

STATE OF ARIZONA
FILED

MAR 17 2010

DEPT. OF INSURANCE

REPORT OF TARGET MARKET CONDUCT EXAMINATION

OF

HARTFORD INSURANCE COMPANY OF THE MIDWEST

NAIC #37478

AS OF

December 31, 2008



Department of Insurance
State of Arizona
Market Oversight Division
Examinations Section
Telephone: (602) 364-4994
Fax: (602) 364-2505

JANICE K. BREWER
Governor

2910 North 44th Street, 2nd Floor
Phoenix, Arizona 85018-7269
www.id.state.az.us

CHRISTINA URIAS
Director of Insurance

Honorable Christina Urias
Director of Insurance
State of Arizona
2910 North 44th Street
Suite 210, Second Floor
Phoenix, Arizona 85108-7256

Dear Director Urias:

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:

Hartford Insurance Company of the Midwest
NAIC #37478

The above examination was conducted by Helene I. Tomme, CPCU, CIE, Market Examinations Supervisor, Examiner-in Charge, and Linda L. Hofman, AIE, MCM, FLMI, AIRC, CCP, Market Conduct Senior Examiner and Christopher G. Hobert, CIE, MCM, FLMI, AIRC, CCP, Market Conduct Senior Examiner.

The examination covered the period of January 1, 2008 through December 31, 2008.

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

TABLE OF CONTENTS

AFFIDAVIT4

FOREWORD5

SCOPE AND METHODOLOGY6

HISTORY OF THE COMPANY7

PROCEDURES REVIEWED WITHOUT EXCEPTION.....8

EXAMINATION REPORT SUMMARY8

RESULTS OF PREVIOUS MARKET CONDUCT EXAMINATIONS.....10

CANCELLATIONS AND NON-RENEWALS11

CLAIMS PROCESSING17

SUMMARY OF FAILED STANDARDS.....21

SUMMARY OF PROPERTY AND CASUALTY STANDARDS22



Department of Insurance
State of Arizona
Market Oversight Division
Examinations Section
Telephone: (602) 364-4994
Fax: (602) 364-2505

JANICE K. BREWER
Governor

2910 North 44th Street, 2nd Floor
Phoenix, Arizona 85018-7269
www.id.state.az.us

CHRISTINA URIAS
Director of Insurance

Honorable Christina Urias
Director of Insurance
State of Arizona
2910 North 44th Street
Suite 210, Second Floor
Phoenix, Arizona 85108-7256

Dear Director Urias:

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:

Hartford Insurance Company of the Midwest
NAIC #37478

The above examination was conducted by Helene I. Tomme, CPCU, CIE, Market Examinations Supervisor, Examiner-in Charge, and Linda L. Hofman, AIE, MCM, FLMI, AIRC, CCP, Market Conduct Senior Examiner and Christopher G. Hobert, CIE, MCM, FLMI, AIRC, CCP, Market Conduct Senior Examiner.

The examination covered the period of January 1, 2008 through December 31, 2008.

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 Hartford Insurance Company of the Midwest (herein referred to as, "Hartford MW", 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 product developed in the production of this report, are the sole property of the Department.

The examination consisted of a review of the following Private Passenger Automobile (PPA) and Homeowners' (HO) lines of 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 examination of the Company covered the period of January 1, 2008 through December 31, 2008 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, examination 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 form use will not be met if any exception is identified.

HISTORY OF THE COMPANY

(Provided by the Company)

The Company was incorporated as an Indiana stock property and casualty insurance Company on September 11, 1979 and commenced business on January 1, 1980. The Company is based in Hartford, Connecticut.

The Company started writing private passenger automobile business and homeowners business in Hartford of the Midwest in 1984.

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

Underwriting and Rating

EXAMINATION REPORT SUMMARY

The examination identified five (5) compliance issues that resulted in 220 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 two (2) of the six (6) sections of Company operations examined. The following is a summary of the Examiners' findings:

Cancellation and Non Renewals

In the area of Cancellations and Non Renewals, four (4) compliance issues are addressed in this Report as follows:

- The Company failed to provide an adequate Summary of Rights on 52 PPA cancellations for underwriting reasons, 29 PPA Non Renewals, 14 HO cancellations for underwriting reasons and on 52 HO non renewals notices for a total of 147 policyholders/insureds cancelled or non renewed for an adverse underwriting decision.
- The Company failed to include the insured's possible eligibility for insurance through the automobile assigned risk plan on 13 PPA cancellations for underwriting reason notices.

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

- The Company failed to identify the appropriate insuring company name on 44 PPA surcharge, 4 HO cancellations for underwriting reasons and 4 ADOI complaints for a total of 52 underwriting correspondence/letters.

Claims Processing

In the area of Claims Processing, two (2) 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 10 claim correspondence/form letters.
- The Company failed to pay the appropriate tax, license registration and/or air quality fees on one (1) PPA total loss claim, which resulted in a \$37.90 refund (including interest).

FACTUAL FINDINGS

RESULTS OF PREVIOUS MARKET CONDUCT EXAMINATIONS

During the past three (3) years, there were four (4) Market Conduct Examinations completed by the states of Arizona, Pennsylvania and Virginia. There were no significant patterns of non-compliance noted.

CANCELLATIONS AND NON-RENEWALS

Private Passenger Automobile (PPA):

The Examiners reviewed 52 PPA cancellation files for non-payment of premium (including 2 sample files) out of a population of 889, 52 PPA cancellation files for underwriting reasons (including 2 sample files) out of a population of 198 and 29 PPA non renewals out of a population of 29. This cancellation/non renewal review included a total sample size of 133 PPA files from a total population of 1,116.

Homeowners (HO):

The Examiners reviewed 52 HO cancellation/declination files for non-payment of premium (including 2 sample files) out of a population of 528, 52 HO cancellation files for underwriting reasons (including 2 sample files) out of a population of 172 and 52 HO non renewals (including 2 sample files) out of a population of 114. This cancellation/non renewal review included a total sample size of 156 HO files from a total population of 814.

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

The following Cancellation and Non Renewal Standard failed:

#	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

#	STANDARD	Regulatory Authority
2	Cancellation 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 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 #1 - failed

Preliminary Finding 001 – Summary of Rights – The Examiners identified 52 PPA cancellations for underwriting reasons, 29 PPA non renewals, 14 HO cancellations for underwriting reasons and 52 HO non renewal notices for a total of 147 insureds that were cancelled or non renewed for an adverse underwriting decision and the notices failed to provide

the required Summary of Rights language, an apparent violation of A.R.S. §§ 20-2108, 20-2109 and 20-2110.

PRIVATE PASSENGER AUTOMOBILE CANCELLATIONS

Failed to provide adequate Summary of Rights in the event of an adverse underwriting decision
A.R.S. §§ 20-2108, 20-2109 and 20-2110

Population	Sample	# of Exceptions	% to Sample
198	52	52	100%

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

PRIVATE PASSENGER AUTOMOBILE NON RENEWALS

Failed to provide adequate Summary of Rights in the event of an adverse underwriting decision
A.R.S. §§ 20-2108, 20-2109 and 20-2110

Population	Sample	# of Exceptions	% to Sample
29	29	29*	100%

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

***Includes one (1) missing file.**

HOMEOWNERS' CANCELLATIONS

Failed to provide adequate Summary of Rights in the event of an adverse underwriting decision
A.R.S. §§ 20-2108, 20-2109 and 20-2110

Population	Sample	# of Exceptions	% to Sample
172	52	14	27%

A 27% error ratio does not meet the Standard; therefore, a recommendation is warranted.

HOMEOWNERS' NON RENEWALS

Failed to provide adequate Summary of Rights in the event of an adverse underwriting decision
A.R.S. §§ 20-2108, 20-2109 and 20-2110

Population	Sample	# of Exceptions	% to Sample
114	52	52*	100%

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

*** Includes two (2) missing files.**

Recommendation #1

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 Summary of Rights is sent with all cancellation, non renewal or declination notices that involve an adverse underwriting decision by the Company. Also, re-submit its cancellation and non renewal notices with the required language to the Department for approval.

Subsequent Events: During the course of the Phase I Examination Company disagreed with the Examiner's finding that its Summary of Rights was not adequate. The Company was provided with the ADOI approved language. The finding stands as written.

Cancellation and Nonrenewal, Standard #2 - failed

Preliminary Finding 002 – Private Passenger Automobile cancellations for underwriting reasons failed to include information on the assigned risk plan: – The Examiners identified 13 PPA cancellation for underwriting reason notices where the Company failed to include the insured's possible eligibility for insurance through the automobile assigned risk plan when the Company is providing a driver exclusion, an apparent violation of A.R.S. § 20-1632(A)(2).

PRIVATE PASSENGER AUTOMOBILE CANCELLATIONS

Failed to include eligibility for the automobile assigned risk plan

A.R.S. § 20-1632(A)(2)

Population	Sample	# of Exceptions	% to Sample
198	52	13	25%

A 25% 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 so that the required assigned risk plan information is provided on automobile cancellation notices.

Subsequent Events: During the course of the Phase I Examination, the Company agreed with the Examiner's findings. It further advised that it plans to update its system to ensure that a reference to the automobile assigned risk plan is included in the cancellation notice even when the Company is providing driver exclusions. Implementation is scheduled for October 2009. In

the meantime, the Company advised it will be including the wording manually in the notices that are sent out.

Cancellation and Nonrenewal, Standard #2 - failed

Preliminary Finding 004 –Wrong Company name identified on underwriting correspondence: - The Company failed to identify the appropriate insuring company as Hartford Insurance Company of the Midwest on written correspondence sent to insureds or complainants on 44 PPA surcharged policies, 4 HO cancellation for underwriting reason and 4 consumer complaint files for a total of 52 underwriting documents/correspondence/letters, which is an apparent violation of A.R.S. § 20-442.

Standard #2 File Review Summary
Failed to identify the appropriate insuring company
A.R.S. § 20-442

Files Reviewed	Population	Sample	Exceptions	Error Ratio	PF#
PERSONAL AUTO					
PPA Surcharge	1,645	52	44		004
Totals	1,645	52	44	85%	

HOMEOWNERS					
HO Canc for UW reasons	172	52	4		004
Totals	172	52	4	8%	

ADOI COMPLAINTS					
Complaints	52	52	4		004
Totals	52	52	4	8%	

Grand Totals	1,869	156	52	33%	
---------------------	--------------	------------	-----------	------------	--

A 33% combined 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 the Company's procedures are in place to identify the appropriate insuring company on all Private Passenger Automobile and Homeowners' correspondence including but not limited to underwriting forms and or letters sent by the Company.

Subsequent Events: During the course of the Phase I Examination, the Company disagreed with the Examiner's finding that they need to include the appropriate insuring company on underwriting correspondence. Failure to identify the appropriate insuring Company on its UW correspondence constitutes a misrepresentation; the insured/claimant has a right to know which insuring Company they are dealing with. The finding stands as written.

CLAIMS PROCESSING

Private Passenger Automobile (PPA):

The Examiners reviewed 50 PPA claims closed without payment from a population of 629; 50 PPA paid claims from a population of 2,290; 50 total loss PPA claims out of a population of 279 and 50 PPA subrogation claims out of a population of 250. This claim review included a total sample size of 200 PPA claims files from a total population of 3,448.

Homeowners (HO):

The Examiners reviewed 50 HO claims closed without payment from a population of 453; 50 HO paid claims from a population of 1,283 and 7 HO subrogation claims out of a population of 7. This claim review included a total sample size of 107 HO claims files from a total population of 1,743.

All claim files were reviewed 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 insureds 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 claimants 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

The following Claim Standards passed with comment:

#	STANDARD	Regulatory Authority
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, A.A.C. R20-6-801

Claims Processing Standard #3 - failed

Preliminary Finding 007 – Fraud Warning Statement. The Company failed to include the Fraud Warning statement in at least twelve-point type on 10 claim forms/letters, an apparent violation of A.R.S. § 20-466.03.

Forms without a Fraud Warning Statement

- Release & Settlement of Claim
- Driver Supplement Report
- Wage & Salary Authorization
- Medical and Wage Loss Authorization Forms
- Claim for Damages-Accident Loss Report
- Claim for Damages-Accident Loss Report-Spanish Version
- Witness Questionnaire
- Acknowledge and Release of UM/UIM Motorist Benefits Wavier of Subrogation
- Release Agreement
- Limited Open Ended Release and Settlement Agreement

Recommendation #4

Within 90 days of the filed date of this report provide the Department with documentation that Company procedures are in place to include the Fraud Warning statement in at least twelve-point type on the 10 claim forms/letters identified above. Copies of these revisions should be submitted to the Department for approval.

Subsequent Events: During the course of the Phase I Examination, the Company agreed with the finding and provided corrected forms to the Department prior to completion of the Examination. Further, the Company sent a communication to its claims staff reminding them to use the state specific forms.

Claims Processing Standard #5 - passed with comment

Preliminary Finding 006 - The Examiners identified one (1) first party total loss settlements, in which the Company failed to pay appropriate tax, license registration and/or air quality fees. This is an apparent violation of A. R. S. §§ 20-461(A)(6), 20-462(A) and A.A.C. R20-6-801 (H)(1)(b).

PRIVATE PASSENGER TOTAL LOSSAUTOMOBILE CLAIMS

Failed to pay appropriate taxes on a total loss

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
279	50	1	2%

A 2% error ratio does meet the standards; therefore, no recommendation is warranted

Subsequent Events: During the course of Phase I Examination, the Company agreed and made a restitution payment to the first party insured in the amount of \$33.25 plus \$4.65 in interest for a total of \$37.90. The Company also paid restitution to one (1) third party claimant in the amount of a \$1.00. Copies of letters of explanation and payments were sent to the Department prior to completion of the Examination.

In addition, the Company advised that in May of 2008 it developed a tool to be used by the claim handlers that calculates all fees and taxes associated with the adjustment of a total loss to ensure greater accuracy in calculating fees. In August 2009, this tool was updated as a result of this Examination.

SUMMARY OF FAILED STANDARDS

EXCEPTIONS	Rec. No.	Page No.
CANCELLATIONS AND NON RENEWALS		
<u>Standard #1</u> 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.	1	14
<u>Standard #2</u> Cancellation 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 and shall not be unfairly discriminatory.	2	14
<u>Standard #2</u> Cancellation 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 and shall not be unfairly discriminatory.	3	15
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	19

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)	8	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, 20-2110)	8	X	
3	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)	8	X	
4	All forms and endorsements forming a part of the contract should be filed with the director (if applicable). (A.R.S. § 20-398)	8	X	
5	Policies and endorsements are issued or renewed accurately, timely and completely. (A.R.S. §§ 20-1120, 20-1121, 20-1654)	8	X	
6	Rescissions are not made for non-material misrepresentations. (A.R.S. §§ 20-463, 20-1109)	8	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)	12		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).	12		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)	18	X	
2	Timely investigations are conducted. (A.R.S. § 20-461, and A.A.C. R20-6-801)	18	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)	19		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)	18	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 and A.A.C. R20-6-801)	19	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)	18	X	
7	Deductible reimbursement to insureds 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)	18	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)	18	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)	18	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)	18	X	
11	Adjusters used in the settlement of claims are properly licensed (A.R.S. §§ 20-321 through 20-321.02)	18	X	