

STATE OF ARIZONA
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DEPT. OF INSURANCE

REPORT OF TARGET MARKET CONDUCT EXAMINATION

OF

FIDELITY NATIONAL INSURANCE COMPANY

NAIC #25180

AS OF

December 31, 2009

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

JANICE K. BREWER
Governor

2910 North 44th Street, 2nd Floor
Phoenix, Arizona 85018-7269
www.azinsurance.gov

CHRISTINA URIAS
Director of Insurance

Honorable Christina Urias
Director of Insurance
State of Arizona
2910 North 44th Street
Suite 210, Second Floor
Phoenix, Arizona 85018-7269

Dear Director Urias:

Pursuant to your instructions and in conformity with the provisions of the Insurance Laws and Rules of the State of Arizona, a desk examination has been made of the market conduct affairs of the:

Fidelity National Insurance Company
NAIC #25180

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

The examination covered the period of January 1, 2009 through December 31, 2009.

As a result of that examination, the following Report of Examination is respectfully submitted.

Sincerely yours,

Helene I. Tomme, CPCU, CIE
Market Examinations Supervisor
Market Oversight Division

AFFIDAVIT

STATE OF ARIZONA)
)
County of Maricopa) ss.

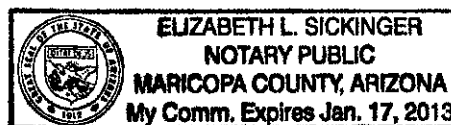
Helene I. Tomme, CPCU, CIE being first duly sworn, states that I am a duly appointed Market Examinations Examiner-in-Charge for the Arizona Department of Insurance. That under my direction and with my participation and the participation of Linda L. Hofman, AIE, MCM, FLMI, AIRC, CCP, Market Conduct Senior Examiner and Christopher G. Hobert, CIE, MCM, FLMI, AIRC, CCP, Market Conduct Senior Examiner on the Examination of Fidelity National Insurance Company, hereinafter referred to as the "Company" was performed at the office of the Arizona Department of Insurance. A teleconference meeting with appropriate Company officials in Jacksonville, Florida; Omaha, Nebraska and Goleta, California was held to discuss this Report, but a copy was not provided to management as the Examination was incomplete and had not yet been finalized. The information contained in this Report, consists of the following pages, is true and correct to the best of my knowledge and belief and that any conclusions and recommendations contained in and made a part of this Report are such as may be reasonably warranted from the facts disclosed in the Examination Report.

Helene I. Tomme
Helene I. Tomme, CPCU, CIE
Market Examinations Supervisor
Market Oversight Division

Subscribed and sworn to before me this 6th day of August, 2010.

Elizabeth L. Sickinger
Notary Public

My Commission Expires Jan. 17, 2013



FOREWORD

This targeted market conduct examination report of the Fidelity National Insurance Company (herein referred to as, "Fidelity", or the "Company"), was prepared by employees of the Arizona Department of Insurance (Department) as well as independent examiners contracting with the Department. A market conduct examination is conducted for the purpose of auditing certain business practices of insurers licensed to conduct the business of insurance in the state of Arizona. The Examiners conducted the examination of the Company in accordance with Arizona Revised Statutes (A.R.S.) §§ 20-142, 20-156, 20-157, 20-158 and 20-159. The findings in this report, including all work product developed in the production of this report, are the sole property of the Department.

The examination consisted of a review of the following Private Passenger Automobile (PPA) and Homeowners' (HO) lines of business operations:

1. Complaint Handling
2. Marketing and Sales
3. Producer Compliance
4. Underwriting and Rating
5. Cancellations and Non-Renewals
6. Claims Processing

Certain unacceptable or non-complying practices may not have been discovered in the course of this examination. Additionally, findings may not be material to all areas that would serve to assist the Director.

Failure to identify or criticize specific Company practices does not constitute acceptance of those practices by the Department.

SCOPE AND METHODOLOGY

The examination of the Company was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners (NAIC) and the Department. The market examination of the Company covered the period of January 1, 2009 through December 31, 2009 for business reviewed. The purpose of the examination was to determine the Company's compliance with Arizona's insurance laws, and whether the Company's operations and practices are consistent with the public interest. This examination was completed by applying tests to each examination standard to determine compliance with the standard. Each standard applied during the examination is stated in this report and the results are reported beginning on page 8.

In accordance with Department procedures, the Examiners completed a Preliminary Finding ("Finding") form on those policies, claims and complaints not in apparent compliance with Arizona law. The finding forms were submitted for review and comment to the Company representative designated by Company management to be knowledgeable about the files. For each finding the Company was requested to agree, disagree or otherwise justify the Company's noted action.

The Examiners utilized both examinations by test and examination by sample. Examination by test involves review of all records within the population, while examination by sample involves the review of a selected number of records from within the population. Due to the small size of some populations examined, examination by test and by sample were completed without the need to utilize computer software.

File sampling was based on a review of underwriting and claim files that were systematically selected by using Audit Command Language (ACL) software and computer data files provided by the Company. Samples are tested for compliance with standards established by the NAIC and the Department. The tests applied to sample data will result in an exception ratio, which determines whether or not a standard is met. If the exception ratio found in the sample is, generally less than 5%, the standard will be considered as "met." The standard in the areas of procedures and form use will not be met if any exception is identified.

HISTORY OF THE COMPANY

(Provided by the Company)

The Company, formerly known as Anza Insurance Company, a California domiciled insurance company, was organized on April 26, 1990, and commenced business on August 31, 1992.

The Company was acquired by a subsidiary of Fidelity National Financial, Inc. on March 1, 2001, and the name changed to Fidelity National Insurance Company. The Company was authorized on July 29, 2002 for the following lines: Casualty w/o Workers' Comp., Disability, Inland Marine and Transportation, Property, Surety, Vehicle.

The Company subsequently organized Fidelity National Lloyds, a Texas domiciled insurance company, on November 7, 2002, and then renamed it as Fidelity National Indemnity Insurance Company. The Company also purchased First Community Insurance Company, a New York domiciled insurance company, on January 3, 2003 and then renamed it as Fidelity National Property & Casualty Insurance Company.

PROCEDURES REVIEWED WITHOUT EXCEPTION

The Examiners review of the following Company departments¹ or functions indicates that they appear to be in compliance with Arizona statutes and rules:

Complaint Handling

Marketing and Sales

Producer Compliance

Underwriting and Rating

EXAMINATION REPORT SUMMARY

The examination identified six (6) compliance issues that resulted in 165 exceptions due to the Company's failure to comply with statutes and rules that govern all insurers operating in Arizona. These issues were found in two (2) of the six (6) sections of Company operations examined. The following is a summary of the Examiners' findings:

Cancellation and Non Renewals

In the area of Cancellations and Non Renewals, two (2) compliance issues are addressed in this Report as follows:

- The Company failed to provide a Summary of Rights on 18 PPA cancellations for underwriting reasons, 4 PPA Non Renewals, 50 HO cancellations for underwriting reasons and on 53 HO non renewals notices for a total of 125 policyholders/insureds cancelled or non renewed for an adverse underwriting decision.
- The Company failed to give the required seven (7) day grace period on three (3) PPA Cancellations for Non Payment of premium.

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

Claims Processing

In the area of Claims Processing, four (4) compliance issues are addressed in this Report as follows:

- The Company failed to include a fraud warning statement in at least 12-point type on three (3) claim forms.
- The Company failed to pay the appropriate tax, license registration and/or air quality fees on 21 PPA total loss claim, which resulted in a \$245.33 refund (including interest).
- The Company failed to complete its investigation within 30 days after notification of the claim. This occurred in five (5) PPA Closed Without Pay files.
- The Company failed to accurately identify the state statutes and Insurance Department in its claim correspondence to eight (8) Arizona claimants.

FACTUAL FINDINGS

RESULTS OF PREVIOUS MARKET CONDUCT EXAMINATIONS

During the past three (3) years, one (1) Market Conduct Examination was completed by the state of California. There were no significant patterns of non-compliance noted.

CANCELLATIONS AND NON-RENEWALS

Private Passenger Automobile (PPA):

The Examiners reviewed 52 PPA cancellation files for non-payment of premium (including 2 sample files) out of a population of 96; 20 PPA cancellation files for underwriting reasons (including 2 sample files) out of a population of 20 and 4 PPA non renewals (including 1 sample file) out of a population of 4. This cancellation/non renewal review included a total sample size of 76 PPA files from a total population of 120.

Homeowners (HO):

The Examiners reviewed 52 HO cancellation/declination files for non-payment of premium (including 2 sample files) out of a population of 387; 52 HO cancellation files for underwriting reasons (including 2 sample files) out of a population of 1,296 and 54 HO non renewals (including 2 sample files) out of a population of 490. This cancellation/non renewal review included a total sample size of 158 HO files from a total population of 2,173.

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

The following Cancellation and Non Renewal Standards failed:

| # | STANDARD | Regulatory Authority |
|---|--|---|
| 1 | Declinations, Cancellations and Non-Renewals shall comply with state laws and company guidelines including the Summary of Rights to be given to the policyholder and shall not be unfairly discriminatory. | A.R.S. §§ 20-448, 20-2108, 20-2109, 20-2110 |

| # | STANDARD | Regulatory Authority |
|---|--|---|
| 2 | Cancellation and Non-Renewal notices comply with state laws, company guidelines and policy provisions, including the amount of advance notice required and grace period provisions to the policyholder and shall not be unfairly discriminatory. | A.R.S. §§ 20-191, 20-443, 20-448, 20-1631, 20-1632, 20-1632.01, 20-1651 through 20-1656 |

Cancellation and Nonrenewal, Standard #1 - failed

Preliminary Finding 008 – Summary of Rights – The Examiners identified 18 PPA cancellations for underwriting reasons, 4 PPA non renewals, 50 HO cancellations for underwriting reasons and 53 HO non renewal notices for a total of 125 insureds that were cancelled or non renewed for an adverse underwriting decision and the notices failed to provide the required Summary of Rights language, an apparent violation of A.R.S. §§ 20-2108, 20-2109 and 20-2110.

PRIVATE PASSENGER AUTOMOBILE CANCELLATIONS

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

| Population | Sample | # of Exceptions | % to Sample |
|-------------------|---------------|------------------------|--------------------|
| 20 | 20 | 18 | 90% |

A 90% error ratio does not meet the Standard; therefore, a recommendation is warranted.

PRIVATE PASSENGER AUTOMOBILE NON RENEWALS

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

| Population | Sample | # of Exceptions | % to Sample |
|-------------------|---------------|------------------------|--------------------|
| 4 | 4 | 4 | 100% |

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

HOMEOWNERS' CANCELLATIONS

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

| Population | Sample | # of Exceptions | % to Sample |
|-------------------|---------------|------------------------|--------------------|
| 1,296 | 52 | 50 | 96% |

A 96% error ratio does not meet the Standard; therefore, a recommendation is warranted.

HOMEOWNERS' NON RENEWALS

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

| Population | Sample | # of Exceptions | % to Sample |
|-------------------|---------------|------------------------|--------------------|
| 490 | 54 | 53 | 98% |

A 98% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #1

Within 90 days of the filed date of this report provide the Department with documentation that Company procedures are in place so that the Summary of Rights is sent with all cancellation, non renewal or declination notices that involve an adverse underwriting decision by the Company.

Subsequent Events: During the course of the Phase I Examination, the Company disagreed with the Examiner's finding that its Summary of Rights was not included on the cancellation and non renewal notices. However, the Company provided proof that it had updated its system to include the required Summary of Rights language on its cancellation and non renewal notices. The updated notices went into production on July 27, 2010. The finding stands as written.

Cancellation and Nonrenewal, Standard #2 - failed

Preliminary Finding 007 – Personal Automobile 7 Day Grace Period – The Examiners identified three (3) PPA Cancellations for non payment of premium where the Company failed to give the required seven (7) day grace period. Failure to do so is an apparent violation of A.R.S. § 20-1632.01.

PRIVATE PASSENGER AUTOMOBILE CANCELLATION FOR NON PAYMENT

Failed to give the required seven (7) Day Grace Period

A.R.S. § 20-1632.01

| Population | Sample | # of Exceptions | % to Sample |
|-------------------|---------------|------------------------|--------------------|
| 96 | 52 | 3 | 6% |

A 6% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #2

Within 90 days of the filed date of this report provide the Department with documentation that Company procedures are in place to provide policyholders with the required seven (7) day grace period on PPA cancellations for nonpayment.

CLAIMS PROCESSING

Private Passenger Automobile (PPA):

The Examiners reviewed 51 PPA claims closed without payment (including 1 sample file) from a population of 61; 52 PPA paid claims (including 2 sample files) from a population of 194; 32 total loss PPA claims out of a population of 32 and 29 PPA subrogation claims out of a population of 29. This claim review included a total sample size of 164 PPA claims files from a total population of 316.

Homeowners (HO):

The Examiners reviewed 52 HO claims closed without payment (including 2 sample files) from a population of 283; 52 HO paid claims (including 2 sample files) from a population of 519 and 11 HO subrogation claims out of a population of 11. This claim review included a total sample size of 115 HO claims files from a total population of 813.

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

The Following Claim Standards were met:

| # | STANDARD | Regulatory Authority |
|----|---|---|
| 1 | The initial contact by the Company with the claimant is within the required time frame. | A.R.S. § 20-461, A.A.C. R20-6-801 |
| 4 | Claim files are adequately documented in order to be able to reconstruct the claim. | A.R.S. §§ 20-461, 20-463, 20-466.03, A.A.C. R20-6-801 |
| 6 | The company uses reservation of rights and excess of loss letters, when appropriate. | A.R.S. § 20-461, A.A.C. R20-6-801 |
| 7 | Deductible reimbursement to insureds upon subrogation recovery is made in a timely and accurate manner. | A.R.S. §§ 20-461, 20-462, A.A.C. R20-6-801 |
| 8 | The company responds to claim correspondence in a timely manner. | A.R.S. § 20-461, 20-462, A.A.C. R20-6-801 |
| 9 | Denied and Closed Without Payment claims are handled in accordance with policy provisions and state law. | A.R.S. §§ 20-461, 20-462, 20-463, 20-466, 20-2110, A.A.C. R20-6-801 |
| 10 | No insurer shall fail to fully disclose to first party claimants all pertinent benefits, coverages or other provisions of an insurance policy or insurance contract under which a claim is presented. | A.A.C. R20-6-801 |
| 11 | Adjusters used in the settlement of claims are properly licensed | A.R.S. §§ 20-321 through 20-321.02 |

The following Claim Standards failed:

| # | STANDARD | Regulatory Authority |
|---|--|--|
| 2 | Timely investigations are conducted. | A.R.S. § 20-461, A.A.C. R20-6-801 |
| 3 | The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations. | A.R.S. §§ 20-461, 20-466.03, 20-2106, A.A.C. R20-6-801 |
| 5 | Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations. | A.R.S. §§ 20-268, 20-461, 20-462, A.A.C. R20-6-801 |

Claims Processing Standard #2 – failed:

Preliminary Finding-002 – Timely Investigation: The Examiners identified five (5) PPA closed without payment, in which the Company failed to complete its investigation within 30 days after notification of claim. This action is an apparent violation of A.R.S. § 20-461 and A.A.C. R20-6-801(F).

PERSONAL AUTOMOBILE CLAIMS

Failed to complete a timely investigation
A.R.S. § 20-461 and A.A.C. R20-6-801(F)

| Population | Sample | # of Exceptions | % to Sample |
|------------|--------|-----------------|-------------|
| 61 | 51 | 5 | 10% |

A 10% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #3

Within 90 days of the filed date of this report provide the Department with documentation that the Company's claims procedures regarding complete and timely investigation has been reviewed with all claims adjusters handling Arizona claims and re-training has been completed where necessary or warranted.

Claims Processing Standard #3 - failed

Preliminary Finding 004 – Wrong State Identified on Claim Correspondence - The Company failed to accurately identify the state statutes and Insurance Department in claims related correspondence found in four (4) PPA closed without payment and four (4) PPA paid claim files for a total of eight (8) violations of A.R.S. § 20-461(A)(1).

**Summary of Findings – Standard 3 File Review
Wrong State & Statutes Identified on Claims Correspondence
A.R.S. § 20-461(A)(1)**

| Files Reviewed | Population | Sample | Exceptions | Request # |
|-----------------------|-------------------|---------------|-------------------|------------------|
| PERSONAL AUTO | | | | |
| PPA CWP | 61 | 51 | 4 | 016 |
| PPA Paid | 194 | 52 | 4 | 015 |
| Totals | 255 | 103 | 8 | |
| | | | Error Ratio | 8% |

An 8% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #4

Within 90 days of the filed date of this report, provide documentation to the Department that procedures and controls are in place to ensure all correspondence between the Company and parties to a claim are not misleading and accurately identify the state statutes and the Insurance Department, in accordance with the applicable state statute.

Subsequent Event: During the course of the Phase I Examination, the Company agreed with the Examiners finding and has advised it conducted training with its adjusters as well as locking the text on all letters of compliance. This should ensure that the adjuster may not make any changes.

Claims Processing Standard #3 - failed

Preliminary Finding 005 – Fraud Warning Statement - The Company failed to include the Fraud Warning statement in at least twelve-point type on three (3) claim forms, an apparent violation of A.R.S. § 20-466.03.

Forms without a Fraud Warning Statement

- Certificate of No Insurance (PPA)
- Power of Attorney (PPA)
- Non-Waiver Agreement (HO)

Recommendation #5

Within 90 days of the filed date of this report provide the Department with documentation that Company procedures are in place to include the Fraud Warning statement in at least twelve-point type on the three (3) claim forms identified above.

Subsequent Events: During the course of the Phase I Examination, the Company agreed with the finding and provided corrected forms. In addition, the Company changed its Power of Attorney form to the state MVD form, which is in compliance. The finding stands as written.

Claims Processing Standard #5 - failed

Preliminary Finding 001 - The Examiners identified 21 first/third party total loss settlements, in which the Company failed to pay appropriate tax, license registration and/or air quality fees. This is an apparent violation of A. R. S. §§ 20-461(A)(6), 20-462(A) and A.A.C. R20-6-801 (H)(1)(b).

PRIVATE PASSENGER TOTAL LOSSAUTOMOBILE CLAIMS
Failed to pay appropriate taxes and air quality fees on total loss settlements
A.R.S. §§ 20-461(A)(6), 20-462(A) and A.A.C. R20-6-801 (H)(1)(b)

| Population | Sample | # of Exceptions | % to Sample |
|-------------------|---------------|------------------------|--------------------|
| 32 | 32 | 21 | 66% |

A 66% error ratio does meet the standards; therefore, a recommendation is warranted

Recommendation #6

Within 90 days of the filed date of this report submit documentation to the Department to show that the Company's procedures have been corrected to comply with Arizona Statutes and Rules when processing total loss settlements for First and Third Parties.

Subsequent Events: During the course of Phase I Examination, the Company agreed and made restitution payments to each of the 21 parties involved in the amount of \$218.89 plus \$26.44 including interest for a total of \$245.33. Copies of letters of explanation and payments were sent to the Department prior to completion of the Examination.

SUMMARY OF FAILED STANDARDS

| EXCEPTIONS | Rec. No. | Page No. |
|--|-----------------|-----------------|
| CANCELLATIONS AND NON RENEWALS | | |
| <u>Standard #1</u> Declinations, Cancellations and Non-Renewals shall comply with state laws and company guidelines including the Summary of Rights to be given to the policyholder and shall not be unfairly discriminatory. | 1 | 13 |
| <u>Standard #2</u> Declinations, Cancellations and Non-Renewals shall comply with state laws and company guidelines including the Summary of Rights to be given to the policyholder and shall not be unfairly discriminatory. | 2 | 14 |
| CLAIM PROCESSING | | |
| <u>Standard #2</u> Timely investigations are conducted. | 3 | 17 |
| <u>Standard #3</u> The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations. | 4 | 18 |
| <u>Standard #3</u> The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations. | 5 | 18 |
| <u>Standard #5</u> Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations. | 6 | 19 |

SUMMARY OF PROPERTY AND CASUALTY STANDARDS

Complaint Handling

| # | STANDARD | PAGE | PASS | FAIL |
|---|---|------|------|------|
| 1 | The Company takes adequate steps to finalize and dispose of the complaints in accordance with applicable statutes, rules, regulations and contract language. (A.R.S. § 20-461 and A.A.C. R20-6-801) | 8 | X | |
| 2 | The time frame within which the Company responds to complaints is in accordance with applicable statutes, rules and regulations. (A.R.S. § 20-461 and A.A.C. R20-6-801) | 8 | X | |

Marketing and Sales

| # | STANDARD | PAGE | PASS | FAIL |
|---|--|------|------|------|
| 1 | All advertising and sales materials are in compliance with applicable statutes, rules and regulations. (A.R.S. §§ 20-442 and 20-443) | 8 | X | |

Producer Compliance

| # | STANDARD | PAGE | PASS | FAIL |
|---|---|------|------|------|
| 1 | The producers are properly licensed in the jurisdiction where the application was taken. (A.R.S. §§ 20-282, 20-286, 20-287 and 20-311 through 311.03) | 8 | X | |
| 2 | An insurer shall not pay any commission, fee, or other valuable consideration to unlicensed producers. (A.R.S. § 20-298) | 8 | X | |

Underwriting and Rating

| # | STANDARD | PAGE | PASS | FAIL |
|---|--|------|------|------|
| 1 | The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the Company Rating Plan. (A.R.S. §§ 20-341 through 20-385) | 8 | X | |

| # | STANDARD | PAGE | PASS | FAIL |
|---|---|------|------|------|
| 2 | Disclosures to insureds concerning rates and coverage are accurate and timely. (A.R.S. §§ 20-259.01, 20-262, 20-263, 20-264, 20-266, 20-267, 20-2110) | 8 | X | |
| 3 | All mandated disclosures are documented and in accordance with applicable statutes, rules and regulations, including, but not limited to, the Notice of Insurance Information Practices and the Authorization for Release of Information. (A.R.S. §§ 20-2104, 20-2106, 20-2110 and 20-2113) | 8 | X | |
| 4 | All forms and endorsements forming a part of the contract should be filed with the director (if applicable). (A.R.S. § 20-398) | 8 | X | |
| 5 | Policies and endorsements are issued or renewed accurately, timely and completely. (A.R.S. §§ 20-1120, 20-1121, 20-1654) | 8 | X | |
| 6 | Rescissions are not made for non-material misrepresentations. (A.R.S. §§ 20-463, 20-1109) | 8 | X | |

Declinations, Cancellation and Non-Renewals

| # | STANDARD | PAGE | PASS | FAIL |
|---|--|------|------|------|
| 1 | Declinations, Cancellations and Non-Renewals shall comply with state laws and company guidelines including the Summary of Rights to be given to the policyholder and shall not be unfairly discriminatory. (A.R.S. §§ 20-448, 20-2108, 20-2109 and 20-2110) | 12 | | X |
| 2 | Cancellations and Non-Renewal notices comply with state laws, company guidelines and policy provisions, including the amount of advance notice required and grace period provisions to the policyholder, nonrenewal based on condition of premises, and shall not be unfairly discriminatory. (A.R.S. §§ 20-191, 20-443, 20-448, 20-1631, 20-1632, 20-1632.01, 20-1651 through 20-1656). | 12 | | X |

Claims Processing

| # | STANDARD | PAGE | PASS | FAIL |
|----|--|------|------|------|
| 1 | The initial contact by the company with the claimant is within the required time frame. (A.R.S. § 20-461 and A.A.C. R20-6-801) | 16 | X | |
| 2 | Timely investigations are conducted. (A.R.S. § 20-461, and A.A.C. R20-6-801) | 17 | | X |
| 3 | The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations. (A.R.S. §§ 20-461, 20-466.03, 20-2106, and A.A.C. R20-6-801) | 17 | | X |
| 4 | Claim files are adequately documented in order to be able to reconstruct the claim. (A.R.S. §§ 20-461, 20-463, 20-466.03 and A.A.C. R20-6-801) | 16 | X | |
| 5 | Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations. (A.R.S. §§ 20-268, 20-461, 20-462 and A.A.C. R20-6-801) | 17 | | X |
| 6 | The Company uses reservation of rights and excess of loss letters, when appropriate. (A.R.S. § 20-461 and A.A.C. R20-6-801) | 16 | X | |
| 7 | Deductible reimbursement to insureds upon subrogation recovery is made in a timely and accurate manner. (A.R.S. §§ 20-461, 20-462 and A.A.C. R20-6-801) | 16 | X | |
| 8 | The Company responds to claim correspondence in a timely manner. (A.R.S. § 20-461, 20-462 and A.A.C. R20-6-801) | 16 | X | |
| 9 | Denied and closed without payment claims are handled in accordance with policy provisions and state law. (A.R.S. §§ 20-461, 20-462, 20-463, 20-466, 20-2110 and A.A.C. R20-6-801) | 16 | X | |
| 10 | No insurer shall fail to fully disclose to first party insureds all pertinent benefits, coverages, or other provisions of an insurance policy or insurance contract under which a claim is presented. (A.A.C. R20-6-801) | 16 | X | |
| 11 | Adjusters used in the settlement of claims are properly licensed (A.R.S. §§ 20-321 through 20-321.02) | 16 | X | |