

EXECUTIVE SUMMARY

The Kansas Insurance Department performed a targeted market conduct examination of Traders Insurance Company (TIC). The examination was conducted by reviewing the company claims and complaints. The exam team reviewed claim and complaint files in company's home office in Kansas City, Mo. A series of meeting were held with TIC 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 handling.

The company passed most tests; and in terms of delivering good service to its insureds, the examiners were impressed with the overall professional performance by the TIC staff and management to their policyholders. The exam team has made recommendations on several issues. The recommendations should enhance the overall service provided to their customers and claimants.

LIST OF RECOMMENDATIONS

Complaint Handling

1. Ensure that all insurance department complaints are responded to within 15 working days. Per KSA 40-2404 (10).

Underwriting

1. When terminating coverage for an adverse underwriting decision, Traders shall either provide the policyholder with the specific reason or reasons for the adverse underwriting decision in writing or advise the insured that upon written request they may receive the specific reason or reasons in writing. Per KAR 40-2,112.

Claims Handling

1. The company should remind adjusters that they cannot use NADA as the only source to calculate the loss settlement cost. Per KAR 40-1-34 (9)(a)(2)(B).
2. The company needs to insure that all claims are properly handled in accordance with policy provisions and applicable statutes rules and regulations. Per KAR 40-1-34 (5).