

EXECUTIVE SUMMARY

The Kansas Insurance Department performed a market conduct examination of the Central Reserve Life Insurance Co. (CRL). The examiners reviewed the company underwriting, claims, and rating manuals. The exam team reviewed claim, and complaint files in company's Administrative office in Strongsville, OH. A series of meetings were held with the CRL staff that focused on their current operations. To supplement and verify the understanding of how the company does business, a series of samples were selected for review to verify their procedures and practices in complaint and claim handling.

The company passed most tests; and in terms of delivering good service to its insured customers, the examiners were impressed with the overall positive and very professional performance by the CRL staff and management to their policyholders. The exam team has made recommendations on several issues.

LIST OF RECOMMENDATIONS

Complaint Handling

1. While the response times were within KID's tolerances, the exam team feels that the company should review their complaint handling procedures so everyone is aware of the response times required for the different levels of complaints.

General

1. The new business rejection letter listed the former third party administrator as the contact for anyone interested in obtaining health insurance through the Kansas Health Insurance Assoc. When advised of this error, the company corrected the form per K.S.A 40-2122 (f).

Claims

1. CRL needs to review their claim procedures to insure that claims are being processed in a timely fashion per K.S.A. 40-2442 (a)(1) and (a)(2).
2. CRL needs to review their claim procedures to insure that claims that are not processed within the time lines specified in the Prompt Pay Act, K.S.A. 40-2442, have interest paid according to K.S.A. 40-2442 (b).