



**LOU PENN
& Associates, Inc.**

Market Conduct Auditor[®]



**The NEW Market Conduct Auditor[®] program offers
better features, better efficiency, and better results!**

**Why waste time and money struggling
with inefficient competitive software?**

- 1 Now you don't have to search for the location of a specific compliance issue in a market conduct report or in a state statute, regulation or a bulletin. This is all done for you by highlighting the location of the specific issue(s) that you want to know about based on your original search request.
- 2 The Issue-based search enables you to quickly search one or more states for specific violation and/or issue. Less efficient software solutions utilize cite-based searches which link the database to cites that have been violated without identifying the specific violation(s)/issue(s) in the cite that regulators have criticized. As a result, you are left with large amounts of data to comb through to find the specific information originally desired. With Market Conduct Auditor, the ability to search is more focused, since you can search up to 7 levels deep eliminating the need for the user to review large amounts of data with the ability to focus on specific issues related to a particular violations that were criticized by regulators.
- 3 All the results of your search information are contained on one web page eliminating the need to search for information in multiple areas of the program, see below:

FIND CRITICISMS QUICKLY

The screenshot shows the 'Property & Casualty Search' interface. It includes several filter panels on the left: States (40) with California selected, Line of Business (2) with Commercial selected, Sub Line of Business (25) with Annual Mortality selected, Categories (7) with Claims selected, Compliance (35) with Burden of Insurers - 1st and/or 3rd party selected, and Issues (242) with Application forms do not request information to determine fault selected. Below the filters, a table displays search results for 'Essentia Insurance Company'. The table has columns: Entry, Violation Category, Violation Date, Fine, Review Period Start, Review Period End, Line of Business, Sub Line of Business, Category, and Compliance. The results show four entries for Essentia Insurance Company, all with violations related to 'Failed to properly advise the insured...' and 'Failed to ask if a child passenger restr...'. The violations occurred on 5/17/2018, with fines of \$361,200, \$398,200, \$398,200, and \$398,200 respectively. The review periods are from 1/1/2018 to 12/31/2018. The line of business is Personal, and the sub line of business is Automobile. The categories are Claims, Claims, Underwriting, and Underwriting. The compliance areas are Payment, Payment, Rate and..., and Rate and....

FEATURES

A Web Based Solution That Enables Insurers To Identify Market Conduct Regulatory Issues That Are Being Enforced By A State DOI.

Market conduct compliance information and data can be selected based on multiple sets of criteria and the resulting data will identify the current market conduct criticisms for a state by line of business, by company operational areas:

- Claims
- Policyholder Service
- Company Operations
- Producer Licensing
- Complaints
- Reporting and Underwriting and Rating
- Filing Requirements
- Along with other linked Organized Criteria
- Marketing and Sales

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for a demo and quote!**

www.MarketConduct.net

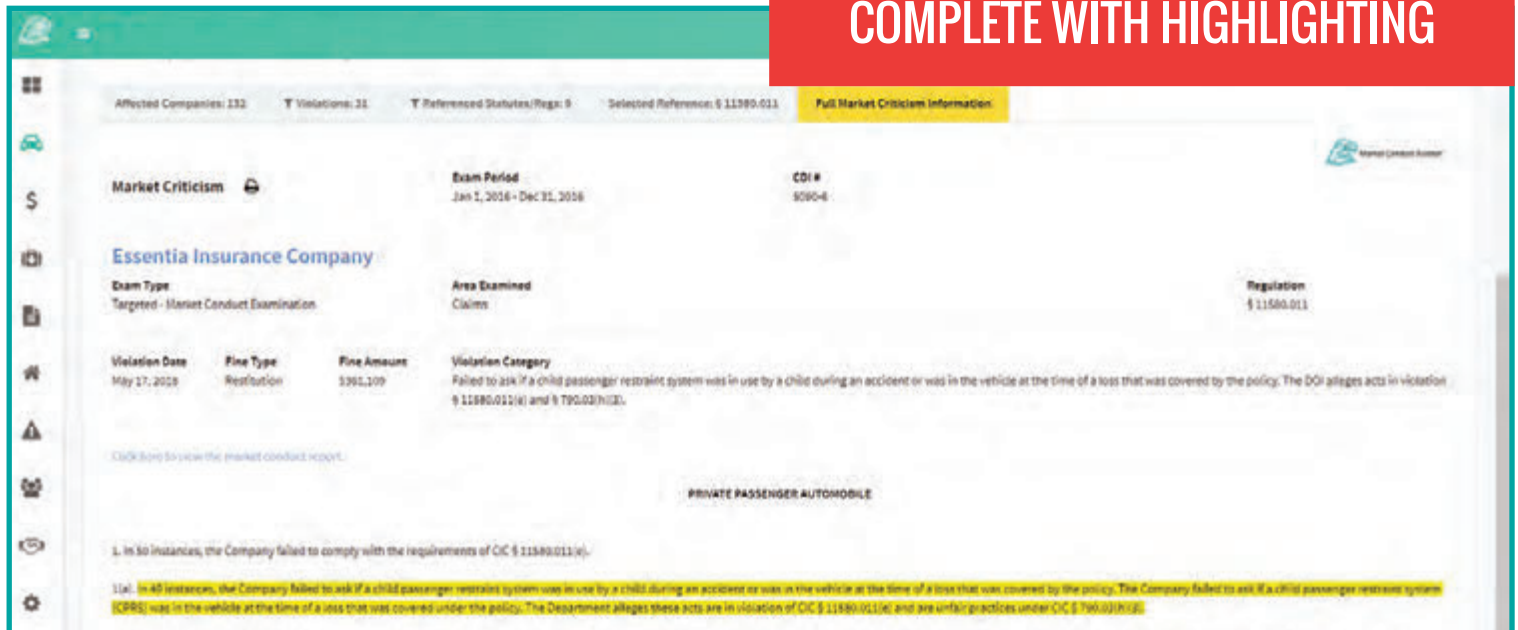
4

You can view the actual market conduct report data with violation cites and language highlighted to identify specific statute or regulation that is also highlighted making it easier to identify the specific violation and specific regulatory requirement without having to search each specific statute or regulatory cites identified in the state market conduct report and database.

5

The "Full Market Criticism" contains the actual wording of the violation that is contained in the market conduct report and is the essential part of your market conduct search and also includes the area examined, violation wording, link to the Market Conduct Report, and all other essential information on one screen see below:

COMPLETE WITH HIGHLIGHTING



Market Criticism

Essentia Insurance Company

Exam Type: Targeted - Market Conduct Examination

Exam Period: Jan 1, 2016 - Dec 31, 2016

CDI #: SC90-6

Area Examined: Claims

Regulation: § 11580.011

Violation Date: May 17, 2018

Fine Type: Restitution

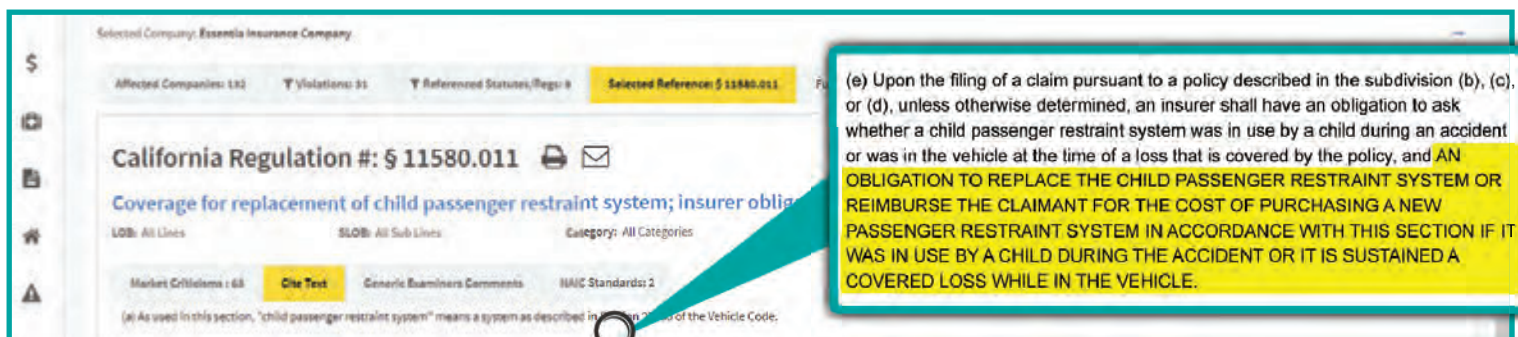
Fine Amount: \$391,109

Violation Category: Failed to ask if a child passenger restraint system was in use by a child during an accident or was in the vehicle at the time of a loss that was covered by the policy. The DOI alleges acts in violation of § 11580.011(a) and § 790.03(h)(2).

PRIVATE PASSENGER AUTOMOBILE

1. In 50 instances, the Company failed to comply with the requirements of CIC § 11580.011(a).

11(a). In 40 instances, the Company failed to ask if a child passenger restraint system was in use by a child during an accident or was in the vehicle at the time of a loss that was covered by the policy. The Company failed to ask if a child passenger restraint system (CPRS) was in the vehicle at the time of a loss that was covered under the policy. The Department alleges these acts are in violation of CIC § 11580.011(a) and are unfair practices under CIC § 790.03(h)(2).



Selected Company: Essentia Insurance Company

Affected Companies: 132

Violations: 31

Referenced Statutes/Regs: 9

Selected Reference: § 11580.011

California Regulation #: § 11580.011

Coverage for replacement of child passenger restraint system; insurer obligation

LOB: All Lines

SLOB: All Sub Lines

Category: All Categories

Market Criticisms: 63

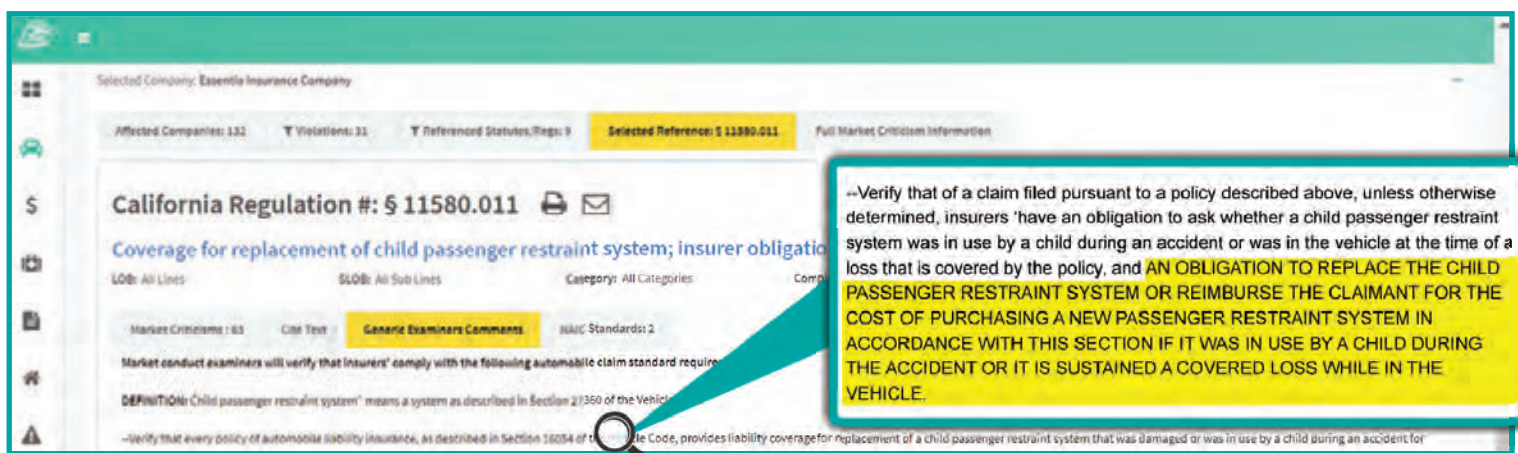
One Text

Generic Examiners Comments

NAIC Standards: 2

(a) As used in this section, "child passenger restraint system" means a system as described in Section 27360 of the Vehicle Code.

(e) Upon the filing of a claim pursuant to a policy described in the subdivision (b), (c), or (d), unless otherwise determined, an insurer shall have an obligation to ask whether a child passenger restraint system was in use by a child during an accident or was in the vehicle at the time of a loss that is covered by the policy, and AN OBLIGATION TO REPLACE THE CHILD PASSENGER RESTRAINT SYSTEM OR REIMBURSE THE CLAIMANT FOR THE COST OF PURCHASING A NEW PASSENGER RESTRAINT SYSTEM IN ACCORDANCE WITH THIS SECTION IF IT WAS IN USE BY A CHILD DURING THE ACCIDENT OR IT IS SUSTAINED A COVERED LOSS WHILE IN THE VEHICLE.



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Affected Companies: 132

Violations: 31

Referenced Statutes/Regs: 9

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LOB: All Lines

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Category: All Categories

Market Criticisms: 63

One Text

Generic Examiners Comments

NAIC Standards: 2

Market conduct examiners will verify that insurers' comply with the following automobile claim standard requirement:

DEFINITION: Child passenger restraint system" means a system as described in Section 27360 of the Vehicle Code.

--Verify that every policy of automobile liability insurance, as described in Section 16054 of the Vehicle Code, provides liability coverage for replacement of a child passenger restraint system that was damaged or was in use by a child during an accident for

--Verify that of a claim filed pursuant to a policy described above, unless otherwise determined, insurers have an obligation to ask whether a child passenger restraint system was in use by a child during an accident or was in the vehicle at the time of a loss that is covered by the policy, and AN OBLIGATION TO REPLACE THE CHILD PASSENGER RESTRAINT SYSTEM OR REIMBURSE THE CLAIMANT FOR THE COST OF PURCHASING A NEW PASSENGER RESTRAINT SYSTEM IN ACCORDANCE WITH THIS SECTION IF IT WAS IN USE BY A CHILD DURING THE ACCIDENT OR IT IS SUSTAINED A COVERED LOSS WHILE IN THE VEHICLE.

6 Ability to export to excel organized using all criteria in the database (up to 20 columns of data), that can be sorted based on your specific needs:

State	Ref. Number	Area Examined	Violation Category	Entity	Violation Date	Fine	Score Start	Score End	Case Title	LOB	Sub LOB	Category	Compliance	Detail	Issue	Exam Date
CA	17945	Company operations and management	Failed to maintain all documents, notes and work papers which reasonably pertain to each claim to such depth that settlement of the claim can be accomplished in a timely manner.	AAA Insurance Company and Western United Insurance Company	02/01/2015	\$18,000	02/01/2015	02/01/2015	Under Claims Settlement Practices, Regulations	Personal	Homeowners	Company Operations and Management	Records retention	Claim files and documents	Failed to be able to locate and document records pertaining to claims	
CA	18100	Company operations and management	Failed to maintain all documents, notes and work papers which reasonably pertain to each claim to such depth that settlement of the claim can be accomplished in a timely manner.	AAA Insurance Company and Western United Insurance Company	02/01/2015	\$18,000	02/01/2015	02/01/2015	File and Record Documentation	Personal	Homeowners	Company Operations and Management	Records retention	Claim files and documents	Failed to be able to locate and document records pertaining to claims	
CA	18100	Claims	Investigator is unable to locate a competent witness who is reasonably sure. The Department alleges these acts are in violation of CCR § 268.7(a) and are under previous order CCR § 196.007(b).	AAA Insurance Company and Western United Insurance Company	11/24/2015	\$18,000	11/24/2015	11/24/2015	Investigative practices for and records retention - After Day Limits	Personal	Homeowners	Claims	Payment - Sub and/or End party	Subsiding company, any claims in full or in part	Failed to pay claim per policy after fact and reasonable amount	
CA	17945	Claims	Attempted to settle a claim for making a settlement offer that was unreasonably low. The Department alleges these acts are in violation of CCR § 268.7(a) and are under previous order CCR § 196.007(b).	AAA Insurance Company and Western United Insurance Company	02/01/2015	\$18,000	02/01/2015	02/01/2015	Under Claims Settlement Practices, Regulations	Personal	Automobile	Claims	Payment - Sub and/or End party	Failure to reasonably pay claims in full or in part	Failed to pay claims per policy after fact and reasonable amount	
CA	18100	Claims	Failed, upon receipt of proof of claim, to respond in writing to the claim within 40 calendar days. The Department alleges these acts are in violation of CCR § 268.7(b) and are under previous order CCR § 196.007(b).	AAA Insurance Company and Western United Insurance Company	11/24/2015	\$18,000	11/24/2015	11/24/2015	Standards for prompt, fair and equitable settlements - After Day Limits	Personal	Homeowners	Claims	Investigative practices for and records retention - After Day Limits	Time frame after receipt of proof of claim	40 calendar days	
CA	17945	Claims	Failed, upon receipt of proof of claim, to respond in writing to the claim within 40 calendar days. The Department alleges these acts are in violation of CCR § 268.7(b) and are under previous order CCR § 196.007(b).	AAA Insurance Company and Western United Insurance Company	02/01/2015	\$18,000	02/01/2015	02/01/2015	Under Claims Settlement Practices, Regulations	Personal	Homeowners	Claims	Investigative practices for and records retention - After Day Limits	Time frame	40 calendar days	
CA	17945	Claims	Failed to properly advise insured that driver of insured vehicle was not at fault for an accident. The Department alleges these acts are in violation of CCR § 268.7(c) and are under previous order CCR § 196.007(b).	AAA Insurance Company and Western United Insurance Company	02/01/2015	\$18,000	02/01/2015	02/01/2015	Under Claims Settlement Practices, Regulations	Personal	Automobile	Underwriting and Rating	Rate and rule	Surcharge for non-claim premium increase after claim	Failure to verify driver of insured vehicle was at fault	
CA	18100	Claims	Failed to properly advise insured that driver of insured vehicle was not at fault for an accident. The Department alleges these acts are in violation of CCR § 268.7(c) and are under previous order CCR § 196.007(b).	AAA Insurance Company and Western United Insurance Company	11/24/2015	\$18,000	11/24/2015	11/24/2015	Standards for prompt, fair and equitable settlements - After Day Limits	Personal	Automobile	Underwriting and Rating	Rate and rule	Surcharge for non-claim premium increase after claim	Failure to verify driver of insured vehicle was at fault	

Company Violations for: Everlife Insurance Company																	
#	Entity	Ref. No.	Area Examined	Violation Category	Violation Date	Fine	File Review Period Start	File Review Period End	Case Title	Line of Business	Sub Line of Business	Category	Compliance	Detail	Issue	Exam Date	
				Failed to keep all third-party complaint documents, notes and work papers which reasonably pertain to each claim to such depth that settlement of the claim can be accomplished in a timely manner.													
				Everlife Insurance Company													

7 The ability to search by insurance company across all 50 states and review the violation results in multiple web and excel formats.

8 The ability to rank your results by different categories to prioritize your compliance efforts to focus only the top compliance issues by state, line of business, category, etc.,

CUSTOMIZED FOR YOUR ORGANIZATION

LOU PENN & Associates, Inc.
Regulatory Compliance Services

Phone: 617-513-2491
Fax: 978-433-1974
Email: info@marketconduct.net

Visit our website and sign up for a demo and quote!

www.MarketConduct.net