

## **KANSAS AUTOMOBILE ASSIGNED CLAIMS PLAN EXECUTIVE SUMMARY**

The Kansas Insurance Department (KID) performed a targeted market conduct examination of the Personal Injury Protection (PIP) claims paid by the Kansas Automobile Assigned Claims Plan (KAACP) from January 1, 2001 – June 30, 2006. The report is written by test and violations are listed within each category.

Although Kansas statutes do not require such an examination, we agree with KAACP that a periodic review of the claims handled by these Kansas companies is in the best interests of Kansas citizens and provides an opportunity to review company and KAACP procedures.

Three Kansas domestic automobile insurers process claims for the Plan for two years on a rotating schedule. Farmers Alliance Mutual Insurance Company (2001, 2006), Farmers Insurance Company, Inc. (2002, 2003) and Farm Bureau Mutual Insurance Company (2004, 2005), shared the claims processing responsibilities during the exam period. The exam team selected sixty-seven files from these three automobile insurers to verify the Plan's procedures and practices in claims processing. Denied and paid claims were combined in the sample databases rather than examined separately. Meetings were held with the KAACP staff at the Plan's office in Topeka, KS, and phone conversations were conducted with the three Claims Managers to discuss the claim procedures and any questions that arose during the claims review.

Violations of Kansas statutes and regulations are included within each standard and recommendations to improve Company operations and compliance with KID requirements are listed below and under each applicable standard.

The company passed all tests, and in terms of delivering good service to its applicants, the examiners were impressed with the overall positive and professional performance by the KAACP staff, management and board. The exam team made recommendations on the following issues.

### **LIST OF RECOMMENDATIONS**

#### General Recommendations

1. The initial claim information in all files maintained by one company needs to include a received date stamp on each page. It appears that the cover letter from KAACP is date stamped upon receipt but is then separated and redistributed within the claim file which makes it difficult to follow the sequence of events during the resolution of the claim.

2. The claims log maintained by one company needs complete detail on each claim. Critical data such as receipt date, amount paid or denied and resolution date were missing on a majority of the entries. This information should have been kept up to date as each claim was resolved, not upon the request by KID to review the log.

3. Open files should be reviewed on a more regular basis by all three companies. The examiners noticed a tendency to wait for long periods of time (in excess of 30-45 days) without reminders when requesting information from medical providers, employers or attorneys. This causes files to remain open after the company's two-year payment period and in some cases unnecessary delays in resolving a claim.