

EXECUTIVE SUMMARY

The Kansas Insurance Department performed a targeted market conduct examination of Dairyland Insurance Company from January 1, 2002 – September 30, 2004. The report is written by test and violations are listed within each category. The exam team reviewed general operations, underwriting, claim, and complaint files in the company's home office in Stevens Point, WI. Meetings were held with DIC staff to discuss their procedures in these areas. File samples were selected for review to verify the Company procedures and practices in claims, complaints and underwriting.

The company passed most tests, and in terms of delivering good service to its insureds, the examiners were impressed with the overall positive and very professional performance by the Dairyland staff and management to their policyholders. However, the exam team made recommendations on the following issues.

LIST OF RECOMMENDATIONS

Complaints

The Company needs to update their system of logging complaints into a register to capture all items required by K.S.A. 40-2404 (10). The Company must submit to KID within thirty (30) days a detailed plan for updating this system to capture all necessary items on the complaint record, specifically disposition and the date of disposition, which are not currently being captured.

Underwriting

1. The Company must immediately file the driver classification underwriting rule defining how they classify the vehicles on a policy when there is more than one driver. Rule Guide Eff. 4/23/02 New Biz, 5/19/02 Renewals 2/Underwriting Rules Revised 4/23/03, page 3

states: "Each operator is rated separately...If more than one single car policy and/or multi-car policies in household, rate highest rated operator on the vehicle developing the highest premium, second highest rated operator to second highest rated vehicle, etc."

This rule was not filed with the KID per K.S.A. 40-955 (a) (f).

Examiner's Note:

The company agreed and immediately filed it as a revision to their Kansas Automobile Manual.

2. Two auto policy non-renewals were due to the agent no longer being appointed by the Company and did not contain notice to the insured that the Company was willing to renew the policy per K.S.A. 40-276a (a) (6).

Examiner's Note:

As a result of this exam, the Company has updated the wording on these non-renewal notices to include a phone number where the insured can call to obtain the name of an agent in their area in order to continue coverage if desired.