

BEFORE JAMES A. DODRILL, INSURANCE COMMISSIONER  
OF THE STATE OF WEST VIRGINIA

*In the Matter of:*

**INLAND MUTUAL INSURANCE COMPANY**

Administrative Proceeding No. 20-MC-STAT-02003

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ADOPTING  
REPORT OF MARKET CONDUCT COMPLIANCE EXAMINATION,  
AND DIRECTING CORRECTIVE ACTION

NOW COMES, James A. Dodrill, Insurance Commissioner of the State of West Virginia (hereinafter, "Commissioner"), who, after consideration of the *Report of Market Conduct Compliance Examination* (hereinafter, the "*Examination Report*") of Inland Mutual Insurance Company (hereinafter, "Inland") for the examination period ending March 31, 2020, made the following findings of fact and conclusions of law and order.

FINDINGS OF FACT

1. The market conduct examination was comprehensive in scope focusing on standards contained in the *Market Regulation Handbook*. The examination was conducted in accordance with *W. Va. Code* §33-2-9(c) by examiners duly appointed by the Commissioner.
2. On or about May 6, 2021, the examiner filed with the Commissioner, pursuant to *W. Va. Code* §33-2-9, the *Examination Report*.
3. A true copy of the *Examination Report* was provided to Inland and Inland was notified, pursuant to *W. Va. Code* §33-2-9(j)(2), that it had ten (10) days after receipt of the *Examination Report* to file a submission or rebuttal with the Commissioner.

4. As set forth in the *Examination Report*, the examination focused on the methods used by Inland to manage its operations for each of the areas examined, including whether and how Inland complies with West Virginia's statutory and regulatory law.

5. The exam discovered Inland was compliant or predominantly compliant with the standards tested.

6. The Commissioner reviewed the *Examination Report* and considered all relevant documents prior to issuing these findings of fact, conclusions of law and order.

#### CONCLUSIONS OF LAW

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

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

3. The Commissioner is charged with the responsibility of verifying Inland's continued compliance with West Virginia law.

4. As detailed in the *Examination Report*, Inland had the following areas of concern:

- Inland accepted applications from two (2) producers who were not properly appointed within fifteen (15) days of the first application submission in violation of *W. Va. Code* §33-12-18(b).
- Inland was using a disapproved version of one (1) policy form in violation of *W. Va. Code* §33-6-8. Inland is sending the corrected policy form to all affected policyholders.

5. The Commissioner has determined that Inland shall file a corrective action plan to address the aforementioned violations, but that, due to the minimal nature of the areas of concern, there is no need to impose a penalty.

### ORDER

Pursuant to *W. Va. Code* §33-2-9(j)(3)(A), following the review of the *Examination Report* and the examination work papers, it is **ORDERED** as follows:

1. The referenced and attached *Examination Report* is hereby **ADOPTED** and **APPROVED** and by this reference, incorporated herein and made a part hereof;

2. Inland shall endeavor to comply with the recommendations contained in the *Examination Report*;

3. Inland shall continue to monitor its compliance with applicable West Virginia law;

4. Inland shall specifically cure the violations and deficiencies identified in the *Examination Report* so as to bring itself into compliance and conformity with West Virginia law, as set forth hereinabove, to the extent such has not already been completed and/or accomplished;

5. Inland shall file a Corrective Action Plan (CAP), subject to the approval of the Commissioner, which said CAP shall detail Inland's changes to its procedures and/or internal policies to ensure compliance with West Virginia law and shall further incorporate all recommendations of the Commissioner's examiners and address all violations specifically cited in the *Examination Report*;

6. The CAP shall be submitted to the Commissioner for his approval within 30 days of the date this order is entered;

7. Inland shall make reasonable changes to the CAP if and as directed by the Commissioner within 30 days of its receipt of the Commissioner's changes to, or disapproval of, the CAP; and

8. Inland shall, within 90 days of its receipt of notice from the Commissioner of his final approval thereof, implement the CAP.

ENTERED this 15th day of June, 2021.



JAMES A. OODRILL  
Insurance Commissioner  
State of West Virginia

# Report of Market Conduct Examination

As of March 31, 2020



## Inland Mutual Insurance Company

1017 Sixth Avenue  
Huntington, WV 25701

**NAIC COMPANY CODE 14281**

**Examination Number 20-MC-STAT-02003**

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April 29, 2021

The Honorable James A. Dodrill  
West Virginia Insurance Commissioner  
900 Pennsylvania Avenue  
Charleston, West Virginia 25302

Dear Commissioner Dodrill:

Pursuant to your instructions and in accordance with W.Va. Code §33-2-9, an examination has been made as of March 31, 2020 of the business affairs of

**INLAND MUTUAL INSURANCE COMPANY**  
1017 Sixth Avenue  
Huntington, WV 25701

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

## COMPLIANCE WITH PREVIOUS EXAMINATION RECOMMENDATIONS

The West Virginia Office of the Insurance Commissioner (WVOIC) previously conducted a comprehensive market conduct examination of the Company as of June 30, 2016.

The June 30, 2016 examination findings included:

- Standard A7: The Company did not properly retain applications in violation of W. Va. Code R. §114-15-4.
- Standard D2: The Company did accept applications from four (4) producers who were not properly appointed per W. Va. Code §33-12-18.
- Standard F1: The Company used rates that were not filed, in violation of W. Va. Code §33-20-3 & W. Va. Code §33-20-4.

Previous recommendations for Standard A7 and Standard F1 have been addressed and no subsequent failure was found. However, issues were found during the review of Standard D2 - two (2) applications were accepted by the Company from two (2) separate producers that were not properly appointed.

## PURPOSE AND SCOPE OF THE EXAMINATION

Market Conduct Examiners with the WVOIC reviewed certain business practices of Inland Mutual Insurance Company. W. Va. Code §33-2-9 empowers 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 market conduct examination was to determine the Company's compliance with West Virginia laws and is part of a combined examination being performed in conjunction with our Financial Conditions Division. Separate reports will be issued accordingly. This examination is not intended to duplicate a review of the Company's Operations and Management but rather establish an understanding of the examinee and except for the standards specifically mentioned in this report, will rely on the results obtained by our Financial Conditions Division (Reference Numbers: 14281-WV-2019-3). The conclusions and findings of this market conduct examination are public record.

The examiners may not have discovered every unacceptable or non-compliant activity in which the Company is engaged. The failure to identify, comment on, or criticize specific Company practices does not constitute an acceptance of the practices by the West Virginia Offices of the Insurance Commissioner or its' designee.

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

- Operations and Management
- Producer Licensing
- Policyholder Service
- Underwriting and Rating
- Claims



“WVOIC” as used herein refers to the West Virginia Offices of the Insurance Commissioner. “W.Va. Code 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.

## EXECUTIVE SUMMARY

The examination fieldwork began September 8, 2020 and concluded on March 1, 2021. The entirety of the examination was performed remotely, with the Company providing examiners access to its BriteCore system which houses the company records, files, notes, and documentation. A total of thirty (30) standards were reviewed during this examination. Of these thirty (30) standards, the Company was compliant in twenty-seven (27) standards, predominantly compliant in two (2) standards (D2 and F5) and one (1) standard (F7) was not applicable.

The major areas of concern are listed below:

- Standard D2: The Company accepted applications from two (2) producers who were not properly appointed within 15 days of first application submission in violation of W. Va. Code §33-12-18(b).
- Standard F5: Company was using a disapproved version of one (1) policy form in violation of W. Va. Code §33-6-8. Please note, Company will be sending the corrected policy form to all current affected policyholders.

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. When applicable, corrective action for other jurisdictions should be addressed.

## HISTORY AND PROFILE

Inland Mutual Insurance Company was formed pursuant to the laws of West Virginia on July 29, 1936 as a mutual insurance company and began writing automobile insurance on July 16, 1937. The Company is currently licensed to transact fire, marine, casualty, and surety insurance as defined by Chapter 33, Article 1, Section 10, Subsections C, D, E, and F of the West Virginia Code of 1931, as amended. The Company is currently licensed in six (6) states (WV, VA, OH, KY, IN, TN) but is only active in four (4) (WV, OH, VA, KY). In 1979, Inland established a working relationship with Safe Insurance Company and share expenses and employees.

In 2011, Inland made an agreement to purchase West Virginia National Insurance Company’s property book of business. Inland filed the Dwelling Fire and Homeowner rates & forms with the West Virginia Insurance Department in December 2011, which were approved, and started offering renewals at Inland (from West Virginia National) in March of 2012.

According to the NAIC 2019 Market Analysis – Market Share Report, Inland had \$83,544 in written premiums and a Market Share of 0.018% in the State of 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. This is a report by test of company compliance with selected Standards contained in the National Association of Insurance Commissioners' (NAIC) *2019 Market Regulation Handbook* (Handbook) and Standards approved by the 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.

Tests designed to measure the level of compliance with West Virginia's statutes, rules and regulations were applied to the files. Each area of the examination has specific elements that were tested and are listed below.

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 or non-compliant existed for any given test. Except as otherwise noted, tests were conducted via random sample taken from a given population where applicable. 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.

## STANDARD & REVIEW ELEMENTS

### A. Operations and Management

The operations and management portion of the examination is designed to provide a view of the Company and how it operates. As mentioned previously, this review is not intended to duplicate a review of the Company's Operations and Management being conducted by our Financial Conditions Division but rather establish an understanding of the examinee.

**Standard A7: Records are adequate, accessible, consistent and orderly and comply with state record retention.** (2019 NAIC Market Regulation Handbook Chapter 20, § A Standard 7)

- Are the records adequate and accessible? [W. Va. Code §33-2-9 and W. Va. Code R. §114-15-4]

**Standard A9: The Company cooperates on a timely basis with examiners performing the examinations.** (2019 NAIC Market Regulation Handbook Chapter 20, § A Standard 9)

- Did the Company provide records and cooperate with examiners on a timely basis? [W. Va. Code §33-2-9 and W. Va. Code R. §114-15-4.9(a)]

#### **D. Producer Licensing**

The producer licensing portion of the examination is designed to test the Company's compliance with state producer licensing laws and rules.

**Standard D1: Company records of licensed and appointed (if applicable) producers and in jurisdictions where applicable, licensed company or contracted independent adjusters agree with department of insurance records.** (2019 NAIC Market Regulation Handbook Chapter 20, § D Standard 1)

- Are the agents properly licensed per W.Va. Code §33-12-3 and W.Va. Code §33-12-18?

**Standard D2: The producers are properly licensed and appointed and have appropriate continuing education (if required by state law) in the jurisdiction where the application was taken.** (2019 NAIC Market Regulation Handbook Chapter 20, § D Standard 2)

- Are the producers properly appointed for business solicited in West Virginia? [W. Va. Code §33-12-3(d) and W. Va. Code §33-12-18]
- Does the Company appoint the producer within fifteen (15) days of the date the producer submits their first application to the Company? [W. Va. Code §33-12-18(b)]
- Are all applications signed by properly licensed and appointed agents? [W. Va. Code §33-12-3]
- Are the producers current with their continuing education? [W. Va. Code §33-12-8]

**Standard D3: Termination of producers complies with applicable standards, rules and regulations regarding notification to the producer and notification to the state, if applicable.** (2019 NAIC Market Regulation Handbook Chapter 20, § D Standard 3)

- 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? [W. Va. Code §33-12-25 et seq.]
- Is the producer notified simultaneously? [W. Va. Code §33-12-25(d)]
- Does the Company notify the Commissioner's Office if the termination is for cause? [W.Va. Code §33-12-25(a)]

**Standard D4: The Company's policy of producer appointments and terminations does not result in unfair discrimination against policyholders.** (2019 NAIC Market Regulation Handbook Chapter 20, § D Standard 4)

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

**Standard D5: Records of terminated producers adequately document reasons for termination.** (2019 NAIC Market Regulation Handbook Chapter 20, § D Standard 5)

- Do company records document reason for producer termination? [W. Va. Code §33-12-25(a) & (b)]

### **E. Policyholder Service**

The policyholder service portion of the examination is designed to test if the Company is compliant 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.** (2019 NAIC Market Regulation Handbook Chapter 20, § E Standard 1)

- Were renewal billing notices sent out in accordance with state guidelines?
- Were premium notices sent out for endorsement timely, not at policy expiration?

**Standard E2: Policy issuance and insured requested cancellations are timely.** (2019 NAIC Market Regulation Handbook Chapter 20, § E Standard 2)

- Was the policy issued timely?
- Were insured requested cancellations processed timely and without excessive paperwork required?

**Standard E3 - All correspondence directed to the regulated entity is answered in a timely and responsive manner by the appropriate department.** (2019 NAIC Market Regulation Handbook Chapter 20, § E Standard 3)

- Was all correspondence responded to in a timely manner?
- Was the problem/ question addressed in a timely manner?

**Standard E7: Unearned premiums are correctly calculated and returned to the appropriate party in a timely manner and in accordance with applicable statutes, rules and regulations.** (2019 NAIC Market Regulation Handbook Chapter 20, § E Standard 7)

- Unearned premiums calculated correctly?

### **F. Underwriting and Rating**

The underwriting and rating 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.

**Standard F1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the Company rating plan.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 1)

- Was the premium calculated correctly? [W. Va. Code §33-20-3 & W. Va. Code §33-20-4]
- Were the Company's own underwriting guidelines followed for proper rating?

**Standard F2: All mandated disclosures are documented and in accordance with applicable statutes, rules and regulations.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 2)

- Were quotations reasonable and accurate?
- Were mandated disclosures provided as applicable?

**Standard F3: The Company does not permit illegal rebating, commission-cutting, or inducements.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 3)

- 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)]

**Standard F4: 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.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 4)

- Do the Company's underwriting guidelines conform to any applicable statutes, rules and regulations? [W. Va. Code §33-11-4(7)(c)]
- Is the Company following its underwriting guidelines to ensure compliance regarding unfair discrimination?
- Any inconsistent underwriting practices?

**Standard F5: All forms, including policies, contracts, riders, amendments, endorsement forms and certificates are filed with the insurance department, if applicable.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 5)

- Have all the forms and endorsements been filed with the Commissioner? [W. Va. Code §33-6-8]

**Standard F6 - Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 6) *Issued policies reviewed under Standard E2.*

- Are renewals and endorsements issued in the appropriate time frame? [W.Va. Code §33-17A-4 (c)]

**Standard F7: Rejections and declinations are not unfairly discriminatory.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 7)

- Does the Company provide valid reasons for rejection/declinations when required? [W.Va. Code §33-17A-4]
- Does the Company unfairly discriminate when rejecting or declining policies? [W.Va. Code §33-17A-6]

**Standard F8: Cancellation/non-renewal, discontinuance and declination notices comply with policy provisions and state laws and company guidelines.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 8)

- Were company-initiated cancellations and non-renewals within applicable statutes and policy provisions? [W.Va. Code §33-17A-4 and W.Va. Code §33-17A-5]
- Does the notice contain the specific reason for Cancellation/ non-renewal? [W.Va. Code §33-17A-4]

**Standard F9: Rescissions are not made for non-material misrepresentation.** (2019 NAIC Market Regulation Handbook Chapter 20, § F Standard 9)

- 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?

**Standard F10: 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.** (2019 NAIC Market Regulation Handbook Chapter 21, § F Standard 8)

- Was the underwriting of the policy based on the information obtained at or near inception of coverage rather than after a claim was submitted? [W.Va. Code §33-11-4(7)(c)]

**Standard F13: The Company does not engage in collusive or anti-competitive underwriting practices.** (2019 NAIC Market Regulation Handbook Chapter 21, § F Standard 13)

- Is there any unlawful pricing or other prohibited anti-competitive acts or practices? [W. Va. Code §33-11-3 and W. Va. Code §33-11-4]
- Has the Company entered into any agreements with other West Virginia companies to divide the market within West Virginia by territory? [W. Va. Code §33-11-3 and W. Va. Code §33-11-4]

**Standard F16: 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.** (2019 NAIC Market Regulation Handbook Chapter 21, § F Standard 16)

- Was the policyholder given the proper advance notice for company-initiated cancellation/non-renewal? [W.Va. Code §33-17A-4]

**Standard F18: Applications or enrollment forms are properly, accurately and fully completed, including any required signatures, and file documentation adequately supports decisions made.** (2019 NAIC Market Regulation Handbook Chapter 21, § F Standard 18)

- Are applications completed and signed where required?
- Are the files properly documented?

## **G. Claims**

This portion of the examination is designed to provide a view of how the Company treats claimants and whether that treatment is compliant with applicable statutes and rules.

### **Standard G1: Initial contact by the Company with the claimant is within the required time frame.** (2019 NAIC Market Regulation Handbook Chapter 20, § G Standard 1)

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

### **Standard G2: Timely investigations are conducted.** (2019 NAIC Market Regulation Handbook Chapter 20, § G Standard 2)

- Did the investigation commence within fifteen (15) working days of any claim filed as required by W. Va. Code § 33-11-4(9)(c) and W. Va. Code R. § 114-14-6.2.a?
- Did the investigation continue more than 30 calendar days? If so, was a notice of necessary delay sent within 15 working days after the 30 calendar days AND if the investigation continued, were subsequent notices of necessary delay sent with 45 calendar days as required by W. Va. Code R. § 114-14-6.7?

### **Standard G3: Claims are resolved in a timely manner.** (2019 NAIC Market Regulation Handbook Chapter 20, § G Standard 3)

- Did the Company affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed as required by W. Va. Code § 33-11-4(9)(e)?
- Did the Company deny the claim or make a written offer within ten (10) working days of completing its investigation as required by W. Va. Code R. § 114-14-6.3?
- Did the Company pay any amount agreed upon within (15) working days as required by W. Va. Code R. § 114-14-6.11?

### **Standard G5: Claim files are adequately documented.** (2019 NAIC Market Regulation Handbook Chapter 20, § G Standard 5)

- 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? [W. Va. Code §33-11-4(9) et. seq, W. Va. Code R. §§ 114-14-3 & 114-15-4.4]

### **Standard G6: Claims are properly handled according with policy provisions and applicable statutes, rules and regulations.** (2019 NAIC Market Regulation Handbook Chapter 20, § G Standard 6)

- Is the Company following the standards for prompt investigations as stated in W. Va. Code R. §114-14-6.1?

- Did the Company attempt in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by W. Va. Code § 33-11-4(9)(f) and W. Va. Code R. §§ 114-14-6.4 & 6.10?
- Was coverage checked for proper application of deductible or appropriate exclusionary language as required by W. Va. Code § 33-11-4(9)(a)?
- When applicable is the claimant who is neither an attorney or represented by an attorney given written notice of that statute of limitation as required by W. Va. Code R. § 114-14-6.12?
- Does the Company ensure where liability and damages are reasonably clear, that no person recommends that third-party claimants make claim under their own policies solely to avoid paying claims under an insurer's insurance policy or insurance contract as required by W. Va. Code § 33-11-4(9)(m) and W. Va. Code R. § 114-14-6.13?
- Did the Company adopt and communicate to all its claims agents written standards for prompt investigation and processing of claims in accordance with W. Va. Code R. § 114-14-8 (effective 4/24/2006)?

**Standard G9: Denied and closed without payment claims are handled in accordance with policy provisions and state law.** (2019 NAIC Market Regulation Handbook Chapter 20, § G Standard 9)

- Was a prompt, reasonable and objective investigation conducted prior to refusal of payment? [W. Va. Code §33-11-4(9)(d)]
- 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? [W. Va. Code §33-11-4(9)(n) and W. Va. Code R. §114-14-6.5]
- Is the claimant given the option of contacting the Commissioner's Office and provided with its mailing address, telephone number, and website address? [W. Va. Code R. §114-14-6.17]
- Is the claimant who is neither an attorney or represented by an attorney given written notice of the statute of limitation? [W. Va. Code R. §114-14-6.12]



## COMPLIANCE TABLE

<u>Review Section</u>	<u># Pass</u>	<u># Fail</u>	<u>Minimum Standard Compliance %</u>	<u>Compliance Result %</u>	<u>Examination Result</u>		
					Compliant	Predominantly Compliant	Non-Compliant
A7	24	0	90	100	X		
A9	Pass	N/A	N/A	N/A	X		
D1	7	0	90	100	X		
D2	18	2	90	90		X	
D3	3	0	90	100	X		
D4	10	0	90	100	X		
D5	3	0	90	100	X		
E1	25	0	90	100	X		
E2	36	0	90	100	X		
E3	10	0	90	100	X		
E7	17	0	90	100	X		
F1	20	0	90	100	X		
F2	20	0	90	100	X		
F3	20	0	90	100	X		
F4	20	0	90	100	X		
F5	19	1	90	95		X	
F6	25	0	90	100	X		
F7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F8	20	0	90	100	X		
F9	20	0	90	100	X		
F10	20	0	90	100	X		
F13	20	0	90	100	X		
F16	25	0	90	100	X		
F18	20	0	90	100	X		
G1	31	0	93	100	X		
G2	31	0	93	100	X		
G3	26	0	93	100	X		
G5	31	0	93	100	X		
G6	18	0	93	100	X		
G9	8	0	93	100	X		

## **OBSERVATIONS**

**A7** – Records provided were adequate, accessible, consistent, orderly and comply with state record retention.

**A9** – The Company's representatives were cooperative and responded to examiners requests timely.

**D1** – Agent record's reviewed were adequate, and agents were properly licensed.

**D2** – The Company accepted applications from two (2) producers who were not properly appointed within 15 days of first policy submission.

**D3** – Termination notifications were sent to terminated agents.

**D4** – While reviewing the Company's agent files, examiner found no evidence that company appointments and terminations resulted in unfair discrimination.

**D5** – Agent record's reviewed for terminated agents were adequate and documented the reason for termination. None were terminated for cause.

**E1** – Policies reviewed had premium/billing notices sent out via the Company's procedures.

**E2** – Polices reviewed were issued and canceled timely.

**E3** – Correspondence reviewed was answered timely by the appropriate department.

**E7** – Unearned premiums were calculated correctly and returned timely to the appropriate party.

**F1** – The Company is following underwriting guidelines and using filed rates when calculating premiums.

**F2** – Quotes reviewed were reasonable and accurate.

**F3** – While reviewing policy files, examiner found no evidence of illegal rebating, inducements, or unfair discrimination.

**F4** – Examiner found no evidence of unfairly discriminatory underwriting practices during new business policy review.

**F5** – The Company was using a disapproved version of one (1) policy form.

*Note: Company will be sending the corrected policy form to all current affected policyholders.*

**F6** – The Company sent out renewals per state statues and endorsements per its procedures.

**F7** – Found no rejected or declined policies during policy review.

**F8** – When required, the Company sent out prior notices of cancellation stating valid reason for cancellation.

**F9** – Policy cancellations reviewed were not canceled for post-claim underwriting or non-material representation.

**F10** – New business policies reviewed have rates based on information received during underwriting and not after a claim is filed.

**F13** – While reviewing policy files, examiner found no evidence of unfair methods of competition or anti-competitive acts.

**F16** – Policy cancellations reviewed had cancellation notices sent timely to all interested parties and insured requested cancellations had proper documentation.

**F18** – New business policy files reviewed were properly documented and applications were complete and signed.

**G1** – All claim files reviewed indicated the claimant was contacted within fifteen (15) working days (or mandated emergency order timeframe) from the date of the loss notice.

**G2** – The Company was found to be compliant with timely investigations.

**G3** – The Company affirmed or denied coverage of claims within a reasonable time after proof of loss statements had been completed, denied the claim, or made a written offer within ten (10) working days of completed investigation and made timely payments on any amounts agreed upon.

**G5** – All claim files were adequately documented.

**G6** – The claims were properly handled according to policy provisions, applicable statutes, rules and regulations under this standard.

**G9** – The Company handled all denied/closed without payment claims in accordance with policy provisions and state law.

## RECOMMENDATIONS

**D2** – The Company should ensure producers are properly appointed within (15) calendar days from date the agency contract is executed or the first insurance application is submitted as required by W. Va. Code §33-12-18(b).

**F5** – The Company should only use policy forms that have been approved per W. Va. Code §33-6-8.

## EXAMINER'S SIGNATURE AND ACKNOWLEDGEMENT

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

In addition to the undersigned, Jean E. Tincher, MCM, also participated in this examination.



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Jessica Lynch, CFE, MCM  
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, Jessica Lynch, being duly sworn, states as follows:

1. I have the authority to represent West Virginia in the examination of Inland Mutual Insurance Company of West Virginia.

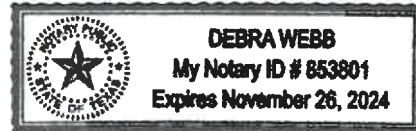
2. I have reviewed the examination work papers and examination report, and the examination of Inland Mutual Insurance Company of West Virginia was performed in a manner consistent with the standards and procedures required by West Virginia.

The affiant says nothing further.

  
\_\_\_\_\_  
Jessica Lynch, CFE, MCM  
Examiner-in-Charge

Subscribed and sworn before me by Jessica Lynch on this 6<sup>TH</sup> day of MAY, 2021.

  
\_\_\_\_\_  
Notary Public



My commission expires: NOVEMBER 26, 2024 (date).