

STATE OF ARIZONA
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DEPT. OF INSURANCE

REPORT OF TARGET MARKET CONDUCT EXAMINATION

OF

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

NAIC #11800

AS OF

December 31, 2013

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GERMAINE L. MARKS
Director of Insurance

Honorable Germaine L. Marks
Director of Insurance
State of Arizona
2910 North 44th Street
Suite 210, Second Floor
Phoenix, Arizona 85018-7269

Dear Director Marks:

Pursuant to your instructions and in conformity with the provisions of the Insurance Laws and Rules of the State of Arizona, a desk examination has been made of the market conduct affairs of the:

Foremost Property & Casualty Insurance Company
NAIC #11800

The above examination was conducted by Helene I. Tomme, CPCU, CIE, Market Examinations Supervisor, Examiner-in Charge, and Christopher G. Hobert, CIE, MCM, Market Conduct Senior Examiner and Laura Sloan-Cohen, CIE, AMCM, Market Conduct Senior Examiner.

The examination covered the period of January 1, 2013 through December 31, 2013.

As a result of that examination, the following Report of Examination is respectfully submitted.

Sincerely yours,

Helene I. Tomme, CPCU, CIE
Market Examinations Supervisor
Market Oversight Division

FOREWORD

This targeted market conduct examination report of the Foremost Property & Casualty Insurance Company (herein referred to as, "Foremost P&C", or the "Company"), was prepared by employees of the Arizona Department of Insurance (Department) as well as independent examiners contracting with the Department. A market conduct examination is conducted for the purpose of auditing certain business practices of insurers licensed to conduct the business of insurance in the state of Arizona. The Examiners conducted the examination of the Company in accordance with Arizona Revised Statutes (A.R.S.) §§ 20-142, 20-156, 20-157, 20-158 and 20-159. The findings in this report, including all work products developed in the production of this report, are the sole property of the Department.

The examination consisted of a review of the following Mobile Home (MBH) and Motorcycle (MC) business operations:

1. Complaint Handling
2. Marketing and Sales
3. Producer Compliance
4. Underwriting and Rating
5. Cancellations and Non-Renewals
6. Claims Processing

Certain unacceptable or non-complying practices may not have been discovered in the course of this examination. Additionally, findings may not be material to all areas that would serve to assist the Director.

Failure to identify or criticize specific Company practices does not constitute acceptance of those practices by the Department.

SCOPE AND METHODOLOGY

The examination of the Company was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners (NAIC) and the Department. The market conduct examination of the Company covered the period of January 1, 2013 through December 31, 2013 for business reviewed. The purpose of the examination was to determine the Company's compliance with Arizona's insurance laws, and whether the Company's operations and practices are consistent with the public interest. This examination was completed by applying tests to each examination standard to determine compliance with the standard. Each standard applied during the examination is stated in this report and the results are reported beginning on page 8.

In accordance with Department procedures, the Examiners completed a Preliminary Finding ("Finding") form on those policies, claims and complaints not in apparent compliance with Arizona law. The finding forms were submitted for review and comment to the Company representative designated by Company management to be knowledgeable about the files. For each finding the Company was requested to agree, disagree or otherwise justify the Company's noted action.

The Examiners utilized both examinations by test and examination by sample. Examination by test involves review of all records within the population, while examination by sample involves the review of a selected number of records from within the population. Due to the small size of some populations examined, examinations by test and by sample were completed without the need to utilize computer software.

File sampling was based on a review of underwriting and claim files that were systematically selected by using Audit Command Language (ACL) software and computer data files provided by the Company. Samples are tested for compliance with standards established by the NAIC and the Department. The tests applied to sample data will result in an exception ratio, which determines whether or not a standard is met. If the exception ratio found in the sample is, generally less than 5%, the standard will be considered as "met." The standard in the areas of procedures and forms use will not be met if any exception is identified.

HISTORY OF THE COMPANY

(Provided by the Company)

Foremost Insurance Company commenced business on June 12, 1952 under the laws of the State of Michigan to provide insurance for buyers of house trailers. The words "Grand Rapids, Michigan" were added to its name in 1963. The Company was first to provide specialized protection for travel trailers and subsequently added insurance for motor homes as well.

Foremost Insurance Company Grand Rapids, Michigan is the lead member of the Foremost Corporation Group. The Foremost Corporation Group consists of Foremost Insurance Company Grand Rapids, Michigan, Foremost Property and Casualty Insurance Company, Foremost Signature Insurance Company, Farmers Specialty Insurance Company, Foremost Lloyds of Texas and Foremost County Mutual Insurance Company.

Foremost Property and Casualty Insurance Company, was organized in 1984 under the laws of Michigan. In July, 1992 Foremost Insurance Company Grand Rapids, Michigan purchased Foremost Property and Casualty Insurance Company from Foremost Life Insurance Company.

Farmers Insurance Exchange (organized in the State of California on April 6, 1928 as a reciprocal or interinsurance exchange, Truck Insurance Exchange and Fire Insurance Exchange acquired ownership of Foremost Corporation of America stock on March 7, 2000. Foremost Corporation of American continues to own Foremost Insurance Company Grand Rapids, Michigan, and its wholly owned subsidiaries. The Exchanges and their subsidiaries jointly market insurance under the trade name of Farmers Insurance Group of Companies.

PROCEDURES REVIEWED WITHOUT EXCEPTION

The Examiners review of the following Company departments¹ or functions indicates that they appear to be in compliance with Arizona statutes and rules:

Complaint Handling

Marketing and Sales

Producer Compliance

EXAMINATION REPORT SUMMARY

The examination identified 6 compliance issues that resulted in 120 exceptions due to the Company's failure to comply with statutes and rules that govern all insurers operating in Arizona. These issues were found in three (3) of the six (6) sections of Company operations examined. The following is a summary of the Examiner's findings:

Underwriting and Rating

In the area of Underwriting and Rating, one (1) compliance issue is addressed in this Report as follows:

- The Company incorrectly applied filed rates to three (3) MC New/Renewal Business policies.

Cancellation and Non Renewals

In the area of Cancellations and Non Renewals, two (2) compliance issues are addressed in this Report as follows:

- The Company failed to provide the required 7-day grace period on a total of 43 MC policies that were cancelled for non-payment of premium.
- The Company failed to include a compliant right to complain to the Director on 51 MC cancellations for non payment of premium notices.

¹ If a department name is listed there were no exceptions noted during the review.

Claims Processing

In the area of Claims Processing, three (3) compliance issues are addressed in this Report as follows:

- The Company failed to include a fraud warning statement in at least 12-point type on one (1) claim form.
- The Company failed to correctly calculate and pay the appropriate tax, license registration and/or air quality fees on one (1) MC first party total loss settlement, which resulted in additional payments of \$538.54 (including interest).
- The Company failed to correctly calculate and pay the Transaction Privilege Tax (TPT) on 21 MBH first party paid claims, which resulted in additional payments of \$1,116.98 (including interest).

FACTUAL FINDINGS

RESULTS OF PREVIOUS MARKET CONDUCT EXAMINATIONS

The Company did not have any Market Conduct Examinations in the prior five (5) years.

UNDERWRITING AND RATING

Mobile Homeowners (MBH):

The Examiners reviewed 100 MBH New/Renewal Business files out of a population of 14,563 during the examination period.

Motorcycle (MC):

The Examiners reviewed 52 MC New/Renewal Business files (included 2 sample files) out of a population of 939 and 26 MC Surcharge files (included 2 sample files) out of a population of 26 during the examination period. This New/Renewal and Surcharge review included a total sample size of 78 MC files from a total population of 965.

All new/renewal files reviewed were to ensure compliance with Arizona Statutes and Rules.

The following Underwriting and Rating Standards were met:

#	STANDARD	Regulatory Authority
2	Disclosures to insureds concerning rates and coverage are accurate and timely.	A.R.S. §§ 20-259.01, 20-262, 20-263, 20-264, 20-266, 20-267, 20-443, 20-2110
3	All forms and endorsements forming a part of the contract should be filed with the director (if applicable).	A.R.S. § 20-398
4	All mandated disclosures are documented and in accordance with applicable statutes, rules and regulations, including, but not limited to, the Notice of Insurance Information Practices and the Authorization for Release of Information.	A.R.S. §§ 20-2104, 20-2106, 20-2110 and 20-2113
5	Policies and endorsements are issued or renewed accurately, timely and completely.	A.R.S. §§ 20-1120, 20-1121, 20-1632 and 20-1654
6	Rescissions are not made for non-material misrepresentations.	A.R.S. §§ 20-463, 20-1109

The following Underwriting and Rating Standard failed:

#	STANDARD	Regulatory Authority
1	The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the Company Rating Plan.	A.R.S. §§ 20-341 through 20-385

Underwriting and Rating, Standard # 1 – failed

Preliminary Finding-006- Applying Incorrect Rates During the Underwriting and Rating review, the Examiners identified three (3) MC New/Renewal policies where the Company applied incorrect rates, an apparent violation of A.R.S. § 20-385.

MOTORCYCLE APPLYING INCORRECT RATES

Failed to file rates or incorrectly applied various rates

A.R.S. § 20-385

Population	Sample	# of Exceptions	% to Sample
939	12	3	25%

A 25% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #1

Within 90 days of the filed date of this Report submit documentation to the Department that it has procedures and controls in place to apply all rates correctly to comply with Arizona Statutes and Rules.

Subsequent Events: During the course of the Examination, the Company agreed with the Examiner's finding. The Company indicated they implemented the new rate in their underwriting system as of September 1, 2013 for new business and October 1, 2013 for renewal business.

CANCELLATIONS AND NON-RENEWALS

Mobile Homeowners (MBH):

The Examiners reviewed 51 MBH cancellation files for non-payment of premium (included 1 sample file) out of a population of 409, 50 MBH cancellation files for underwriting reasons out of a population of 50 and 44 MBH non renewals out of a population of 44. This cancellation and non renewal review included a total sample size of 145 MBH files from a total population of 503.

Motorcycle (MC):

The Examiners reviewed 52 MC cancellation files for non-payment of premium (included 2 sample files) out of a population of 103 and 1 MC cancellation file for underwriting reason out of a population of 1. This cancellation review included a total sample size of 53 MC files from a total population of 104.

All cancellation files reviewed were to ensure compliance with Arizona Statutes and Rules.

The Following Claim Standards were met:

#	STANDARD	Regulatory Authority
1	Declinations, Cancellations and Non-Renewals shall comply with state laws and company guidelines including the Summary of Rights to be given to the policyholder and shall not be unfairly discriminatory.	A.R.S. §§ 20-448, 20-2108, 20-2109, 20-2110

The following Cancellation and Non Renewal Standard failed:

#	STANDARD	Regulatory Authority
2	Cancellations and Non-Renewal notices comply with state laws, company guidelines and policy provisions, including the amount of advance notice required and grace period provisions to the policyholder, nonrenewal based on condition of premises, and shall not be unfairly discriminatory.	A.R.S. §§ 20-191, 20-443, 20-448, 20-1631, 20-1632, 20-1632.01, 20-1651 through 20-1656

Cancellation and Nonrenewal, Standard #2 - failed

Preliminary Finding 002 – Motorcycle 7-Day Grace Period – The Examiners identified 43 MC Cancellations for non-payment of premium where the Company failed to provide the required 7-day grace period after the premium due date, before cancelling MC policies for non-payment of premium, an apparent violation of A.R.S. § 20-1632.01(A).

MOTORCYCLE 7-DAY GRACE PERIOD

Failed to provide the required 7-day grace period for policies cancelled due to non-payment of premium
A.R.S. § 20-1632.01(A)

Population	Sample	# of Exceptions	% to Sample
103	51	43	84%

An 84% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #2

Within 90 days of the filed date of this report provide the Department with documentation that Company procedures are in place to provide policyholders with the required 7-day grace period on MC cancellations for nonpayment.

Subsequent Events: During the course of the Examination, the Company indicated they will correct their system to allow for 8 days. The Company has provided the Department with project RTC 29134 documents showing the completion of the implementation to be no later than December 31, 2014.

Cancellation and Nonrenewal, Standard #2 - failed

Preliminary Finding 003 – Motorcycle cancellations for non payment of premium failed to include the right to complain to the Director – The Examiners identified 51 MC cancellations for non payment where the Company failed to include a compliant right to complain to the Director, an apparent violation of A.R.S. § 20-1632.01 (B).

Summary of Findings – Standard 2 File Review

Failed to include a compliant Right to Complain to the Director on Non Payment Cancellations
A.R.S. §20-1632.01(B)

Population	Sample	# of Exceptions	% to Sample
103	51	51	100%

A 100% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #3

Within 90 days of the filed date of this report provide the Department with documentation that Company procedures are in place so that the required right to complain to the Director information is provided on its MC cancellation for non payment notices.

Subsequent Events: During the course of the Examination, the Company indicated they will correct their cancellation notice to include a compliant right to complain to the Director language. The Company has provided the Department with project RTC 29134 documents showing the completion of the implementation to be no later than December 31, 2014.

CLAIMS PROCESSING

Mobile Homeowners (MBH):

The Examiners reviewed 55 MBH claims closed without payment from a population of 438; 100 MBH paid claims from a population of 822 and 55 MBH subrogation claims from a population of 118. This claim review included a total sample size of 210 MBH claims files from a total population of 1,378.

Motorcycle (MC):

The Examiners reviewed one (1) MC claims closed without payment from a population of one (1); nine (9) MC paid claims from a population of nine (9); three (3) total loss MC claims out of a population of three (3) and one (1) MC subrogation claims out of a population of one (1). This claims review included a total sample size of 14 MC claim files from a total population of 14.

All claim files reviewed were to ensure compliance with Arizona Statutes and Rules.

The Following Claim Standards were met:

#	STANDARD	Regulatory Authority
1	The initial contact by the Company with the claimant is within the required time frame.	A.R.S. § 20-461, A.A.C. R20-6-801
2	Timely investigations are conducted.	A.R.S. § 20-461, A.A.C. R20-6-801
4	Claim files are adequately documented in order to be able to reconstruct the claim.	A.R.S. §§ 20-461, 20-463, 20-466.03, A.A.C. R20-6-801
6	The Company uses reservation of rights and excess of loss letters, when appropriate.	A.R.S. § 20-461, A.A.C. R20-6-801
7	Deductible reimbursement to insured upon subrogation recovery is made in a timely and accurate manner.	A.R.S. §§ 20-461, 20-462, A.A.C. R20-6-801
8	The Company responds to claim correspondence in a timely manner.	A.R.S. § 20-461, 20-462, A.A.C. R20-6-801
9	Denied and Closed Without Payment claims are handled in accordance with policy provisions and state law.	A.R.S. §§ 20-461, 20-462, 20-463, 20-466, 20-2110, A.A.C. R20-6-801
10	No insurer shall fail to fully disclose to first party insureds all pertinent benefits, coverages or other provisions of an insurance policy or insurance contract under which a claim is presented.	A.A.C. R20-6-801
11	Adjusters used in the settlement of claims are properly licensed.	A.R.S. §§ 20-321 through 20-321.02

The following Claim Standards failed:

#	STANDARD	Regulatory Authority
3	The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations.	A.R.S. §§ 20-461, 20-466.03, 20-2106, A.A.C. R20-6-801
5	Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations.	A.R.S. §§ 20-268, 20-461, 20-462, 20-468, 20-469 and A.A.C. R20-6-801

Claims Processing Standard #3 – failed

Preliminary Finding 009 – Fraud Warning Statement – The Company failed to provide a fraud warning statement in at least twelve (12) point type on one (1) claim form. This represents one (1) violation of A.R.S. § 20-466.03. The following table summarizes the fraud warning statement findings.

	Form Description / Title	Form Number
1	Power of Attorney	C10068 1/2004

CLAIM FORMS

Failed to provide fraud warning statement in at least twelve (12) point type
Violation of A.R.S. § 20-466.03

Population	Sample	# of Exceptions	% to Sample
N/A	N/A	1	N/A

Any error or exception identified in the areas of a procedure or forms use does not meet the Standard; therefore a recommendation is warranted.

Recommendation #4

Within 90 days of the filed date of this Report, provide the Department with documentation that the required fraud warning statement, in 12-point type, is included on the claim form cited above, in accordance with the applicable state statute.

Subsequent Events: During the course of the Examination, the Company provided the corrected form to the Department prior to completion of the Examination and indicated it had been implemented on April 22, 2013.

Claims Processing Standard #5 – failed

Preliminary Finding 007 –Total Loss Taxes and Fees - The Examiners identified one (1) first party total loss settlement, in which the Company failed to correctly calculate and pay appropriate tax, license registration and/or air quality fees. This resulted in one (1) first party total loss settlement being underpaid, an apparent violation of A.R.S. §§ 20-461(A)(6), 20-462(A) and A.A.C. R20-6-801 (H)(1)(b).

MOTORCYCLE TOTAL LOSS CLAIMS

Failed to correctly calculate and pay appropriate tax, license registration and/or air quality fees on total loss settlements

A.R.S. §§ 20-461(A)(6), 20-462(A) and A.A.C. R20-6-801 (H)(1)(b)

Population	Sample	# of Exceptions	% to Sample
3	3	1	33%

A 33% error ratio does not meet the Standard; therefore, a recommendation is warranted

Recommendation #5

Within 90 days of the filed date of this Report provide documentation to the Department to show that the Company's procedures have been corrected to comply with Arizona Statutes and Rules when processing total loss settlements for First and Third Parties.

Subsequent Events: During the course of the Examination, the Company agreed with the incorrect settlement of the first party total loss and made restitution payment to the party affected in the amount of \$481.55 plus \$56.99 in interest for a total of \$538.54. A copy of the letter of explanation and payment were sent to the Department prior to completion of the Examination.

Claims Processing Standard #5 – failed

Preliminary Finding-008 – Transaction Privilege Tax (TPT). - The Examiners identified 21 first party mobile homeowners settlements, in which the Company failed to pay the correct Transaction Privilege Tax (TPT), which is an apparent violation of A.R.S. §§ 20-461, 20-462(A) and 44-1201.

MOBILE HOMEOWNERS CLAIMS

Failed to pay the correct Transaction Privilege Tax

A.R.S. §§ 20-461, 20-462(A) and 44-1201

Population	Sample	# of Exceptions	% to Sample
822	100	21	21%

A 21% error ratio does not meet the standards; therefore, a recommendation is warranted.

Recommendation #6

Within 90 days of the filed date of this report provide the Department with documentation that Company procedures are in place to correctly calculate and pay the correct Transaction Privilege Tax (TPT) on Mobile Homeowner Paid Claims.

Subsequent Events: During the course of the Examination, the Company agreed with 21 first party underpayments and paid restitution to all parties affected in the amount of \$991.19 plus \$125.79 in interest for a total of \$1,116.98. A copy of letters of explanation and payments were sent to the Department prior to completion of the Examination.

SUMMARY OF FAILED STANDARDS

EXCEPTIONS	Rec. No.	Page No.
UNDERWRITING AND RATING		
<u>Standard #1</u> The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the Company Rating Plan.	1	13
CANCELLATIONS AND NON RENEWALS		
<u>Standard #2</u> Cancellations and Non-Renewal notices comply with state laws, company guidelines and policy provisions, including the amount of advance notice required and grace period provisions to the policyholder, nonrenewal based on condition of premises, and shall not be unfairly discriminatory.	2	16
<u>Standard #2</u> Cancellations and Non-Renewal notices comply with state laws, company guidelines and policy provisions, including the amount of advance notice required and grace period provisions to the policyholder, nonrenewal based on condition of premises, and shall not be unfairly discriminatory.	3	17
CLAIM PROCESSING		
<u>Standard #3</u> The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations.	4	20
<u>Standard #5</u> Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations.	5	21
<u>Standard #5</u> Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations.	6	22

SUMMARY OF PROPERTY AND CASUALTY STANDARDS

Complaint Handling

#	STANDARD	PAGE	PASS	FAIL
1	The Company takes adequate steps to finalize and dispose of the complaints in accordance with applicable statutes, rules, regulations and contract language. (A.R.S. § 20-461 and A.A.C. R20-6-801)	8	X	
2	The time frame within which the Company responds to complaints is in accordance with applicable statutes, rules and regulations. (A.R.S. § 20-461 and A.A.C. R20-6-801)	8	X	

Marketing and Sales

#	STANDARD	PAGE	PASS	FAIL
1	All advertising and sales materials are in compliance with applicable statutes, rules and regulations. (A.R.S. §§ 20-442 and 20-443)	8	X	

Producer Compliance

#	STANDARD	PAGE	PASS	FAIL
1	The producers are properly licensed in the jurisdiction where the application was taken. (A.R.S. §§ 20-282, 20-286, 20-287 and 20-311 through 311.03)	8	X	
2	An insurer shall not pay any commission, fee, or other valuable consideration to unlicensed producers. (A.R.S. § 20-298)	8	X	

Underwriting and Rating

#	STANDARD	PAGE	PASS	FAIL
1	The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the Company Rating Plan. (A.R.S. §§ 20-341 through 20-385)	13		X

#	STANDARD	PAGE	PASS	FAIL
2	Disclosures to insureds concerning rates and coverage are accurate and timely. (A.R.S. §§ 20-259.01, 20-262, 20-263, 20-264, 20-266, 20-267 and 20-2110)	12	X	
3	All forms and endorsements forming a part of the contract should be filed with the director (if applicable). (A.R.S. § 20-398)	12	X	
4	All mandated disclosures are documented and in accordance with applicable statutes, rules and regulations, including, but not limited to, the Notice of Insurance Information Practices and the Authorization for Release of Information. (A.R.S. §§ 20-2104, 20-2106, 20-2110 and 20-2113)	13	X	
5	Policies and endorsements are issued or renewed accurately, timely and completely. (A.R.S. §§ 20-1118, 20-1120, 20-1121, 20-1632 and 20-1654)	12	X	
6	Rescissions are not made for non-material misrepresentations. (A.R.S. §§ 20-463 and 20-1109)	12	X	

Declinations, Cancellation and Non-Renewals

#	STANDARD	PAGE	PASS	FAIL
1	Declinations, Cancellations and Non-Renewals shall comply with state laws and company guidelines including the Summary of Rights to be given to the policyholder and shall not be unfairly discriminatory. (A.R.S. §§ 20-448, 20-2108, 20-2109 and 20-2110)	15	X	
2	Cancellations and Non-Renewal notices comply with state laws, company guidelines and policy provisions, including the amount of advance notice required and grace period provisions to the policyholder, nonrenewal based on condition of premises, and shall not be unfairly discriminatory. (A.R.S. §§ 20-191, 20-443, 20-448, 20-1631, 20-1632, 20-1632.01, 20-1651 through 20-1656)	15		X

Claims Processing

#	STANDARD	PAGE	PASS	FAIL
1	The initial contact by the Company with the claimant is within the required time frame. (A.R.S. § 20-461 and A.A.C. R20-6-801)	19	X	
2	Timely investigations are conducted. (A.R.S. § 20-461, and A.A.C. R20-6-801)	19	X	
3	The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations. (A.R.S. §§ 20-461, 20-466.03, 20-2106, and A.A.C. R20-6-801)	20		X
4	Claim files are adequately documented in order to be able to reconstruct the claim. (A.R.S. §§ 20-461, 20-463, 20-466.03 and A.A.C. R20-6-801)	19	X	
5	Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations. (A.R.S. §§ 20-268, 20-461, 20-462, 20-468, 20-469 and A.A.C. R20-6-801)	20		X
6	The Company uses reservation of rights and excess of loss letters, when appropriate. (A.R.S. § 20-461 and A.A.C. R20-6-801)	19	X	
7	Deductible reimbursement to insured upon subrogation recovery is made in a timely and accurate manner. (A.R.S. §§ 20-461, 20-462 and A.A.C. R20-6-801)	19	X	
8	The Company responds to claim correspondence in a timely manner. (A.R.S. § 20-461, 20-462 and A.A.C. R20-6-801)	19	X	
9	Denied and closed without payment claims are handled in accordance with policy provisions and state law. (A.R.S. §§ 20-461, 20-462, 20-463, 20-466, 20-2110 and A.A.C. R20-6-801)	19	X	
10	No insurer shall fail to fully disclose to first party insureds all pertinent benefits, coverages, or other provisions of an insurance policy or insurance contract under which a claim is presented. (A.A.C. R20-6-801)	19	X	
11	Adjusters used in the settlement of claims are properly licensed (A.R.S. §§ 20-321 through 20-321.02)	19	X	