

UNIVERSAL UNDERWRITERS INSURANCE COMPANY (UUIC)
EXECUTIVE SUMMARY - 2007 Report

The Kansas Insurance Department, hereafter referred to as KID, performed a targeted market conduct examination of UUIC. This targeted exam was a follow-up to a 2005 market conduct exam where certain deficiencies were identified, and the company was subsequently ordered to make restitution to certain policyholders and implement changes in their rating and underwriting practices.

The exam team reviewed UUIC general operations, underwriting, and complaint files in the Company's home office in Overland Park, KS. A series of meetings were held with UUIC staff that focused on their current operations. To supplement and verify the understanding of how the company currently is doing business, a several samples were selected for review to verify their procedures and practices in underwriting and rating.

The company passed all rating and underwriting tests, and the examiners were impressed with the overall positive and very professional performance by the UUIC staff and management.

The following 2005 recommendations were the focus of the 2007 targeted exam.

Company Operations/Management 2005 Report

1. The exam team recommended UUIC present to KID a plan to monitor their policy rating and issuance systems to insure that UUIC is in compliance with K.S.A. 40-955 and K.A.R. 40-3-12.

UUIC had presented a strategy to the KID in 2005 to correct the rating errors and had presented to KID an action plan to remedy this deficiency. The Company provided documentation that the plan had been implemented, and the file review in 2007 confirmed the company completed this recommendation.

Underwriting 2005 Report

1. UUIC presented a plan to KID on how the Company was going to refund the over charge to their customers that occurred from the mis-application of the ERP factor.

This was verified by a sample review of refund checks.

2. UUIC provided KID with a plan to insure that the ERP & IRPM worksheets are in the underwriting files to conform of K.A.R. 40-3-12.

The Company provided documentation that the plan had been implemented and the file review in 2007 confirmed the company completed this recommendation.

3. UUIC provided KID with a plan to insure that their cancellation notices show the correct policy number to conform to K.S.A. 40-216.

The Company provided documentation that the plan had been implemented and the file review in 2007 confirmed the company completed this recommendation.

Recommendations 2007 report

While the rating and underwriting portion of the review produced no future recommendations, the exam team has recommendations on several complaint handling issues:

1. The Company should review it's procedures to insure they are following KID Bulletin 2001-6 regarding the identification of the specific underwriting company and respective NAIC code in its final response to the Department on all complaints.

2. UUIC should consider identifying a person locally to be the contact person with KID for all complaints. This would cut down the mail time to Schaumburg, IL where all Department complaints are now initially sent for a company response.