

**PROCEEDING BEFORE THE HONORABLE MICHAEL D. RILEY
INSURANCE COMMISSIONER OF THE
STATE OF WEST VIRGINIA**

**IN RE:
WEST VIRGINIA NATIONAL AUTO INSURANCE COMPANY**

**ADMINISTRATIVE PROCEEDING
15-MAP-02000**

**AGREED ORDER ADOPTING REPORT OF
MARKET CONDUCT EXAMINATION AND DIRECTING
CORRECTIVE ACTION**

NOW COMES, The Honorable Michael D. Riley, Insurance Commissioner of the State of West Virginia, and issues this Order which adopts the Report of Market Conduct Examination for the statutory examination of West Virginia National Auto Insurance Company hereinafter referred to as "Company" for the examination period beginning January 1, 2010 and ending September 30, 2014 based upon the following findings, to wit:

PARTIES

1. The Honorable Michael D. Riley, is the Insurance Commissioner of the State of West Virginia (hereinafter the "Insurance Commissioner") and is charged with the duty of administering and enforcing, among other duties, the provisions of Chapter 33 of the West Virginia Code of 1931, as amended.
2. Company operates under the provisions of Chapter 33, of the West Virginia Code as West Virginia National Auto Insurance Company.
3. Company is licensed and domiciled in West Virginia and operates throughout the State of West Virginia. They write non-standard automobile insurance through a network of independent agents.

4. The Statutory Market Conduct Examination was instituted pursuant to the statutory obligation of the Insurance Commissioner's Office to examine each West Virginia domestic insurance company every five (5) years.

The purpose of this Statutory Examination was to determine Company compliance with West Virginia Insurance laws relating to treatment of policyholders and claimants and the examination information contained in the Market Conduct Report should serve only these purposes. The conclusions and findings of the Market Conduct Examination are public record.

FINDINGS OF FACT

1. The examination was conducted in accordance with West Virginia Code Section 33-2-9(c) by examiners duly appointed by the West Virginia Offices of the Insurance Commissioner. The examination fieldwork began on December 8, 2014 and concluded on January 28, 2015.

2. The Statutory Market Conduct Examination reviewed and tested Company Operations and Management, Complaint Handling, Claims Practices, Underwriting, Rating, Producer Licensing and Claims. The examination covered the period of operations from January 1, 2010 through September 30, 2014. This examination was on the automobile line only.

3. A total of forty (40) standards were tested during this examination; the Company was found to be compliant with thirty-seven (37), predominantly compliant with two (2) and non-compliant with one (1).

4. The Company failed to provide producers with a copy of the notice of termination of appointment pursuant to W. Va. Code §33-12-25.

5. The Company was predominantly compliant with W. Va. Code R. §114-14-6.7 regarding notice of necessary delay letters being send when the insurer needs more than thirty (30) calendar days from the date that a proof of loss from a first party claimant or notice of claim from a third party claimant is received to determine whether a claim should be accepted or denied

6. The Company was predominantly compliant with the time requirements for inspection and offer for settlement in compliance with W. Va. Code R. § 114-14-7.3c.

7. On February 24, 2015, the examiner filed with the Insurance Commissioner, pursuant to West Virginia Code Section 33-2-9(j)(2), a Report of Market Conduct Examination.

8. Company waives notice of administrative hearing, any and all rights to an administrative hearing, and to judicial review of this matter.

9. Any Finding of Fact that is more properly a Conclusion of Law is hereby adopted as such and incorporated in the next section.

CONCLUSIONS OF LAW

1. The Insurance Commissioner has jurisdiction over the subject matter and the parties to this proceeding.

2. This proceeding is pursuant to and in accordance with W. Va. Code §33-2-9

3. The Insurance Commissioner is charged with the responsibility of verifying continued compliance with West Virginia Code and the West Virginia Code of State Rules by Company as well as all other provisions of regulation that

Company is subjected to by virtue of their Certificate of Authority to operate in the State of West Virginia.

4. The Company failed one standard pertaining to notifying producers of termination of appointment pursuant to W. Va. Code §33-12-25. The Company was compliant or predominantly compliant with the other standards tested.

5. There does not appear to be any intentional conduct exhibited by Company in this examination findings and scope.

6. Any Conclusion of Law that is more properly a Finding of Fact is hereby incorporated as such.

ORDER

Pursuant to West Virginia Code Section 33-2-9(j)(3)(A), following the review of the Report of Market Conduct Examination, the examination work papers, and Company response thereto, the Insurance Commissioner and Company have agreed to enter into this Agreed Order adopting the Report of Market Conduct Examination. The Parties have further agreed to the imposition of an administrative penalty of Five Hundred Dollars (\$500.00) against Company as set forth below.

It is accordingly **ORDERED** as follows:

(A) The Report of Market Conduct Examination of Company for the period ending September 30, 2014 is hereby **ADOPTED** and **APPROVED** by the Insurance Commissioner;

(B) It is **ORDERED** that Company will pay an administrative penalty in the amount of five hundred dollars (\$500.00) for failing to comply with the Statutes, Rules and Regulations of the State of West Virginia as detailed in the

Report of Market Conduct Examination. Said payment shall be made within thirty (30) days of the date the Insurance Commissioner enters this Order.

(C) It is further **ORDERED** that Company shall continue to monitor its Compliance with W. Va. Code § 33-12-25, W. Va. Code R. §114-14-6.7 and §114-14-7.3c.

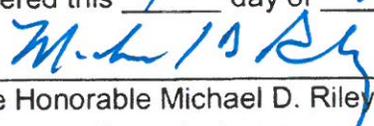
(D) It is further **ORDERED** that within thirty (30) days of the next regularly scheduled meeting of its Board of Directors, Company shall file with the West Virginia Insurance Commissioner, in accordance with West Virginia Code Section 33-2-9(j)(4), affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report of Market Conduct Examination and a copy of this **ORDER ADOPTING REPORT OF MARKET CONDUCT EXAMINATION AND DIRECTING CORRECTIVE ACTION**;

(E) It is further **ORDERED** that Company shall ensure compliance with the West Virginia Code and the Code of State Rules. Company shall specifically cure those violations and deficiencies identified in the Report of Market Conduct Examination; and

(F) It is further **ORDERED** that **COMPANY SHALL FILE** a Corrective Action Plan which will be subject to the approval of the Insurance Commissioner. The Corrective Action Plan shall detail Company changes to its procedures and/or internal policies to ensure compliance with the West Virginia Code and incorporate all recommendations of the Insurance Commissioner's examiners and address all violations specifically cited in the Report of Market Conduct Examination. The Corrective Action Plan outlined in this Order must be submitted to the Insurance Commissioner for approval within thirty (30) days of the entry date of this Agreed

Order. Company shall implement reasonable changes to the Corrective Action Plan if requested by the Insurance Commissioner within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan. The Insurance Commissioner shall provide notice to Company if the Corrective Action Plan is disapproved and the reasons for such disapproval within thirty (30) days of the Insurance Commissioner's receipt of the Corrective Action Plan.

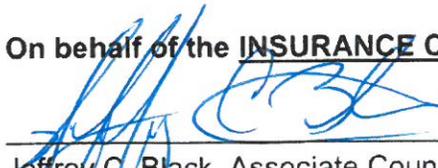
(G) It is finally **ORDERED** that all such statutory notices, administrative hearings and appellate rights are herein waived concerning this Report of Market Conduct Examination and Agreed Order. All such rights are preserved by the Parties regarding implementation or further action taken on such Order by the Commissioner against West Virginia National Auto Insurance Company

Entered this 1st day of May, 2015


The Honorable Michael D. Riley
Insurance Commissioner

REVIEWED AND AGREED TO BY:

On behalf of the INSURANCE COMMISSIONER:



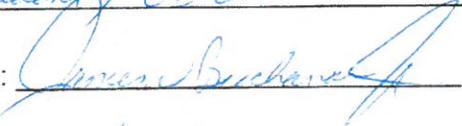
Jeffrey C. Black, Associate Counsel
Attorney Supervisor

Dated: 4/30/15

On Behalf of WEST VIRGINIA NATIONAL AUTO INSURANCE COMPANY

By: JAMES W BUCHANAN JR.
Print Name

Its: President/CEO

Signature: 

Date: 4/22/15

Report of Market Conduct Examination

As of September 30, 2014



West Virginia National Auto Insurance Company

330 Scott Avenue Suite 20
Morgantown, West Virginia 26507

NAIC COMPANY CODE 10911
Examination Number WV014-M44

TABLE OF CONTENTS

COMPLIANCE WITH PREVIOUS EXAMINATION RECOMMENDATIONS.....	2
EXECUTIVE SUMMARY and SCOPE OF EXAMINATION	2
HISTORY AND PROFILE	3
METHODOLOGY	3
A. Company Operations/Management	4
B. Complaint Handling	6
C. Marketing & Sales	8
D. Producer Licensing	9
E. Policyholder Service	11
F. Underwriting & Rating.....	13
G. Claims	20
SUMMARY OF RECOMMENDATIONS:	27
EXAMINER'S SIGNATURE AND ACKNOWLEDGMENT	28
EXAMINER'S AFFIDAVIT	29

February 24, 2015

The Honorable Michael D. Riley
West Virginia Insurance Commissioner
1124 Smith Street
Charleston, West Virginia 25301

Dear Commissioner Riley:

Pursuant to your instructions and in accordance with W.Va. Code §33-2-9, an examination has been made as of September 30, 2014 of the business affairs of

WEST VIRGINIA NATIONAL AUTO INSURANCE COMPANY
330 Scott Avenue, Suite 2
Morgantown, West Virginia 26507

hereinafter referred to as the "Company." The following report of the findings of this examination is herewith respectfully submitted.

COMPLIANCE WITH PREVIOUS EXAMINATION RECOMMENDATIONS

The West Virginia Offices of the Insurance Commissioner (WVOIC) previously conducted a comprehensive market conduct examination of the Company as of December 31, 2007 pursuant to the statutory obligation of the Commissioner's Office to examine each West Virginia domestic insurance company every five (5) years. Business areas reviewed and tested included Company Operations & Management, Complaint Handling, Marketing & Sales, Producer Licensing, Policyholder Services, Underwriting, and Claims.

All of the previous recommendations have been addressed by the Company and we found no subsequent failure of those standards.

EXECUTIVE SUMMARY AND SCOPE OF EXAMINATION

The examination fieldwork began December 8, 2014 and ended January 28, 2015. This examination was on the automobile line only. The Company discontinued writing fire coverage. Forty (40) standards were tested during the examination; the Company was found to be compliant with thirty-seven (37), predominantly compliant with two (2) and non-compliant with one (1).

The major area of concern is failure to simultaneously mail a copy of the termination notification to the producer per W. Va. Code St. §33-12-25.

Various non-compliant practices were identified, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to the West Virginia insurance laws and regulations.

The basic business areas that were examined under this examination were:

- Company Operations and Management
- Complaint Handling
- Marketing and Sales
- Producer Licensing
- Policyholder Service
- Underwriting and Rating
- Claims

Each business area has standards that the examination measured. Some standards have specific statutory guidance, others have specific company guidelines, and yet others have contractual guidelines.

The focus of the examination was on the methods used by the Company to manage its operations for each of the business areas subject to this examination. This includes an analysis of how the Company communicates its instructions and intentions to its lower echelons, how it measures and monitors the results of those communications, and how it reacts to and modifies its communications based on the resulting findings of the measurement and monitoring

activities. The examiners also determine whether this process is dynamic and results in enhanced compliance activities. Because of the predictive value of this form of analysis, focus is then made on those areas in which the process used by management does not appear to be achieving appropriate levels of statutory and regulatory compliance. Most areas are tested to see if the Company is in compliance with West Virginia statute and rules.

This examination report is a report by test, rather than a report by exception, and all standards tested are described and the results indicated.

HISTORY AND PROFILE

West Virginia National Auto Insurance Company ("Company") was incorporated on April 29, 1998 and commenced business on June 1, 1998. The Company is a 100% owned subsidiary of WVA National Company, L.L.C. (Parent), a West Virginia Limited Liability Company. The Company is domiciled in the state of West Virginia. Its Mission Statement is to provide a quality affordable insurance product through a network of independent agents. Since the Company's inception, the Company has written non-standard automobile insurance in West Virginia.

On September 3, 2004, the West Virginia Insurance Commission authorized the Company to write fire insurance. Its first property insurance policy was written on June 8, 2007. In December 2011, due to a lack of growth and poor underwriting results, the Company stopped writing new property business, but it continued to renew its inforce policies until March 31, 2012. The Company sold the renewals rights for property policies renewing after this date. The Company is also responsible for all claims on policies effective up to this date. The West Virginia Insurance Commission approved their withdrawal plan on January 25, 2012. This property book of business was never a material part of their overall business.

The Company was authorized by the state of Virginia on March 30, 2010 and wrote its first Virginia policy on April 27, 2010.

The Company markets its products through independent agents located throughout the states of Virginia and West Virginia. The Company has no branch offices. All Underwriting, Claims and Administrative functions are currently handled in the home office. The Company had total premiums written of \$7,033,000 for 2013, and holds 0.54% of the private passenger auto liability and private passenger auto physical damage market in West Virginia.

METHODOLOGY

The examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners ("NAIC") and West Virginia's applicable statutes and regulations. The examiners conducted file reviews and interviews of company management. This report is a report by tests.

Tests designed to measure the level of compliance with West Virginia's statutes, rules and regulations were applied to the files. All tests are described and the results displayed in this report.

In the results tables a "pass" response indicated compliance and a "fail" response indicates a failure to comply. The results of each test applied to a sample are reported separately.

The examiners used the NAIC standards of 7% error ratio on claims tests (93% compliance rate) and 10% error ratio on all other tests (90% compliance rate) to determine whether or not an apparent pattern or practice of being compliant, predominantly compliant, or non-compliant existed for any given test. Except as otherwise noted, all tests were conducted via random sample taken from a given population.

A. COMPANY OPERATIONS/MANAGEMENT

The evaluation of standards in this business area is based on a review of Company responses to information requests, questions, interviews, and presentations made to the examiner. This portion of the examination is designed to provide a view of what the Company is and how it operates and is not based on sampling techniques, but rather the Company's structure. This review is not intended to duplicate a financial examination review but is important in establishing an understanding of the examinee. Many troubled companies have become so because management has not been structured to adequately recognize and address the problems that can arise. Well-run companies generally have processes that are similar in structure. While these processes vary in detail and effectiveness from company-to-company, the absence of them or the ineffective application of them is often reflected in failure of the various standards tested throughout the examination. The processes usually include:

- A planning function where direction, policy, objectives, and goals are formulated;
- An execution or implementation of the planning function elements;
- A measurement function that considers the results of the planning and execution; and
- A reaction function that utilizes the results of measurement to take corrective action or to modify the process to develop more efficient and effective management of its operations.

Standard A3: The Company has an anti-fraud plan in place.

Test Methodology:

- Does the Company have any procedural manuals or guides and antifraud plans?
- Does the Company report fraudulent activities of which it becomes aware? [W. Va. Code §33-41-5]

Examiner Observations: The claim handling manual requires adjusters to report any fraudulent activity. The insured has added a guide for identifying and reporting insurance fraud.

Examiner Recommendations: None

Results: Compliant

Standard A7: Records are adequate, accessible, consistent and orderly and comply with state record retention.

Test Methodology:

- Does the Company adhere to the state record retention? [W. Va. Code §33-2-9 and W. Va. Code R. §114-15-1 et seq.]

Examiner Observations: Files are retained in accordance with state record retention requirements. Policy files contained all pertinent information from which to make an underwriting decision.

Examiner Recommendations: None

Results: Compliant

Standard A9: The Company cooperates on a timely basis with examiners performing the examinations.

Test Methodology:

- Did the company provide the initial data request on a timely basis per W. Va. Code §33-2-9?
- Did the company timely respond to any requests for information per W. Va. Code R. § 114-15-4.9(a)?

Examiner Observations: The Company was cooperative and the examination proceeded in a cordial atmosphere. Data provided was responsive and timely.

Examiner Recommendations: None

Results: Compliant

Standard A12: The Company has policies and procedures to protect the privacy of non-public personal information relating to its customers, former customers, and consumers that are not customers.

Test Methodology:

- Does the Company provides adequate protection of information it holds concerning its policyholders and minimize any improper intrusion into the privacy of applicants and

policyholders? [W. Va. Code §33-11-4(12); W. Va. Code R. §114-57-1 et seq.; W. Va. Code R. §114-62-1 et seq.]

Examiner Observations: Company has procedures for the protection of and privacy of applicants and policyholders.

Examiner Recommendations: None

Results: Compliant

B. COMPLAINT HANDLING

Evaluations of the standards in this business area are based on Company responses to various information requests and the review of complaint files at the Company. In this business area, "complaints" include "grievances." W.Va. Code §33-11-4(10) requires the Company to "...maintain a complete record of all the complaints which it has received since the date of its last examination." The statute also requires that, "This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint," the definition of a complaint is, "...any written communication primarily expressing a grievance."

Standard B1: All complaints are recorded in the required format on the company complaint register.

Test Methodology:

- Is the company recording all complaints from both the consumer and the Commissioner's Office?
- Is the company recording all complaints in a regulated complaint register? [W. Va. Code §33-11-4(10)]

Examiner Observations: The Company is recording all written complaints from the consumer, as well as those from the WVOIC. The record contains the required fields: the classification of each complaint by line of insurance, the nature of each complaint, the disposition of each complaint, and the time it took to process each complaint. Examiner found no Company complaints within the records review that were not properly recorded.

Examiner Recommendations: None

Results: Compliant

Table B1 Results: Complaints Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Complaints	26	26	26	0	90	100

Standard B2: The Company has adequate complaint handling procedures in place and communicates such procedures to policyholders.

Test Methodology:

- Does the company have complaint procedures in place, and are they sufficient to satisfactorily handle complaints?
- Does the company have procedures in place to track responses to complaints? [W. Va. Code R. §114-14-5.2]

Examiner Observations: Insured has procedures in place. All Offices of the Insurance Commission complaints, as well as internal complaints were properly logged. The process is to begin processing complaints within twenty-four hours and to provide a response within fifteen working days as required by W. Va. Code R. §114-14-5.2.

Examiner Recommendations: None

Results: Compliant

Table B2 Results: Complaints Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Complaints	26	26	26	0	90	100

Standard B4: The time frame within which the company responds to complaints is in accordance with applicable statutes, rules, and regulations.

Test Methodology:

- Is the company maintaining adequate documentation of complaints, as required by W. Va. Code §33-11-4(10)?
- Is the company responding to complaints in a timely manner, as required by W. Va. Code R. §114-14-5.2?

Examiner Observations: The Company is adequately documenting complaints and is responding in a timely manner.

Examiner Recommendations: None

Results: Compliant

Table B4 Results: Complaints Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Complaints	26	26	26	0	90	100

C. MARKETING & SALES

The evaluation of standards in this business area is based on a review of Company responses to information requests, questions, interviews, and presentations made to the examiner. This portion of the examination is designed to evaluate the representations made by the Company about its products. It is not typically based on sampling techniques, but can be. The areas to be considered in this kind of review include all media, written and verbal advertising and sales material.

Standard C1: All advertising and sales materials are in compliance with applicable statutes, rules and regulations.

Test Methodology:

- Are all advertising materials in conformity with the Company's policy forms, and in compliance with applicable statutes, rules and regulations?
- Does the Company approve producer sales materials and advertising? [W. Va. Code §33-11-4]

Examiner Observations: The advertising consisted of training manuals, monthly email newsletters, a brochure and a yellow page advertisement. The Company maintained a copy of the advertisements. The Company must approve any producer sales materials and advertising, although there were none during this examination period.

Examiner Recommendations: None

Results: Compliant

Standard C2: Company internal producer training materials are in compliance with applicable statutes, rules, and regulations.

Test Methodology:

- Are all producer training materials in compliance with state statutes, rules and regulations?
- Are there any references to employing unfair discriminations tactics or avoiding statutory compliance? [W. Va. Code §33-11-4]

Examiner Observations: The Company's training manual is nothing more than the underwriting manual. Agent training includes direction on the use of underwriting guidelines and policy rating.

Examiner Recommendations: None

Results: Compliant

Standard C3: Company communications to producers are in compliance with applicable statutes, rules, and regulations.

Test Methodology:

- Is the Company in compliance with the prohibitions on misrepresentations? It is concerned with representations made by the Company to its producers other than in a training mode?

Examiner Observations: Communication between the Company and producers is mainly over the telephone. Written communication in the form of newsletters, bulletins and correspondence was reviewed for adherence to both the West Virginia Unfair Trade Practices Act and the West Virginia Unfair Claims Settlement Practices Act. No exceptions were noted.

Examiner Recommendations: None

Results: Compliant

D. PRODUCER LICENSING

The evaluation of standards is based on a review of WVOIC records and Company responses to information requests, questions, interviews, and presentations made to the examiners. This portion of the examination is designed to test the Company's compliance with West Virginia producer licensing laws and rules.

Standard D1: Company records of licensed and appointed (if applicable) producers agree with department of insurance records.

Test Methodology:

- Are the agents properly licensed per W.Va. Code §33-12-3?
- Are the agents properly appointed? [W. Va. Code §33-12-8a(c)]

Examiner Observations: The Company's list of current appointed and licensed producers was reconciled with the records of the WVOIC, without exceptions. All agents are properly licensed and appointed. The examiner was able to reconcile only a "current" list (as of the examination date 9/30/2014). Due to limitations of the Company's computer system, we could not fully reconcile for the entire examination period (1/01/2010-9/30/2014). If an agent was terminated, then reinstated, the system overwrites and captures only the current information. Therefore, it

shows that agent as active now, but not the inactive period. The Company only gives access to active agents into their system, therefore any inactive agent would not be able to submit applications.

Examiner Recommendations: None

Results: Compliant

Standard D2: The producers are properly licensed and appointed (if required by state law) in the jurisdiction where the application was taken.

Test Methodology:

- Are the producers properly licensed and appointed for business solicited in West Virginia?
- Does the Company appoint the producer within fifteen (15) days of the date the producer submits their first application to the Company?
- Are all applications signed by properly licensed and appointed agents? [W. Va. Code §33-12-18]

Examiner Observations: The Company utilizes independent agents to market and solicit insurance products in West Virginia. A review of one hundred and nine (109) new business policy files (the majority of which were also renewed) determined that no policies were written by non-appointed producers. The Company restricts access to its application entry system to only those licensed and appointed. The agencies maintain the actual signed copies and therefore the actual signed application was not viewed. The Company appoints the producer within fifteen days from the date the agency contract is executed, before the producer submits any applications to the Company.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table D2 Results: Producer Licensing Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Standard D3: Termination of producers complies with statutes regarding notification to the producer and notification to the state, if applicable.

Test Methodology:

- Does the Company notify the Commissioner’s Office (on a form prescribed by the WVOIC) within thirty (30) days of terminating the producer’s authority?
- Is the producer notified simultaneously?
- Does the Company notify the Commissioner’s Office if the termination is for cause per W.Va. Code §33-12-25?

Examiner Observations: The producers who were cancelled by the Offices of the Insurance Commission for not complying with continuing education or being deceased were not applicable and removed. The Company notifies the Commission’s Office of producers being terminated and will show the cause if necessary. The Company does not simultaneously notify the producer. When the Company terminates a whole agency agreement it notifies the agency only, but also should notify each individual agent. This is in violation of W.Va. Code §33-12-25. The Company agreed and will take corrective action.

Examiner Recommendations: It is recommended when the Company notifies the Commissioner’s office of termination of producer’s authority, a letter be sent to the terminated producer simultaneously per W.VA Code §33-12-25.

Results: Non-Compliant

Table D3 Results Termination of Producer Sample

Type	Population	Sample	N/A	Pass	Fail	Compliance
Terminated Agents	258	82	23	0	59	0%

Standard D4: The Company’s policy of producer appointments and terminations does not result in unfair discrimination against policyholders.

Test Methodology:

- Does the appointment or termination of producers result in unfair discrimination against policyholders?
- Does the termination leave any territories understaffed?

Examiner Observations: The Company’s agents can be found throughout the State of West Virginia. No unfair discrimination against policyholders can be inferred by the Company’s producer appointment and termination records.

Examiner Recommendations: None

Results: Compliant

E. POLICYHOLDER SERVICE

The evaluation of standards in this business area is based on review of Company responses to information requests, questions, interviews, and presentations made to the examiner and file

sampling during the examination process. The policyholder service portion of the examination is designed to test a Company's compliance with statutes regarding notice/billing, delays/no response, premium refund and coverage questions.

Standard E1: Premium notices and billing notices are sent out with an adequate amount of advance notice.

Test Methodology:

- Were the notices issued timely? [No statutory requirement]

Examiner Observations: Underwriting and Rating sample files were used as the basis for this Standard. Notices were issued correctly and timely. There were no exceptions.

Standard E2: Policy issuance and insured requested cancellations are timely.

Test Methodology:

- Was the policy issued timely?
- Any excessive paperwork required? [no statutory requirement]

Examiner Observations: A sample of newly business policy files was reviewed to determine the time required by the Company to issue policies. The Company issued the policy within fifteen (15) days for the entire sample tested. No exceptions were noted.

A sample of cancellations was reviewed to determine if the cancellation notices were timely and did not require excessive paperwork. There were no delays in processing the transactions.

Examiner Recommendations: None

Results: For both tables, the standard of compliance is 90%. The Company's handling practices were compliant.

Table E2a Results: Policyholder Service Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Table E2b Results: Policyholder Service Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Cancellations	879	105	105	0	90	100

Standard E3: All correspondence directed to the regulated entity is answered in a timely and responsive manner by the appropriate department.

Test Methodology:

- Was the correspondence responded to in a timely manner? [W. Va. Code §§33-11-3 and 33-11-7]

Examiner Observations: New business and Claims sample files were used as the basis for this Standard. Correspondence was answered and returned in a timely manner. There were no exceptions.

Examiner Recommendations: None

Results: Compliant

F. UNDERWRITING & RATING

The evaluation of standards in this business area is based on review of Company responses to information requests, questions, interviews, presentations made to the examiner, and file sampling. The underwriting and rating practices portion of the examination is designed to provide a view of how the Company treats the public and whether that treatment is in compliance with applicable statutes, rules and regulations. It is typically determined by testing a random sampling of files and applying various tests to the sampled files. Testing is concerned with compliance issues.

Standard F1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the company rating plan.

Test Methodology:

- Was the premium calculated in accordance with the rates filed pursuant to W. Va. Code §33-20-4a and W.Va. Code R §114-75-1 ?
- Were the underwriting guidelines followed with respect to the application of the submitted rates and no unfair discrimination practices W.Va. Code §33-20-1?

Examiner Observations: A sample of new business policies was reviewed and the premium re-calculated to determine if the Company was following their underwriting guidelines and also the filed rates. There were no exceptions.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F1 Results: Underwriting & Rating Practices Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Standard F2: Disclosures to insured concerning rates and coverage are accurate and timely.

Test Methodology:

- Were quotations reasonable and accurate?
- Does the Company notify policyholders that they may be eligible for standard or preferred policies on the application per W.Va. Code §33-6-31c(b)?
- Does the Company provide the eligibility statement on every motor vehicle policy per W.Va. Code §33-6-31c(c)?
- Does the Company use proper forms for making offer of optional uninsured and underinsured coverage per W.Va. Code §33-6-31d?

Examiner Observations: It is necessary to provide insureds with appropriate disclosures, both mandated and reasonable. Without appropriate disclosures, insureds find it difficult to make informed decisions. Concerns tested included accuracy of producer quotations and no exceptions were found. Additions or deletions of coverage, such as adding or deleting a vehicle, changing a deductible, were accurate and the policyholder was aware of the related costs. Each application has the eligibility statement for a standard or preferred policy printed. Every policy issued has a statement printed on the front page regarding the eligibility for a standard or preferred policy. Additionally, upon each rewrite, the renewal form contains the same statement. Proper forms were used for the election of uninsured and underinsured coverage.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F2 Results: Underwriting & Rating Practices Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Standard F3: Company does not permit illegal rebating, commission-cutting, or inducements.

Test Methodology:

- Was there any form of unfair discrimination found in the form of illegal rebating, commission-cutting, or other illegal inducements? [W. Va. Code §33-11-4(8)(c)]

Examiner Observations: It was determined that the Company does not permit illegal rebating, commission cutting or inducements.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F3 Results: Underwriting & Rating Practices Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Standard F11: The company underwriting practices are not unfairly discriminatory. The Company adheres to applicable statutes, rules and regulations, and company guidelines in the selection of risks.

Test Methodology:

- Is the company following its underwriting guidelines? [W.Va. Code §33-11-4(7)(c)]
- Do those guidelines conform to any applicable statutes, rules and regulations? [W.Va. Code §33-11-3]
- Any inconsistency in handling of rating or underwriting practices? [W.Va. Code §33-20-3]
- Do the applications have the required fraud warning statement? { W.Va. Code §33-6-8(a)}

Examiner Observations: A sample of new issue policy files was reviewed to ensure underwriting information used to make decisions was not unfairly discriminatory. It was determined the Company was selecting risks and assigning rates according to Company guidelines and no unfair discriminatory practices were detected. The applications contained the fraud warning statement.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F11 Results: Underwriting Risk Selection Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	19	0	90	100

Standard F14: Underwriting, rating, and classification are based on adequate information developed at or near inception of the coverage rather than near expiration or following a claim.

Test Methodology:

- Determine if the initial underwriting of a policy is based on the information obtained after a claim is submitted.

Examiner Observations: A sample of underwriting files was reviewed to determine if decisions were based on information received at inception of the policy rather than through audits or post claim. Premiums are calculated by the agent in the field and indicated on the application. Once the application is received by the home office it is re-calculated to verify its accuracy. We have found no exceptions.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F14 Results: Underwriting Information at Inception Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Standard F15: File documentation adequately supports decisions made.

Test Methodology:

- Is the file adequately documented with the proper application, photos, and inspections and available to the examiners per W.Va. Code R. §114-15-4?

Examiner Observations: All files were found to contain sufficient documentation to support the decisions made.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F15 Results: Underwriting File Documentation Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Standard F19: The Company does not engage in collusive or anti-competitive underwriting practices.

Test Methodology:

- Is there any unlawful pricing or other prohibited anti-competitive acts or practices?
- Has the company entered into any agreements with other West Virginia companies to divide the market within West Virginia by territory?

Examiner Observations: A review of the sample of new issue policy files and underwriting guidelines did not reveal any evidence of collusive or anti-competitive practices on the part of the Company.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F19 Results: Underwriting Practices Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
New business policies	4254	109	109	0	90	100

Standard F22: Rejections and declinations are not unfairly discriminatory.

Test Methodology:

- Does the company provide valid reasons and are not unfairly discriminatory for rejection/declinations when required? [W.Va. Code §33-6A-3 And W.Va. Code 33-6B-4]
- Does the company monitor the agency rejections/declinations for appropriate practices?
- Has the appropriate refund been made to the applicant?

Examiner Observations: The Company does not rescind policies or coverage. The Company issues coverage and if it later determines the insured does not meet underwriting guidelines or makes any material misrepresentations the Company sends notice of cancellation and then cancels the policy. We have found no discriminatory practices.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Standard F23: Cancellation/non-renewal and declination notices comply with policy provisions and state laws and company guidelines.

Test Methodology:

- Does the notice contain the proper reason? [W.Va. Code §33-6A-3]
- Were the company-initiated cancellations and non-renewals within the policy provisions? [W.Va. Code 33-6A-1]

Examiner Observations: All cancellations and non-renewals were within the policy provisions. Cancellations contained the proper reason within the notice and were mailed within the appropriate time limit. No exceptions were noted. We found that all cancellations in the sample complied with W.Va. Code 33-6A-1. (Previously Standard F-8) Cancellations requested by the named insured is calculated on a short rate basis (the Company will retain a minimum of \$20. Policies cancelled or non-renewed by the Company are calculated on a pro-rata basis.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F23 Results: Underwriting Cancellations Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Cancelled policies	897	105	105	0	90	100

Standard F24: Cancellation/non-renewal notices comply with policy provisions and state laws, including the amount of advance notice provided to the insured and other parties to the contract.

Test Methodology:

- Was the policyholder given the proper advance notice on a company initiated cancellation/non-renewal? [W.Va. Code §§33-6A-1; 33-6A-3 and 33-6A-4]

Examiner Observations: Policyholders need sufficient time in the event of a cancellation or non-renewal to replace coverage. The company's policy provisions allow for sufficient notice of cancellation to be within the statutes.

The majority of the sample were cancellations for non-payment and the company followed the policy provisions. Other cancellations gave a proper 30-day notice. No exceptions were noted.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F24 Results: Underwriting Notices of Cancellation Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Cancellations	897	105	105	0	90	100

Standard F25: Unearned premiums are correctly calculated and returned to the appropriate party in a timely manner and in accordance with applicable statutes, rules, and regulations.

Test Methodology:

- Did the Company charge and refund the appropriate premium? [W. Va. Code §33-20-4a and W.Va. Code R §114-75-1]

Examiner Observations: The cancelled policy samples were reviewed to determine if the Company provided the appropriate refund amount. The Company refunded the correct premium when applicable and refunds were timely; or the amount was transferred and credited to a new policy, no exceptions were noted.

Examiner Recommendations: None

Results: The standard of compliance is 90%. The Company's handling practices were compliant.

Table F25 Results: Underwriting Unearned Premium Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Cancellations	897	105	105	0	90	100

Standard F26: Rescissions are not made for non-material misrepresentation.

Test Methodology:

- Is the decision to rescind the policy made in accordance with applicable statutes, rules, and regulations?
- Do the rescinded policies indicate a trend toward post-claim underwriting practices?

Examiner Observations: The Company does not rescind policies or coverage. The Company issues coverage and if it later determines the insured does not meet underwriting guidelines or makes any material misrepresentations the Company sends notice of cancellation and then cancels the policy.

Examiner Recommendations: None

Results: Not applicable

G. CLAIMS

The evaluation of standards in this business area is based on Company responses to information items requested by the examiner, discussions with Company staff, electronic testing of claim databases, and file sampling during the examination process. This portion of the examination is designed to provide a view of how the Company treats claimants and whether that treatment is in compliance with applicable statutes and rules.

Standard G1: The initial contact by the company with the claimant is within the required time frame.

Test Methodology:

- Was the claimant contacted within 15 working days (or mandated emergency order timeframe) from the date of the loss notice per W.Va. Code §33-11-4(9)(b) and W. Va. Code R. §114-14-5.1?

Examiner Observations: All claimants were properly contacted within 15 working days.

Examiner Recommendations: None.

Results: The standard of compliance is 93%. The Company's handling practices were predominantly compliant.

Table G1 Results: Claims Initial Contact Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	327	0	93	100

Standard G2: Timely investigations are conducted.

Test Methodology:

- Did the investigation commence within fifteen (15) working days of any claim filed per W. Va. Code R. §114-14-6.2 a?
- Is the investigation continuing more than 30 calendar days? If so, was a delay letter sent within 15 working days after the 30 calendar days per W. Va. Code R. §114-14-6.7?
- If the investigation continued, were subsequent delay letters sent with 45 calendar days per W. Va. Code R. §114-14-6.7?

Examiner Observations: In one (1) third party paid claim the Company did not send delay letters to the claimant, advising that the investigation was not complete and they were awaiting

medical bills. At least two delay letters should have been sent and therefore there is a violation of W. Va. Code R. §114-14-6.7.

Examiner Recommendations:

It is recommended that the company comply with W. Va. Code R §114-14-6.7 regarding notice of necessary delay in investigating claims, if the insurer needs more than thirty (30) calendar days from the date that a proof of loss from a first party claimant or notice of claim from a third-party claimant is received to determine whether a claim should be accepted or denied, it shall so notify the claimant in writing within fifteen (15) working days after the thirty-day period expires. If the investigation remains incomplete, the insurer shall provide written notification of the delay to the claimant every forty-five (45) calendar days thereafter until the investigation is complete.

Results: The standard of compliance is 93%. The Company’s handling practices were predominantly compliant.

Table G2 Results: Claims Timely Investigation Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	108	1	93	99
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	326	1	93	99

Standard G3: Claims are resolved in a timely manner.

Test Methodology:

- W. Va. Code §33-11-4(9)(f). Not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear;
- W. Va. Code §33-11-4(9)(m). Failing to promptly settle claims, where liability has become reasonably clear, under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage;
- W. Va. Code St. R. §114-14-6.3. Duty after investigation. – Within ten (10) working days of completing its investigation, the insurer shall deny the claim in writing or make a written offer, subject to policy limits.
- W. Va. Code St. R. §114-14-7.3c If the insurer intends to exercise its rights to inspect damage prior to repair, it has seven (7) working days from the date of receipt of notice of loss to inspect the insured’s damaged motor vehicle at a place and time reasonable convenient to the insured. In addition, negotiations shall commence and a good faith offer shall be made within the aforesaid seven (7) day period.

- W.Va. Code St. R § 114-14-7.4e All applicable provisions of subsection 7.3 of this section . . . also apply to the adjustment of total losses, except that the insurer is allowed an additional (5) working days to comply with the requirements set out in subsection 7.3 of these rules.

Examiner Observations: W. Va. Code R. §114-14-7.3c states “If an insurer intends to exercise its rights to inspect damages prior to repair, it has seven (7) working days from the date of receipt of notice of loss to inspect the insured’s damaged motor vehicle at a place and time reasonably convenient to the insured. In addition, negotiations shall commence and a good faith offer of settlement shall be made within the aforesaid seven (7) day period. In one (1) first party paid claim the Company did not resolve the claim within the seven working days but was delayed seven more days.

Examiner Recommendations: It is recommended that the company comply with the time requirements for inspection and offer for settlement in compliance with W.Va. Code. R § 114-14-7.3c.

Results: The standard of compliance is 93%. The Company’s handling practices were predominantly compliant.

Table G3 Results: Claims Resolved Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	108	1	93	99
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	326	1	93	99

Standard G4: The Company responds to claim correspondence in a timely manner.

Test Methodology:

- Did the company reply to pertinent communications from a claimant which reasonable suggest that a response is needed per W. Va. Code R. §114-14-5.3 and W. Va. Code §33-11-4(9)(b)?

Examiner Observations: The examiners found no exceptions to the rule.

Examiner Recommendations: None

Results: The standard of compliance is 93%. The Company’s handling practices were compliant.

Table G4 Results: Claims Correspondence Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	327	0	93	100

Standard G5: Claim files are adequately documented.

Test Methodology:

- Do the files contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed per W. Va. Code R. §114-14-3?
- Are the communications properly dated?

Examiner Observations: All reviewed files were properly documented and dated. The examiners found no exceptions to the rule.

Examiner Recommendations: None

Results: The standard of compliance is 93%. The Company's handling practices were compliant.

Table G5 Results: Claims Documentation Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	327	0	93	100

Standard G6: Claims are properly handled in accordance with policy provisions and applicable statutes, rules, and regulations.

Test Methodology:

- Does the claim handling meet West Virginia statutes and rules as applied to sales tax payment, correct payees, improper release of claims, and proper payment of non-disputed claims?
- Was coverage checked for proper application of deductible or appropriate exclusionary language?
- Were appropriate disclosures given when a claim nears the applicable statute of limitations?

Examiner Observations: Claim amounts paid were satisfactory. Coverages were checked before disbursement. Where applicable, a letter regarding the statute of limitations was given. The examiners found no exceptions to the rule.

Examiner Recommendations: None

Results: The standard of compliance is 93%. The Company's handling practices were compliant.

Table G6 Results: Claims Handling Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	327	0	93	100

Standard G7: Company uses the reservation of rights and excess of loss letters, when appropriate.

Test Methodology:

- Has the company sent a reservation of rights, when coverage is in question?
- Does the Company send an excess of loss letter when it is apparent that the loss will exceed policy limits?

Examiner Observations: The examiners found no exceptions to the rule. The Company issued reservation of rights and excess of loss letters where appropriate, no exceptions were noted.

Examiner Recommendations: None

Results: Compliant

Table G7 Results: Reservation of Rights Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	327	0	93	100

Standard G8: Deductible reimbursement to insureds upon subrogation recovery is made in a timely and accurate manner.

Test Methodology:

- Was the deductible reimbursed to the claimant upon subrogation recovery?

Examiner Observations: Any appropriate deductible reimbursements were promptly reimbursed. The examiners found no exceptions to the rule.

Examiner Recommendations: None

Results: Compliant

Table G8 Results: Deductible Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	327	0	93	100

Standard G9: Company claim forms are appropriate for the type of product.

Test Methodology:

- Are the company claim forms appropriate?

Examiner Observations: The examiners found no exceptions to the rule.

Examiner Recommendations: None

Results: The standard of compliance is 93%. The Company's handling practices were compliant.

Table G9 Results: Claims Forms Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
Claims closed w/o pmt	2684	109	109	0	93	100
TOTALS	7255	327	327	0	93	100

Standard G11: Denied and closed-without-payment claims are handled in accordance with policy provisions and state laws.

Test Methodology:

- Is the denial based upon specific policy provisions or exclusions?
- Is the claimant provided with a reasonable basis for the denial when required by statute or regulation per W. Va. Code R. §114-14-3?
- Is the claimant who is neither an attorney or represented by an attorney given written notice of that statute of limitation per W. Va. Code R. §114-14-6.12?

- Is the claimant given the option of contacting the Commissioner's Office and provided with its mailing address, telephone number, and web site address per W. Va. Code R. §114-14-6.17?

Examiner Observations: Denials were based on policy provisions. The basis for denials was given. All denial letters had the Commissioner's Office address, phone and web site.

Examiner Recommendations: None

Results: The standard of compliance is 93%. The Company's handling practices were compliant.

Table G11 Results: Claims Denied or Closed Without Payment Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Claims closed w/o pmt	2684	109	109	0	93	100

Standard G12: Cancelled checks and drafts reflect appropriate claim handling practices.

Test Methodology:

- Do the checks include the correct payee and are they for the correct amount?
- That payment checks do not indicate the payment is "final" when such is not the case.
- That checks or drafts do not purport to release the insurer from total liability when such is not the case.

Examiner Observations: Checks were in the correct amount and included the correct payee. No exceptions were noted.

Examiner Recommendations: None

Results: The standard of compliance is 93%. The Company's handling practices were compliant.

Table G12 Results: Claims Payments Sample

Type	Population	Sample	Pass	Fail	Standard	Compliance
Paid claims (1 st party)	1243	109	109	0	93	100
Paid claims (3 rd party)	3328	109	109	0	93	100
TOTALS	9,101	185	183	0	93	100

SUMMARY OF RECOMMENDATIONS:

Recommendation D3: It is recommended when the Company notifies the Commissioner's office of termination of producer's authority, a letter be sent to the terminated producer simultaneously per W.VA Code §33-12-25.

Recommendation G2: It is recommended that the company comply with W. Va. Code R. §114-14-6.7 regarding notice of necessary delay in investigating claims, if the insurer needs more than thirty (30) calendar days from the date that a proof of loss from a first party claimant or notice of claim from a third-party claimant is received to determine whether a claim should be accepted or denied, it shall so notify the claimant in writing within fifteen (15) working days after the thirty-day period expires. If the investigation remains incomplete, the insurer shall provide written notification of the delay to the claimant every forty-five (45) calendar days thereafter until the investigation is complete.

Recommendation G3: It is recommended that the company comply with the time requirements for inspection and offer for settlement in compliance with W.Va. Code R. §114-14-7.3c.

EXAMINER'S AFFIDAVIT

State of West Virginia

County of Kanawha

**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES
USED IN AN EXAMINATION**

I, John Stike, being duly sworn, state as follows:

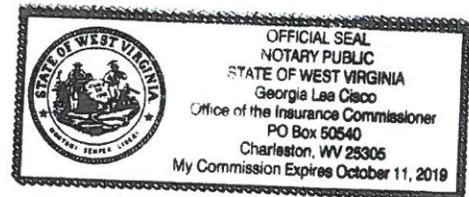
1. I have the authority to represent West Virginia in the examination of West Virginia National Auto Insurance Company.
2. I have reviewed the examination work papers and examination report, and the examination of West Virginia National Auto Insurance Company was performed in a manner consistent with the standards and procedures required by West Virginia.

The affiant says nothing further.

John Stike, CIE, CPCU, MCM, CWCP, CIPA, AU, APA, AFI
Examiner in Charge

Subscribed and sworn before me by John Stike on this 27th day of Feb, 2015.

Notary Public



My commission expires: 10-11-2019 (date).

EXAMINER'S SIGNATURE AND ACKNOWLEDGMENT

The examiner would like to acknowledge the cooperation and assistance extended by the Company during the course of the examination.

In addition to the undersigned, Barbara Hudson, CWCP also participated in this examination.



John Stike, CIE, CPCU, MCM, CWCP, CIPA, AU, APA, AFI
Examiner-in-Charge