



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

April 30, 2004

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Notice of Adoption and Filing of Examination Report

Take notice that the proposed report of the market conduct examination of the

Rural Mutual Insurance Company
1212 Deming Way
Madison WI 53717

dated September 22-30, 2003, and served upon the company on April 9, 2004, has been adopted as the final report, and has been placed on file as an official public record of this Office.

Dated at Madison, Wisconsin, this 3rd day of May, 2004.

Jorge Gomez
Commissioner of Insurance

**STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE**

MARKET CONDUCT EXAMINATION

OF

**RURAL MUTUAL INSURANCE COMPANY
MADISON, WISCONSIN**

SEPTEMBER 22-30, 2003

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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October 3, 2003

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Honorable Jorge Gomez
Commissioner of Insurance
Madison, WI 53702

Commissioner:

Pursuant to your instructions and authorization, a targeted market conduct examination was conducted September 22 to September 30, 2003 of:

RURAL MUTUAL INSURANCE COMPANY
Madison, Wisconsin

and the following report of the examination is respectfully submitted.

I. INTRODUCTION

The company was incorporated on June 26, 1934, under the laws of Wisconsin under the name of the Farm Bureau Mutual Insurance Company. It began business on June 1, 1935. The name was changed to Rural Mutual Casualty Company of Wisconsin in February 1947. The current name, Rural Mutual Insurance Company, was adopted on July 1, 1957, following the absorption of a former companion company, the Rural Mutual Fire Insurance Company. The company also absorbed another former companion company, Rural Casualty Insurance Company, on June 25, 1970.

The company writes personal, farm, and commercial lines of business. Personal lines represent approximately 43% of the total business, which includes personal automobile and homeowners insurance. Farm lines account for approximately 25%, which includes farm owners, farm excess, and crop hail. The remainder of the business is comprised primarily of non-farm small commercial lines, which includes worker's compensation, light commercial, and

township insurance. Membership in the Wisconsin Farm Bureau is required to obtain automobile, crop hail, and farmer's comprehensive property and liability lines. Other coverages are available to the general public.

The company is only licensed in Wisconsin. The following table summarizes the direct premium written in 2001 and 2000.

Year	National Direct Premium Written	Wisconsin Direct Premium Written
2001	\$97,264,015	\$97,264,015
2000	\$89,573,012	\$89,573,012

The majority of the premium earned by the company in 2001 was for private passenger automobile, with homeowners/farmowners a close second. The majority of the premium earned by the company in 2000 was for private passenger automobile, with homeowners/farmowners a close second.

2001		
Line of Business	Premium Earned	Losses Incurred
Fire & Allied Lines	\$ 2,242,659	\$ 930,423
Homeowners/Farmowners	29,130,311	32,287,409
Commercial Multiple Peril	10,738,271	8,440,309
Worker's Compensation	12,842,370	7,670,188
Private Passenger Auto	34,540,347	23,572,319
Commercial Auto	7,294,720	3,699,646
All Others	475,337	309,375
Total	\$97,264,015	\$76,909,669

2000		
Line of Business	Premium Earned	Losses Incurred
Fire & Allied Lines	\$ 2,478,367	\$ 2,238,037
Homeowners/Farmowners	26,421,861	26,998,986
Commercial Multiple Peril	9,400,061	6,375,493
Worker's Compensation	11,230,083	4,243,768
Private Passenger Auto	33,234,780	22,450,536
Commercial Auto	6,468,134	4,846,700
All Others	339,726	36,385
Total	\$89,573,012	\$67,189,905

The Office of the Commissioner of Insurance (OCI) received 48 complaints against the company between January 1, 2002 through December 31, 2002. A complaint is defined as “a written communication received by the Commissioner’s Office that indicates dissatisfaction with an insurance company or agent.” The following table categorizes the complaints received against the company by type of policy and complaint reason. There may be more than one type of coverage and/or reason for each complaint. The company did not appear on the above-average complaint to premium lists for 2001 or 2002. In 2001, the majority of complaints were in homeowners/farmowners with personal automobile in second. In 2002, the company received the majority of its complaints in personal automobile with homeowners/farmowners a close second. The majority of complaints involve claims. In 2001, 10 of the 15 personal auto and 17 of the 24 homeowners/farmowners complaints involved claims. In 2002, 17 of the 21 personal auto and 11 of the 19 homeowners/farmowners complaints involved claims.

Coverage Type	Total	Underwriting	Marketing & Sales	Claims	Plyhldr Service	Other
Personal Auto	21	5	5	17	0	0
Commercial Vehicle	2	0	0	1	1	0
Com Prop & Liability	5	2	1	3	1	0
Home/Farmowners	19	6	3	11	8	0
Commercial Liability	1	0	0	1	0	0
Worker’s Comp	1	0	0	0	1	0
Fidelity & Surety	0	0	0	0	0	0
All Others	0	0	0	0	0	0
Total	49	13	9	33	11	0

II. PURPOSE AND SCOPE

A targeted market conduct examination was conducted to determine whether the company's practices and procedures comply with the Wisconsin insurance statutes and rules. The examination focused on the period from January 1, 2002 through December 31, 2002. The scope of the examination was limited to personal auto, homeowners, farmowners and a limited review of commercial lines policy forms. In addition, the examination included a review of any subsequent events deemed important by the examiner-in-charge during the examination.

The examination was limited to a review of claims, all personal and commercial lines policy forms, underwriting, producer licensing, marketing, sales and advertising (including eCommerce), policyholders service and complaints, and company operations and management (including privacy).

The term "the commissioner" refers to the Office of the Commissioner of Insurance.

The report is prepared on an exception basis and comments on those areas of the company's operations where adverse findings were noted.

III. PRIOR EXAMINATION RECOMMENDATIONS

The previous market conduct examination of the company, as adopted February 10, 1995, contained seven recommendations. Following are the recommendations and the examiners' findings regarding the company's compliance with each recommendation.

Claims

1. It is recommended that the company return subrogation recoveries for its insureds' deductibles within 30 days from the day the subrogation recoveries have accumulated to \$100 or amounts accumulated within six months if less than \$100 in order to comply with the Wisconsin Supreme Court decision, *Rimes v. State Farm Mutual Automobile Insurance Company*, 106 Wis. 2d 263.

Action: Compliance

2. In order to document compliance and avoid the unfair claim settlement practices described in s. Ins 6.11 (3) (a) 7, Wis. Adm. Code, it is recommended that the company implement procedures that ensure a written claim denial is sent promptly after the claim is verbally denied.

Action: Noncompliance

3. It is recommended that the company promptly pay claims and, if payment is not made within 30 days of receiving proof of loss or equivalent evidence, pay interest as required by s. 628.46 (1), Wis. Stat.

Action: Compliance

4. In order to avoid the unfair claim settlement practices described in s. Ins 6.11 (3) (a) 1, Wis. Adm. Code, it is recommended that the company promptly acknowledge pertinent communications from claimants and document all communications with insureds.

Action: Noncompliance

Policy Forms

5. It is recommended that the company revise its perils section-dwelling property insurance DP-2/broad form, [F-532 (4-81)] to allow for burglary damage for property which has been vacant for 60 consecutive days prior to the loss.

Action: Compliance

6. It is recommended that the company revise its unscheduled (blanket) farm personal property form and scheduled farm personal property form to provide for coverage for the death of livestock if the insured's failure to give notice within 72 hours of the death does not prejudice the company.

Action: Compliance

7. It is recommended that the company revise its dwelling property insurance policy (non-farm residential) to comply with current Wisconsin insurance laws and rules and Wisconsin Supreme Court decisions, as listed in this report.

Action: Compliance

IV. CURRENT EXAMINATION FINDINGS

Marketing, Sales & Advertising

The company markets its insurance products through an exclusive agency force. The company provides brochures, an Internet site, and radio, print, and television ads. The agency force solicits the general public via door-to-door, telephone, and direct mail solicitations. The company's sales materials, including telemarketing scripts, brochures, and recommended direct mail letters were reviewed. No exceptions were noted.

Electronic Commerce

The company uses its Internet website, www.ruralins.com, as an information site, informing consumers about its products and services and includes an agent locator.

According to the Agent's Commission Agreement, the agent may use company names, symbols, trademarks, and other identification which is the same or similar to that created by the company in advertising only if expressed by the company. Internet advertising, as any other advertising, should be submitted to the company for review. The company does not presently monitor or keep a record of its agents' websites. Even though the company's agents are independent contractors, the company indicates that it would be appropriate to have a record of the agents' web sites.

- 1. Recommendation:** It is recommended that the company develop and implement a procedure for monitoring agent websites to ensure compliance with the agent commission agreement and s. 628.34, Wis. Stat.

The examiners reviewed the company's home page, brochures published by the company, and general information related to the marketing and sales tactics of the company. No exceptions were found.

Policyholder Service & Complaints

Complaints received from the commissioner are given to the executive assistant to be logged into an Access database. Other written and telephone complaints are also logged into the database. The complaint is then routed to the appropriate functional area for a

response, a copy is retained by the executive assistant, and, if an agent's statement is requested, a copy is given to the Marketing area. The procedures stress that a timely response is necessary.

The examiners reviewed the company's procedures for handling complaints. No exceptions were noted.

Operations & Management

The examiners reviewed the company's operations/management plans by reviewing responses to interrogatories and statements and actions of the company throughout the examination preparation process and on-site review.

The company's policy and procedures regarding privacy of consumer information were reviewed. The examiners reviewed the company's internal memoranda regarding disclosure of information and company records; the company's privacy policy which was drafted by company management and approved by the Board of Directors; the company's training manuals, orientation materials, and communications for employees regarding treatment of personally identifiable information; the types and categories of nonpublic personal information the company collects and discloses; and the company's privacy disclosure notices for financial information and protected health information. No exceptions were noted.

Policy Forms

The examiners reviewed 98 commercial lines forms, including automobile, businessowners, package, and excess liability forms. The examiners also reviewed 115 personal lines automobile, homeowners, and farmowners forms. The following exception was noted.

The examiners found that the Vandalism or Malicious Mischief or Glass Breakage exclusion on page 4 of form RM-3 (6-98), Dwelling and Personal Property Coverages Comprehensive Form, does not comply with s. Ins 6.76 (3) (e) 2, Wis. Adm. Code. The rule provides that a company shall not be liable for loss occurring while a described building,

whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days. The exclusion states 30 days instead of 60 days.

- 2. Recommendation:** It is recommended that the company amend any forms providing property coverage, to comply with s. Ins 6.76 (3) (e) 2, Wis. Adm. Code, by changing 30 days to 60 days.

The examiners found that form C-1707 (9-90), Commercial Excess Liability Policy, the Legal Action Against Us condition did not comply with s. 803.04, Wis. Stat., and s. 632.24, Wis. Stat. The Transfer of Rights of Recovery Against Others to Us condition did not comply with the Wisconsin Supreme Court decision of *Rimes vs. State Farm Mutual Automobile Insurance Company*, 106 Wis. 2d 263. Section 803.04, Wis. Stat., provides that an insurer may be joined in an action. Section 632.24, Wis. Stat., provides that persons may recover from the insurer irrespective of whether the liability is established. The Wisconsin Supreme Court Case of *Rimes v. State Farm Mutual Automobile Insurance Company*, 106 Wis. 2d 263, provides that the insurer has the right to subrogation collections only after the insured has been made whole and is fully compensated for damages. The company indicated that effective May 1, 2003, they no longer use form C-1707 (9-90).

Producer Licensing

To review the company's obligation to notify the commissioner of agents that are appointed or terminated, the examiners requested the company provide a list consisting of each individual representing the company in Wisconsin as of December 31, 2002. The list produced by the company was then compared to the commissioner's list of agents for the company. No exceptions were noted.

The examiners reviewed 21 active agents' files and 17 terminated agent's files. The following exception was noted.

The examiners found that the company was not requesting return of indicia when terminating home office employees and personal producing assistants, even though they had been appointed with the commissioner. Section 628.40, Wis. Stat., states:

"Every insurer is bound by any act of its agent performed in this state that is within the scope of the agent's apparent authority, while the agency contract remains in force and after that time until the insurer has made reasonable efforts to recover from the agent its policy forms and other indicia of agency. Reasonable efforts shall include a formal demand in writing for return of the indicia, and notice to the commissioner if the agent does not comply with the demand promptly."

Additionally, s. Ins 6.57 (2), Wis. Adm. Code, provides that when the insurer provides written notice to the agent that the agent is no longer to be listed as a representative of the company and that he or she may not act as its representative, the notice shall also include a formal demand for the return of all indicia of agency. The company responded that effective immediately the company would be requesting return of indicia from terminated home office employees and personal producing assistants.

- 3. Recommendation:** It is recommended that when the company provides written notice to an agent that the agent is no longer to be listed as a representative of the company and that he or she may not act as its representative, that the notice include a written demand for the return of all indicia of agency in order to comply with s. 628.40, Wis. Stat., and s. Ins 6.57 (2), Wis. Adm. Code.

Underwriting & Rating

The examiners reviewed 200 underwriting files; 100 homeowners and farmowners new business, 50 personal automobile new business, and 50 homeowners, farmowners and personal automobile terminations. The examiners also reviewed the company's underwriting manuals, guidelines, and procedures. The following exceptions were noted.

The examiners found that the company surcharges personal lines automobile insurance policies if the motor vehicle record for an individual insured under the policy includes an "altering drivers license" (ADL) or "perjury" (P) violation. This surcharge was found while during the review of the Underwriting Guidelines, under VIII. Violation/Accident Activity. The "altering driver's license" violation is a non-driving related violation. The "perjury" violation is a criminal violation. Both of these violations are required to be placed on the driving record even though they are not driving related. Section Ins 6.54 (3) (a) 1, Wis. Adm. Code, prohibits an insurer from refusing, canceling, denying, or placing a risk in a classification based solely on the

applicant's or insured's past criminal record. By using these violations to rate the policy, the company is basing its decision on the applicant's or insured's criminal record rather than the driving record.

- 4. Recommendation:** It is recommended that the company discontinue using non-driving related violations to underwrite or rate an automobile insurance policy in order to comply with s. Ins 6.54 (3) (a) 1, Wis. Adm. Code.

The Underwriting Guidelines for homeowners and farmowners, under C. Risk Selection Factors, instructed an agent not to bind coverage nor submit an application before determining whether the risk was acceptable from both moral and physical hazard standpoints. The following moral hazard indications were listed: "poor general reputation", "large debt load", "user of intoxicants or drugs", and "reputation of being irresponsible or careless." Section Ins 6.54 (3) (a) 7, Wis. Adm. Code, prohibits an insurer from refusing, canceling, or denying insurance coverage based solely on the applicant's or insured's "moral" character. The company indicates these guidelines are outdated and have not been used for years.

- 5. Recommendation:** It is recommended that the company revise its Underwriting Guidelines by deleting moral hazard indications that are no longer used and which reflects its current practices in order to avoid the possible unfair discrimination set forth in s. Ins 6.54 (3) (a) 7, Wis. Adm. Code.

The examiners found four files where the company terminated insurance policies, but the reasons given for the terminations were not reasonably precise. Section 631.36 (6), Wis. Stat., states that a notice of cancellation or nonrenewal under sub. (2) (b) or (4), shall state with reasonable precision the facts on which the insurer's decision is based.

- 6. Recommendation:** It is recommended that the company provide a reasonably precise reason when terminating its insureds' policies in order to comply with s. 631.36 (6), Wis. Stat.

The examiners found two personal automobile insurance policies where the company sent a cancellation notice to its insureds that was to be effective prior to the date the notices were mailed. Section 631.36 (2) (b), Wis. Stat., states that no cancellation under

paragraph (a) is effective until at least 10 days after the 1st class mailing or delivery of a written notice to the policyholder. The company indicated one cancellation was due to a processing error generated as a result of an address change to an out-of-state location.

- 7. Recommendation:** It is recommended that the company ensure that the effective cancellation date be at least 10 days after a notice of cancellation is sent to its insured in order to comply with s. 631.36 (2) (b), Wis. Stat.

The examiners found four files where the company sent cancellation notices to its insureds for either homeowners or farmowners insurance policies and provided an incorrect address for the Wisconsin Insurance Plan (WIP). The WIP changed its address from 744 North 4th Street, No. 626, Milwaukee, WI 53203, to 700 West Michigan Street, Suite 320, Milwaukee, WI 53233, effective July 1, 1996. Section 631.36 (7) (a) 2, Wis. Stat., states that notice of cancellation or nonrenewal required under sub. (2) (b) or (4), is not effective unless the notice contains adequate instructions to the policyholder for applying for insurance through a risk-sharing plan under ch. 619, if a risk-sharing plan exists under ch. 610 for the kind of coverage being cancelled or non-renewed. Providing an incorrect address would not be considered adequate instructions under the statute. The company indicated it had changed the address for some types of cancellations, but had missed some types of cancellations in the change. The company updated its personal lines manual and its unilateral cancellation letter to reflect the new address while the examiners were on-site.

- 8. Recommendation:** It is recommended that the company ensure that it provides adequate instructions, including the correct address, for applying to any applicable risk-sharing plan to insureds that are being cancelled or non-renewed in order to comply with s. 631.36 (7) (a) 2, Wis. Stat.

The examiners found one personal auto policy application that requested a limit of \$5,000 for medical payments coverage. The policy was issued with a limit of \$1,000 for medical payment coverage. This appears to be a data entry error of the company's processing department. The company's standard procedure when issuing a policy with different terms or premiums from the application is to mail a letter to the insured/applicant informing him/her of

those changes. Pursuant to s. 628.34 (1), Wis. Stat., it is a misrepresentation to issue a policy different from the application and fail to inform the applicant/insured of those changes.

The examiners found one new business farm application file and four new business homeowner's application files that did not contain a photo of the property. The company's underwriting guidelines require photos for new business farm and homeowner's policies.

- 9. Recommendation:** It is recommended that the company follow its underwriting guidelines that require a photo of the property for new business farm and homeowner's policies.

Claims

The examiners reviewed the company's written claims processes and procedures. The examiners also reviewed 341 claim files; 100 paid, 50 not paid, and 47 subrogation personal automobile, and 100 paid, and 44 not paid homeowners/farmowners. The following exceptions were noted.

The examiners found two claim files where the company failed to make a timely follow up with the claimants after the company's initial requests to the claimants for estimates. Section Ins 6.11 (3) (a) 2, Wis. Adm. Code, provides that failure to initiate and conclude a claim investigation with all reasonable dispatch is an unfair claim settlement practice.

- 10. Recommendation:** It is recommended that the company follow up with the claimant 30 days after the initial request for estimates in order to avoid the unfair claims settlement practice set forth in s. Ins 6.11 (3) (a) 2, Wis. Adm. Code.

The examiners found three files where the company did not document all contacts with its insureds. Section Ins 6.11 (3) (a) 1, Wis. Adm. Code, provides that it is an unfair claims settlement practice to fail to acknowledge pertinent communications with respect to claims arising under insurance policies. Without complete and proper documentation to show contacts with insureds, it is difficult to determine whether the company is promptly acknowledging pertinent communications.

11. Recommendation: It is recommended that the company promptly acknowledge pertinent communications from insureds and document all communications with insureds in order to avoid the unfair claims settlement practices described in s. Ins 6.11 (3) (a) 1, Wis. Adm. Code.

The examiners found two files in which the company did not send a written claim denial after a verbal denial was given. Section Ins 6.11 (3) (a) 7, Wis. Adm. Code, states, in part, that it is an unfair claim settlement practice to fail to affirm or deny coverage of claims within a reasonable time.

12. Recommendation: In order to document files and avoid the unfair claim settlement practices described in s. Ins 6.11 (3) (a) 7, Wis. Adm. Code, it is recommended again that the company implement procedures that ensure a written claim denial is sent promptly after the claim is verbally denied.

The examiners found that the company mails an information letter to the insured/policyholder explaining the circumstances under which the company will reimburse the insured's deductible if the company is successful in obtaining reimbursement from the liable party. The letter, in part, states, "If we succeed in recovering, we will refund your deductible in proportion to our total recovery. In other words, if we collect 70% of the damages, we will refund 70% of your deductible. If we collect 100%, you will receive 100% of your deductible." Per the Wisconsin Supreme Court decision, Rimes vs. State Farm Mutual Automobile Insurance Company, 106 Wis. 2d 263, the insurer has the right to subrogation collections only after the insured has been made whole and is fully compensated. An insurer may base the amount returned to the insured for the deductible on comparative negligence. Since first monies collected must be returned to the insured to make the insured whole, the insurer may not base the amount returned to the insured on the proportion to the total amount recovered. The examiners review of the subrogation claim files found that the company does not base the amount returned to the insured in proportion to the total recovery, but bases the amount returned to the insured on comparative negligence. The company's letter is misleading as written. The company has revised the letter to state that reimbursement to the insured is based on comparative negligence.

The examiners found one file where the company received an estimate of repair and believed a claim payment check had been sent within 30 days of receiving the estimate. The insured called the company to inquire why a check had not been received. The company failed to find documentation that a check had previously been issued and then sent a check, which was 46 days after receiving the estimate. As a result of the examination, the company determined interest was due and a check for \$258.05, representing 16 days of interest, was sent. Section 628.46 (1), Wis. Stat., provides for interest payments on overdue claim payments. A claim shall be overdue if not paid within 30 days after the company is furnished written notice, either by a proof of loss or equivalent evidence, of the fact of a covered loss and of the amount of the loss.

The examiners found one file where the company did not promptly return the insured's deductible after receiving reimbursement from another insurer in the case of subrogation. The other insurer reimbursed the company but did not include the insured's deductible and the adjuster did not notice that the deductible was not included. When brought to the company's attention, the company promptly sent the deductible to the insured and included interest.

V. CONCLUSION

A total of 12 recommendations were made relating to the company's need to modify certain policy forms and producer licensing, underwriting, and claims procedures.

The company must amend its noncomplying form. The company must also request return of indicia from all agents it terminates.

In addition, the company must revise its underwriting guidelines to comply with s. Ins 6.54, Wis. Adm. Code and follow its underwriting guidelines. The company must also revise its termination procedures to comply with s. 631.36, Wis. Stat.

The company must also revise its claims procedures to ensure written denials are promptly sent after verbal denials, all communications with insureds and claimants are documented in its files, prompt follow-up after the initial contact, and interest is paid on claims not paid within 30 days of receiving proof of loss or equivalent evidence.

VI. SUMMARY OF RECOMMENDATIONS

Electronic Commerce

- Page 7 1. It is recommended that the company develop and implement a procedure for monitoring agent websites to ensure compliance with the agent commission agreement and s. 628.34, Wis. Stat.

Policy Forms

- Page 9 2. It is recommended that the company amend any forms providing property coverage, to comply with s. Ins 6.76 (3) (e) 2, Wis. Adm. Code, by changing 30 days to 60 days.

Producer Licensing

- Page 10 3. It is recommended that when the company provides written notice to an agent that the agent is no longer to be listed as a representative of the company and that he or she may not act as its representative, that the notice include a written demand for the return of all indicia of agency in order to comply with s. 628.40, Wis. Stat., and s. Ins 6.57 (2), Wis. Adm. Code.

Underwriting & Rating

- Page 11 4. It is recommended that the company discontinue using non-driving related violations to underwrite or rate an automobile insurance policy in order to comply with s. Ins 6.54 (3) (a) 1, Wis. Adm. Code.
- Page 11 5. It is recommended that the company revise its Underwriting Guidelines by deleting moral hazard indications that are no longer used and which reflects its current practices in order to avoid the possible unfair discrimination set forth in s. Ins 6.54 (3) (a) 7, Wis. Adm. Code.
- Page 11 6. It is recommended that the company provide a reasonably precise reason when terminating its insureds' policies in order to comply with s. 631.36 (6), Wis. Stat.
- Page 12 7. It is recommended that the company ensure that the effective cancellation date be at least 10 days after a notice of cancellation is sent to its insured in order to comply with s. 631.36 (2) (b), Wis. Stat.
- Page 12 8. It is recommended that the company ensure that it provides adequate instructions, including the correct address, for applying to any applicable risk-sharing plan to insureds that are being cancelled or non-renewed in order to comply with s. 631.36 (7) (a) 2, Wis. Stat.
- Page 13 9. It is recommended that the company follow its underwriting guidelines that require a photo of the property for new business farm and homeowner's policies.

Claims

- Page 13 10. It is recommended that the company follow up with the claimant 30 days after the initial request for estimates in order to avoid the unfair claims settlement practice set forth in s. Ins 6.11 (3) (a) 2, Wis. Adm. Code.
- Page 14 11. It is recommended that the company promptly acknowledge pertinent communications from insureds and document all communications with insureds in order to avoid the unfair claims settlement practices described in s. Ins 6.11 (3) (a) 1, Wis. Adm. Code.
- Page 14 12. In order to document files and avoid the unfair claim settlement practices described in s. Ins 6.11 (3) (a) 7, Wis. Adm. Code, it is recommended again that the company implement procedures that ensure a written claim denial is sent promptly after the claim is verbally denied.

VII. ACKNOWLEDGEMENT

The courtesy and cooperation extended to the examiners during the course of the examination by the officers and employees of the company is acknowledged.

In addition, to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination.

<u>Name</u>	<u>Title</u>
Jane Kovacik, CPCU	Senior Insurance Examiner
Katherine Otis	Insurance Examiner
Gary Morris	Insurance Examiner
Penny Fitzgerald	Insurance Examiner

Respectfully submitted,

Rhonda Peterson, CPCU, CIE, AIC, HIA
Examiner-in-Charge