

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.