR 500-4.100(3)

**D. NAIC Market Regulation Handbook Chapter 20 Standard 4: The regulated entity’s underwriting practices are not unfairly discriminatory. The regulated entity adheres to applicable statutes, rules and regulations and regulated entity guidelines in the selection of risks.**

To test for this standard, examiners requested and reviewed a random samples of 86 of 720 active policies and 87 of 332 non-active policies from data supplied by the Company to determine if selection of risks were unfairly discriminatory

**1. Selection of Risks for Active Policies**

Field Size	720
Sample Size	86
Type of Sample	Random
Number of Files in Error	1

The examiners found the following error in this review:

Finding 1: The Company failed to consistently apply rules and rates for ABS and airbag discounts for each of the four power unit vehicles underwritten for the named insured. For each of these power units, the Company addressed the discounts differently. All vehicles came with both safety devices as standard equipment. Vehicle #1 had the discount applied for only a portion of the policy period. The discounts were never applied to vehicle #2 the entire policy

period. Vehicle #3 was added mid-cycle and never had either discount applied. Vehicle #4 had both discounts applied when the vehicle was added mid-cycle.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100

## 2. Selection of Risks for Non-Active Policies

Field Size	332
Sample Size	87
Type of Sample	Random
Number of Files in Error	87*

\*Policies with more than one error were only counted once.

The examiners found the following errors in this review:

**Finding 1:** In 87 instances, the Company did not follow its filed underwriting rules and rates applying rates that discriminated between risks in the application of like charges or credits or the use of rates between risks having essentially the same hazard.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

**Finding 2:** In five instances, the Company allowed an amendment excluding drivers who were not a member of the insureds household.

Reference: §§ 379.470, 379.889, RSMo, and 20 CSR 500-4.100(1) and (6)

## E. NAIC Market Regulation Handbook Chapter 21 Standard 18: Application or enrollment forms are properly, accurately and fully completed, including any required signatures, and file documentation adequately supports decisions made.

To test for this standard, examiners requested and reviewed random samples of 86 of 720 active policies and 87 of 332 non-active policies from data supplied by the Company to determine if applications or enrollment forms were accurate and complete.

### 1. Applications and Forms for Active Policies

Field Size	720
Sample Size	86
Type of Sample	Random
Number of Files in Error	1

The examiners found the following error in this review:

**Finding 1:** The Company failed to provide and maintain the completed application which bears the insured's signature as part of the underwriting file.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(A)1.A

## 2. Applications and Forms for Non-Active Policies

Field Size	332
Sample Size	87
Type of Sample	Random
Number of Files in Error	18

The examiners found the following error in this review:

Finding 1: In 18 instances, the Company failed to provide and maintain the completed application which bears the insured's signature as part of the underwriting file.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(A)1.A

## III. CLAIMS

The claims portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding claims handling practices such as the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

The examiners used claims examination standards taken from Chapter 20 General Examinations Standards of the NAIC Market Regulation Handbook to determine the Company's compliance with Missouri laws.

### A. NAIC Market Regulation Handbook Chapter 20 Standard 1: The initial contact by the regulated entity with the claimant is within the required time frame.

To test for this standard, examiners requested and reviewed a census of 25 paid total loss claims and a census of 29 claims closed without payment from data supplied by the Company to determine if initial contacts were timely.

#### 1. Initial Contact for Paid Total Loss Claims

Field Size	25
Sample Size	25
Type of Sample	Census
Number of Errors	2
Error Ratio	8%

The examiners found the following errors in this review:

Finding 1: The Company failed to acknowledge a medical claim within 10 working days of loss reporting by not providing the medical payment claim forms, instructions, and reasonable assistance to the first party claimants.

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

Finding 2: The Company failed to acknowledge a medical claim within 10 working days of loss reporting by not providing the medical payment claim forms, instructions, and reasonable assistance to the first party.

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

## **2. Initial contact For Denied/Closed Without Payment Claims**

No areas of concern were noted.

## **B. NAIC Market Regulation Handbook Chapter 20 Standard 2: Timely investigations are conducted.**

To test for this standard, examiners requested and reviewed a census of 25 paid total loss claims and a census of 29 non-paid claims from data supplied by the Company to determine if investigations were timely.

### **1. Investigation Time for Paid Total Loss Claims**

Field Size	25
Sample Size	25
Type of Sample	Census
Number of Errors	4
Error Ratio	16%

The examiners found the following errors in this review:

Finding 1: The Company did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for a subrogation investigation.

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

Finding 2: The Company did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for a medical payment coverage investigation.

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

Finding 3: The Company did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for a physical damage coverage investigation.



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

Finding 4: The Company did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for a medical payment coverage investigation.

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

## **2. Investigation Time for Denied/Closed Without Payment Claims**

Field Size	29
Sample Size	29
Type of Sample	Census
Number of Errors	3
Error Ratio	10.34%

The examiners found the following errors in this review:

Finding 1: The Company did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for liability coverage investigation.

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

Finding 2: The Company did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for liability investigation.

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

Finding 3: The Company did not send a letter at 45 days to the insured setting forth the reasons additional time was needed for physical damage and liability coverages investigation.

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

## **C. NAIC Market Regulation Handbook Chapter 20 Standard 3: Claims are resolved in a timely manner.**

To test for this standard, examiners requested and reviewed a census of 25 paid total loss claims and a census of 29 non-paid claims from data supplied by the Company to determine if claims were investigated and resolved in timely manner.

### **1. Determination Time for Paid Total Loss Claims**

Field Size	25
Sample Size	25
Type of Sample	Census
Number of Errors	3
Error Ratio	12%

The examiners found the following errors in this review:

Finding 1: The Company failed to effectuate prompt settlement of claims submitted in which liability had become reasonably clear and acceptance or denial was due in 15 working days. Acceptance or denial was due by 09/29/2017 for a medical treatment questionnaire the Company received but no acceptance or denial was given until the coverage investigation was concluded on 12/22/17 or 72 working days later.

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

Finding 2: The Company failed to acknowledge with reasonable promptness and give an appropriate reply within 10 days to a medical provider that sent a medical bill to the Company on 10/10/2017. No response to this communication was located prior to the denial given and sent to the medical provider on 11/08/2017 of 22 working days later.

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

Finding 3: The Company failed to advise the first-party claimant of the acceptance or denial of the claim in 15 working days after all necessary forms and supporting documentation had been submitted. An independent appraiser inspected the insured vehicle and submitted an estimate and supporting documents on August 17, 2017 to the Company to establish the extent of the claim. A partial denial was subsequently given on October 9, 2017 or 53 working days later.

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

## **2. Determination Time for Denied/Closed Without Payment Claims**

Field Size	29
Sample Size	29
Type of Sample	Census
Number of Errors	2
Error Ratio	6.89%

The examiners found the following errors in this review:

Finding 1: The Company failed to effectuate prompt settlement of claims submitted in which liability has become reasonably clear. A review of the claim file shows the insured presented the vehicle for inspection on 9/18/2018. The liability denial was never communicated to the insured and the denial explaining the covered damages were below the insured's deductible was sent on 09/12/2019.

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

Finding 2: The Company failed to effectuate prompt settlement of claims submitted in which liability has become reasonably clear and failed to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed and communicated to the insurer. No resolution to the coverage investigation was found in the claim file.

Reference: §§ 375.1007(4), 375.1007(7), RSMo, and 20 CSR 100-1.050(1)(A)

**D. NAIC Market Regulation Handbook Chapter 20 Standard 4: The regulated entity responds to claims correspondence in a timely manner.**

To test for this standard, examiners requested and reviewed a census of 25 paid total loss claims and a census of 29 non-paid claims from data supplied by the Company to determine if response to correspondence was timely.

**1. Claim Communication Time for Paid Total Loss Claims**

No areas of concern were noted.

**2. Claim Communication Time for Denied/Closed Without Payment Claims**

No areas of concern were noted.

**E. NAIC Market Regulation Handbook Chapter 20 Standard 5: Claim files are adequately documented.**

To test for this standard, examiners requested and reviewed a census of 25 paid total loss claims and a census of 29 non-paid claims from data supplied by the Company to determine if claim files were adequately documented.

**1. Claim Record Retention for Paid Total Loss Claims**

Field Size	25
Sample Size	25
Type of Sample	Census
Number of Errors	5
Error Ratio	20%

The examiners found the following errors in this review:

Finding 1: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim by not containing all referenced correspondence from the Named Insured that was stated in the claim file as being received and reviewed by the claim handler.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

Finding 2: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim. File notes show the assigned claim handler only entered a total of two notes into the claim; one in reference to late reporting and the second in reference to placing a stop pay on a check.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

Finding 3: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim following the complete reassignment of the claim to an independent appraiser. No documentation was found establishing when the coverage investigation was concluded and when authorization was given to the independent adjuster (IA) to conclude settlement on a first party release. In addition, the first party release used did not provide total sum paid or indicate what the payment represented.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

Finding 4: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim. The claim file failed to indicate if mitigation of storage was explained to the insured, and if the independent adjuster (IA) followed the instructions of the claim handler in attempting to reach a settlement.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

Finding 5: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim by not having a copy of the sales tax affidavit in the file.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

## **2. Claim Record Retention for Denied/Closed Without Payment Claims**

Field Size	29
Sample Size	29
Type of Sample	Census
Number of Errors	3
Error Ratio	10.34%

The examiners found the following errors in this review:

Finding 1: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim. The final disposition of the potential liability claim, the analysis of coverage, and the subsequent denial of coverage was not found in the claim file.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

Finding 2: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim. At closing, the investigated coverage question was unresolved and the claim file failed to document or confirm the parties to the reported suit.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

Finding 3: The Company failed to maintain the claim file so as to show clearly the inception, handling, and disposition of each claim. In a claim file with an email titled “Advice to Underwriting” was sent on 9/15/19 flagging the claim for review and incorrectly noting a newly reported loss was reported more than 30 days after the date of the loss. The insured reported this loss on 9/16/19 under another claim file number. No follow up communication to underwriting or notation that the error had been explained to the underwriter was found in either claim file.

Reference: § 374.205, RSMo, and 20 CSR 100-8.040(3)(B)

**F. NAIC Market Regulation Handbook Chapter 20 Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes (including HIPPA), rules and regulations.**

To test for this standard, examiners requested and reviewed a census of 25 paid total loss claims and a census of 29 non-paid claims from data supplied by the Company to determine if claim are handled in accordance to policy provisions and applicable statutes, rules and regulations.

**1. Paid Total Loss Claims**

Field Size	25
Sample Size	25
Type of Sample	Census
Number of Errors	9
Error Ratio	24%

The examiners found the following errors in this review:

Finding 1: The Company failed to effectuate a fair and equitable settlement of the claim by not paying the sales tax on the total loss claim settlement resulting in a \$1,316.75 underpayment.

Reference: § 375.1007(4), RSMo

Finding 2: In four claims, the Company failed to disclose all pertinent benefits, coverages, or other provisions of an insurance policy under which a claim is presented.

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

Finding 3: The Company failed to effectuate a fair and equitable settlement of the claim by not paying the sales tax on the total loss claim settlement resulting in a \$706.08 underpayment.

Reference: § 375.1007(4), RSMo

Finding 4: The Company failed to implement reasonable standards for settlement of a claim and in good faith did not effectuate a prompt, fair and equitable settlement by not calculating the claim settlement amount correctly resulting in a \$6,130.13 underpayment.

Reference: §§ 375.1007(3), and 375.1007(4), RSMo

Finding 5: The Company failed to effectuate a fair and equitable settlement of the claim by not paying the sales tax on the total loss claim settlement resulting in a \$560.25 underpayment.

Reference: § 375.1007(4), RSMo

Finding 6: The Company failed in good faith to effectuate prompt, fair and equitable settlement of the claim submitted by not including the \$11 salvage processing fee and by taking ownership of the salvage title resulting in a \$11 underpayment to the insured.

Reference: § 375.1007(4), RSMo

## **2. Denied/Closed Without Payment Claims.**

Field Size	29
Sample Size	29
Type of Sample	Census
Number of Errors	3
Error Ratio	10.34%

The examiners found the following errors in this review:

Finding 1: In two claims, the Company had misrepresented policy provisions relating to coverages at issue by failing to fully disclose to the insured pertinent benefits, coverages and other provisions for first party and liability coverages under which claims had been presented.

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

Finding 2: In one claim, the Company misrepresented policy provisions relating to coverages at issue by failing to fully disclose to the insured pertinent benefits, coverages and other provisions of an insurance policy under which a claim was presented. The Company was informed of a legal suit but failed to disclose the duty to defend provision and benefit.

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

## **G. NAIC Market Regulation Handbook Chapter 20 Standard 9: Denied and closed without payment claims are handled in accordance with policy provisions and state law.**

To test for this standard, examiners requested and reviewed a Census of 25 paid total loss claims and a Census of 29 non-paid claims from data supplied by the Company to determine if denied claims are handled in accordance with policy provisions and state law.

## 1. Paid Total Loss Claims

Field Size	25
Sample Size	25
Type of Sample	Census
Number of Errors	5
Error Ratio	20%

The examiners found the following errors in this review:

Finding 1: In four claims, the Company failed in the case of denial to promptly provide a reasonable and accurate explanation for the basis for such actions in writing.

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

Finding 2: The Company failed in the case of denial to promptly provide a reasonable and accurate explanation for the basis for such actions in writing. The Company provided instructions to the third party claimant on damages incurred and noted in the file that the Company would complete an investigation and advise the claimant but failed to advise.

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

## 2. Denied and Closed Without Payment Claims

Field Size	29
Sample Size	29
Type of Sample	Census
Number of Errors	3
Error Ratio	10.34%

The examiners found the following errors in this review:

Finding 1: In two claims, the Company failed in the case of denial to promptly provide a reasonable and accurate explanation for the basis for such actions in writing.

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

Finding 2: In two instances in one claim, the Company failed in the case of denial to promptly provide a reasonable and accurate explanation for the basis for such actions in writing.

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

## VI. 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 statutes and regulations require companies to respond to criticisms and formal requests within ten (10) calendar days. In the event an extension of time was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the subsequent time frame. If the response was not received within the allotted time, the response was not considered timely.

### A. Criticism Time Study

<b>Number of Calendar Days to Respond</b>	<b>Number of Criticisms</b>	<b>Percentage of Total</b>
0 to 10 days	38	100%
Over 10 days with extension	0	0%
Over 10 days without extension or after extension due date	0	0%
<b>Totals</b>	<b>38</b>	<b>100%</b>

All criticism responses were timely.

### B. Formal Request Time Study

<b>Number of Calendar Days to Respond</b>	<b>Number of Requests</b>	<b>Percentage of Total</b>
0 to 10 days	49	100%
Over 10 days with extension	0	0%
Over 10 days without extension or after extension due date	0	0%
<b>Totals</b>	<b>49</b>	<b>100%</b>


All request responses were timely.



**EXAMINATION REPORT SUBMISSION**

Attached hereto is the Division of Insurance Market Regulation’s Final Report of the examination of National Liability & Fire Insurance Company, Examination Number 352806, MATS #MO-HICKSS1-133. This examination was conducted by Examiner-In-Charge, Shelly Herzing, CIE; Darren Jordan, CIE; Andrew Cope, MCM; and Tad Herin, CIE. The findings in the Final Report were extracted from the Market Conduct Examiner’s Draft Report, dated November 20, 2023. 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.

May 7, 2024  
Date

  
Teresa Kroll  
Chief Examiner, Market Conduct