

STATE OF ARIZONA
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DEPT. OF INSURANCE

REPORT OF TARGET MARKET CONDUCT EXAMINATION

OF

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

NAIC #10111

AS OF

DECEMBER 31, 2010

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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, Suite 210
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 85108-7269

Dear Director Urias:

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

**AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA
NAIC # 10111**

The above examination was conducted by William Hobert, Examiner-in-Charge, and Market Conduct Examiner Laura Sloan-Cohen.

The examination covered the period of January 1, 2010 through December 31, 2010.

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

Sincerely yours,

A handwritten signature in cursive script that reads "Helene I. Tomme".

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

AFFIDAVIT

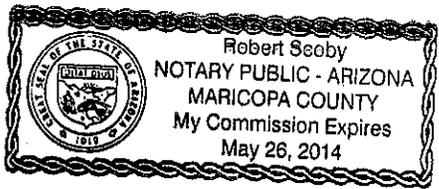
STATE OF ARIZONA)
)
County of Maricopa) ss.

William P. Hobert being first duly sworn, states that I am a duly appointed Market Conduct Examinations Examiner-in-Charge for the Arizona Department of Insurance. That under my direction and with my participation and the participation of Market Conduct Examiner Laura Sloan-Cohen on the Examination of American Bankers Insurance Company of Florida, hereinafter referred to as the "Company" was performed at the examiners' residences. A teleconference meeting with appropriate Company officials 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.

William P. Hobert
William P. Hobert, CPCU, CLU, CIE
Market Conduct Examiner-in-Charge
Market Oversight Division

Subscribed and sworn to before me this 21st day of JUN, 2011.

[Signature]
Notary Public
My Commission Expires 5/26/2014



FOREWORD

This target market conduct examination report of American Bankers Insurance Company of Florida (herein referred to as the "Company"), was prepared by employees of the Arizona Department of Insurance (Department) as well as independent examiners contracting with the Department. A target 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 Antique Automobile (AA), Non-Standard Private Passenger Automobile (PPA), Comprehensive Manufactured Home (CMH), Mobile/Specialty Home (MHO), Homeowner (HO) and Renters Insurance (RIN) business operations:

1. Complaint Handling
2. Marketing and Sales
3. Producer Compliance
4. Underwriting and Rating
5. Declinations, 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 target market conduct examination of the Company covered the period of January 1, 2010 through December 31, 2010 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 7.

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, examinations 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 forms use will not be met if any exception is identified.

The Department and Company have entered into two (2) prior Consent Orders that were relevant to this exam. On October 17, 2003 and July 10, 2006, the Company entered into Consent Orders, Docket Nos. 03A-154-INS ("Consent Order 2003") and 06A-105-INS

("Consent Order 2006") respectively, wherein the Company agreed to cease and desist certain business practices found to have violated Arizona insurance laws.

HISTORY OF THE COMPANY

The Company was incorporated in Florida in October 1947. The Company's shares were traded on NASDAQ in the 1970's. In 1980, a new holding company was formed, American Bankers Insurance Group, Inc. (ABIG). In 1997, ABIG shares began trading on the New York Stock Exchange (NYSE). In 1999, Fortis, Inc., a large Dutch financial institution, acquired ABIG. In early 2004, Fortis spun off its US operations in an initial public offering. This created The Assurant Group (Assurant) as a holding company for members of ABIG and the American Security Insurance Group. Assurant shares are traded on the NYSE under the symbol AIZ.

The Company is licensed as a property-casualty insurer in fifty (50) states, Puerto Rico, Canada and US Virgin Islands. The US Treasury Department also licenses the Company. The Company offers an array of credit and non-credit insurance products including disability, involuntary unemployment, accidental death and dismemberment, property and extended warranty contracts. The Company's products are primarily distributed through producers related to financial institutions and retailers that provide consumer financial services, including mobile home manufacturers and retailers. Arizona admitted the Company as a property-casualty insurer 2/3/57. The Company's statutory home office and primary location of books and records is 11222 Quail Roost Drive, Miami, FL 33157-6586.

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 revealed nine (9) compliance issues that resulted in 174 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:

Declinations, Cancellations and Non-Renewals

In the area of Cancellations and Non-renewals, three (3) compliance issues are addressed in this report as follows:

- The Company failed to provide a Summary of Rights when fifty-five (55) MHO and eight (8) CMH insureds had their policies non-renewed.
- The Company failed to use a reason allowed by the statute to non-renew two (2) AA policies.
- The Company failed to include the unearned premium refund with the policy cancellation notice to thirty-two (32) AA and fourteen (14) non-standard PPA policyholders for a total of 46 violations.

Claims Processing

In the area of Claims Processing, six (6) compliance issues are addressed in this report as follows:

- The Company failed to provide a fraud warning statement on six (6) claim forms in at least twelve (12) point type.
- The Company failed on two (2) claim authorization forms to specify the purpose for which the information is collected.
- The Company failed on one (1) claim authorization form to specify the length of time the authorization remains valid shall be no longer than the duration of the claim.
- The Company failed on two (2) authorization forms to advise the individual or a person authorized to act on behalf of the individual they are entitled to receive a copy of the authorization form.
- The Company failed to correctly calculate and fully pay transaction privilege taxes on thirty-two (32) first party real property losses.
- The Company failed to return recoverable depreciation (i.e. holdbacks) to twenty (20) claimants after the completion of replacement cost repairs on their property.

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

FACTUAL FINDINGS

RESULTS OF PREVIOUS MARKET EXAMINATIONS

During the past three (3) years, the Company had nine (9) market conduct examinations conducted. The Company had four (4) other examinations in progress during the course of this examination.

FACTUAL FINDINGS

DECLINATIONS, CANCELLATIONS AND NON-RENEWALS

Antique Automobile (AA):

The examiners reviewed:

- (1) all five (5) AA non-payment cancellations;
- (2) both (AA) non-renewals; and
- (3) all twenty-eight (28) AA underwriting cancellations.

Non-Standard Private Passenger Automobile (PPA):

The examiners reviewed:

- (1) the only PPA non-payment cancellation;
- (2) all twenty-one (21) PPA non-renewals; and
- (3) all thirteen (13) PPA underwriting cancellations.

All Property Program Non-Payment Cancellations:

The examiners reviewed 104 non-payment cancellations from a total population of 5,960.

All Property Program Non-Renewals:

The examiners reviewed:

- (1) all forty-eight (48) CMH non-renewals;
- (2) fifty-five (55) MHO non-renewals from a population of 263; and
- (3) all thirteen (13) RIN non-renewals.

All Property Program All Other Cancellations:

The examiners reviewed fifty (50) all other cancellations from a total population of 1,240.

The following Declination, Cancellation and Non-Renewal Standard 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 applicant and shall not be unfairly discriminatory.	A.R.S. §§ 20-448, 20-2108, 20-2109 and 20-2110

Preliminary Finding #8 – No Summary of Rights - The Company failed to provide an adequate Summary of Rights with fifty-five (55) MHO and eight (8) CMH non-renewals. These represent a total of sixty-three (63) violations of A.R.S. § 20-2110 and Consent Order 2003.

MHO & CMH NON-RENEWALS

Failed to provide a Summary of Rights to insureds with coverage non-renewed due to an adverse underwriting decision

Violation of A.R.S. § 20-2110

Population	Sample	# of Exceptions	% to Sample
324	116	63	54.3%

A 54.3% error ratio does not meet the Standard; therefore, a recommendation is warranted.

Recommendation #1

Within ninety (90) days of the filed date of this report, provide the Department with documentation that Company procedures and controls are in place to ensure an adequate Summary of Rights is provided to MHO and CMH insureds, in accordance with the applicable statutes, when their policies are cancelled or non-renewed due to an adverse underwriting decision.

The following Declination, Cancellation and Non-Renewal Standard failed:

#	STANDARD	Regulatory Authority
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, and shall not be unfairly discriminatory.	A.R.S. §§ 20-191, 20-443, 20-448, 20-1631, 20-1632, 20-1632.01

Preliminary Finding #6 – Invalid Reason for Policy Non-renewal - The Company failed to use a reason allowed by statute to non-renew both AA policies. These represent two (2) violations of A.R.S. § 20-1631(D).

AA NON-RENEWALS

Non-renewed AA policies for reasons not permitted by the statute
Violation of A.R.S. § 20-1631(D)

Population	Sample	# of Exceptions	% to Sample
2	2	2	100%

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

Recommendation #2

Within ninety (90) days of the filed date of this report, provide the Department with documentation that Company procedures and controls are in place to ensure the Company non-renews policies for only reasons allowed by the statute.

Preliminary Finding #5 – Late Unearned Premium Refunds - The Company failed to include the unearned premium refund with the policy cancellation notice sent out at least 10 days prior to the effective date of the cancellation. These represent a total of forty-six (46) (thirty-two (32) AA and fourteen (14) non-standard PPA) violations of A.R.S. § 20-1632(A)(3).

AA & PPA TERMINATIONS

Failed to include the unearned premium refund with the policy cancellation notice
Violation of A.R.S. § 20-1632(A)(3)

Population	Sample	# of Exceptions	% to Sample
46	46	46	100%

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

Recommendation #3

Within ninety (90) days of the filed date of this report, provide the Department with documentation that Company procedures and controls are in place to ensure that the unearned premium refund accompanies the cancellation notice sent out at least 10 days prior to the effective date of the cancellation, in accordance with the applicable state statute.

FACTUAL FINDINGS

CLAIM PROCESSING

Antique Automobile (AA):

The examiners reviewed:

- (1) All twelve (12) AA claims closed without payment; and
- (2) All eight (8) AA subrogation claims and
- (3) All thirty-six (36) AA paid claims.

Non-Standard Private Passenger Automobile (PPA):

The examiners reviewed:

- (1) All twelve (12) PPA claims closed without payment; and
- (2) Both (2) PPA paid claims.

The Company had no PPA subrogations and sustained no PPA total losses during the exam period.

All Property Claims Paid:

The examiners reviewed sixty (60) paid claims from a total population of 600. Samples consisted of twenty-five (25) CMH, twenty-five (25) MHO and ten (10) RIN claims.

All Property Claims Closed Without Payment (CWP):

The examiners reviewed sixty (60) claims closed without payment from a total population of 478. Samples consisted of twenty-five (25) CMH, twenty-five (25) MHO and ten (10) RIN claims.

The following Claim Processing 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
2	Timely investigations are conducted.	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 insured 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 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
11	Adjusters used in the settlement of claims are properly licensed.	A.R.S. §§ 20-321 through 20-321.02

The following Claim Processing Standard failed:

#	STANDARD	Regulatory Authority
3	The Company's 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

Preliminary Finding #3 – Fraud Warning Statement – The Company failed to provide a fraud warning statement in at least twelve (12) point type on six (6) claim forms. These represent six (6) violations of A.R.S. § 20-466.03. The following table summarizes the fraud warning statement findings.

	Form Description / Title	Form Number
1	Loan Information Authorization	L1000.0110
2	Additional Living Expense Worksheet	ALE0110
3	Personal Property Summary Sheet	BTHIF.DOC 1209
4	Burglary - Robbery - Theft Claim Form	M1050B.DOC-0110
5	Lightening / Power Surge Losses Claim Form	C2090.DOC-0810
6	Sworn Statement In Proof Of Loss	C2076-0310

CLAIM FORMS

Failed to provide fraud warning statement in at least twelve (12) point type
Violation of A.R.S. § 20-466.03

Population	Sample	# of Exceptions	% to Sample
N/A	N/A	6	N/A

Any error does not meet the Standard; therefore a recommendation is warranted.

Recommendation #4

Within ninety (90) days of the filed date of this report, provide documentation to the Department that the required fraud warning statement, in 12-point type, is included on each of the claim forms cited, in accordance with the applicable state statute.

Preliminary Finding #4 – Authorization Disclosures – On the claim authorization forms shown in the table below, the Company failed to:

- (a) specify the purposes for which the information is collected;
- (b) specify the authorization remains valid for no longer than the duration of the claim; and
- (c) advise the individual or a person authorized to act on behalf of the individual that they are entitled to receive a copy of the authorization form.

These forms fail to comply with A.R.S. § 20-2106(6), (8)(b) and (9) and represent five (5) violations of the statute and Consent Order 2003. The following table summarizes these authorization form findings.

	Form Description / Title	Form #	Statute Provision
1	Loan Information Authorization	L1000.0110	6 and 9
2	Authorization to Release Financial Information	None	6, 8(b) and 9

CLAIM FORMS

Failed to specify the purposes for which the information is collected

Violation of A.R.S. § 20-2106(6)

Population	Sample	# of Exceptions	% to Sample
N/A	N/A	2	N/A

Any error does not meet the Standard; therefore a recommendation is warranted.

Failed to specify the authorization remains valid for no longer than the duration of the claim

Violation of A.R.S. § 20-2106(8)(b)

Population	Sample	# of Exceptions	% to Sample
N/A	N/A	1	N/A

Any error does not meet the Standard; therefore a recommendation is warranted.

Failed to advise the individual or a person authorized to act on behalf of the individual that they are entitled to receive a copy of the authorization form

Violation of A.R.S. § 20-2106(9)

Population	Sample	# of Exceptions	% to Sample
N/A	N/A	2	N/A

Any error does not meet the Standard; therefore a recommendation is warranted.

Recommendation #5

Within ninety (90) days of the filed date of this report, provide documentation to the Department that these forms, as needed,

- (a) specify the purposes for which the information is collected;
- (b) specify the authorization remains valid for no longer than the duration of the claim; and
- (c) advise the individual or a person authorized to act on behalf of the individual that the individual or the individual's authorized representative is entitled to receive a copy of the authorization form, in accordance with the applicable state statute.

The following Claim Processing Standard failed:

#	STANDARD	Regulatory Authority
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, 20-468, 20-469, A.A.C. R20-6-801

Preliminary Finding #1 – Transaction Privilege Tax (TPT) – The Company failed to accurately calculate and fully pay the TPT on thirty-two (32) first party real property losses. These represent thirty-two (32) violations of A.R.S. §§ 20-461(A)(6), 20-462 and 44-1201.

REAL PROPERTY LOSSES

Failed to correctly calculate and pay transaction privilege tax on real property losses
Violation of A.R.S. §§ 20-461(A)(6), 20-462 and 44-1201

Population	Sample	# of Exceptions	% to Sample
366	50	32	64%

A 64% error ratio does not meet the Standard; therefore a recommendation is warranted.

Recommendation #6

Within 90 days of the filed date of this report, provide documentation to the Department that procedures and controls are in place to ensure the Company correctly calculates and fully pays any transaction privilege tax owed any first party claimant in the settlement of real property losses, in accordance with applicable state statutes and regulations. The Company must provide the Department with documentation of restitution paid thirty-two (32) claimants identified in PF#1.

Within 90 days of the filed date of this report, the Company must also conduct a self-audit of the remaining first party paid real property claims during the exam period and provide the Department documentation, including copies of all refund letters, checks and/or drafts and a summary worksheet, for all monies, including interest, reimbursed.

Preliminary Findings #2 – Unpaid Recoverable Depreciation – The Company failed to return recoverable depreciation (i.e. holdback) to twenty (20) HO claimants after the completion of replacement cost repairs on their property. In addition, Company letters to claimants regarding the opportunity to receive payment for recoverable depreciation were inconsistent, misleading and deceptive. These represent twenty (20) violations of A.R.S. §§ 20-461(A)(6) and 20-462(A).

CMH & MHO PAID CLAIMS

Failed to return recoverable depreciation after replacement repairs completed
Violation of A.R.S §§ 20-461(A)(6) and 20-462(A)

Population	Sample	# of Exceptions	% to Sample
366	50	20	40%

A 40% error ratio does not meet the Standard; therefore a recommendation is warranted.

Recommendation #7

Within ninety (90) days of the filed date of this report, provide documentation to the Department that procedures, guidelines and controls are in place to ensure the Company makes recoverable depreciation payments after completion of replacement cost repairs to damaged real property, in accordance with applicable state statutes. Also, the Company must consistently and equitably inform claimants of their opportunity to receive unpaid recoverable depreciation payment after their property has been fully repaired.

SUMMARY OF FAILED STANDARDS

EXCEPTION	Rec. No.	Page No.
DECLINATIONS, CANCELLATIONS & 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 applicant and shall not be unfairly discriminatory.	1	12
<u>Standard #2</u> 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, and shall not be unfairly discriminatory.	2 & 3	12 & 13
CLAIM PROCESSING		
<u>Standard #3</u> The Company claim forms are appropriate for the type of product and comply with statutes, rules and regulations.	4 & 5	16 & 17
<u>Standard #5</u> Claims are properly handled in accordance with policy provisions and applicable statutes, rules and regulations.	6 & 7	18 & 19

SUMMARY OF PROPERTY AND CASUALTY STANDARDS

A. Complaint Handling

#	STANDARD	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, A.A.C. R20-6-801)	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, A.A.C. R20-6-801)	X	

B. Marketing and Sales

#	STANDARD	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)	X	

C. Producer Compliance

#	STANDARD	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, 20-311 through 311.03)	X	
2	An insurer shall not pay any commission, fee, or other valuable consideration to unlicensed producers. (A.R.S. § 20-298)	X	

D. Underwriting and Rating

#	STANDARD	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)	X	
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)	X	
3	All forms and endorsements forming a part of the contract should be filed with the director (if applicable). (A.R.S. § 20-398)	X	

#	STANDARD	PASS	FAIL
4	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. §§ 20-157, 20-2104, 20-2106, 20-2110 and 20-2113)	X	
5	Policies and endorsements are issued or renewed accurately, timely and completely. (A.R.S. §§ 20-1120 and 20-1121)	X	
6	Rescissions are not made for non-material misrepresentations. (A.R.S. §§ 20-463 and 20-1109)	X	

E. Declinations, Cancellations and Non-Renewals

#	STANDARD	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 applicant and shall not be unfairly discriminatory. (A.R.S. §§ 20-448, 20-2108, 20-2109 and 20-2110)		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, and shall not be unfairly discriminatory. (A.R.S. §§ 20-191, 20-443, 20-448, 20-1631, 20-1632, 20-1632.01)		X

F. Claim Processing

#	STANDARD	PASS	FAIL
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)	X	
2	Timely investigations are conducted. (A.R.S. § 20-461, A.A.C. R20-6-801)	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, A.A.C. R20-6-801)		X

#	STANDARD	PASS	FAIL
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)	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, 20-468, 20-469, A.A.C. R20-6-801)		X
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)	X	
7	Deductible reimbursement to insured upon subrogation recovery is made in a timely and accurate manner. (A.R.S. §§ 20-461, 20-462, A.A.C. R20-6-801)	X	
8	The Company responds to claim correspondence in a timely manner. (A.R.S. §§ 20-461, 20-462, A.A.C. R20-6-801)	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, A.A.C. R20-6-801)	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)	X	
11	Adjusters used in the settlement of claims are properly licensed. (A.R.S. §§ 20-321 through 20-321.02)	X	