

**REPORT OF MARKET CONDUCT EXAMINATION**

**PATRONS INSURANCE COMPANY**

**2102 WHITE GATE DR.**

**COLUMBIA, MO 65202**

**AS OF**

**MAY 30, 2004**

**BY**

**KANSAS INSURANCE DEPARTMENT**

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December 17, 2004

Honorable Sandy Praeger  
Insurance Commissioner  
Kansas Insurance Department  
420 SW Ninth Street  
Topeka, KS 66612

Dear Commissioner Praeger:

In accordance with your respective authorization, and pursuant to K.S.A. 40-222, a market conduct examination has been conducted on the business affairs of:

Patrons Insurance Company

2102 White Gate Dr.

Columbia, MO 65202

hereafter referred to as “the Patrons” or “the Company”, and the following report of such examination is respectfully submitted,

Lyle Behrens, CPCU, CIE, ARM  
Market Conduct Supervisor  
Examiner in Charge

## EXECUTIVE SUMMARY

The Kansas Insurance Department performed a market conduct examination of Patrons Insurance Company. The exam team reviewed company general operations, underwriting, claim, and complaint files in company's home office in Columbia, MO. A series of meetings were held with Patrons 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 claims, underwriting and rating.

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 PG staff and management to their policyholders. The exam team has made recommendations on several issues.

### LIST OF RECOMMENDATIONS

#### **Privacy**

Current privacy and security policies address current customers only. The company should expand their policies to include beneficiaries, past customers, consumers who file claims but are not insured by the company, and other consumers who have a relationship to the policy process or to the insured consumers. NAIC standards and models refer to customers, former customers and involved individuals.

#### **Underwriting**

1. Within 30 days, the Company must re-rate the 3 BOP policies that were not experience rated and apply the necessary experience rating credit and refund the insured per K.A.R. 40-3-12 and K.S.A. 40-955.
2. Within 30 days, the Company must re-rate the 2 BOP policies that did not appear to contain the required experience rating worksheet and apply the necessary schedule rating factor and if necessary issue a refund to the insured; however, if it is determined that a debit factor is appropriate, do not apply such factor until the renewal, per K.A.R. 40-3-12.
3. Within 30 days, Company must present to KID their plan to experience rate all risks, which satisfy the 3 yrs. experience eligibility rule or file a premium eligibility threshold with the department per K.A.R. 40-3-12 and K.S.A. 40-955.
4. The Company must re-rate the Package policy that appeared not to be eligible for schedule- rating, and had a debit factor of .10 applied to the risk, per K.A.R. 40-3-12 and K.S.A. 40-955.

5. The Company must re-rate the Work Comp file where they failed to change the latest experience-rating factor in accordance with the NCCI Experience Rating Plan Manual Rule 4. E. This is in conflict with K.S.A. 40-955 and the Company must endorse the policy with the subsequent experience-rating factor retroactive to inception and issue the insured a refund.
6. The Company must re-rate and endorse the policy with the .94 experience-rating factor retroactive to the inception and issue the insured a refund for the one file where there no change in ownership or classification code and the experience-rating factor of .94 should continue in accordance with NCCI Experience Rating Plan Manual Rule 3.
7. While auditing the Work Comp policies effective in the year 2003, it was determined that the wrong NCCI loss costs were uploaded into Patrons system. The Company must present a plan to KID within 30 days regarding how they are going to re-rate all policies with an effective date in the year 2003 and issue refunds to those insureds, per K.S.A. 40-955.
8. The Company must file within 30 days the corrected Med Pay factor that they are using in their system to rate private passenger autos, per K.S.A. 40-955.
9. The Company must file within 30 days the reviewed dec page forms for their Homeowners and Dwelling Fire programs, per K.S.A.40-216.
10. The Company must present a plan to KID within 30 days regarding how they are going to re-rate all the Broad Form Dwelling Fire policies that had a rate relativity miscalculation and issue refunds to all those insureds, per K.S.A. 40-955.

### **SCOPE OF REVIEW**

A market conduct examination of Patrons Insurance Company operations was completed to determine compliance with applicable statutes, regulations and bulletins of the state of Kansas. The exam focused on the Company's general operations, their non-standard auto program and the claim processing on their group accident and health business.

The examination was conducted according to the guidelines and procedures recommended in the NAIC Market Conduct Examiners Handbook.

The examination included, but was not **limited to the following:**

#### **COMPANY OVERVIEW**

- History and Profile
- Territory and Plan of Operation
- Prior Market Conduct Examination Report
- Reinsurance
- Fines and/or Penalties
- Company Operations and Management
- Certificates of Authority

Internal Audit Procedures  
Computer Systems  
Anti-Fraud Program  
Disaster Recovery Procedures

**COMPLAINT HANDLING**

Record Keeping  
Timely Response

**MARKETING AND SALES**

Advertising  
Training  
Communication

**PRODUCER LICENSING**

Appointment/Termination  
Training  
Communication

**POLICYHOLDER SERVICE**

Processing  
Communication

**UNDERWRITING & RATING**

Proper Rating  
Underwriting Acceptance/Termination  
Use of Appropriate Forms  
Promptness of Policy Issuance  
Proper Maintenance of Underwriting Files

**CLAIMS**

Claim Processing  
Use of Outside Pricing Entities  
Timeliness and Accuracy of Claim Payment  
Proper Maintenance of Claim Files

**SUMMARY OF REVIEW**

The market conduct examination focused on Patrons Insurance Company. The testing and file review consisted of sampling from the Company's underwriting and processing center in Columbia, MO.

The claim processing for the Company is also handled out of their office in Columbia, MO. The examination included a review of the Company's underwriting and settled claim files from January 1, 2002 to May 30, 2004.

General topics were covered in Interrogatories submitted to the Company for written response. Subjects covered were complaints, underwriting and claims. The response received adequately addressed the issues presented.

**DESK EXAMINATION/ON-SITE EXAMINATION**

**COMPANY OVERVIEW**

History and Operation

The Company was incorporated under the name of Patrons Preferred Insurance Company (PPIC) on September 28, 1989 as a stock multiple line insurance company in the state of Kansas under the applicable provisions of Chapter 40, Article 11 of the Kansas Statutes Annotated. On July 1, 1993, the Company's name was changed to Patrons Insurance Company.

Patrons is a multi-lines carrier. The company only writes in the state of Kansas.

Kansas Lines of Insurance and Premiums Written 2003

Line	Written Premium	Earned Premium	Direct Losses Pd (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid
Fire	2,568,933	2,296,040	527,084	481,065	153,702
Allied lines	1,764,718	1,598,914	560,019	570,047	80,370
Farmowners	2,077,916	2,169,165	754,085	644,420	238,854
Homeowners	689,970	754,230	336,331	241,989	93,808
Commercial multiple peril	3,778,500	3,743,996	2,192,984	2,192,020	1,050,261
Inland marine	42,473	45,483	0	-283	612
Workers' compensation	1,188,332	1,255,019	614,227	536,849	1,029,940
Other liability	391,059	377,328	39,950	89,298	304,455
Products liability	41,434	45,859	0	0	0
Total PPA	3,772,869	3,736,368	2,143,980	2,134,022	1,269,486
Tot Comm Auto	1,543,822	1,645,574	604,897	531,068	442,094
<b>TOTAL</b>	<b>17,860,350</b>	<b>17,668,300</b>	<b>7,776,557</b>	<b>7,423,495</b>	<b>4,663,582</b>

Ownership of Patrons transferred from its original sponsor Patrons Mutual Insurance Association to Columbia Mutual Insurance Company (CMI) on January 1, 1992. CMI transferred ownership of the company to Columbia Insurance Group (CIG) in 1993. CMI is a mutual insurance

corporation and, therefore, has no corporate stock. Instead, ownership of said corporation is vested in its policyholders.

PIC and its affiliates are not subject to any management contract that conveys the dominant right to manage the company to the exclusion of its Board of Directors. Columbia Insurance Group, Inc. (CIG) and PIC are parties to a Personnel and Service Agreement whereby CIG provides the facilities, employees and other non-management services necessary to the transaction of the business of PIC. Compensation is paid in an amount equal to cost incurred for said services plus one-quarter percent (1/4%) of the monthly gross revenues of PIC.

CMI, Columbia National Insurance Company (CNI), PIC, and Citizens Mutual Insurance Company (CIT), a Missouri domiciled property and casualty company, are parties to a reinsurance and cost sharing agreement by which their business is pooled and allocated among the participants thereto according to the percentages established by the Boards of Directors of the participating companies. Said percentages are determined by reference to the surplus of the participants as well as other factors. Said agreement also provides for the sharing of costs attributable to risks reinsured thereunder in accordance with said percentages.

Board of Directors:

President	Robert James Wagner
Director or Trustee	Michael Steven Hess
Director or Trustee	Gary William Thompson
Director or Trustee	Roger Dean Ballard
Director or Trustee	James Edward Cunningham
Director or Trustee	Robert James Wagner
Director or Trustee	Roger Dale Birdsong
Director or Trustee	Robert Lee Garrett
Director or Trustee	Dwight Paul Tully
Director or Trustee	William Edwin Gusenius
Secretary	James Edward Cunningham
Vice President	Gary William Thompson
Treasurer	Roger Dean Ballard

See Table 1 Organization Chart

Prior Market Conduct Examination Report(s)

The Kansas Insurance Department's Financial Surveillance Division filed a report in the spring of 2001 reviewing the current financial condition of the Company. There were no recommendations in that report that required a follow up by the market conduct unit. The Financial Surveillance Division is currently conducting its bi-annual review of this Kansas domestic company.

## Reinsurance

The Financial Surveillance Division is reviewing the Reinsurance program as part of its report.

## Fines and/or Penalties

The NAIC I-Site database was reviewed to see what regulatory actions had been taken against Patrons in the past 5 years. There was nothing noted in the NAIC Regulatory Actions that warranted follow-up by this exam team.

## **Tests for Company Operations/Management**

### **Standard 1**

The company has an up-to-date, valid internal or external audit program.

The company does not have a formal internal or external audit program. The examiners did review the Company's audits of their claims and underwriting departments.

### **Standard 2**

The company has appropriate controls, safeguards and procedures for protecting the integrity of computer information.

The financial exam team did a review of their computer operation as part of their financial review.

### **Standard 3**

The company has an antifraud plan in place.

The company does not have a formal antifraud plan

### **Standard 4**

The company has a valid disaster recovery plan.

The financial exam team did a review of their disaster recovery program as part of their financial review.

### **Standard 5**

The company adequately monitors the activities of the MGA.

Not applicable.

### **Standard 6**

Company contracts with MGA's comply with applicable statutes, rules and regulations.

Not applicable.

**Standard 7**

Records are adequate, accessible, consistent and orderly and comply with state record retention requirements. K.S.A. 40-222 (a)(b)(c)(g)

The company provided the exam team with the necessary records and documents in a timely fashion.

**Standard 8**

The company is licensed for the lines of business that are being written. K.S.A. 40-216

The Certificate of Authority was reviewed and found to be in order, and the company was complying with it.

**Standard 9**

The company cooperates on a timely basis with examiners performing the examinations. K.S.A. 40-222 (c)(g)

The company was very cooperative and provided the exam team with the items requested within the time frames established for this exam.

**Standard 10**

The company has procedures for the collection, use, and disclosure of information gathered in connection with insurance transactions so as to minimize any improper intrusion into the privacy of applicants and policyholders.

The company maintains security policies in the Employee Handbook and has periodic training of managers who then train their department employees. Agents receive training on collecting information for applications and claims. These procedures apply to employees, contractors, consultants, temporaries and other workers as well as to all equipment that is owned or leased by the company.

The company passed Standard 10.

**Standard 11**

The company had developed and implemented written policies, standards and procedures for the management of insurance information.

The objectives, evaluations, management, control and oversight of the Information Security Program include employee rules for monitoring consumer information at the worksite through Internet and Intranet communications, restricting visitors to conference rooms or guided tours, and keeping desktops clear of confidential information. The company periodically tests key controls, systems, and procedures and well as performs audits on the Information Technology Department.

The company passed Standard 11.

**Standard 12**

The company has policies and procedures to protect the privacy of nonpublic information relating to its customers, former customers and consumers that are not customers.

The company has an “Information Security Program” with procedures designed to protect all consumer information regardless of content. The procedures cover employees, contractors, temporaries and third party personnel who might handle confidential information. The company maintains training tips for new employees.

The company passed Standard 12.

**Standard 13**

The company provides privacy notices to its customers and, if applicable, to its consumers who are not customers regarding treatment of nonpublic personal financial information.

The company provides a privacy notice with the issuance of a policy and it is available on the company website for agents, customers, vendors, contractors, and potential customers.

The company passed Standard 13.

**Standard 14**

If the company discloses information subject to an opt out right, the company has policies and procedures in place so that nonpublic personal financial information will not be disclosed when a consumer who is not a customer has opted out, and the company provides opt out notices to its customers and other affected consumers.

The company does not use an opt out policy for confidential information.

**Standard 15**

The company’s collection, use and disclosure of nonpublic personal financial information are in compliance with applicable statutes, rules and regulations. K.A.R. 40-1-46

The policy describes the collection of data from the prospective insured, the insured, the agent, company affiliates, and contractors. Disclosure is limited to the company, contractors, law enforcement and regulatory agencies. Information is disclosed only to authorized persons who need the information to provide policy services.

However, the policy does not illustrate examples of disclosed information as required by K.A.R. 40-1-46 and by reference the National Association of Insurance Commissioners (NAIC) “Privacy of Consumer “Financial and Health Information Regulation”, Sections 7 A(2) and C(2)(b) and Appendix A, A-2, Sample Clause A-2, Alternative 1.

The company failed Standard 15.

**Standard 16**

In states promulgating the health information provisions of the NAIC model regulation, or providing equivalent protection through other substantially similar laws under the jurisdiction of the Department of Insurance, the company has policies and procedures in place so that nonpublic personal health information will not be disclosed except as permitted by law, unless a customer or a consumer who is not a customer has authorized the disclosure. K.A.R. 40-1-46

The company "Privacy Protection Policy Notice" contains a statement; "We do not share medical or health information except as you have authorized to provide services you have initiated." The company "Information Security Program" outlines procedures for employees and others to use to maintain privacy with all information.

The company passed Standard 16.

**Standard 17**

Each licensee shall implement a comprehensive written information security program for the protection of nonpublic customer information.

The company maintains a written information security program. This information security program is designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of the information and protect against unauthorized access to or use of customer information that could result in substantial harm or inconvenience to any customer. The company periodically assesses the threat of internal and external intrusion by identifying reasonably foreseeable internal and external threats, assessing the likelihood and potential damage of these threats and assessing the sufficiency of policies, procedures, customer information systems and other safeguards. This policy mainly deals with computer usage, accessibility by authorized personnel, and penalties for misuse. Service providers are required to maintain the company's same level of confidentiality and are required to execute a confidentiality agreement with the company.

The company passed Standard 17.

**Recommendation:**

Current privacy and security policies address current customers only. The company should expand their policies to include beneficiaries, past customers, consumers who file claims but are not insured by the company and other consumers who have a relationship to the policy process or to the insured consumers. NAIC standards and models refer to customers, former customers and consumers who are not customers.

## **COMPLAINT HANDLING**

### **Company Complaint Handling Procedures**

The company defines a complaint as correspondence received from an insurance department as well as correspondence received from other persons which primarily express a grievance.

The following procedures outline the Company's complaint handling program.

1. When a complaint is received from the Department of Insurance, the name of the complainant, the department's file number, policy/claim number, date received, date response is due, the person the complaint was forwarded to, and the state the complaint was filed in are recorded.
2. Original complaints are kept in the "New Complaints" file (those responding to the complaint are sent copies). The date received and to whom the complaint should be forwarded to is recorded in the upper right hand corner of the complaint. E-mails are sent to the person assigned to respond to the complaint with a copy of the e-mail sent to their supervisor/manager. These e-mails as well as the written record sheet for new complaints make up the "tickler system" for ensuring complaints are responded to in a timely manner.
3. A complete copy of the response is stapled to the original complaint once company personnel have responded to it. The required information input on in Excel summary spreadsheet. After logging the information, the complaint and response is sent to President/CEO, Executive Vice President/COO and Secretary/General Counsel for review and return. After the appropriate personnel have reviewed the complaint, the complaint with its response is placed in the pertinent logbook.

The company maintains a complaint summary report for each complaint received from the department. Individual complaints are placed in the complaint register with other insurance department complaints. The President/CEO, EVP/COO and Secretary/General Counsel as well as the branch manager of the affected branch or claims department review complaints and company responses individually. The President/CEO reviews a summary of complaints semi-annually containing the number of complaints generated by underwriting function and claim function.

### **Tests for Complaint Handling**

#### **Standard 1**

All complaints are recorded in the required format on the company complaint register.  
K.S.A. 40-2404 (10)

The Company did provide a complaint register. It was up-to-date and contained all columns as required by Kansas statute. There were a total of 39 KID complaints for the exam period, all of which were reviewed. There were no direct consumer complaints for the Company during the exam period.

**Standard 2**

The company has adequate complaint handling procedures in place and communicates such procedures to policyholders.

The procedures written into the company policies are adequate and generally work quite well.

The company passed Standard 2.

**Standard 3**

The company should take adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations and contract language. K.A.R. 40-1-34 8(e)

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
KID Complaints	39	1	97%

- One File contained a claim settlement for hail damage for “appearance damage” rather than the cost of repair or ACV. The Company claims a miscommunication between the adjuster and insured was the issue. The claim file did not indicate that the insured originally agreed to the reduced amount. Upon complaint from the insured expressing his desire to repair the vehicle, the Company did settle the claim properly per K.A.R. 40-1-34 8(e).

The company passed Standard 3.

**Standard 4**

The time frame within which the company responds to complaints is in accordance with applicable statutes, rules and regulations. K.A.R. 40-1-34 6(b)(c)

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
KID Complaints	39	2	95%

- One file, the Company did not respond to KID within the fifteen working days as required by K.A.R. 40-1-34 6(b).

- One file, the Company failed to respond to a letter received directly from the insured involving the complaint as required by K.A.R. 40-1-34 6(c).

The company passed Standard 4.

## **MARKETING AND SALES**

### **Marketing**

The Company has 3 basic sales reports and they are produced in two formats. One is a paper report produced monthly. The other is the same basic report, which is placed on the company web site for our agents to access their data. The reports are as follows:

- Loss Ratio By Agent
- Compare Written Premium Report By Product Line
- New Application Received In Past 60 Days

The exam team reviewed these reports found them to be in order.

The company has no formal process for approving advertising material used by agents. However, if the advertising material involves the Columbia logo or name, agents are to send the material to the branch manager who then forwards it to Home Office management for approval.

The Company has no written procedures to notify agents of new products and changes in insurance statutes and rules. Memos, e-mails and newsletters are utilized to notify agents of new products and/or changes.

### **Tests for Marketing and Sales**

#### **Standard 1**

All advertising and sales materials are in compliance with applicable statutes, rules and regulations.

The company had only 2 brochures for specific programs. The exam team reviewed both of these documents.

#### **Standard 2**

Company internal producer training materials are in compliance with applicable statutes, rules and regulations.

The company does not have a formal agents training program. The underwriting and rating manual for a given line serves as the basis for any agent training. This is done one-on-one with a Company field person.

#### **Standard 3**

Company communications to producers are in compliance with applicable statutes, rules and regulations.

The only formal communication for the producers is the agent's quarterly magazine. The exam team reviewed the Company agent's magazine found it to be in order.

#### **Standard 4 – Mass Marketing**

Company mass marketing of property and casualty insurance is in compliance with applicable statutes, rules and regulations.

Not Applicable

### **PRODUCER LICENSING**

#### **Agent Recruitment and Appointment Procedures**

For an agent that does not hold an appointment with a CIG, the Territorial Manager completes a "Prospective Agency Report and Agency Profile". This document provides some basic information about the agency. The Territory Manager in Kansas determines if an agent is acceptable.

Agent licenses are checked for current dates and lines, current and terminated appointments and broker status. Brokers are not appointed as agents. Appointment forms are sent to the KID. After state approval, the company notifies the agency that the agent is appointed and copies of the appointment are sent to the agency. An agent appointment book and appointment file card are maintained and updated by the Company.

#### **Agency Controls**

PIC requires its agents to submit any binders, policies, certificates or endorsements within 7 days of execution. The company audits the agent's records to determine if he is complying with their guidelines.

#### **Complaints Against Agents**

When the company receives a complaint against an agent, it is logged in the complaint book and agent register and is forwarded to the branch manager for review and response to the Department. The response time is monitored by the Home Office and the response is ultimately reviewed by the President/CEO, Executive Vice President/COO and Secretary/General Counsel.

#### **Agent Termination Procedures**

The agent is advised in writing of his termination with the company following the appropriate statutes for timing and notification. Termination forms are completed and sent to the KID. The company follows their procedures to terminate their records and the producer is crossed off the agent appointment book for all CIG Companies.

## Tests for Producer Licensing

### Standard 1

Company records of licensed and appointed (if applicable) producers agree with department of insurance records.

The Company appoints agencies and KID then automatically appoints the agents within that agency. The Salina branch keeps track of agent appointments and terminations and updates the KID annual statement. Ten (10) agencies were added by the Company during the exam period and all were reviewed.

<u>Sample</u>	<u>Error</u>	<u>Passed</u>
10	0	100%

The company passed Standard 1.

### Standard 2

The producers are properly licensed and appointed (if required by state law) in the jurisdiction where the application was taken.

Fifty-three (53) new business files were reviewed. There was 1 producer that did not hold an appointment with Patrons per KID's records. The Company appoints the agency. Therefore every licensed producer in the agency holds an appointment with the Company. It is the agency's responsibility to notify KID whenever there is a personnel change in the agency.

### Standard 3

Termination of producers complies with statutes regarding notification to the producer and notification to the state if applicable.

Twenty-two (22) agencies were terminated during the exam period and all were reviewed. Producers were notified in a timely manner and commissions were applied correctly.

<u>Sample</u>	<u>Errors</u>	<u>Passed</u>
22	0	100%

The company passed Standard 3.

### Standard 4

The company's policy of producer appointments and terminations does not result in unfair discrimination against policyholders.

This company has a plan to grow in comparison with their surplus. After recruiting producers in a growth area, time is dedicated toward attaining new goals before further

branching into other regions of the state. This permits a steady and controlled growth rate to protect company investments, new policyholders and customer service.

### **Standard 5**

Records of terminated producers adequately document reasons for terminations.

Twenty-two agencies had termination activity during the exam period and all were reviewed. Terminations were based on typical business activity and none were for cause.

<u>Sample</u>	<u>Errors</u>	<u>Passed</u>
22	0	100%

The company passed Standard 5.

### **Standard 6**

Producer accounts current (account balances) are in accordance with the producer's contract with the insurer.

<u>Sample</u>	<u>Errors</u>	<u>Passed</u>
25	0	100%

The company passed Standard 6.

## **POLICYHOLDER SERVICE**

### **Tests for Policyholder Service**

#### **Standard 1**

Premium notices and billing notices are sent out with an adequate amount of advance notice.

This was not specifically tested for. In the course of reviewing a file for the underwriting/rating review, any problems or delays would have been noticed by the examiner and commented on.

#### **Standard 2**

Policy issuance and insured-requested cancellations are timely.

This was not specifically tested for. In the course of reviewing a file for the underwriting/rating review, any problems or delays would have been noticed by the examiner and commented on.

#### **Standard 3**

All correspondence directed to the company is answered in a timely and responsive manner by the appropriate department.

This was not specifically tested for. In the course of reviewing a file for the underwriting/rating review, any problems or delays would have been noticed by the examiner and commented on.

#### **Standard 4 – Primarily Commercial Lines**

Claims history and loss information is provided to insured in timely manner.

This was not specifically tested for. In the course of reviewing a file for the underwriting/rating review, any problems or delays would have been noticed by the examiner and commented on.

### **UNDERWRITING**

The company's underwriting process is described below:

#### **Personal Lines New Business**

An agent can submit new business either electronically or with a paper application.

For electronic submissions the data goes through the company's expert underwriting system where certain data is verified, MVR's and CLUE reports are ordered and a credit score is determined. If the submission is acceptable, it is processed, released, and a policy is generated. If it does not pass the underwriting matrix it is reviewed for eligibility, modification, or declination. If the policy is modified the agent is notified to confirm with the consumer that the policy is still wanted. For declinations, a notice is issued and sent to the customer, agent and other interested parties. For paper applications, the process is similar except the MVR's & CLUE reports are ordered manually. CIG has two auto programs. CMI is used for the preferred plan, while Patrons is used for their standard auto market. The property processing procedures are similar to the paper auto application process. The company is currently not using credit scoring in the rating process of their Patrons homeowners and fire business.

Patrons is currently using ChoicePoint's Standard Auto Score for determining the insurance score. The score is placed in a bracket based on the company's experience. The company uses credit scoring to establish a five (5) tier pricing level in their standard program.

The insurance score is determined by part of the insured's credit history. Patrons orders a new insurance score when the policy is first issued and then every three (3) years or thirty-six (36) months. The insured has the option to request a review of his/her insurance score once every twelve (12) months.

#### **Personal Lines Renewal Business**

The policy goes through an automated renewal cycle, verifying the policy status. If the policy is to renew, the system picks up the change/modification that was entered and also any rate change that applies. On personal lines automobile policies the system also looks for and adds or deletes accidents points, driver training discount, good student discount, and any other applicable debit

or credit. It also updates the classification factor due to an age change, model year and symbol changes, insurance score, etc. as applicable.

On personal lines property policies the system checks and updates the protection class, new home discount, and looks for the inflation guard endorsement. If the inflation guard endorsement is on the policy, Section 1 coverages are increased accordingly. The system automatically updates any other applicable items.

## **Tests for Underwriting and Rating**

### **Standard 1: Rating Practices**

The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the company rating plan. K.S.A 40- 955

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	13	48%
Other Commercial Lines	66	0	100%
Auto	42	7	83%
Property	50	4	92%

- For Work Comp policies effective in the year 2003, the incorrect NCCI loss costs were used to calculate premium. This was brought to Patrons attention and it was determined that the wrong NCCI loss costs were up-loaded into their system. This is a violation of K.S.A. 40-955.

- One auto policy is showing a Rating Territory as 17 and was rated using the premiums for that territory. The dec page shows an “alternate garage” location in Lawrence, KS. This is Territory 6. This policy was issued and rated incorrectly. This is a violation of K.S.A. 40-955.

- Six Auto policies had the incorrect MP Premium. Patrons is not using the current filed base rate for the calculations on their medical payments coverage in their private passenger auto business. This is a violation of K.S.A. 40-955.

- One Fire policy was classified as owner occupied when it was tenant occupied. This is a violation of K.S.A. 40-955.

- Three fire policies did not have the rating relativity for the broad form coverage applied correctly. This is a violation of K.S.A. 40-955.

The company failed the WC review of Standard 1. They passed the remaining lines on Standard 1.

### **Standard 2: Rating Practices**

Disclosures to insureds concerning rates and coverage are accurate and timely. K.S.A 40-955

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	0	100%
Auto	42	0	100%
Property	50	2	96%

- Two fire policies had a display problem back in September 2003 after moving from an old policy printing system to a new laser printing system. The company corrected this error in October 2003.

The company passed Standard 2.

### **Standard 3: Rating Practices**

Company does not permit illegal rebating, commission cutting or inducements.

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	0	100%
Auto	42	0	100%
Property	50	0	100%

The company passed Standard 3.

### **Standard 4: Rating Practices**

Credits and deviations are consistently applied on a non-discriminatory basis.  
K.S.A. 40-955; K.A.R. 40-3-12

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	3	95%
<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Auto	42	1	98%
Property	50	0	100%

- Three BOP policies were not experience rated in accordance with the company's filed rules and rates, contrary to K.A.R. 40-3-12 and K.S.A. 40-955. The company's filed rules and rates appear not to include a premium threshold eligibility criteria for the application of an experience rating factor; therefore, all risks which satisfy the experience rating eligibility criteria requiring at least 3 yrs. of experience are eligible for experience rating.

- One auto policy had a principal operator under this policy is a 16-year-old male with limited driving experience. A MVR on this insured shows that his license was issued 12/05/03. He had been licensed for less than three years, yet the one point surcharge for this limited experience was not applied to this policy. This is in violation of K.S.A. 40-955.

The company passed Standard 4.

**Standard 5: Rating Practices - Commercial P & C**

Schedule rating or individual risk premium modification plans, where permitted, are based on objective criteria with usage supported by appropriate documentation. K.A.R. 40-3-32(d), K.A.R. 40-3-12, K.S.A. 40-953; K.S.A. 954

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	N/A	N/A	N/A
Other Commercial Lines	66	3	95%

- Two BOP policies did not appear to contain the required experience rating worksheet contrary to requirements of K.A.R. 40-3-12.
- One package policy, with \$761 in premium, appeared not to be eligible for schedule-rating; however, a debit factor of .10 was applied to the risk contrary to K.A.R. 40-3-12 and K.S.A. 40-955.

The company passed Standard 5.

**Standard 6: Rating Practices - WC**

Verification of use of the filed expense multipliers; the company should be using a combination of loss costs and expense multipliers filed with the Division. K.S.A. 40-955.

- The company used the filed expense multipliers and passed this test. The Company used the wrong loss cost multipliers in 2003, and this error was noted in Standard 1.

**Standard 7: Rating Practices - WC**

Verification of premium audit accuracy and the proper application of rating factors.

Not tested for as part of the exam review.

**Standard 8: Rating Practices - WC**

Verification of experience modification factors. K.S.A. 40-955

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	2	92%

- One work comp policy was issued a NCCI experience-rating factor of .87 on November 14, 2002; subsequently, the NCCI issued a second experience-rating factor of .84 on December 17, 2002. It appears that Patrons failed to endorse the latest experience-rating factor in accordance with the NCCI Experience Rating Plan Manual Rule 4. E., therefore is in conflict with K.S.A. 40-955.

- One work comp policy was issued an experience-rating factor of .94, however, Patrons issued the policy with a 1.00 experience-rating factor contrary to K.S.A. 40-955. It appears the risk either changed its name or incorporated with no change in ownership and began to manufacture a new product that is classified under the current classification code. Therefore, with no change in ownership or classification code the experience-rating factor of .94 should continue in accordance with NCCI Experience Rating Plan Manual Rule 3.

The company passed Standard 8.

**Standard 9: Rating Practices – WC**

Verification of loss reporting.

Not tested for as part of the exam review.

**Standard 10: Rating Practices - WC**

Verification of company data provided in response to the NCCI call on deductibles.

Not tested for as part of the exam review.

**Standard 11: Underwriting Practices**

The company underwriting practices are not unfairly discriminatory. The company adheres to applicable statutes, rules and regulations and company guidelines in the selection of risks. K.S.A. 40-953

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	0	100%
Auto	42	0	100%
Property	50	0	100%

The company passed Standard 11.

**Standard 12: Underwriting Practices**

All forms and endorsements forming a part of the contract are listed on the declaration page and should be filed with the department of insurance (if applicable). K.S.A. 40- 216

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	0	100%
Auto	42	0	100%
Property	50	20	60%

- The Company changed the format of their dec page in 9/03 for homeowners and 4/04 for fire business and they did not file the changes with KID. This is a violation of K.S.A. 40-216.

The Company failed the Property portion of Standard 12.

**Standard 13: Underwriting Practices**

The producers are properly licensed and appointed (if required) in the jurisdiction where the application was taken.

53 new business files were sampled. There was 1 producer that did not hold an appointment with Patrons per KID’s records. The Company appoints the agency. Therefore every licensed producer in the agency holds an appointment with the Company. It is the agency’s responsibility to notify KID whenever there is a personnel change in agency.

The company passed Standard 13.

**Standard 14: Underwriting Practices**

Underwriting, rating and classification are based on adequate information developed at or near inception of the coverage rather than near expiration, or following a claim.

This was not specifically tested for. In the course of reviewing a file for the underwriting/rating review, any problems or delays would have been noticed by the examiner and commented on.

**Standard 15: Underwriting Practices**

File documentation adequately supports decisions made.

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	0	100%
Auto	42	0	100%
Property	50	0	100%

The company passed Standard 15.

**Standard 16: Underwriting Practices**

Policies and endorsements are issued or renewed accurately, timely and completely.

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	0	100%
Auto	42	0	100%
Property	50	0	100%

The company passed Standard 16.

**Standard 17: Underwriting Practices – Commercial Lines**

Audits when required are conducted accurately and timely.

Not tested for as part of the exam review.

**Standard 18: Underwriting Practices**

Company verifies that VIN number submitted with application is valid and that the correct symbol is utilized. K.S.A. 40-953; K.S.A. 40-954

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Auto	42	0	100%

The company passed Standard 18.

**Standard 19: Underwriting Practices**

The company does not engage in collusive or anti-competitive underwriting practices.

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Work Comp	25	0	100%
Other Commercial Lines	66	0	100%
Auto	42	0	100%
Property	50	0	100%

The company passed Standard 19.

**Standard: 20 Underwriting Practices – Mass Market auto**

The company underwriting practices are not unfairly discriminatory. The company adheres to applicable statutes, rules and regulations in application of mass marketing plans.

Not Applicable

**Standard 21: Underwriting Practices – group accounts**

All group personal lines property and casualty policies and programs meet minimum requirements.

Not Applicable

**Standard 22: Termination Practices**

Rejections/Declinations Rejections and declinations are not unfairly discriminatory.

<u>Line of Business</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Renewal	50	0	100%
Cancellation	52	0	100%

The company passed Standard 22.

**Standard 23: Termination Practices**

Cancellation/Non-renewal and Declination notices comply with policy provisions and state laws and company guidelines. K.S.A. 40-276a (6); K.A.R. 40-3-15

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Renewal	50	2	96%
Cancellation	52	2	96%

- Two non-renewals did not have an offer to renew coverage by the company, when the non-renewal is based only on agency termination per K.S.A. 40-276a (6).
- Two cancellations violations failed to give 30-day notice per K.A.R. 40-3-15.

The company passed Standard 23.

**Standard 24: Termination Practices**

Cancellation/Non-renewal notices comply with policy provisions and state laws, including the amount of advance notice provided to the insured and other parties to the contract.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Renewal	50	0	100%
Cancellation	52	0	100%

The company passed Standard 24.

**Standard 25: Termination Practices**

Unearned premiums are correctly calculated and returned to appropriate party in a timely manner and in accordance with applicable statutes, rules and regulations.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Renewal	50	0	100%
Cancellation	52	0	100%

The company passed Standard 25.

**Standard 26: Terminations**

Rescissions are not made for non-material misrepresentation.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Renewal	50	0	100%
Cancellation	52	0	100%

The company passed Standard 26.

## **Recommendations:**

1. Within 30 days, the Company must re-rate the 3 BOP policies that were not experience rated and apply the necessary experience rating credit and refund the insured per K.A.R. 40-3-12 and K.S.A. 40-955.
2. Within 30 days, the Company must re-rate the 2 BOP policies that did not appear to contain the required experience rating worksheet and apply the necessary schedule rating factor and if necessary issue a refund to the insured; however, if it is determined that a debit factor is appropriate, do not apply such factor until the renewal, per K.A.R. 40-3-12.
3. Within 30 days, Company must present to KID their plan to experience rate all risks, which satisfy the 3 yrs. experience eligibility rule or file a premium eligibility threshold with the department per K.A.R. 40-3-12 and K.S.A. 40-955.
4. The Company must re-rate the Package policy that appeared not to be eligible for schedule- rating, and had a debit factor of .10 applied to the risk, per K.A.R. 40-3-12 and K.S.A. 40-955.
5. The Company must re-rate the Work Comp file where they failed to change the latest experience-rating factor in accordance with the NCCI Experience Rating Plan Manual Rule 4. E. This is in conflict with K.S.A. 40-955 and the Company must endorse the policy with the subsequent experience-rating factor retroactive to inception and issue the insured a refund.
6. The Company must re-rate and endorse the policy with the .94 experience-rating factor retroactive to the inception and issue the insured a refund for the one file where there no change in ownership or classification code and the experience-rating factor of .94 should continue in accordance with NCCI Experience Rating Plan Manual Rule 3.
7. While auditing the Work Comp policies effective in the year 2003, it was determined that the wrong NCCI loss costs were uploaded into Patrons system. The Company must present a plan to KID within 30 days regarding how they are going to re-rate all policies with an effective date in the year 2003 and issue refunds to those insureds, per K.S.A. 40-955.
8. The Company must file within 30 days the corrected Med Pay factor that they are using in their system to rate private passenger autos, per K.S.A. 40-955.
9. The Company must file within 30 days the reviewed dec page forms for their Homeowners and Dwelling Fire programs, per K.S.A.40-216.
10. The Company must present a plan to KID within 30 days regarding how they are going to re-rate all the Broad Form Dwelling Fire policies that had a rate relativity miscalculation and issue refunds to all those insureds, per K.S.A. 40-955.

## CLAIMS PROCESSING

### Company claim processing procedures:

The following is an outline of Patrons claims processing procedures:

- Claims are received in the Branch Office by telephone, mail, fax, and e-mail.
- All Workers Compensation losses are forwarded to Home Office for handling.
- New claims are reviewed by the manager who sets the initial reserves, assigns it to an adjuster for handling, and gives any special directions or instructions.
- The claim is entered on the computer system, reserves are opened, and a diary established. A letter is mailed to the insured the following day giving them the name of the adjuster, the claim number, and contact information.
- The file is then hand-delivered or faxed to the adjuster.
- The adjuster is to immediately attempt contact with all parties and document all activity via the computer log note system. If after 24 hours no contact as been able to be made with the party, a contact letter is mailed.
- All incoming claim mail is date-stamped and given to the handling adjuster. The adjuster processes the mail as soon as possible.
- As soon as the investigation is complete and liability, coverage, and amounts of damage are determined, the adjuster makes payment or denies the loss to the appropriate party.
- Checks are issued and mailed no later than the next business day.
- If a lawsuit is filed, the claim is transferred to the Litigation Department in the Home Office.
- When a file is concluded, all reserves and diaries are closed. It is transferred to the closed section and retained according to company procedures.

### Tests for Claims

#### Standard 1

The initial contact by the company with the claimant is within the required time frame.  
K.A.R. 40-1-34 Section 6 (a)

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	2	96%
Paid	50	0	100%

- 2 files did not have an acknowledgement sent within 10 days per K.S.A. 40-1-34 Section 6(a).

The company passed Standard 1.

#### Standard 2

Timely investigations are conducted. K.A.R. 40-1-34 Section 7

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	3	94%
Paid	50	1	98%

- Four files did not have the investigation completed within 30 days per K.A.R. 40-1-34 Section 7.

The company passed Standard 2.

### **Standard 3**

Claims are resolved in a timely manner. K.A.R. 40-1-34 Section 8(a)(c)

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	1	98%

- One file did not have a decision communicated to the claimant within fifteen working days after receipt of proofs of loss. If the insurer needs more time to determine acceptance or denial, reasons must be given within fifteen working days after receipt of proofs of loss per K.A.R. 40-1-34 Section 8(a)(c).

The company passed Standard 3.

### **Standard 4**

The company responds to claim correspondence in a timely manner. K.A.R. 40-1-34 Section 6(c).

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	1	98%

- One file did not contain an appropriate reply within ten working days of receiving pertinent communications per K.A.R. 40-1-34 Section 6(c).

The company passed Standard 4.

### **Standard 5**

Claim files are adequately documented. K.A.R. 40-1-34, Section 4, 8(f)

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	1	98%
Paid	50	2	96%

- Three files lacked all notes and work papers pertaining to the claim in such detail that the events and dates could not be reconstructed per K.A.R. 40-1-34, Section 4.

The company passed Standard 5.

**Standard 6**

Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations. K.A.R. 40 -1-34, Section 5 (a), (b), (c), (d), (e), 6 (d), 8 (d), (e), (f), (g), 9 (a) (1), (a) (2) (A) (B), (a) (3), (b), (c), (e), (f), (g); K.S.A. 40-3110; K.S.A. 40-2,126

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	3	94%
Paid	50	0	100%

- One file did not disclose all benefits pertinent to the claim per K.A.R. 40 -1-34 Section 5 (a).

- 2 claims did not provide reasonable assistance and forms to the claimant with in 10 days per K.A.R. 40 -1-34 Section 6 (d).

The company passed Standard 6.

**Standard 7**

Company uses the reservation of rights and excess of loss letters, when appropriate.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 7.

**Standard 8**

Deductible reimbursement to insureds upon subrogation recovery is made in a timely and accurate manner. K.A.R. 40-1-34, Section 9 (d).

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 8.

**Standard 9**

Company claim forms are appropriate for the type of product.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 9.

**Standard 10**

Claim files are reserved in accordance with the company's established procedures.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 10.

**Standard 11**

Denied and closed-without-payment claims are handled in accordance with policy provisions and state law.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 11.

**Standard 12**

Claim handling practices do not compel claimants to institute litigation, in cases of clear liability and coverage, to recover amounts due under policies by offering substantially less than is due under the policy. K.A.R. 40-1-34 Section 5(f)

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 12.

**Standard 13**

Claim handling practices do not compel claimants to institute litigation, in clear cases of liability and coverage, to recover amounts due under policies by offering substantially less than is due under the policy. K.S.A. 40-2404 (9)(g)

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 13.

**Standard 14**

Loss statistical coding is complete and accurate.

<u>Type</u>	<u>Sample</u>	<u>Errors</u>	<u>%Pass</u>
Non-Pay	50	0	100%
Paid	50	0	100%

The company passed Standard 14.

## **GENERAL COMMENTS**

### **Privacy**

Current privacy and security policies address current customers only. The company should expand their policies to include beneficiaries, past customers, consumers who file claims but are not insured by the company, and other consumers who have a relationship to the policy process or to the insured consumers. NAIC standards and models refer to customers, former customers and consumers who are not customers.

### **Underwriting**

1. Within 30 days, the Company must re-rate the 3 BOP policies that were not experience rated and apply the necessary experience rating credit and refund the insured per K.A.R. 40-3-12 and K.S.A. 40-955.
2. Within 30 days, the Company must re-rate the 2 BOP policies that did not appear to contain the required experience rating worksheet and apply the necessary schedule rating factor and if necessary issue a refund to the insured; however, if it is determined that a debit factor is appropriate, do not apply such factor until the renewal, per K.A.R. 40-3-12.
3. Within 30 days, Company must present to KID their plan to experience rate all risks, which satisfy the 3 yrs. experience eligibility rule or file a premium eligibility threshold with the department per K.A.R. 40-3-12 and K.S.A. 40-955.
4. The Company must re-rate the Package policy that appeared not to be eligible for schedule- rating, and had a debit factor of .10 applied to the risk, per K.A.R. 40-3-12 and K.S.A. 40-955.
5. The Company must re-rate the Work Comp file where they failed to change the latest experience-rating factor in accordance with the NCCI Experience Rating Plan Manual Rule 4. E. This is in conflict with K.S.A. 40-955 and the Company must endorse the policy with the subsequent experience-rating factor retroactive to inception and issue the insured a refund.
6. The Company must re-rate and endorse the policy with the .94 experience-rating factor retroactive to the inception and issue the insured a refund for the one file where there no change in ownership or classification code and the experience-rating factor of .94 should continue in accordance with NCCI Experience Rating Plan Manual Rule 3.

7. While auditing the Work Comp policies effective in the year 2003, it was determined that the wrong NCCI loss costs were uploaded into Patrons system. The Company must present a plan to KID within 30 days regarding how they are going to re-rate all policies with an effective date in the year 2003 and issue refunds to those insureds, per K.S.A. 40-955.

8. The Company must file within 30 days the corrected Med Pay factor that they are using in their system to rate private passenger autos, per K.S.A. 40-955.

9. The Company must file within 30 days the reviewed dec page forms for their Homeowners and Dwelling Fire programs, per K.S.A.40-216.

10. The Company must present a plan to KID within 30 days regarding how they are going to re-rate all the Broad Form Dwelling Fire policies that had a rate relativity miscalculation and issue refunds to all those insureds, per K.S.A. 40-955.

### **CONCLUSION**

I would like to acknowledge the cooperation and courtesy extended to the examination team by the Mr. James Cunningham and the staff of Patrons Insurance Company.

The following examiners of the Office of the Commissioner of Insurance in the State of Kansas participated in the review:

#### **Market Conduct Division**

Lyle Behrens  
Supervisor

Michael Grover  
Market Conduct Examiner

Mary Lou Maritt  
Market Conduct Examiner

Dick Cook  
Supervisor  
F&C Division

Tony Evans  
Policy Examiner  
F&C Division

Stacy Rinehart  
Market Conduct Examiner

Respectfully submitted,

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Lyle Behrens, CPCU, CIE, ARM