

EXECUTIVE SUMMARY

The Kansas Insurance Department performed a market conduct examination of Benchmark Insurance Co. (Benchmark). The examination was conducted by reviewing the company general operations in their home office in Overland Park, Kansas. A series of meetings were held with staff that focused on their current operations.

MedJames (MJ) is the managing general agent who administers their non-standard auto program. The exam team reviewed complaint, claims, rating and underwriting manuals for this program were reviewed. Along with underwriting, claim, and complaint files the testing and file review consisted of sampling this business at the general agent's office in Overland Park, KS.

Corporate Benefit Services of America (CBSA) is the third party administrator who handles their accident and health program in Kansas. CBSA copied the claims from their Minnesota office and sent them to Benchmark's corporate office in Shawnee Mission, KS for the exam team to review.

General topics were covered in Interrogatories submitted to Benchmark for their written response. Subjects covered were Company Operations, Policyholder Service and Complaints, Agency Appointments and Terminations, Sales and Marketing, Underwriting and Claims. The responses received adequately addressed the issues presented.

The company passed most tests. The exam team has made recommendations on several issues.

LIST OF RECOMMENDATIONS

A. Company Operations/Management

1. Formalize an audit program of the operations of the non-stand auto program and accident and health program. This would include a review of their processing, underwriting and claim operations. There should be a written report summarizing the findings of the review.
2. Benchmark has been sold to another company since the exam team was on site. Written agreements need to be completed with all companies who will provide physical space and electronic storage and recovery services.
3. Follow up with the General Agent to finalize the MJ disaster recovery plan.

B. Complaint Handling

Benchmark should put in to place procedures to insure all KID complaints are recorded in their complaint registry. Per K.S.A. 40-2404, (10).

C. Underwriting and Rating

1. Re-file the auto non-standard rating plan to reflect the calculation for each line of coverage that has a term other than 30 days is calculated on ratio to the 30-day term rather than a per day basis. Per K.S.A. 40-955.

2. Must give notice and reason for cancellation per K.S.A. 40-2,112 and K.A.R. 40-3-15 before canceling active, in-force and paid policies at the request of an agent due to the insured's premium check to the agent being returned as NSF.

3. Recommendation: Companies should allow three days for mail time on all notices of cancellation and nonrenewal in the interest of consistency.

D. Claim Processing

1. Claim investigations should be completed within 30 days per K.A.R. 40-1-34, 7. When the company needs more time to determine whether a first party claim should be accepted or denied, it shall so notify the first party claimant within fifteen working days after receipt of the proofs of loss, giving the reasons more time is needed. And every forty-five days thereafter, the company should send to such claimant a letter setting forth the reasons additional time is needed for investigation. Per K.A.R. 40-1-34, 8(c). Letters should be sent on all denied claims per K.A.R. 40-1-34, 8(a).

2. The Company needs to make sure they pay auto claims per policy contract and state statutes for total losses including applicable taxes. Per K.A.R 40-1-34, Sections 9(a)(2) and 9(h).