

PRESS RELEASE

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Insurance Commissioner's Examination results in BrickStreet Agreement to Refund Approximately \$18.1 million to WV Policy Holders

Charleston, WV – Insurance Commissioner Jane L. Cline announced today that the WV Offices of the Insurance Commissioner's Market Conduct Unit has concluded its first Market Conduct Examination on BrickStreet Mutual Insurance Company.

Although there were some sporadic errors with respect to claims handling, the error ratios for all of the claims standards were within the tolerance levels to warrant a "pass" according to the standards tested. Testing also indicated that BrickStreet was one hundred percent (100%) compliant with respect to initial contact with claimants. The examination did reveal some errors in the application of approved underwriting and rating rules. As a result the Commissioner has ordered BrickStreet refund \$18.1 million to over 6,000 policy holders, including over \$3million to approximately 300 state and local government entities. BrickStreet has also agreed to the refunds and to submit a corrective action plan to ensure compliance with all twenty-six (26) recommendations made in the report. The refunds include premiums, surcharges and interest.

The report made specific note of the "monumental task" undertaken by the State of West Virginia to transition the Workers Compensation system from a state run monopolistic program to a competitive commercial system. BrickStreet was formed to provide coverage to all West Virginia businesses while the market was being prepared for privatization. During this transition the Offices of the Insurance Commissioner and BrickStreet were required to implement the many changes necessary to achieve the competitive market we enjoy today. "The underwriting and rating areas presented BrickStreet with more challenges as the changes in these areas underwent the most revisions during the privatization process," Commissioner Cline noted.

The Offices of the Insurance Commissioner conducts Market Conduct Examinations on insurance carriers to review their treatment of policy holders and claimants. Included within the examination are reviews of claims handling, underwriting practices, producer licensing requirements, complaint handling and various other aspects of company operations and management. In order to pass, the insurer must pass 93% of all files tested for each standard in claims handling and 90% in other areas reviewed. These examinations are conducting according to National Association of Insurance Commissioners' standards.

"BrickStreet passed 59 of the 67 applicable standards. These results are encouraging because BrickStreet has only been a private company for three years." Cline said.

BrickStreet began its role as West Virginia's first private workers' compensation carrier on Jan. 1, 2006. The workers' compensation insurance market opened to competition on July 1, 2008. As a mutual company, BrickStreet is owned by its policyholders.

By all measures the privatization of the Workers Compensation market has been a success. Currently 142 carriers are writing coverage in West Virginia, treatment of injured workers has improved and rates have been reduced over 30%.