

## EXECUTIVE SUMMARY

The Kansas Insurance Department, hereafter referred to as KID, performed a market conduct examination of UUIC. The exam team reviewed company general operations, underwriting, claim, and complaint files in the company's home office in Overland Park, KS. A series of meetings were held with UUIC 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 UUIC staff and management to their policyholders. The exam team has made recommendations on several issues.

### LIST OF RECOMMENDATIONS

#### **Company Operations/Management**

1. There was no follow up by the Company on its 2001 audit report and there was no systematic review schedule by UUIC of their field operation during the exam period. Given the large number of rating errors found in the exam (See Underwriting Standard 1) and no ongoing audit program conducted on their field office, the exam team recommends UUIC present to KID a plan to monitor their policy rating and issuance systems to insure that UUIC is in compliance with K.S.A. 40-955 and K.A.R. 40-3-12. UUIC has already drawn up a strategy to correct the rating errors and has presented to KID an action plan to remedy this deficiency.
2. The exam team recommends that a targeted follow up exam be completed in 18 months to insure that UUIC has taken the necessary steps to correct the problem of not using justified ERP factors for their Unicovert V business and properly monitor their compliance per K.S.A. 40-222.

#### **Underwriting**

1. Within 30 Days UUIC must present a plan to KID on how the Company is going to refund the over charge to their customers that occurred from the mis-application of the ERP factor. This is to correct the violation of K.A.R. 40-3-12 (3)(b)(2). UUIC has presented a plan to KID to issue premium refunds to those Kansas Insureds whose policies were issued with the incorrect ERP factor.

2. Within 30 days UUIC must review their procedures and provide KID with a plan to insure that the ERP & IRPM worksheets are in the underwriting files to conform of KAR 40-3-12. UUIC has incorporated this item into their action plan that was addressed in the Company/Management Operations Recommendation #1.

3. Within 30 days UUIC must review their procedures to insure that their cancellation notices show the correct policy number to conform to K.S.A. 40-216. UUIC has presented to KID their action plan to correct this issue.

4. Within 30 days UUIC must file a revision to End – Unicover V State Amendatory Part (1-02) to conform to the court's interpretation of K.S.A. 5-401. UUIC has filed a revision to their forms to conform to the courts interpretation of K.S.A. 5-401.