

PROCEEDINGS BEFORE MICHAEL D. RILEY
ACTING INSURANCE COMMISSIONER
STATE OF WEST VIRGINIA

IN RE:
WESTFIELD INSURANCE COMPANY
NAIC #24112

ADMINISTRATIVE PROCEEDING
11-MAP-02005

AGREED ORDER ADOPTING REPORT OF
MARKET CONDUCT EXAMINATION, DIRECTING
CORRECTIVE ACTION AND ASSESSING PENALTY

NOW COMES, Michael D. Riley, Acting Insurance Commissioner of the State of West Virginia upon an Agreed Order which adopts the Report of Market Conduct Examination, directs corrective action and assesses a penalty as a result of findings in the Report of Market Conduct Examination for the examination of **Westfield Insurance Company** (hereinafter "WESTFIELD") for the examination period ending December 31, 2010 based upon the following findings, to wit:

PARTIES

1. Michael D. Riley is the Acting Insurance Commissioner of the State of West Virginia (hereinafter the "WVOIC") and is charged with the duty of administering and enforcing, among other duties, the provisions of Chapter 33 of the West Virginia Code, as amended.

2. WESTFIELD is a stock multiple line property and casualty insurance company, writing business primarily in the Midwest, Mid-Atlantic, and South. Westfield sells its products through an independent agency force and it is

directed by the same officers and management as each of the insuring companies in the Westfield Insurance Group, home office located in Westfield Center, Ohio and is authorized by the West Virginia Office of the Insurance Commissioner to transact its business as permitted under Chapter 33 of the West Virginia Code.

3. This Targeted Market Conduct Examination was called as a result of the Final Order entered in Administrative Proceeding 09-THP-01071. The Administrative Order concluded that Westfield committed a single violation of W. Va. Code §§ 33-11-4(9)(b), (c), and (d) as well as W. Va. Code St. R. § 114-14-6.7

FINDINGS OF FACT

1. The Targeted Market Conduct Examination covered the period of Westfield's operations, from January 1, 2008 through December 30, 2010 and was conducted in accordance with West Virginia Code § 33-2-9 by examiners duly appointed by the Insurance Commissioner. The examination began on March 27, 2011 and concluded on April 20, 2011. The examination was conducted at the home office in Westfield Center, Ohio.

2. On June 29, 2011, the examiner filed with the Insurance Commissioner, pursuant to West Virginia Code § 33-2-9(j)(2), a Report of Market Conduct Examination.

3. On June 30, 2011, a true copy of the Report of Market Conduct Examination was sent to WESTFIELD by certified mail and was received by WESTFIELD on July 5, 2011.

4. On June 29, 2011, WESTFIELD was notified pursuant to West Virginia Code § 33-2-9(j) (2) that it had thirty (30) days after receipt of the Report of Market Conduct Examination to file a submission or objection with the Insurance Commissioner.

5. On July 25, 2011, WESTFIELD responded to the Report of Market Conduct Examination and did not dispute the facts pertaining to findings, comments, results, observations, or recommendations contained in the Report of Market Conduct Examination. However, Westfield did not admit any factual or legal determination made by the acting commissioner and does not admit any violation of Chapter 33 of the West Virginia Code or Section 114 of the West Virginia Code of State Rules and reserves all rights and defenses regarding liability or responsibility in any proceedings against Westfield other than proceedings administrative or civil to enforce this Order.

6. The Report of Market Conduct Examination focused on third-party claims handling with particular attention to timeliness and thoroughness of investigations (included within Standard G 2); company responses to pertinent communications from claimants or their representative (included within Standard G4); and refusing to pay claims without conducting a reasonable investigation (included within Standard G 9).

7. The examination covered sixteen (16) standards and the Company passed fifteen (15) of these standards and fell short of the error tolerance established by one (1) of the standards. Of the fifteen (15) standards passed six (6) included recommendations for actions which Westfield could adopt to improve

its operations. The failed standard (G 2) revealed Company either did not send or did not send timely delay letters in every instance as required by W. Va. Code St. R. § 114-14-6.7. This finding directly related to one of the findings contained in Administrative Proceeding 09-THP-01071.

8. Other instances of noncompliance were identified including: Six (6) violations of W. Va. Code St. R. § 114-15-4 (Standard A7), Five (5) violations of W. Va. Code St. R § 114-14-6.17 (Standard G9), and one (1) violation each of W. Va. Code St. R. § 33-11-4(10), W. Va. Code St. R. § 114-15-4.6 (Standard B1), and W. Va. Code St. R § 114-14-5.2 (Standard B4). These instances did not occur with such frequency to fall short of the standard error tolerance established for those standards.

9. WESTFIELD hereby waives additional notice and review of the Report of Market Conduct Examination, notice of administrative hearing, any and all rights to an administrative hearing, and to appellate review of any matters contained herein this Agreed Order.

10. 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 of and the parties to this proceeding.

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

3. That WESTFIELD has incurred violations of West Virginia Code §33-11-4(9)(c) and West Virginia Code St. R. § 114-14-6.7. The examination

revealed fifteen (15) paid claims out of one hundred and five (105) and four (4) closed without payment claims out of one hundred and five (105) were in violation. A total of thirty-five (35) total violations were found in the above nineteen referenced individual claim violations pertaining to notice of necessary delay in investigating claims. This finding directly relates to one of the findings contained in Administrative Proceeding 09-THP-01071

4. That WESTFIELD'S failure to meet the standards as enumerated in paragraph number three (3) rises to the level of a general business practice under the West Virginia Code.

5. The Commissioner is charged with the responsibility of verifying continued compliance with West Virginia Code and the West Virginia Code of State Rules by WESTFIELD as well as all other provisions of regulation that WESTFIELD is subjected to by virtue of their Certificate of Authority to operate in the State of West Virginia.

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

ORDER

Pursuant to West Virginia Code § 33-2-9(j)(3)(A), following the review of the Report of Market Conduct Examination, the examination work papers, and WESTFIELD'S Response thereto, the Insurance Commissioner and WESTFIELD have agreed to enter into this Agreed Order adopting the Report of Market Conduct Examination. The Parties have further agreed to the imposition of corrective action and an administrative penalty against WESTFIELD as set forth below.

It is accordingly **ORDERED** as follows:

(A) The Report of Market Conduct Examination of WESTFIELD for the period ending December 31, 2010, is hereby **ADOPTED** and **APPROVED** by the Insurance Commissioner.

(B) It is **ORDERED** that WESTFIELD will comply with the statutes, rules and regulations of the State of West Virginia concerning any business so handled in this State and more specifically the provisions enumerated herein this Order and/or the Report of Market Conduct Examination adopted herein where applicable.

(C) It is further **ORDERED** that WESTFIELD shall continue to monitor its compliance with the West Virginia Code, the West Virginia Code of State Rules and all laws it is subject thereto.

(D) It is further **ORDERED** that within thirty (30) days of the next regularly scheduled meeting of its Board of Directors, WESTFIELD shall file with the West Virginia Insurance Commissioner, in accordance with West Virginia Code § 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, DIRECTING CORRECTIVE ACTION AND ASSESSING PENALTY.**

(E) It is further **ORDERED** that WESTFIELD shall ensure compliance with the West Virginia Code and the Code of State Rules. WESTFIELD shall specifically cure those violations and deficiencies identified in the Report of Market Conduct including providing appropriate restitution (where applicable) or other handling of the

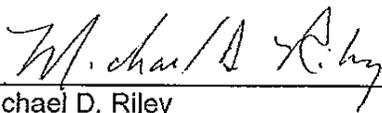
issue so as to bring the violations into compliance and conformity with the Commissioner's recommendations and any applicable law(s).

(F) It is further **ORDERED** that WESTFIELD shall file a Corrective Action Plan which will be subject to the approval of the Insurance Commissioner. The Corrective Action Plan shall detail WESTFIELD'S 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. WESTFIELD 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 WESTFIELD 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) The Insurance Commissioner has determined and it has been agreed by WESTFIELD and therefore, it is hereby **ORDERED** that WESTFIELD shall pay an administrative penalty to the State of West Virginia in the amount of Twenty Thousand Dollars (\$20,000.00) for non-compliance with the West Virginia Code as described herein. The payment of this administrative penalty is in lieu of any other regulatory penalty, and is due within **THIRTY (30) calendar days** upon execution of this Order.

(H) It is finally ORDERED that all such review periods, 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 any future action taken, if any, on such Order by the Commissioner against Westfield Insurance Company.

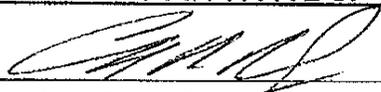
Entered this 2nd day of September, 2011.



Michael D. Riley
Acting Insurance Commissioner
State of West Virginia

REVIEWED AND AGREED TO BY:

WEST VIRGINIA OFFICE OF THE INSURANCE COMMISSIONER:



Andrew R. Pauley, Associate Counsel
Attorney Supervisor, APIR

Dated: 9/2/11

WESTFIELD INSURANCE COMPANY:

By: Edward Largent III

[Print Name]

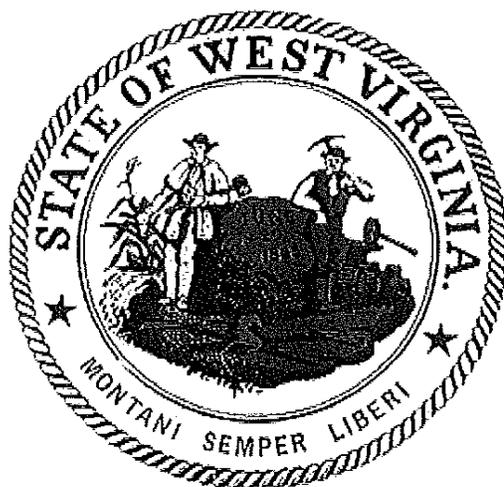
Its: President

Signature: 

Date: August 31, 2011

REPORT OF MARKET CONDUCT EXAMINATION

As of December 31, 2010



Westfield Insurance Company

9040 Greenwich Road

Westfield Center, OH 44251

NAIC COMPANY CODE 24112

Examination Number WV014-M25

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June 29, 2011

The Honorable Jane L. Cline
West Virginia Insurance Commissioner
1124 Smith Street
Charleston, West Virginia 25301

Dear Commissioner Cline:

Pursuant to your instructions and in accordance with W. Va. Code § 33-2-9, an examination has been made as of December 31, 2010 regarding treatment of third party claimants of:

Westfield Insurance Company

9040 Greenwich Road
Westfield Center, OH 44251

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

FOREWORD

This is a report by test of Company compliance with selected Standards contained in the National Association of Insurance Commissioners' (NAIC) *2010 Market Regulation Handbook* ("Handbook") and Standards approved by the West Virginia Office of the Insurance Commissioner ("WVOIC") which are based on applicable West Virginia statutes and administrative rules, as referenced herein. Testing is based on guidelines contained in the Handbook. All tests applied are included in this report.

"Company" as used herein refers to Westfield Insurance Company. "WVOIC" as used herein refers to the West Virginia Office of the Insurance Commissioner. "W.Va. Code St. R." as used herein refers to the West Virginia Code of State Rules. "W.Va. Code" as used herein refers to the West Virginia Code Annotated.

PURPOSE AND SCOPE OF EXAMINATION

Market conduct examiners with the WVOIC reviewed certain business practices of the Westfield Insurance Company. Sections § 33-2-9 empower the Commissioner to examine any entity engaged in the business of insurance. The findings in this report, including all work products developed in producing it, are the sole property of the WVOIC.

The purpose of this targeted examination was to determine the Company's compliance with West Virginia insurance laws relating to treatment of third party claimants with respect to commercial lines liability. Examination information contained in this report should serve only these purposes. The conclusions and findings of this examination are public record.

This examination was governed by, and performed in accordance with procedures developed by the WVOIC that are based on those of the National Association of Insurance Commissioners (NAIC), modified to conform to the requirements of West Virginia insurance laws. In reviewing material for this report, the examiners relied primarily on records and material maintained and/or submitted by the Company. The examination covered the period of the Company's operations, from January 1, 2008 through December 30, 2010.

File sampling was based on review of closed without payment/denied and paid claim files. Claim files were randomly selected from the data provided by the Company. Sample sizes were chosen based on procedures developed by the NAIC. Standards pertaining to this target market conduct examination were utilized from the 2010 NAIC *Market Regulation Handbook*. Upon review of each file, any concerns or discrepancies were noted on requests for information and delivered to the Company for review. Once the Company was advised of a concern contained in a request for information (RFI), the Company had the opportunity to respond. For each finding, the Company was requested to agree, disagree, or otherwise justify the Company's noted action. At the conclusion of the fieldwork, the Company was provided a summary of the findings at the exit conference and a draft of the report was provided for the Company's review. The examination report is a report by test, reporting all areas reviewed and for each test, reports if the examiners found that the Company "Passed", "Failed", or "Passed with Recommendation".

The basic business areas that were reviewed and tested under this examination were:

- Company Operations and Management
- Complaint Handling
- Claims Practices

Each business area has standards that the examination measured. Some standards have specific statutory guidelines, others have specific company guidelines, and yet others have contractual guidelines. Since this was a targeted examination, only the standards which were pertinent to the targeted examination or the treatment of third party claimants were examined.

The focus of the examination is 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 throughout its operations, how it measures and monitors the results of those communications, and how it reacts to and modifies its communications based on the result findings of the measurement and monitoring activities. The examination also determined 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 verify the Company is in compliance with West Virginia statutes and rules.

EXECUTIVE SUMMARY

The examination began March 27, 2011 and concluded on April 20, 2011. The examination was conducted at the Company's home office in Westfield Center, Ohio. The examination was called as a result of the Final Order entered in Administrative Proceeding No. 09-THP-01071. The Administrative Order concluded that the Company committed a single violation of W. Va. Code §§ 33-11-4(9)(b),(c), and(d) as well as W. Va. Code St. R. § 114-14.6.7.

W. Va. Code § 33-11-4a(e) & (f) implies that, upon any finding that a company committed an unfair claims settlement practice with respect to a third-party claimant, the Commissioner determine whether or not that practice occurred with such frequency as to be construed as a general business practice of the Company. In this case, the Commissioner determined that the most efficient way to make this determination was through a targeted Market Conduct Examination. The examination primarily focused on third-party claims handling with particular attention to timeliness and thoroughness of investigations (included within Standard G2); company responses to pertinent communications from claimants or their representatives (included within Standard G4); and refusing to pay claims without conducting a reasonable investigation (included within Standard G9). Certain standards from the Company Operations & Management and Complaint Handling sections of the *Market Regulation Handbook* were also included within this examination report. The result of the target market examination did reveal violations of W. Va. Code St. R. § 114-14-6.7 cited in Administrative Proceeding No. 09-THP-01071 occurred. Testing of all standards was conducted on commercial liability lines only (excluding automobile and workers compensation) and results contained within the report. Of the Two hundred ten (210) claims that were selected for review, three (3) paid claim were not applicable to this examination because the situs was not in WV and one (1) additional paid claim was not applicable due to coverage type (med pay). Seven (7) denied or closed without payment (CWOP) were not applicable to this examination due to changes of occurrence codes, date of loss or feature code and one (1) other was not applicable did not pursue a claim. These claims will be indicated as N/A in the claims practices results.

A total of sixteen (16) standards were reviewed during this examination. Of these sixteen (16) standards the Company passed fifteen (15) and failed one (1). Of the fifteen (15) standards passed six (6) included recommendations. The failed standard (G 2) revealed the Company either did not send or did not send timely delay letters as required by W. Va. Code St. R. §114-14-6.7. This finding directly relates to one of the findings contained in Administrative Proceeding No. 09-THP-01071.

HISTORY AND PROFILE

A member of the Westfield Insurance group of companies, Westfield Insurance Company was formed as a companion carrier to Ohio Farmers Insurance Company at a time when a single enterprise was not authorized by law to write both fire and casualty forms of insurance coverage, and underwriting operations were conducted separately until the enactment of multiple lines underwriting legislation. The company was incorporated on July 12, 1929, under the laws of Ohio, and started business July 19, 1929. Operations were conducted under the name of Ohio Farmers Indemnity Company from inception until June 12, 1959, when the name was changed to Superior Risk Insurance Company. The present name was adopted on December 15, 1970. Westfield has been licensed in West Virginia since 1937.

Westfield is a stock multiple line property and casualty insurance company, writing business primarily in the Midwest, Mid-Atlantic, and South. Westfield sells its products through an independent agency force and it is directed by the same officers and management as each of the insuring companies in the Westfield Insurance Group.

METHODOLOGY

This examination is based on the standards and tests for a market conduct examination of a property and casualty insurer found in Chapter XVI of the 2010 NAIC *Market Regulation Handbook* and in applicable West Virginia statutes and rules.

Some of the standards were measured using a single type of review, while others used a combination or all types of review. The types of review used in this examination fall into three general categories: generic, sample, and electronic.

A “generic” review indicates that a standard was tested through an analysis of general data gathered by the examiner or provided by the examinee in response to queries by the examiner.

A “sample” review indicates that a standard was tested through direct review of a random sample of files selected using Audit Command Language (ACL) and sampling methodology described in Chapter XIV of the Handbook. For statistical purposes, an error tolerance level of 7% was used for claims and a 10% tolerance was used for other types of review. Examiners determined acceptance samples designed to rule out, with 95% confidence, that the proportion of errors in the various populations from which the samples were drawn does not exceed the recommended tolerance levels.

An “electronic” review indicates that a standard was tested through use of a computer program or applied to a download of the Company’s computer records. This type of review typically reviews all records of a particular type.

Each standard tested is described and the result of testing is provided under the appropriate standard. Each standard applied is described, and the result of testing is provided under the appropriate standard. The standard, its statutory authority under West Virginia law, and its source in the NAIC *Market Regulation Handbook* are stated and contained within a bold border.

Each standard is accompanied by a “Comment” describing the purpose or reason for the standard. “Results” are indicated, examiner’s “Observations” are noted, and in some cases, a “Recommendation” is made. Comments, Results, Observations and Recommendations are maintained with the appropriate standard.

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. Because this was a targeted examination primarily focused on Claims Handling, only three standards of this section of the NAIC *Market Regulation Handbook*

were selected for review. These standards focused mainly on recordkeeping and the efficiency of the Company's responses to the examiner's requests.

Standard A7

NAIC Market Regulation Handbook – Chapter XVI, § A, Standard 7.

Records are adequate, accessible, consistent and orderly and comply with state record retention requirements.

W. Va. Code § 33-11-4 & W. Va. Code St. R. §§ 114-14-3 & 114-15-4.

Comments: The review methodology for this standard is generic and sample. The standard does not have a direct statutory requirement. This standard is intended to assure that an adequate and accessible record exists of the Company's transactions. The focus is on the records and actions considered in a market conduct examination such as, but not limited to, trade practices, claim practices, policy selection and issuance, rating, and complaint handling, etc. Inadequate, disorderly, inconsistent, and inaccessible records can lead to inappropriate rates and other issues, which can provide harm to the public.

Results: Pass with Recommendations

Observations: Four (4) internal and two (2) WVOIC complaint files provided by the Company were not complete as the files did not contain the Company's response. (See Standard B4) All claim files were available and were orderly. Claim records reviewed were available either by hard copy or the Company's computer network.

Recommendations: see recommendations in Standard B4

Standard A9

NAIC Market Regulation Handbook – Chapter XVI, § A, Standard 9.

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

W. Va. Code § 33-22-9 & W. Va. Code St. R. § 114-15-1, et seq.

Comments: The review methodology for this standard is generic. The standard has a direct statutory requirement. This standard is aimed at assuring that the Company is cooperating with the State in the completion of an open and cogent review of the Company's operations in West Virginia. Cooperation with examiners in the conduct of an

examination is not only required by statute, it is conducive to completing the examination in a timely fashion and minimizing the cost of the examination.

Results: Pass

Observations: The Company was extremely cooperative during the examination and responded to all examiners' requests timely.

Recommendations: None

Standard A18

NAIC Market Regulation Handbook – Chapter XVI, § A, Standard 18.

All data required to be reported to departments of insurance is complete and accurate.

W. Va. Code St. R. §114-15-1

Comments: The review methodology for this standard is generic. The standard does not have a direct statutory requirement. This standard is intended to assure that the Company provides complete and accurate data to the West Virginia Offices of the Insurance Commissioner.

Results: Pass

Observations: The Company provided a reconciliation of the claims data provided to the WVOIC to the state page of their annual statement for the period January 1, 2008 to December 30, 2010. The reconciliation provided was sufficient.

Recommendations: None

B. COMPLAINT HANDLING

Evaluations of the standards in this business area are based on Company responses to various requests for information and the review of the Company's complaint files. 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 “[t]his 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	<i>NAIC Market Regulation Handbook – Chapter XVI, § B, Standard 1</i>
All complaints are recorded in the required format on the company complaint register.	
<i>W. Va. Code § 33-11-4(10) and W. Va. Code St. R. §114-15-4.6</i>	

Comments: The review methodology for this standard is sample and generic. The standard has a direct statutory requirement. This standard is concerned with whether the Company keeps formal track of complaints or grievances as required by statute. An insurer is required to maintain a complete record of all complaints received. The record must indicate the total number of complaints since the last examination, 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.

Results: Pass with Recommendations

Observations: The Examiners reviewed one hundred two (102) complaints consisting of ninety-two (92) WVOIC and ten (10) internal complaints for the period January 1, 2006 to December 31, 2010. The Company failed to record one (1) WVOIC complaint on their complaint register. The examiners’ review of the sampled claim files showed that no additional complaints were notated.

Table B1: Complaints Sample Results

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Complaints	102	102	0	101	1	99%

Recommendations: The Company shall maintain and log complaints as required by W. Va. Code §33-11-4(10) and W. Va. Code St. R § 114-15-4.6.

Standard B2*NAIC Market Regulation Handbook – Chapter XVI, § B, Standard 2*

The regulated entity has adequate complaint handling procedures in place and communicates such procedures to policyholders.

W. Va. Code § 33-11-4(10) & W. Va. Code St. R. §114-14-5.2

Comments: The review methodology for this standard is generic. The standard has a direct statutory requirement. This standard is concerned with whether the Company has an adequate complaint handling procedure and whether the Company communicates complaint handling procedures to its policyholders.

Results: Pass

Observations: The Company's written procedure is to provide a response within the required time frame under the specific state law or regulation. The Compliance Department will monitor all complaint responses for timely compliance and confer with the appropriate department management concerning delays, pattern problems or other issues involving specific responses to complaints.

Recommendations: None

Standard B3*NAIC Market Regulation Handbook – Chapter XVI, § B, Standard 3*

The Company takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations, and contract language.

W. Va. Code § 33-11-4(10) and W. Va. Code St. R. 114-14-5.2

Comments The review methodology for this standard is generic. The standard has a direct statutory requirement. This standard is concerned with whether the Company has an adequate complaint handling procedure and whether the Company takes adequate steps to resolve and finalize complaints.

Results: Pass

Observations: The Company’s complaint procedures appear to be adequate to comply with W. Va. Code §33-11-4(10) and W.Va. Code St. R. §114-14-5.2.

Recommendations: None

Standard B4	<i>NAIC Market Regulation Handbook – Chapter XVI, § B, Standard 4</i>
The time frame within which the regulated entity responds to complaints is in accordance with applicable statutes, rules and regulations.	
<i>W. Va. Code §§ 33-11-4(10), 33-11-4a & W. Va. Code St. R. § 114-14-5.2</i>	

Comments: The review methodology for this standard is sample. The standard does not have a direct statutory requirement; however, timeliness is inferred. In the case of complaints concerning claims, direct time requirements are found in regulation. This standard is concerned with whether the Company responded to complaints timely.

Results: Pass with Recommendations

Observations: The Company failed to respond within fifteen (15) working days for two (2) WVOIC generated complaints. Time frames for four (4) internal complaints could not be reviewed due to the company’s response could be produced. Due to the lack of documentation (see Standard A7) these are shown as failures.

Table B4: Complaints Sample Results

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Complaints	102	102	0	96	6	94%

Recommendations: The Company should comply with the appropriate time frames for responding to complaints as required by W. Va. Code §§33-11-4(10) and 33-11-4a.

G. CLAIMS PRACTICES

The evaluation of standards in this business area is based on Company responses to information 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	<i>NAIC Market Regulation Handbook -- Chapter XVI, §G, Standard 1</i>
The initial contact by the company with the claimant is within the required time frame.	
<i>W. Va. Code § 33-11-4(9)(b) & W. Va. Code St. R. § 114-14-5.1</i>	

Comments: Review methodology for this standard is generic, sample, and electronic. This standard derives directly from W. Va. Code § 33-11-4(9)(b) which prohibits “[f]ailing to acknowledge and act reasonably upon communication with respect to claims arising under insurance policies.” W. Va. Code St. R. § 114-14-5.1 states that “[e]very insurer, upon receiving notification of a claim shall, within fifteen (15) working days, acknowledge the receipt of such notice unless full payment is made within such period of time.”

Results: Pass with Recommendations

Observations: Random samples of one hundred five (105) paid claims and one hundred five (105) closed without payment claims were selected and reviewed to determine if the Company made timely contact with claimants. One (1) closed without payment claim did not meet the initial contact with the claimant requirement.

Table G1: Claims, Initial Contact

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	101	0	100%
Third-party claims, closed without payment	728	105	8	96	1	99%
Totals	1,361	210	12	197	1	99%

Recommendations: The Company should contact claimants as required by W. Va. Code St. R § 114-14-5.1.

Standard G2*NAIC Market Regulation Handbook – Chapter XVI, §G, Standard 2.***Timely investigations are conducted.***W. Va. Code § 33-11-4(9)(c) & W. Va. Code St. R. § 114-14-6*

Comments: Review methodology for this standard is generic and sample. This standard has a direct statutory requirement and is intended to assure that the carrier initiates a prompt and complete investigation. Concerns tested within this standard include compliance with:

- W. Va. Code. § 33-11-4(9)(c) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies
- W. Va. Code St. R. § 114-14-6.2(a) which requires that the investigation be initiated within fifteen (15) working days from receiving notice of the claim.
- W. Va. Code St. R. § 114-14-6.1 which requires every insurer to promptly conduct and diligently pursue a thorough, fair and objective investigation and may not unreasonably delay resolution by persisting in seeking information not reasonably required for or material to the resolution of a claim dispute.
- W. Va. Code St. R. § 114-14-6.7 which requires a notice of necessary delay in investigating claims, if the insurer needs more than thirty (30) calendar days from receipt notice of claim from a third-party claimant 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.

Claim files that did not require the notice of necessary delay because they were resolved in a timely manner were considered to be a “Pass” rather than “Non-applicable” for evaluation purposes of this standard.

Results: Fail

Observation: Random samples of one hundred five (105) paid claims and one hundred five (105) closed without payment claims were selected and reviewed to determine if the Company made timely investigations. The examiner’s review of the claim samples indicate the company failed to send a delay letter(s) or did not send a delay letter(s) timely in fifteen (15) paid and four (4) closed without payment claims as required by W. Va. Code St. R. §114-14-6.7. Some of the individual claims contained multiple instances of missing or untimely delay letters. There were a total of 35 such instances. The examiner notes that the instances of noncompliance with W. Va. Code St. R. § 114-14-6.7 did occur with such frequency as to be construed as a business practice of the Company. The Company indicated they will provide mandatory training to all claim representatives on this requirement and is also evaluating a system upgrade that would automatically remind claims representative to send status letters on a timely basis. In addition one (1) of the closed without payment claims violated W. Va. Code St. R § 114-14-6.1.

Table G2: Claims, timely investigation

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	86	15	85%
Third-party claims, closed without payment	728	105	8	93	4	96%
Totals	1,361	210	12	179	19	90%

Recommendations: The Company shall send delay letters as required by W. Va. Code St. R §114-14-6.7 and promptly conduct an investigation as required by W. Va. Code St. R. § 114-14-6.1.

Standard G3	<i>NAIC Market Regulation Handbook – Chapter XVI, §G, Standard 3</i>
Claims are resolved in a timely manner.	
<small>W.Va. Code §33-11-4(9)(L)&(M) & W.Va. Code St. R. § 114-14-6.3</small>	

Comments: Review methodology for this standard is generic, sample, and electronic. This standard has a direct statutory requirement. This standard is intended to assure that claims are promptly settled once liability is reasonably clear. Applicable statutes and rules for this standard include:

- W. Va. Code § 33-11-4(9)(e) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;
- 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

Results: Pass with recommendation

Observations: The samples of one hundred and five (105) paid claims and one hundred and five (105) closed without payment claims were tested and a time study performed to determine if claims were resolved timely. One (1) closed without payment claim was not resolved in a timely manner as the Company failed to send a denial letter within ten (10) working days of completing its investigation as required by W. Va. Code St. R. § 114-14-6.3.

Table G3: Claims, claims resolution

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	101	0	100%
Third-party claims, closed without payment	728	105	8	96	1	99%
Totals	1,361	210	12	197	1	99%

Recommendations: The Company shall resolve all claims in a timely manner as required by W. Va. Code St. R § 114-14-6.3

Standard G4	<i>NAIC Market Regulation Handbook – Chapter XVI, §G, Standard 4.</i>
The regulated entity responds to claim correspondence in a timely manner.	
<i>W. Va. Code § 33-11-4(9)(b) & W. Va. Code St. R. §114-14-5.3</i>	

Comments: Review methodology for this standard is generic and sample. This standard has a direct statutory requirement. The standard is intended to assure that companies treat claimants properly by promptly responding to inquiries of claimants and their representatives. Applicable statutes and regulation for this standard include:

- W. Va. Code § 33-11-4(9)(b) which prohibits “[f]ailing to acknowledge and act reasonably upon communication with respect to claims arising under insurance policies.”
- W. Va. Code St. R. § 114-14-5.3 Replies to other pertinent communications. -- A reply shall be made within fifteen (15) working days of receipt by the insurer to all other pertinent communications from a claimant which reasonably suggest that a response is expected.

Results: Pass

Observations: The samples of one hundred five (105) paid claims and one hundred five (105) closed without payment claims were reviewed to determine if the Company promptly responded to correspondence received. No exceptions were notated during the examination of the files.

Table G4: Claims, claims correspondence

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	101	0	100%
Third-party claims, closed without payment	728	105	8	97	0	100%
Totals	1,361	210	12	198	0	100%

Recommendations: None

Standard G5	<i>NAIC Market Regulation Handbook – Chapter XVI, §G, Standard 5.</i>
Claim files are adequately documented.	
	<i>W. Va. Code St. R. §§ 114-14-3 & 114-15-4.4, 4.2(A)</i>

Comments: Review methodology for this standard is generic, sample, and electronic. This standard has a direct statutory requirement. Without adequate documentation, proper claimant treatment as well as the various time frames required by statutes and/or regulation cannot be demonstrated. Applicable statutes and regulations for this Standard include:

- W. Va. Code St. R. § 114-14-3 - The insurer’s claim files shall be subject to examination by the Commissioner or by his or her duly appointed designees. Such files shall 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. All communications and transactions emanating from or received by the insurer shall be dated by the insurer. A notation of the substance and date of all oral communications shall be contained in the claim file. Insurers shall either make a notation in the file or retain a copy of all forms mailed to claimants.

- W. Va. Code St. R. § 114-15-4.4 Claim files shall be maintained as follows:
 - a. A claim file and accompanying records shall be maintained for the calendar year in which the claim is closed plus additional years as set forth in subdivision b, subsection 4.2 of this section. The claim file shall be maintained so as to show clearly the inception, handling and disposition of each claim. The claim files shall be sufficiently

clear and specific so that pertinent events and dates of these events can be reconstructed. A claim file shall, at a minimum, include the following items:

1. For property and casualty: the file or files containing the notice of claim, claim forms, proof of loss or other form of claim submission, settlement demands, accident reports, police reports, adjustors' logs, claim investigation documentation, inspection reports, supporting bills, estimates and valuation worksheets, medical records, correspondence to and from insureds and claimants or their representatives, notes, contracts, declaration pages, certificates evidencing coverage under a group contract, endorsements or riders, work papers, any written communication, any documented or recorded telephone communication related to the handling of a claim, including the investigation, payment or denial of the claim, copies of claim checks or drafts, or check numbers and amounts, releases, all applicable notices, correspondence used for determining and concluding claim payments or denials, subrogation and salvage documentation, any other documentation created and maintained in a paper or electronic format, necessary to support claim handling activity, and any claim manuals or other information necessary for reviewing the claim;

Results: Pass

Observations: The samples of one hundred five (105) paid claims and one hundred five (105) closed without payment claims were reviewed to determine if documentation supported the ultimate claim determination. Without exception, the examiner found that all claim files contained the necessary detail as to allow pertinent events and the dates of such events of the claim to be reconstructed.

Table G5: Claims, adequate documentation

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	101	0	100%
Third-party claims, closed without payment	728	105	8	97	0	100%
Totals	1,361	210	12	198	0	100%

Recommendations: None

Standard G6*NAIC Market Regulation Handbook – Chapter XVI, §G, Standard 6*

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

W. Va. Code § 33-11-4(9) & W. Va. Code St. R. § 114-14-1, et seq.

Comments: Review methodology for this standard is generic and sample. This standard has a direct statutory requirement. Concerns tested with this standard include:

- That claim handling meets West Virginia statutes and rules as applied to sales tax payment, correct payees, improper release of claims, and proper payment of non-disputed claims.
- That coverage was checked for proper application of exclusionary language.
- That appropriate disclosures are given when a claim nears the applicable statute of limitations.

Applicable Statutes and regulations include:

- W. Va. Code § 33-11-4(9)(a) Misrepresenting pertinent facts or insurance policy provisions relating to coverage's at issue;
- W. Va. Code § 33-11-4(9)(h) Attempting to settle a claim for less than the amount to which a reasonable man would have believed he was entitled by reference to written or printed advertising material accompanying or made part of an application;
- W. Va. Code § 33-11-4(9)(j) Making claims payments to insureds or beneficiaries not accompanied by a statement setting forth the coverage under which payments are being made
- W. Va. Code St. R. § 114-14-6.4. Offers of settlement. --

a. In any case where there is no dispute as to coverage and liability, it is the duty of every insurer to offer claimants or their authorized representatives, amounts which are fair and reasonable, as shown by the insurer's investigation of the claim, providing the amounts so offered are within policy limits and in accordance with the policy provisions.

b. No insurer may attempt to settle a claim by making a settlement offer that is unreasonably low.

- W. Va. Code St. R. § 114-14-6.4., 6.10. Separation of claims. -- In any case where there is no dispute as to one (1) or more elements of a claim, payment for such element(s) shall be made notwithstanding the existence of disputes as to other elements of the claim where such payment can be made without prejudice to either party.
- W. Va. Code St. R. § 114-14-6.12. Notice of applicable time limitations. -- No person may negotiate for settlement of a claim with a claimant who is neither an attorney nor represented by an attorney without giving the claimant written notice that the claimant's rights may be affected by a statute of limitations or a policy or contract time limit. Such notice shall be given to first-party claimants not less than thirty (30) days and to third-party claimants not less than sixty (60) days, before the date on which such time limit expires.
- W. Va. Code St. R. § 114-14-6.13. Avoidance of payment. -- Where liability and damages are reasonably clear, no person may recommend that third-party claimants make claim under their own policies solely to avoid paying claims under an insurer's insurance policy or insurance contract.
- W. Va. Code St. R. § 114-14-6.14. Unreasonable travel. -- No person may require a claimant to travel unreasonably.
- W. Va. Code St. R. § 114-14-6.16. Claim proceeds used to pay premiums of another policy. -- No insurer may deduct from a claim payment made under one policy premiums owed by the insured on another policy unless the insured consents.

Results: Pass

Observations: The sample of one hundred five (105) paid claims were reviewed and determined to be in accordance with State law and policy provisions including settlement times and settlement amounts. No exceptions notated during the examiner’s review.

Table G6: Claims, claims settlement

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	101	0	100%

Recommendations: None

Standard G7	<i>NAIC Market Regulation Handbook – Chapter XVI, §6, Standard 7.</i>
Regulated entity claim forms are appropriate for the type of product.	
<i>NOTE: This standard does not have a direct statutory requirement. However, the Commissioner has authority to take action under the provisions of W. Va. Code § 33-11-7.</i>	

Comments: Review methodology for this standard is sample. The standard is intended to assure that claims forms are appropriate, not misleading, and do not require claimants to make unreasonable efforts to pursue claims.

Results: Pass

Observations: The samples of one hundred five (105) paid claims and one hundred five (105) closed without payment claims were reviewed. No exceptions were notated during the examination of the files.

Table G7: Claims, Claim Forms

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	101	0	100%
Third-party claims, closed without payment	728	105	8	97	0	100%
Totals	1,361	210	12	198	0	100%

Recommendations: None

Standard G9

NAIC Market Regulation Handbook – Chapter XVI, §G, Standard 9

Denied and closed-without-payment claims are handled in accordance with policy provisions and state law.

W. Va. Code § 33-11-4(9)(e) & (n) & W. Va. Code St. R. § 114-14-6.17, 6.3, & 6.5

Comments: Review methodology for this standard is sample. This standard has a direct statutory requirement. Concerns tested for this standard include:

- W. Va. Code St. R. § 33-11-4(9)(d) Refusing to pay claims without conducting a reasonable investigation based upon all available information;
- W. Va. Code St. R. § 33-11-4(9)(e) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;
- W. Va. Code St. R. § 33-11-4(9)(n) Failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement;
- W. Va. Code St. R. § 114-14-6.4. Offers of settlement. --
 - a. In any case where there is no dispute as to coverage and liability, it is the duty of every insurer to offer claimants or their authorized representatives, amounts which are fair and reasonable, as shown by the insurer's investigation of the claim, providing the amounts so offered are within policy limits and in accordance with the policy provisions.
 - b. No insurer may attempt to settle a claim by making a settlement offer that is unreasonably low.

- W. Va. Code St. R. § 114-14-6.10. Separation of claims. -- In any case where there is no dispute as to one (1) or more elements of a claim, payment for such element(s) shall be made notwithstanding the existence of disputes as to other elements of the claim where such payment can be made without prejudice to either party.
- W. Va. Code St. R. § 114-14-6.12. Notice of applicable time limitations. -- No person may negotiate for settlement of a claim with a claimant who is neither an attorney nor represented by an attorney without giving the claimant written notice that the claimant's rights may be affected by a statute of limitations or a policy or contract time limit. Such notice shall be given to first-party claimants not less than thirty (30) days and to third-party claimants not less than sixty (60) days, before the date on which such time limit expires.
- W. Va. Code St. R. § 114-14-6.13. Avoidance of payment. -- Where liability and damages are reasonably clear, no person may recommend that third-party claimants make claim under their own policies solely to avoid paying claims under an insurer's insurance policy or insurance contract.
- W. Va. Code St. R. § 114-14-6.17 states the following:

Any notice rejecting any element of a claim shall contain the identity and the claims processing address of the insurer and the claim number. The notice must state that the claimant has the option of contacting the Commissioner. The notice must provide the Commissioner's mailing address, telephone number and website address.

Results: Pass with Recommendations

Observations: A random sample of one hundred five (105) claims that were either denied or closed without payment during the examination period was reviewed for the above listed criteria. Five (5) closed without payment claim denial notices did not contain the required Commissioner's contact information and thus were not in compliance with W. Va. Code St. R. §114-14-6.17.

Table G9: Claims, closed without payment sample results

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, closed without payment	728	105	8	92	5	95%

Recommendations: The Company shall include the appropriate Commissioner's contact information in the denial letters as required by W. Va. Code St. R. § 114-14-6.17.

Standard G10

NAIC Market Regulation Handbook – Chapter XVI, § G, Standard 10

Canceled benefit checks and drafts reflect appropriate claim handling practices.

W.Va. Code §33-11-4(9) W.Va. Code St. R. § 114-14-1, et seq.

Comments: Review methodology for this standard is electronic and sample. The concerns tested for this standard include:

- This standard has a direct statutory requirement that cancelled benefit checks include the correct payee and are 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.

Results: Pass

Observations: The sample of one hundred five (105) paid claims was reviewed. Checks were in the correct amount and included the correct payee. No exceptions were noted.

Table G10: Claims, sample result

Type	Population	Sampled	N/A	Pass	Fail	%Pass
Third-party claims, paid	633	105	4	101	0	100%

Recommendations: None

CONCLUSION

The results of the target market examination did reveal fifteen (15) paid and four (4) closed-without-payment claims violated W. Va. Code St. R. § 114-14.6.7 regarding Notice of Necessary Delay in Investigating Claims. Some of the individual claims contained multiple instances of missing or untimely delay letters. There were a total of 35 such instances. The result of the target market examination did not reveal any violations of W. Va. Code § 33-11-4(9)(b), (c), or (d).

The examination revealed fifteen (15) paid claims and four (4) closed-without-payment claims that violated W. Va. Code St. R. § 114-14-6.7 pertaining to notice of necessary delay in investigating claims. The frequency of these violations was sufficient to fail the standard (Standard G2).

The instances of non compliance did not occur with such frequency to fail the standard:

- * Six (6) violations of W. Va. Code St. R. § 114-15-4 (Standard A7),
- * Five (5) violations of W. Va. Code St. R. § 114-14-6.17 (Standard G9), and
- * One (1) violation each of W. Va. Code St. R. § 114-14-6.3 (Standard G3), W. Va. Code St. R. § 114-14-5.1 (Standard G1), W. Va. Code § 33-11-4(10) & W. Va. Code St. R. § 114-15-4.6 (Standard B1), and W. Va. Code St. R. § 114-14-5.2 (Standard B4).

LIST OF RECOMMENDATIONS

Recommendation A7: see recommendations in Standard B4

Recommendation B1: The Company shall maintain and log complaints as required by W. Va. Code §33-11-4(10) and W. Va. Code St. R § 114-15-4.6.

Recommendation B4: The Company should comply with the appropriate time frames for responding to complaints as required by W. Va. Code §§33-11-4(10) and 33-11-4a.

Recommendation G1: The Company should contact claimants as required by W. Va. Code St. R § 114-14-5.1.

Recommendation G2: The Company shall send delay letters as required by W. Va. Code St. R §114-14-6.7 and promptly conduct an investigation as required by W. Va. Code St. R. § 114-14-6.1.

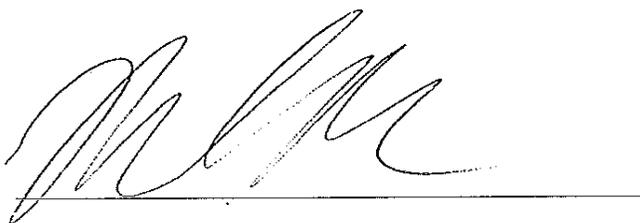
Recommendation G3: The Company shall resolve all claims in a timely manner as required by W. Va. Code St. R § 114-14-6.3

Recommendation G9: The Company shall include the appropriate Commissioner's contact information in the denial letters as required by W. Va. Code St. R. § 114-14-6.17.

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, Brad Beam MCM, Robert Parsons MCM, John Stike MCM, CIPA, APA, AFI and Desiree Mauller also participated in the examination.

A handwritten signature in black ink, appearing to be 'M. Hooker', written over a horizontal line.

Mark A. Hooker, CIE, CPCU, FLMI, CWCP

Examiner-in-Charge

EXAMINER'S AFFIDAVIT

State of West Virginia

County of Kanawha

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

I, Mark A. Hooker, being duly sworn, states as follows:

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

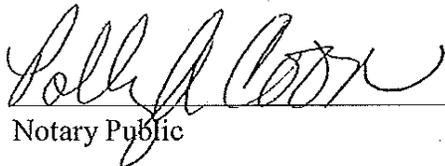
The affiant says nothing further.



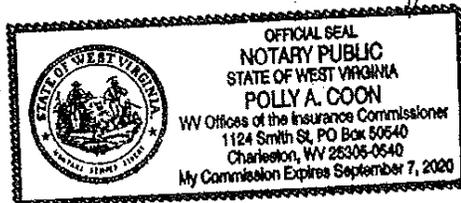
Mark A. Hooker, CIE, CPCU, FLMI, CWCP, MCM
Chief Market Conduct Examiner

Subscribed and sworn before me by Mark A. Hooker on this 29th day of June, 2011.

(SEAL)



Notary Public



My commission expires on September 7, 2020 (date).



WESTFIELD
GROUP

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July 19, 2011

Mark A. Hooker, Chief Market Conduct Examiner
STATE OF WEST VIRGINIA
OFFICES OF THE INSURANCE COMMISSIONER
P.O. Box 50540
Charleston, WV 25305-0540

**RE: REPORT OF MARKET CONDUCT EXAMINATION AS OF DECEMBER 31, 2010
WESTFIELD INSURANCE COMPANY NAIC: 24112**

Dear Mr. Hooker:

Westfield Insurance Company does not dispute any facts pertaining to findings, comments, results, observations or recommendations contained in the report of Market Conduct Examination.

Additionally, Westfield has taken the following corrective actions as a result of the Examination:

As soon as Westfield learned of the various Department findings, we communicated them to our employees handling West Virginia claims, along with an explanation of the requirements upon us under the applicable statutes and regulations.

Additionally, Westfield holds a monthly West Virginia meeting for all West Virginia claims representatives, who participate by telephone or in person. At the June 8, 2011 meeting, the West Virginia Claims Leader provided additional guidance on the obligation to send Status/Delay Letters to claimants. At the same time, we were drafting a standardized Status/Delay form letter with multiple options, which would be available to, and could be completed by, the claims representatives to send the required Status/Delay letter to claimants.

At the July 13, 2011 state meeting, the West Virginia Claims Leader provided in depth training on the obligations which we have in West Virginia to provide Status/Delay letters and to provide Commissioner contact information upon denial of an aspect of a claim. The Leader also introduced the standardized form to use for drafting and sending Status/Delay letters which will be available for use on July 19, 2011. The Westfield Manager of Corporate Compliance participated in the call and answered questions which the claims representatives had. Moreover, the Claims system has been programmed to automatically give claims representatives Status/Delay letter reminders every 30 days, well within the original deadline and the follow up deadlines imposed.

SCANNED

The West Virginia Claims Leader will continue to train the claims representatives on all aspects of the Unfair Trade Practices at upcoming monthly meetings with the earlier topics including those upon which we received recommendations from the Department. Additionally, on October 27 and 28, 2011, the Complex Claims Discipline Leader will provide all West Virginia claims representatives with in person, mandatory training on handling claims in good faith, including the Unfair Trade Practices.

Finally, Westfield would request the following language be added to the Commissioner's Order when the Order is drawn:

Westfield Insurance Company does not admit to any factual or legal determination made by the Commissioner and does not admit any violation of Chapter 33 of the West Virginia Code or Section 114 of the West Virginia Code of State Rules, and reserves all rights and defenses regarding liability or responsibility in any proceedings against Westfield Insurance Company other than proceedings, administrative or civil, to enforce this order.

Thank you again for the opportunity to respond to the Report.

Sincerely,



John T. H. Batchelder
Corporate Compliance Manager

JTHB:jmi