

OFFICE OF THE
NEW MEXICO PUBLIC REGULATION
COMMISSION
INSURANCE DIVISION



CERTIFICATE

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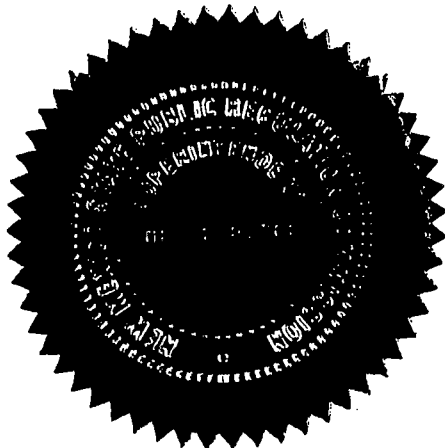
I, Eric P. Serna, Superintendent of Insurance of the State of New Mexico, do hereby certify that the attached Report of Examination for the period ending June 30, 2003 on:

Hartford Insurance Group
Property and Casualty Insurance Company
Hartford Insurance Company of the Midwest
Twin City Fire Insurance Company
Hartford, Connecticut 06115

Was recently completed by Nestor J. Romero, Examiner-In-Charge with the Insurance Division.

Due consideration has been given to the comments of the Examiner regarding the financial condition and business affairs as reflected in this report.

The report as of this date is hereby adopted, filed and made an official record of the Division.



In Witness Whereof, I have hereunto set
my official seal On this 7th
day of April, 2006 A.D.

Superintendent of Insurance

STATE OF NEW MEXICO

COUNTY OF SANTA FE

Nestor J. Romero, CPA, CFE, CIE being duly sworn, upon his oath deposes and says:

That he is an examiner appointed by the Superintendent of Insurance of the State of New Mexico;

That an examination was made of the affairs of the Hartford Insurance Group, Property and Casualty Insurance Company, Hartford Insurance Company of the Midwest, and Twin City Fire Insurance Company for the period ending June 30, 2003;

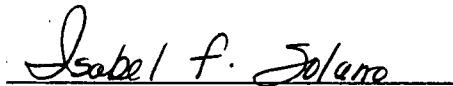
That the following twenty two (22) pages constitute the report thereon to the State of New Mexico Division of Insurance Superintendent;

And that the statements, exhibits, and data therein contained are true and correct to the best of his knowledge and belief.



Nestor J. Romero, CPA, CFE, CIE
Examiner-In-Charge

Subscribed and sworn to before me this the 13th day of April 2006.



(Signature)

Isabel F. Solano Notary Public
(Print Name)

in and for the State of New Mexico

My commission expires June 6, 2009

NEW MEXICO
PUBLIC REGULATION
COMMISSION
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**REPORT OF THE MARKET CONDUCT EXAMINATION
OF**

THE HARTFORD INSURANCE GROUP

**Property and Casualty Insurance Company
NAIC #34690**

**Hartford Insurance Company of the Midwest
NAIC #37478**

**Twin City Fire Insurance Company
NAIC #29459**

(As of June 30, 2003)

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April 13, 2006

Honorable Thomas R. Rushton
Acting Superintendent of Insurance
State of New Mexico
P.O. Drawer 1269
Santa Fe, New Mexico 87504-1269

Superintendent Rushton:

Pursuant to your instructions and in accordance with NMSA (1978) § 59A-4-5, an examination has been made of the business affairs and market conduct operations of THE HARTFORD INSURANCE GROUP, including:

Property and Casualty Insurance Company
NAIC #34690

Hartford Insurance Company of the Midwest
NAIC #37478

Twin City Fire Insurance Company
NAIC #29459

This examination was conducted at the Company's administrative offices located at 5190 Neil Road, Suite 500, Reno, Nevada.

EXECUTIVE SUMMARY

The following are the material findings made by the Examiners during the onsite examination of The Hartford Insurance Group:

1. Not-At-Fault Accidents Existing Business:

- Hartford imposes surcharges based on not-at-fault accidents in apparent violation of NMSA (1978) § 59A-17-7.1(A).

2. Rate Filings: Hartford's algorithm and any modifications must be filed in its entirety along with all measured characteristics, any formulas, weight factors, etc. in order to comply with NMSA (1978) §59A-17-9, as defined by § 59A-17-4(C).

FOREWORD

The Examiners conducted the Examination of three companies in The Hartford Insurance Group: Property and Casualty Insurance Company ("PCIC"), Hartford Insurance Company of the Midwest ("HMW"), and Twin City Fire Insurance Company ("TCFIC").

This Report of Market Conduct Examination ("Report") will refer to the companies collectively as "Hartford" or "the Company." This Examination was conducted in accordance with New Mexico Statutes Annotated (1978), Chapter 59A, and New Mexico Administrative Code, Title 13 ("NMSA (1978)" and "NMAC" respectively). Specifically, this Examination was conducted under the authority of NMSA (1978) §§ 59A-4-1, *et seq.* Company personnel provided the Examiners with the information that is included in this Report of Examination.

SCOPE OF EXAMINATION

The scope of this Examination was limited to the Company's personal automobile business. The purpose of the Examination was to determine the Company's compliance with New Mexico's insurance laws related to the underwriting and rating of personal automobile coverage and to determine whether the Company's operations and practices are consistent with the public interest.

Special attention was paid to the use and handling of information obtained by Comprehensive Loss Underwriting Exchange (C.L.U.E.), a trademark of ChoicePoint, which collects accident and loss history information, and to consumer information developed through a consumer credit report. Both reports singularly and collectively were used for the purposes of determining an applicant's Company

acceptability and premium rate tiers, which in turn determines the insured's premium level. This Examination was called for the period from January 1, 2001, through June 30, 2003. The end date was later expanded to January 31, 2004 in order to review certain information, specifically C.L.U.E. reports that were retained for only 60 days beyond the coverage issue date.

Independent Examiners conducted this Examination pursuant to the insurance laws of the State of New Mexico, as authorized by NMSA (1978) § 59A-4-5. The Examiners performed their reviews in accordance with the procedures and guidelines established by the National Association of Insurance Commissioners ("NAIC").

Examination findings may result in administrative action by the Division. Certain unacceptable or non-complying practices may not have been discovered due to the limited scope of this Examination. Failure to identify or issue findings regarding specific Company practices does not constitute acceptance by the Division.

In accordance with Division procedures, the Examiners completed Preliminary Findings ("findings") on those files, forms, and/or practices found to be in apparent violation of New Mexico law. The findings were submitted to Company management for their review and comment.

STATUTES AND RULES CITED

The Examiners have alleged that the Company is in apparent violation of the following statutes and rules.

New Mexico Statutes

NMSA (1978) §§ 59A-17-9, 59A-17-12, 59A-17-7.1(A) and 59A-18-29.

Administrative Rules

NMAC 13.4.2.18(A).

In addition to the insurance codes and rules cited for apparent violations of New Mexico insurance laws, this Report makes reference to the following: NMSA (1978): §§ 59A-4-1, *et. seq.*

HISTORY OF THE COMPANY

The following three Hartford companies are stock property and casualty companies domiciled in Indiana and are authorized to transact business in the State of New Mexico. The home office of the Company provided the history of each of the companies listed below.

Property and Casualty Insurance Company of the Hartford

PCIC was incorporated on May 4, 1989 under the laws of the State of Indiana and commenced business on January 1, 1994. The Company is a wholly owned subsidiary of the Hartford Financial Services Group, Inc. PCIC was admitted in New Mexico to write property and casualty business on March 16, 1998. New Mexico business is serviced through the Personal Lines Insurance Center ("PLIC")-San Diego, located in Santee, California.

The Company is the preferred writer of personal automobile insurance for AARP (formerly known as the American Association of Retired Persons). AARP is a nonprofit membership organization. Anyone 50 or over is eligible to join AARP. Membership benefits include personal automobile, homeowners, and umbrella coverages.

Hartford Insurance Company of the Midwest

HMW was incorporated on September 11, 1979, as an Indiana stock property and casualty insurance company and commenced business on January 1, 1980. The Company is a wholly owned subsidiary of the Hartford Financial Services Group, Inc. HMW was admitted in New Mexico to write property and casualty business on March 1, 1984.

New Mexico business is serviced through the Personal Lines Insurance Center (PLIC)-San Diego, located in Santee, California. HMW is also a preferred writer of personal automobile insurance for AARP.

Twin City Fire Insurance Company

TCFIC was incorporated on April 8, 1913, in the State of Minnesota. The Company is a wholly owned subsidiary of the Hartford Financial Services Group, Inc. On July 1, 1987, TCFIC was re-domesticated to the State of Indiana. It was admitted in New Mexico to write property and casualty business on August 19, 1946.

New Mexico business is serviced through the Reno Personal Lines Regional Office located at 5190 Neil Road, Reno, NV 89502. The Reno Personal Lines office handles operations and agency support for Arizona, Nevada, and New Mexico. The Nevada location is also where the field Examination was conducted for all three companies. The Company's home offices are located in Hartford, Connecticut.

The Company's personal automobile premium income, losses, and loss ratios during the past three years for New Mexico were reported to the Examiners and are displayed below.

Table III – Production and Loss Ratios/Policy Counts

Property & Casualty Company of Hartford

<u>Year</u>	<u>Policy Count</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Incurred Losses</u>	<u>Loss Ratio</u>
2001	3,114	\$ 2,571,721	\$ 967,381	\$ 639,366	66%
2002	6,205	\$ 5,783,892	\$ 4,398,049	\$ 3,900,341	89%
2003*	3,496	\$ 3,519,754	\$ 3,083,031	\$ 2,009,368	65%

Hartford Insurance Company of the Midwest

<u>Year</u>	<u>Policy Count</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Incurred Losses</u>	<u>Loss Ratio</u>
2001	33,450	\$28,422,007	\$28,820,502	\$21,314,195	74%
2002	30,850	\$28,304,502	\$28,129,137	\$20,595,923	73%
2003*	14,729	\$15,038,404	\$14,362,386	\$ 7,878,344	55%

Twin City Fire Insurance Company

<u>Year</u>	<u>Policy Count</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Incurred Losses</u>	<u>Loss Ratio</u>
2001	2,960	\$ 3,819,267	\$ 3,699,292	\$ 3,250,004	88%
2002	2,740	\$ 3,881,356	\$ 3,867,046	\$ 1,841,736	48%
2003*	1,339	\$ 1,998,023	\$ 1,958,280	\$ 1,137,871	58%

UNDERWRITING AND RATING

The underwriting and rating portion of this Examination was to determine that the Company was in compliance with all laws in the State of New Mexico and had not unfairly discriminated against any individuals or groups. In particular, the Examiners considered the Company's compliance with the following statutes:

* Figures valued through June 30, 2003.

NMSA (1978) § 59A-17-7.1(A) prohibits the use of not-at-fault occurrences as a reason for raising premiums:

The rates of a motor vehicle liability insurer shall not provide for an increase in the premium if based upon an accident in which the insured is not at fault in any manner as determined by either the accident report or the insurer. If the insurer determines that its insured is at fault contrary to the specific finding of an accident report that the insured is not at fault, the insurer shall reach its conclusion only after an investigation.

NMSA (1978) § 59A-17-9 mandates that insurers file their rates, including supplementary rate information:

As to insurance subject to Chapter 59A, Article 17 NMSA 1978, other than workers' compensation insurance, every insurer shall file with the superintendent all rates and supplementary rate information and all changes and amendments thereof made by it for use in this state at least sixty days before their proposed effective date. No filing made pursuant to this section shall become effective nor shall it be used until approved or deemed approved by the superintendent in accordance with Section 59A-17-13 NMSA 1978, at which time it may be used.

NMSA (1978) § 59A-17-4(C) defines "supplementary rate information" as follows:

"supplementary rate information" includes any manual or plan of rates, statistical plan, classification, rating schedule, minimum premium, policy fee, rating rule, rate-related underwriting rule and any other information prescribed by rule of the superintendent.

NMSA (1978) § 59A-17-12 (A) states:

No insurer shall make or issue a contract or policy of insurance except in accordance with filings or rates which are lawfully in effect for the insurer as provided in this article.

Finally, the Examiners considered the Company's underwriting operations in terms of NMSA (1978) § 59A-16-17(D), which prohibits unfair discrimination:

No such insurer or organization shall make or permit any unfair discrimination between insureds or property having like insuring or risk characteristics, in the premium or rates charged for insurance or coverage, or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of the insurance or coverage.

The Examiners reviewed the Company's use of credit information and C.L.U.E. Reports in relation to New Mexico statutes concerning the use of not-at-fault accidents, rate filing, and unfair discrimination. The Examiners found the following facts were supported by the documents and files reviewed:

1. The Company uses a Financial Tiering Model (an algorithm). The algorithm calculation behind this model uses credit report financial information to produce a one- to three-digit credit score ranging from 1 to 997. Although the three-digit credit score itself is developed using only credit information, the three-digit score is immediately assigned a corresponding alphanumeric tier and incorporated into an Underwriting Matrix. The matrix incorporates underwriting criteria that measure loss history information (taken from the C.L.U.E. report) and MVR history and converts the measured item into an underwriting tier. The underwriting criteria used are:
 - At Fault Accidents
 - Not At Fault accidents
 - Minor moving violations
2. The Hartford's 2003 Custom Credit Model uses credit data from Trans Union, which is divided into four mail files:
 - Trade file,
 - Inquiry file,
 - Public record file,
 - Collection file
3. Once the three-digit credit score is converted to the alphanumeric credit tier it is no longer referred to as a credit score, but rather as an "insurance score tier".
4. The underwriting tier matrix is referred to as the "Underwriting Tier Criteria Exhibit." The function of the matrix is to line up the alphanumeric insurance score tier derived from the credit score with the underwriting alphanumeric tier. At the convergence point of the underwriting tier and the insurance score tier, the matrix displays a rating factor that is applied

to the Company's filed base rates. These rating factors are called the policyholders' Program Deviation Discount Factors.

5. Although the Company's credit score algorithm does not directly use underwriting information, the Company's underwriting matrix combines the insurance score derived (from the credit score algorithm) with the underwriting tier to generate the rates. Therefore, the Company in practice uses a combined credit/underwriting program in its "Underwriting Tier Criteria Exhibit."
6. The Company's "Underwriting Tier Criteria Exhibit" directly affects the premium the insureds are to pay.
 - Effective July 1, 2002, Hartford's three-digit insurance scores translate into various categories (unacceptable, acceptable, average, superior, premier, etc.), and thereby affect the premiums for its insureds. Hartford has not filed its three-digit insurance scores with the Division.
7. Since the Company's deviation discount factors are also directly determined by not-at-fault accidents, some insureds are paying an increase in premium over other individuals solely because of the use of not-at-fault accident events being utilized in the Company's automobile rating scheme.
8. The Company uses C.L.U.E. reports in the underwriting and rating of the Company's products. These reports are requested for all new business policies. C.L.U.E. information as received is not maintained in the Company's underwriting system beyond 60 days. The Company's use of C.L.U.E. information is directly driven and monitored by the Company's credit-based underwriting tier matrix. The Company uses this information to evaluate, and ultimately to assign the pricing tier/scoring level and placement of new business policies.
9. The Company's underwriting matrix uses certain information obtained on the customer's C.L.U.E. report in addition to motor vehicle citations during the past 36 months. The information includes major and minor

convictions, accidents (both at fault and not-at-fault occurrences over the last 36 months), and the total number of claims in the last 5 years.

Use of Not-at-Fault Accidents to Surcharge Premiums (Existing Business)

HMW has a driving record surcharge program whereby a policy surcharge is imposed if:

- A driver had two or more at-fault accidents or incidents during the experience period that resulted in property damage in excess of \$500 (prior to April 2, 2002) per Hartford's Manual Page 5.2(b)(1) and (2), or
- A driver had either:
 - two not-at-fault accidents, or
 - one at fault accident under the surcharge threshold (\$500) and one not-at-fault accident.

HMW therefore uses not-at-fault accidents, alone and in combination with at-fault accidents that would not otherwise result in a surcharge, as a basis for imposing accident surcharges. This practice is an apparent violation of NMSA (1978) § 59A-17.7.1(A). The Company to insure compliance with statute is in the process of amending its accident surcharge rule to eliminate all reference to not-at-fault accidents.

Failure to File All Components of the Rating Structure

The Examiners found that Hartford's New Business-Tier Criteria Exhibit for PCIC includes the assigned score bands. Hartford has not filed its Auto-New Business-Tier Criteria Exhibit with the Division. The Auto-New Business-Tier Criteria Exhibit and the three-digit insurance scores that slot the customers into pricing tier/scoring level selection and thereby affect the rates charged are either direct rating plans or, at a minimum, supplementary rate information within the

meaning of NMSA (1978) § 59A-17-4(C). As such, the Company is in apparent violation of NMSA (1978) § 59A-17-9 for failing to file these items and/or any revisions thereof with the Division.

No Hits and Thin Files

The Examiners reviewed the Company's written procedures for the handling of credit scores noted as "No Hits" or "Thin Files".

"No Hits" are defined as risks in which a match between applicant's name and social security number and a record on the credit vendor's database cannot be made. "Thin Files" or "No Scores" are defined as risks for which a match is made but there is inadequate information in the credit file from which to calculate a score.

Three-digit insurance scores fall into a range of scores, which translate to a scoring level/pricing tier. Prior to June 2002, No Hits and Thin Files for new business were placed in an "acceptable range" scoring level/pricing tier on the PCIC scoring matrix. Under the June 18, 2002 scoring matrix, however, each category has its own scoring. The Examiners contend that without proper actuarial information supporting less than average performance of No Hit and Thin Files that it would seem that these files should be placed, at a minimum, in the average group range for all three companies.

The Company supplied a copy of its No-Hit and No-Score Loss Performance procedures, which states that, "the loss experience for no-hit and no-scores risks has been considerably worse than the average scored risk or neutral score." The Company included a table that displays loss experience and a comparison between "no-hit" and "thin/no-score" risks to valid scores. Hartford considered this document

"Proprietary and Confidential" and did not file it with the Division. The information was reviewed and signed by the Company's actuary.

Deviation from Approved Rates

The Examiners noted there were files identified with an "FAI" insurance score. The "FAI" code indicates that there was a line failure between Hartford and the consumer-reporting agency (ChoicePoint) when an attempt was made to order an insurance score for an applicant. Again, the Examiners requested written procedures and were advised by Company management that,

For a quotation, the system will permit the transaction to be completed by defaulting to an average score range (T4 and U4). This only occurs for quotations. Upon issuance the agent will need to obtain an actual score before the policy is issued.

The Examiners requested a follow-up on any attempts to re-run the scores on 14 files identified from the PCIC policies. The Company responded:

When a line failure occurs, a quote based on an average insurance score is provided. Prior to policy issuance, the representative is required to reorder the score and is prompted by a system edit to do so. Although we intended to reorder the insurance score, it appears that in these fifteen instances, this process was not followed. We believe that these were inadvertent errors that were caused by the lack of automation associated with the current process.

In order to address this issue, we are implementing a system enhancement that will ensure that the score is reordered prior to policy issuance when a line failure occurs during the policy issuance stage.

During the review, Hartford advised the Examiners that it re-ran the 14 files and processed a retroactive adjustment (premium decrease) on five of six files in the amount of \$3,181. The Company provided the Examiners with copies of the refund amounts and letters of explanation to the five insureds. Hartford stated, "For

one other, we made our best effort to locate this individual and have been unsuccessful." For the remaining eight policyholders, the premium did not change or there was an increase indicated after the insurance score was obtained. Therefore, there was no adjustment made to the premium for these eight insureds.

Hartford's failure to comply with its written procedures by not re-running the files identified with an insurance score prior to policy issuance constitutes an apparent violation of NMSA (1978) § 59A-17-12.

CANCELLATIONS OR NONRENEWALS

This review included policies cancelled due to underwriting actions of the Company, nonpayment of premiums, insured's request or nonrenewals during the Examination period. In addition to reviewing the cancellation notices for timeliness and content, the Examiners confirmed that a proof of mailing was produced for each notice. Cancellations due to the insured's request do not require a Notice of Cancellation letter to the insured.

PCIC Cancelled policies

The Examiners randomly selected and reviewed 64 out of 1,246 personal automobile policies cancelled or nonrenewed during the Examination period. In particular, the Examiners reviewed these files for the timeliness and appropriateness of the notice of termination. NMSA (1978) § 59A-18-29(B) states:

An insurer may cancel its policy without cause at any time within sixty (60) days next following original issuance and effective date of the policy. The insurer shall give the named insured written notice of such cancellation not less than ten (10) days prior to the effective date of the cancellation, which effective date shall fall within such sixty (60) day period.

The Examiners identified one policy (LH064) in which the Company sent the cancellation letter within the first 60-days of coverage (new business); however, the cancellation effective date failed to fall within the sixty (60) day period, in apparent violation of NMSA (1978) § 59A-18-29(B). The Company agreed with this finding.

File ID Code	Coverage Effective Date	Cancellation Notice Sent	Cancellation Effective Date	Number of Days
LH064	12-10-02	01-30-03	02-12-03	64

HMW Cancelled policies

The Examiners randomly selected and reviewed 108 out of 7,470 personal automobile policies cancelled or nonrenewed during the Examination period. No exceptions were noted.

TCFIC Cancelled policies

The Examiners randomly selected and reviewed a total of 66 out of 1,167 personal automobile policies cancelled or nonrenewed during the Examination period.

The Examiners identified one policy (LH144) in which the Company sent the cancellation letter within the first 60-days of coverage (new business); however, the cancellation date failed to fall within the sixty (60) day period, in apparent violation of NMSA (1978) § 59A-18-29(B). The Company agreed with this finding.

File ID Code	Coverage Effective Date	Cancellation Notice Sent	Cancellation Effective Date	Number of Days
LH144	04-21-03	06-09-03	06-22-03	62

SIGNIFICANT DELAYS IN THE MARKET CONDUCT EXAMINATION

Throughout the Examination, the Company's local staff demonstrated a genuine willingness to cooperate when issues were local and within their authority. However, the timeliness and content of Company responses from its personal lines insurance centers (PLIC) throughout the country added to the delays and resulted in this Examination taking longer than anticipated.

Additionally, paper documents had to be printed on every file reviewed (underwriting, cancellations and complaints) as Examiners had no access to the Company's LAN system. This process was very labor intensive and contributed to the examination delays.

METHODOLOGY

The Examiners requested and received hard copy and/or electronic listings of data and information related to complaints, new business issued, renewals and cancellations. The Examiners used Microsoft Access and/or Excel to sort the data to ensure that the populations from which samples were selected were limited to those records falling within the scope of the Examination. The Examiners also used this data to select random samples of underwriting and cancellation files for review.

In order to review the Company's underwriting and rating practices, procedures, programs, rates, and rules, as well as compliance with New Mexico laws, the Examiners used one or more of the following approaches during each Examination phase.

- Review and compare the Company filings and their approval dates with manuals, rules, and procedures provided.

- Sample files consistent with NAIC guidelines were selected and reviewed from lists provided by the Company.
- Review and evaluate Company procedure manuals, rate and underwriting manuals, bulletins, memorandums, and file notes.
- Perform specific review of files with accident surcharges.
- Compile credit-scoring data of applicants and policyholders.
- Review and evaluate Company usage of Motor Vehicle Records ("MVR"), loss history (specifically C.L.U.E. reports) and consumer credit information for determining an applicant's acceptability and premium.

The Examiners selected samples for review using the NAIC criteria, which suggest that:

- For a population greater than 5,000, a sample of 100 files be selected;
- For a population of 50 to 5,000, a sample of 50 files be selected; and
- For a population of less than 50, all files are selected.

The Examiners also requested copies of the following materials in use during the Examination period:

- Underwriting and rating manuals including automobile symbols, territories, guidelines and bulletins;
- Specimen applications and policy forms (endorsements and billing notices);
- Cancellation reason codes, cancellation letters and proof of mailing;
- Advertising materials.

During the course of this examination, any apparent deficiencies and issues relating to the operations and business practices of the Company were identified and deemed to be apparent until the adoption of this Report by the Superintendent at which time the Report shall be admissible as evidence of the facts pursuant to NMSA (1978), § 59A-4-13(A).

Complaint Data

The Examiners received an electronic listing and hard copies of 224 complaints (for all three companies) received during the Examination period for the personal automobile policies. The Examiners reviewed 100% of the complaint files.

Personal Automobile Policy Data

The Examiners received electronic listings of personal automobile new business issued and cancellations processed during the Examination period. Based on the percentages of policies issued or cancelled within each calendar year of the Examination period, the Examiners selected their random samples with a pro rata distribution by year.

The following random samples were selected from each of the populations:

Table II – New Business Auto Samples Selected

<u>File Type</u>	<u>Population</u>	<u>Sample Size</u>
PCIC – AARP	6,055	103
PCIC – AARP (last 45 days*)	165	101
HMW – AARP Direct Business	1,085	50
TCFIC – Agency Business	761	50
Total		304

* New Business policies issued in the last 45-days explained later in the Report

Table III – Cancelled Policy Samples Selected

<u>File Type</u>	<u>Population</u>	<u>Sample Size</u>
PCIC - Cancelled	1,246	64
HMW Cancelled	7,470	108
TCFIC Cancelled	1,167	66
Total		238

File Review Methodology

During the file review, the Examiners used a proprietary Microsoft Access database and Excel spreadsheets and formulas to:

- Log and track the files reviewed, as well as Examination requests and Preliminary Findings;
- Confirm compliance with filed rating procedures; written underwriting rules and guidelines, and to identify any trends that indicate underwriting rules were not followed;
- Calculate compliance with New Mexico insurance laws regulating timeliness;
- Performed time-study analysis.

ACKNOWLEDGEMENT

Lyn Sloan, CIE, Rosemary Cutter, Linda Hofman, AIE, Mari A. Sanchez, AIE, and Latricia Young participated in this examination and join the Examiner in Charge in gratefully acknowledging the assistance extended by the examination coordinator.

Respectfully submitted,



Nestor J. Romero, CPA, CFE, CIE
Examiner in Charge