

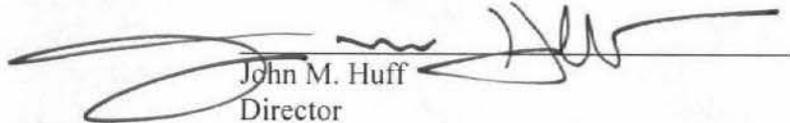


Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that Old Republic shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$134,750 payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 30<sup>th</sup> day of MARCH, 2012.

  
John M. Huff  
Director



**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Old Republic Insurance Company  
307 N. Michigan Ave.  
Chicago, Illinois 60601

RE: Old Republic Insurance Company (NAIC #24147)  
Missouri Market Conduct Examination #1104-03-TGT

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Old Republic Insurance Company (NAIC #24147), (hereafter referred to as "Old Republic"), as follows:

WHEREAS, John M. Huff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Old Republic has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of Old Republic and prepared report number 1104-03-TGT; and

WHEREAS, the report of the Market Conduct Examination revealed that:

1. In 284 instances, Old Republic failed to file large deductible non-standard (individual

risk) rated workers compensation policies with the Director in violation of §§287.310.1 and 287.947.1 RSMo;

2. In 2 instances, Old Republic failed to accurately compute the second injury fund surcharge in violation of §287.310.9 RSMo;

3. Old Republic erroneously reported claim loss data within the deductible limits to the NCCI on a gross basis in violation of §287.310.4 RSMo.

WHEREAS, Old Republic hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times, to reasonably assure that the errors noted in the above-referenced market conduct examination reports do not recur.

WHEREAS, Old Republic shall file all currently in force large deductible non-standard (individual risk) rated workers compensation policies with the Director within 30 days of the date of the order closing this exam.

WHEREAS, Old Republic shall file all large deductible non-standard (individual risk) rated workers compensation policies with the Director not later than thirty (30) days after the effective date of the policy.

WHEREAS, Old Republic shall report claim loss data within the deductible limits to the NCCI on a net basis unless the employer exercises the right to purchase a gross reportable deductible plan.

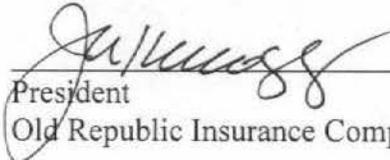
WHEREAS, Old Republic, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination.

WHEREAS, Old Republic hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #1104-03-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$134,750.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Old Republic to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Old Republic does hereby voluntarily and knowingly waive all rights to any hearing, does consent to undertake the

corrective actions set forth in this Stipulation, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$134,750, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 3-20-12

  
\_\_\_\_\_  
President  
Old Republic Insurance Company



**OLD REPUBLIC** INSURANCE COMPANY

307 N. Michigan Avenue  
Chicago, Illinois 60601-5382  
312/346-8100

January 25, 2012

Missouri Department of Insurance  
301 West High Street, Room 530  
Jefferson City, Missouri 65102

RECEIVED  
JAN 27 2012  
MO. DEPT OF INSURANCE,  
FINANCIAL INSTITUTIONS &  
PROFESSIONAL REGISTRATION

Attn: Stewart Freilich  
Legal Counsel; Market Conduct Section

RE: Missouri Market Conduct Examination #1104-03-TGT  
Old Republic Insurance Company (NAIC # 24147)

Dear Mr. Freilich:

Old Republic Insurance Company is in receipt of the Missouri Department of Insurance Draft Market Conduct Examination report, and wishes to make the following comments with regard to the Department's findings:

A. Forms and Filings

Old Republic Insurance Company has taken several measures to address this issue. All business units placing large deductible rated policies will utilize one of the three following large deductible approved plans: the previously approved large deductible rating plan that uses specific factors in determining the overall rating, the recently approved rating plan (SERFF Filing # LDDX-G127909206, effective February 1, 2012), both of which require no individual risk filing, and the approved LRARO Large Deductible rating plan, in which the company will make the appropriate individual risk filing within 30 days of the effective date of the issued policy.

B. Underwriting and Rating

1. Please see Section A. above.
2. Old Republic Insurance Company has reviewed the results found by the Department related to the miscalculation of the Second Injury Fund Surcharge. In both policies cited, the United States Longshore and Harbor Workers Compensation coverage was not considered as part of the total amount to which the surcharge applies. Our company writes this coverage infrequently and, thus, inadvertently did not factor this premium amount into the Second Injury Fund calculation. The company has amended its internal Second Injury Fund Surcharge calculation instructions for all offices to ensure that this does not reoccur in the future.

3. As previously stated in our response to the Department's individual criticism, Old Republic Insurance Company has put in place revised procedures to report claim loss data within the deductible limits to the NCCI on a "net" basis, unless otherwise chosen by the insured. This change took place with NCCI reporting beginning October 1, 2011.

Should you have any further questions, please contact me at 1-800-621-0365 ext. 4530 or by e-mail at [dmatthews@oldrepublic.com](mailto:dmatthews@oldrepublic.com).

Sincerely,



Deborah J. Matthews, CCP, ARC  
AVP – Compliance

**STATE OF MISSOURI**  
**DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND**  
**PROFESSIONAL REGISTRATION**



**FINAL MARKET CONDUCT EXAMINATION REPORT**  
**Of the Property and Casualty Business of**

**Old Republic Insurance Company**  
**NAIC # 24147**

**MISSOURI EXAMINATION # 1104-03-TGT**

**NAIC EXAM TRACKING SYSTEM # MO341-M22**

**April 2, 2012**

**Home Office**  
**307 N. Michigan Avenue**  
**Chicago, IL 60601**

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EXAMINATION REPORT SUBMISSION ..... Error! Bookmark not defined.

VERIFICATION..... 18

## FOREWORD

This is a targeted market conduct examination report of Old Republic Insurance Company, (NAIC Code # 24147). This examination was conducted at the DIFP offices located in St. Louis, Missouri.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products, or files does not constitute approval thereof by the DIFP.

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- "Company" or "Old Republic" refers to Old Republic Insurance Company;
- "CSR" refers to the Missouri Code of State Regulation;
- "DIFP" refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "Director" refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "Division" refers to the Department of Labor, Division of Workers' Compensation;
- "NAIC" refers to the National Association of Insurance Commissioners;
- "NCCI" refers to the National Council on Compensation Insurance, Inc., and;
- "RSMo" refers to the Revised Statutes of Missouri.

## SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.445, 375.938, and 375.1009, RSMo.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2006, through May 31, 2011, unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a targeted examination involving the following business functions and lines of business: complaints, underwriting, and terminations for large deductible workers compensation policies.

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark for underwriting and trade practices is 10%. The NAIC benchmark error rate for claims practices is seven percent (7%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized, however, for reviews not applying the general business practice standard.

In performing this examination, the examiners only reviewed a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

## COMPANY PROFILE

The following company profile was provided to the examiners by the Company.

Old Republic Insurance Company is a licensed Property & Casualty Company that is part of Old Republic General Insurance Group (NAIC #0150). The Company writes mainly casualty insurance with a focus on Workers Compensation. The Company has been in business since the mid 1930's and was admitted to Missouri in 1941.

Currently, the Company has three distinct business/operating units that could have Workers Compensation accounts written with large deductibles with exposure in Missouri.

Aviation Division – Aviation Division looks to underwrite a variety of worker's compensation risks in the state of Missouri. Those risks include: Corporate Flight Crews, Charter Flight Crews, Aircraft Management Firms, Regional Airlines, Fixed Base Operators, Air Cargo, Flight Training, Aircraft Manufacturers, Aircraft Component Manufacturers, Maintenance, Repair & Overhaul Facilities, Aviation Related Government/Defense Contractors, U.S. Operations of International Airlines, Public Entity Flight Operations, and Select Airport Operators. The accounts this divisions writes could be domiciled inside or outside of Missouri.

Middle Market Division generally writes accounts in the North Eastern part of the US. The only Missouri written premium could be found with accounts with policies issued to a state other than Missouri but does have some Missouri exposures.

Large Risk Division looks to write the Fortune 1000 companies who have stable organizations, sound financials and favorable loss experience. These accounts are offered large deductible programs starting with a \$500,000 deductible and can offer ALAE within or outside of the deductible. The accounts this division writes could be domiciled inside or outside of Missouri.

The Company is licensed in all 50 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands. Its products are distributed primarily through independent agencies and brokerages.

The Company is licensed by the DIFP under Chapter 379, RSMo, to write property and casualty insurance in Missouri as set forth in its Certificate of Authority.

## EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of Old Republic Insurance Company. The examiners found the following principal areas of concern:

- Old Republic failed to make a filing with DIFP for each and every 284 large deductible, non-standard (individual risk) rated policies as required.
- In two instances, Old Republic failed to accurately compute the Second Injury Fund Surcharge, resulting in undercharges totaling \$12,066.
- The Company erroneously reported claim loss data within the deductible limits to the NCCI on a gross basis without written documentation to affirm policyholders' purchase of gross reportable policies.

The examiners requested that the Company make refunds concerning underwriting premium overcharges and claim underpayments found for amounts greater than \$5.00 during the examination if any were found.

Various non-compliant practices were identified, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to the Missouri insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

## EXAMINATION FINDINGS

### **I. SALES AND MARKETING**

In this section of the report, the examiners report their findings regarding how the Company complied with the laws that monitor sales and marketing practices. Due to time and cost restraints, examiners reviewed a sample of the Company's licensing records and marketing materials.

The examiners discovered no errors during this review.

#### **A. Licensing of Agents, Agencies, and Brokers**

Missouri law requires the company to sell insurance products through individuals and entities that hold a current license from the DIFP. The purpose of a license is to protect the public by providing competent and trustworthy agents, brokers, and agencies.

During underwriting and rating reviews, examiners documented agencies, agents, and brokers involved in producing the business. The examiners randomly verified that the entities were properly licensed.

The examiners discovered no errors during this review.

#### **B. Marketing Practices**

Old Republic markets its products through an independent agency system distribution. Missouri law requires producers to be truthful and provide adequate disclosure while selling the insurance products.

The examiners discovered no errors during this review.

The Company also provides information about its products through the Internet where the Company maintains a web site at Old Republic.com. The examiners discovered no discrepancies when the examiners reviewed the site.

## **II . UNDERWRITING AND RATING PRACTICES**

This section of the report is designed to provide a review of the Company's underwriting and rating practices. These practices included the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures to decline or terminate coverage. Examiners reviewed how the Company handled new and renewal policies to ensure that the Company underwrote and rated risks according to their own underwriting guidelines, filed rates, and Missouri statutes and regulations.

Because of the time and cost involved in reviewing each policy/underwriting file, the examiners utilize sampling techniques in conducting compliance testing. A policy/underwriting file is determined in accordance with 20 CSR 100-8.040 and the NAIC Market Regulation Handbook. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and §375.445) and compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark error rate are presumed to indicate a general practice contrary to the law. Error rates indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

The examiners requested the Company's underwriting and rating manuals for the line of business under review. This included all rates, guidelines, and rules that were in effect on the first day of the examination period and at any point during that period to ensure that the examiners could properly rate each policy reviewed.

The examiners also reviewed the Company's procedures, rules, and forms filed by or on behalf of the Company with the DIFP. The examiners randomly selected the policies for review from a listing furnished by the Company.

The examiners also requested a written description of significant underwriting and rating changes that occurred during the examination period for underwriting files that were maintained in an electronic format.

An error can include, but is not limited to, any miscalculation of the premium based on the information in the file, an improper acceptance or rejection of an application, the misapplication of the Company's underwriting guidelines, incomplete file information preventing the examiners from readily ascertaining the Company's rating and underwriting practices, and any other activity indicating a failure to comply with Missouri statutes and regulations.

### **Workers Compensation Review**

Reviews are conducted to confirm that workers compensation carriers that issue large deductible, non-standard policies are in compliance with the rate filing requirements found in §§ 287.310, 287.947, RSMo, and in accordance with DIFP Bulletins 02-01 and 04-01.

Worker Compensation carriers are also evaluated to ensure total premiums are being reported as well as correct methods for determining assessments and remittance of the required second injury fund and administrative surcharges. The review includes carriers' deductible policy forms and rules for compliance with § 287.310 Subsection 4, RSMo, regarding the presumption that a net reporting plan is offered unless the insured elects a gross reporting plan.

NCCI statistical data is reviewed to analyze utilization of Individual Rate Premium Modification (IRPM), also known as schedule rating, in the form of applied debits or credits. Schedule rating is intended to be used to accurately rate an individual employer's business operation. Descriptions of the risk categories are to be based on loss-related factors that can be objectively determined.

#### **A. Forms and Filings**

The examiners reviewed the Company's policy and contract forms to determine its compliance with filing, approval, and content requirements to ensure that the contract language was not ambiguous or misleading and was adequate to protect the insured.

The following are the results of the reviews:

The examiners discovered that Old Republic failed to make a filing with DIFP for each and every large deductible, non-standard (individual risk) rated policy as required. The individual files are detailed in Section B, Underwriting and Rating of this report.

References: §§ 287.310, 287.947.1, RSMo., and DIFP Bulletin 02-01.

#### **B. Underwriting and Rating**

The examiners reviewed applications for coverage that were issued, modified, or declined by the Company to determine the accuracy of rating and adherence to prescribed and acceptable underwriting criteria.

The following are the results of the reviews:

##### **1. Workers Compensation**

Field Size: 284

Sample Size: 284

Type of Sample: Census

Number of Errors: 100

Error Ratio: 100%

Within DIFP Guidelines: No

1. Old Republic failed to file the following 284 large deductible, non-standard (individual risk) rated policies with DIFP as required.

<u>No</u>	<u>Policy No</u>	<u>Effective</u>	<u>No</u>	<u>Policy No</u>	<u>Effective</u>
1	MWC-108462-04	3/1/2006	32	MWC-115502-02	5/1/2010
2	MWC-108462-05	3/1/2007	33	MWC-111607-00	5/1/2006
3	MWC-115413-00	3/1/2008	34	MWC-115180-00	5/1/2007
4	MWC-115413-01	3/1/2009	35	MWC-116042-00	5/1/2009
5	MWC-115208-00	6/1/2007	36	MWC-115515-00	5/1/2008
6	MWC-115943-00	6/1/2009	37	MWC-115183-00	5/1/2007
7	MWC-115504-00	6/1/2008	38	MWC-111606-00	3/1/2006
8	MWC-115337-00	11/1/2007	39	MWC-111606-01	3/1/2007
9	MWC-114987-00	11/1/2006	40	MWC-115301-00	10/29/2007
10	MWC-115657-00	11/1/2008	41	MWC-114989-00	10/29/2006
11	MWC-116258-00	11/1/2009	42	MWC-115325-00	12/28/2007
12	MWC-115003-00	1/1/2007	43	MWC-114994-00	12/28/2006
13	MWC-108784-02	1/1/2006	44	MWC-116465-00	12/28/2009
14	MWC-115003-01	1/1/2008	45	MWC-115701-00	12/28/2008
15	MWC-115003-02	1/1/2009	46	MWC-116030-00	5/15/2009
16	MWC-115243-00	10/1/2007	47	MWC-115581-00	5/15/2008
17	MWC-111892-00	10/1/2006	48	MWC-115188-00	5/15/2007
18	MWC-116299-00	10/1/2009	49	MWC-111831-00	5/15/2006
19	MWC-115632-00	10/1/2008	50	MWC-116031-00	5/15/2009
20	MWC-116035-00	7/1/2009	51	MWC-115582-00	5/15/2008
21	MWC-115568-00	7/1/2008	52	MWC-115189-00	5/15/2007
22	MWC-115163-00	7/1/2007	53	MWC-111832-00	5/15/2006
23	MWC-111656-00	7/1/2006	54	MWC-116274-00	9/1/2009
24	MWC-115101-00	3/1/2007	55	MWC-115699-00	10/1/2008
25	MWC-111506-00	3/1/2006	56	MWC-115320-00	10/1/2007
26	MWC-111131-01	1/1/2006	57	MWC-111886-00	10/1/2006
27	MWC-115402-00	3/1/2008	58	MWC-111695-00	6/1/2006
28	MWC-115859-00	3/1/2009	59	MWC-115945-00	6/1/2009
29	MWC-116104-00	6/1/2009	60	MWC-115199-00	6/1/2007
30	MWC-115502-00	5/1/2008	61	MWC-115596-00	6/1/2008
31	MWC-115502-01	5/1/2009	62	MWC-116269-00	10/1/2009

63	MWC-115654-00	10/1/2008	106	OC-17129-11	3/1/2010
64	MWC-111874-00	10/1/2006	107	MWC-111879-00	9/30/2006
65	MWC-115336-00	10/1/2007	108	MWC-116259-00	9/30/2009
66	MWC-115475-00	4/1/2008	109	MWC-115627-00	9/30/2008
67	MWC-116587-00	4/1/2010	110	MWC-115215-00	9/30/2007
68	MWC-115949-00	4/1/2009	111	MWC-115309-00	10/1/2007
69	MWC-115150-00	4/1/2007	112	MWC-111676-00	10/1/2006
70	MWC-115185-00	9/1/2007	113	MWC-115708-00	10/1/2008
71	MWC-111842-00	9/1/2006	114	MWC-115326-00	10/1/2007
72	MWC-116188-00	9/1/2009	115	MWC-111871-00	10/1/2006
73	MWC-115620-00	9/1/2008	116	MWC-111655-00	7/1/2006
74	MWC-111885-00	10/1/2006	117	MWC-115198-00	7/1/2007
75	MWC-116301-00	10/1/2009	118	MWC-115487-00	4/1/2008
76	MWC-115492-00	5/1/2008	119	MWC-115487-01	6/1/2008
77	MWC-115151-00	6/15/2007	120	MWC-115103-00	4/1/2007
78	MWC-111698-00	6/15/2006	121	MWC-111613-00	4/1/2006
79	MWC-116590-00	5/1/2010	122	MWC-116130-00	6/1/2009
80	MWC-115900-00	5/1/2009	123	MWC-116146-00	12/1/2009
81	MWC-111524-00	1/1/2006	124	MWC-115332-00	12/1/2007
82	MWC-111524-04	1/1/2010	125	MWC-111887-00	12/1/2006
83	MWC-111524-01	1/1/2007	126	MWC-115665-00	12/1/2008
84	MWC-111524-02	1/1/2008	127	MWC-115213-01	6/1/2008
85	MWC-111524-03	1/1/2009	128	MWC-115213-02	6/1/2009
86	MWC-107147-06	5/1/2006	129	MWC-115213-00	6/1/2007
87	MWC-107147-07	5/1/2007	130	OCAV-30329-00	4/1/2008
88	MWC-107147-08	5/1/2008	131	MWC-115748-00	12/1/2008
89	MWC-107147-09	5/1/2009	132	MWC-115396-00	12/1/2007
90	MWC-116503-00	1/1/2010	133	MWC-114999-00	12/1/2006
91	MWC-111900-00	1/1/2007	134	MWC-111493-01	10/14/2006
92	MWC-111900-01	1/1/2008	135	MWC-115944-00	6/1/2009
93	MWC-108777-03	1/1/2006	136	MWC-115574-00	6/1/2008
94	MWC-111900-02	1/1/2009	137	MWC-115100-00	4/1/2007
95	MWC-111866-00	7/1/2006	138	MWC-115100-01	6/1/2007
96	MWC-111866-01	7/1/2007	139	MWC-111610-00	4/1/2006
97	MWC-111866-02	7/1/2008	140	MWC-111615-00	6/30/2006
98	MWC-111866-03	7/1/2009	141	MWC-111615-01	6/30/2007
99	MWC-115145-00	4/1/2007	142	MWC-111615-02	6/30/2008
100	MWC-115922-00	4/1/2009	143	MWC-111615-03	6/30/2009
101	MWC-115505-00	4/1/2008	144	MWC-116144-00	12/1/2009
102	OC-17129-07	3/1/2006	145	MWC-115331-00	12/1/2007
103	OC-17129-08	3/1/2007	146	MWC-111888-00	12/1/2006
104	OC-17129-09	3/1/2008	147	MWC-115666-00	12/1/2008
105	OC-17129-10	3/1/2009	148	MWC-115397-00	1/1/2008

149	MWC-115397-01	1/1/2009	192	OC-011020-16	1/1/2010
150	MWC-115397-02	1/1/2010	193	OC-011020-14	1/1/2008
151	MWC-108783-02	1/1/2006	194	OC-011020-13	1/1/2007
152	MWC-116469-00	1/1/2010	195	OC-011020-12	1/1/2006
153	MWC-115004-00	1/1/2007	196	OC-011020-15	1/1/2009
154	MWC-115004-01	1/1/2008	197	MWC-111496-00	1/1/2006
155	MWC-115004-02	1/1/2009	198	MWC-111890-00	1/1/2007
156	MWC-116024-00	5/1/2009	199	MWC-115711-00	1/1/2009
157	MWC-115344-00	1/1/2008	200	MWC-115341-00	1/1/2008
158	MWC-115023-00	1/1/2007	201	MWC-116328-00	1/1/2010
159	MWC-111512-00	1/1/2006	202	MWC-115489-00	6/30/2008
160	MWC-116362-00	1/1/2010	203	MWC-115148-00	6/30/2007
161	MWC-115722-00	1/1/2009	204	MWC-111618-00	6/30/2006
162	MWC-111543-00	1/1/2006	205	MWC-115942-00	6/30/2009
163	MWC-116242-00	9/1/2009	206	MWC-115728-00	11/1/2008
164	MWC-115656-00	9/1/2008	207	MWC-116257-00	11/1/2009
165	MWC-116039-00	7/1/2009	208	MWC-115303-00	8/1/2007
166	MWC-115508-00	7/1/2008	209	MWC-111876-00	8/1/2006
167	MWC-115112-00	7/1/2007	210	MWC-116192-00	8/1/2009
168	MWC-111664-00	7/1/2006	211	MWC-115649-00	8/1/2008
169	MWC-111520-01	1/1/2007	212	MWC-115941-00	6/1/2009
170	MWC-111520-00	1/1/2006	213	MWC-115572-00	6/1/2008
171	MWC-114990-00	11/1/2006	214	MWC-115147-00	6/1/2007
172	MWC-115319-00	11/1/2007	215	MWC-111617-00	6/1/2006
173	MWC-115648-00	11/1/2008	216	MWC-115559-00	7/1/2008
174	MWC-116147-00	6/1/2009	217	MWC-115239-00	7/1/2007
175	MWC-115575-00	6/1/2008	218	MWC-116152-00	7/1/2009
176	MWC-115187-00	6/1/2007	219	MWC-115417-00	1/1/2008
177	MWC-111837-00	6/1/2006	220	MWC-115757-00	1/1/2009
178	MWC-116179-00	9/30/2009	221	MWC-115019-00	1/1/2007
179	MWC-111895-00	9/30/2006	222	OC-044224-28	1/1/2008
180	MWC-115214-00	9/30/2007	223	OC-044224-29	1/1/2009
181	MWC-115703-00	9/30/2008	224	OC-044224-30	1/1/2010
182	MWC-114985-00	11/1/2006	225	MWC-111604-00	4/1/2006
183	MWC-115419-00	1/1/2008	226	MWC-115511-00	6/1/2008
184	MWC-115731-00	1/1/2009	227	MWC-115162-00	6/1/2007
185	MWC-115022-00	1/1/2007	228	MWC-111616-00	6/1/2006
186	MWC-111511-00	1/1/2006	229	MWC-115993-00	6/1/2009
187	MWC-116508-00	1/1/2010	230	MWC-115911-00	5/1/2009
188	OBC-17812-02	11/1/2007	231	MWC-115555-00	5/1/2008
189	OBC-17812-03	11/1/2008	232	MWC-115184-00	5/1/2007
190	OBC-15592-15	10/1/2006	233	MWC-111523-00	1/1/2006
191	OBC-15592-16	11/1/2007	234	MWC-111523-01	1/1/2007

235	MWC-116310-00	1/1/2010	260	MWC-115304-00	8/1/2007
236	MWC-115352-00	1/1/2008	261	MWC-115935-00	4/1/2009
237	MWC-114997-00	1/1/2007	262	MWC-115573-00	5/1/2008
238	MWC-111473-00	1/1/2006	263	MWC-116079-00	5/1/2009
239	MWC-115709-00	1/1/2009	264	MWC-115569-00	7/1/2008
240	MWC-116037-00	7/1/2009	265	MWC-111867-00	7/1/2006
241	MWC-115885-00	2/1/2009	266	MWC-116023-00	7/1/2009
242	MWC-111611-01	3/1/2007	267	MWC-115216-00	7/1/2007
243	MWC-115597-00	8/1/2008	268	MWC-111612-00	3/1/2006
244	MWC-115305-00	8/1/2007	269	MWC-115007-00	3/1/2007
245	MWC-111611-00	3/1/2006	270	MWC-115412-00	3/1/2008
246	MWC-116233-00	8/1/2009	271	MWC-115034-00	4/1/2007
247	MWC-115324-00	12/31/2007	272	MWC-115034-02	4/1/2009
248	MWC-111883-00	12/31/2006	273	MWC-116001-00	7/1/2009
249	MWC-115768-00	12/31/2008	274	MWC-115238-00	7/1/2007
250	OCAV-26855-01	12/31/2006	275	MWC-115238-01	7/1/2008
251	MWC-116174-00	10/1/2009	276	MWC-111041-02	7/1/2006
252	MWC-115342-00	10/1/2007	277	MWC-116041-00	7/1/2009
253	MWC-111894-00	10/1/2006	278	MWC-115567-00	7/1/2008
254	MWC-115669-00	10/1/2008	279	MWC-115170-00	7/1/2007
255	MWC-111208-02	12/31/2006	280	MWC-111663-00	7/1/2006
256	MWC-115338-01	12/31/2008	281	MWC-108894-02	3/1/2006
257	MWC-115338-00	12/31/2007	282	MWC-108894-03	3/1/2007
258	MWC-116093-00	8/1/2009	283	MWC-108894-04	3/1/2008
259	MWC-115580-00	8/1/2008	284	MWC-108894-05	3/1/2009

References: §§ 287.310, 287.947.1, RSMo., and DIFP Bulletin 02-01.

2. In one instance, Old Republic failed to accurately compute the Second Injury Fund Surcharge on the following Missouri portion of the multi-state policy, resulting in a \$5,858 undercharge.

**Policy Number**

MCW-115163-00

References: § 287.310.9, RSMo., DIFP Bulletins 02-01 and 04-01.

Although not calculated in the error ratio, the examiners discovered through computerized data review that the Company failed to accurately compute the Second Injury Fund Surcharge on the following Missouri portion of the multi-state policy, resulting in a \$6,208 undercharge.

**Policy Number**

MCW-111656-00

References: § 287.310.9, RSMo., DIFP Bulletins 02-01 and 04-01.

3. The Company erroneously reported claim loss data within the deductible limits to the NCCI on a gross basis. Old Republic failed to provide examiners with any written documentation to affirm policyholders' purchase of gross reportable policies. Missouri law presumes net reporting unless the employer chooses a gross plan.

References: § 287.310.4, RSMo., DIFP Bulletins 02-01 and NCCI Statistical Guidebook, Part 8, sections F and G.

**C. Cancellations, Non-Renewals, Rescissions, and Declinations**

The examiners reviewed policies that the carrier terminated at or before the scheduled expiration date of the policies and policies that were rescinded by the Company after the effective date of the policy.

The following are the results of the reviews:

**1. Workers Compensation – Cancellations, Non-Renewals, & Declinations**

Field Size: 13

Sample Size: 13

Type of Sample: Census

Number of Errors: 0

Error Ratio: 0%

Within DIFP Guidelines: Yes

The examiners discovered no errors during this review.

#### IV. COMPLAINTS

This section of the report is designed to provide a review of the Company's complaint handling practices. Examiners reviewed how the Company handled complaints to ensure it was performing according to its own guidelines and Missouri statutes and regulations.

Section 375.936(3), RSMo, requires companies to maintain a registry of all written complaints received for the last three years. The registry must include all Missouri complaints, including those sent to the DIFP and those sent directly to the Company.

The examiners verified the Company's complaint registry, dated January 1, 2006, through February 6, 2009. The registry contained a total of one complaint. They reviewed all that went through DIFP and none that did not come through the Department, but went directly to the Company.

The review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint as required by §375.936(3), RSMo, and 20 CSR 300-2.200(3)(D) (as replaced by 20 CSR 100-8.040(3)(D), effective 7/30/2008).

The examiners discovered no issues or concerns.

V. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days. Please note that in the event an extension was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	9	100%
Received outside time-limit, incl. any extensions	0	0%
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	9	100%

Reference: §375.205, RSMo and 20 CSR 100-8.040.

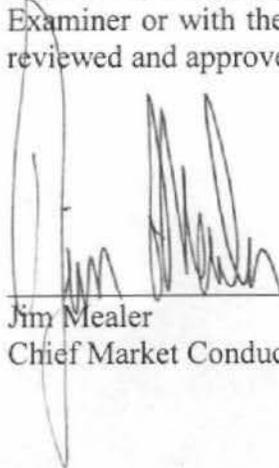
B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Requests</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	7	100%
Received outside time-limit, incl. any extensions	0	0%
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	7	100%

Reference: §374.205, RSMo and 20 CSR 100-8.040.

**EXAMINATION REPORT SUBMISSION**

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Old Republic Insurance Company (NAIC #24147), Examination Number 1104-03-TGT. This examination was conducted by Gary T. Meyer, Gary Bird, and John Pfaender. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated December 13, 2011. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.



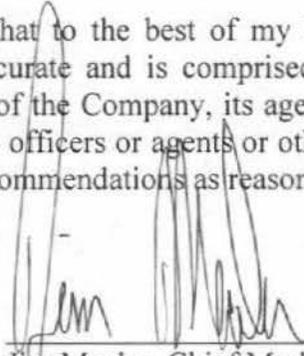
Jim Mealer  
Chief Market Conduct Examiner

4/3/2012  
Date

STATE OF MISSOURI    )  
                                  )  
COUNTY OF COLE     )

**VERIFICATION OF WRITTEN REPORT OF EXAMINATION**

I, Jim Mealer, on my oath swear that to the best of my knowledge and belief, the attached Examination Report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as reasonably warranted from the facts.



Jim Mealer, Chief Market Conduct Examiner  
Department of Insurance, Financial Institutions &  
Professional Registration,  
State of Missouri

Sworn to and subscribed before me this 3<sup>rd</sup> day of April, 2012.

Kimberly Landers  
Notary

My commission expires:  
May 18, 2012

