

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
TREXIS INSURANCE CORPORATION) **Market Conduct Examination No. 317015**
(NAIC #12188)) **NAIC MATS NO. MO-HICKSS1-93**
)
TREXIS ONE INSURANCE) **Market Conduct Examination No. 317013**
CORPORATION (NAIC #11004)) **NAIC MATS NO. MO-HICKSS1-95**

ORDER OF THE DIRECTOR

NOW, on this 01st day of June, 2020, Director, Chlora Lindley-Myers, after consideration and review of the market conduct examination report of Trexis Insurance Corporation (NAIC #12188) (hereinafter “Trexis”), examination report number 317015 and the market conduct examination report of Trexis One Insurance Corporation (NAIC #11004) (hereinafter “Trexis One”), examination report number 317013, prepared and submitted by the Division of Insurance Market Regulation (hereinafter “Division”) pursuant to §374.205.3(3)(a)¹, does hereby adopt such reports as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (“Stipulation”), relating to the market conduct examinations set out in the caption above, the examination reports, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such reports are deemed to be the Director’s findings and conclusions accompanying this order pursuant to §374.205.3(4). The Director does hereby issue the following orders:

This order, issued pursuant to §374.205.3(4), §374.280 RSMo, and §374.046.15. RSMo, is in the public interest.

IT IS THEREFORE ORDERED that Trexis, Trexis One, and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Trexis and Trexis One shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place each in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016 as amended.

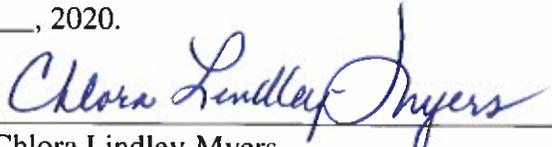
with all terms of the Stipulation.

IT IS FURTHER ORDERED that Trexis shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$7,500 payable to the Missouri State School Fund in connection with the examination number 317015.

IT IS FURTHER ORDERED that Trexis One shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$3,000 payable to the Missouri State School Fund in connection with the examination number 317013.

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 01st day of June, 2020.


Chlora Lindley-Myers
Director



**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

<i>In Re:</i>)	
)	
TREXIS INSURANCE CORPORATION (NAIC #12188))	Market Conduct Examination No. 317015 NAIC MATS NO. MO-HICKSS1-93
)	
TREXIS ONE INSURANCE CORPORATION (NAIC #11004))	Market Conduct Examination No. 317013 NAIC MATS NO. MO-HICKSS1-95

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) Trexis Insurance Corporation (NAIC #12188) (hereinafter “Trexis”), and Trexis One Insurance Corporation (NAIC #11004) (hereinafter “Trexis One”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter “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 of Missouri;

WHEREAS, Trexis and Trexis One have been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct examination of Trexis, examination #317015, and of Trexis One, examination #317013;

WHEREAS, based on the market conduct examination of Trexis, the Division alleges that:

1. In two instances, Trexis did not respond to a claimant within 10 calendar days in violation of 20 CSR 100-1.030(2) (as replaced by 20 CSR 100-1.030(1)(B)) and implicating the provisions of §375.1007(2)¹.
2. In one instance, Trexis failed to provide instructions and reasonable assistance to an insured for filing a medical payments claim in violation of 20 CSR 100-1.030(3) and implicating

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016.

the provisions of §375.1007(2).

3. In one instance, Trexis did not document the claim file to clearly show the inception, handling and disposition of the claim in violation of 20 CSR 100-8.040(2) and implicating the provisions of §375.1007(3) and §375.1007(4).

4. In several instances, Trexis did not implement reasonable standards for the settlement of claims arising under its policies in violation of §375.1007(3) and §375.1005.

5. In several instances, Trexis failed to effectuate a fair and equitable settlement in the payment of sales tax in violation of §375.1007(4) and §375.1005(1).

6. In one instance, Trexis failed to timely provide a response to a criticism in violation of §374.205.2(2) and 20 CSR 100-8.040(6).

WHEREAS, based on the market conduct examination of Trexis One, the Division alleges that:

1. In one instance, Trexis One failed to document the claim file to clearly show that the Company responded to the claimant within 10 calendar days in violation of 20 CSR 100-8.040(2) and implicating the provisions of §375.1007(2).

2. In seven instances, Trexis One did not implement reasonable standards for the settlement of claims arising under its policies implicating the provisions of §375.1007(3).

3. In three instances, Trexis One failed to effectuate a fair and equitable settlement in the payment of sales tax implicating the provisions §375.1007(4).

WHEREAS, the Division, Trexis, and Trexis One have agreed to resolve the issues raised in the market conduct examinations as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent

that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Trexis and Trexis One agree to take remedial actions bringing the companies into compliance with the statutes and regulations of Missouri and agree to maintain such remedial actions at all times, to reasonably ensure that the errors noted in the market conduct examinations do not recur. Such remedial actions shall consist of the following:

1. Trexis and Trexis One agree to respond to claimants within 10 calendar days as required by 20 CSR 100-1.030(1)(A) and (1)(B).

2. Trexis agrees to provide claimants with information and instructions necessary to file a medical payments claim as required by 20 CSR 100-1.030(3).

3. Trexis and Trexis One agree to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies, including reasonable standards for obtaining police reports and recorded statements.

4. Trexis agrees to provide written denial letters to insureds as required by 20 CSR 100-1.050(1)(A).

5. Trexis One agrees to disclose all coverage and coverage information to its insureds and to clearly document its claim files.

6. Trexis and Trexis One agree to document claim files so as to clearly show the inception, handling and disposition of the claim as required by 20 CSR 100-8.040(2).

7. Trexis agrees to pay restitution on claim xx4744 for the difference in the credit the claimant would have received if the correct actual cash value was used. A letter will be included with the payment indicating that as a result of a Missouri market conduct examination, it was discovered that the policyholder was entitled to an additional payment.

8. Trexis and Trexis One agree to ensure that the information contained on Sales Tax

Affidavits provided to insureds is complete and accurate.

9. Trexis and Trexis One agree to modify their claims procedures to ensure consistency in the treatment of sales tax reimbursements for automobile total loss claimants. Trexis and Trexis One agree that if its policies provide for the payment of sales tax on total loss claims, it will pay the tax according to the terms of its policy provision². Trexis and Trexis One further agree that if its policies do not specify that the company will pay sales tax on total loss claims, Trexis and Trexis One may either pay the sales tax or utilize the credit procedure contained in section 144.027, for reimbursement of sales tax, but the method utilized shall be uniform and consistent for all total loss claimants. If Trexis or Trexis One utilize the credit procedure contained in section 144.027, it will provide the insured with an affidavit and, pursuant to 20 CSR 100-8.040(3)(B)3 maintain a copy of the affidavit in the claim file.

10. Trexis and Trexis One agree that each will review all first party automobile total loss claims paid or processed at any time from March 9, 2015 to September 9, 2015 to determine if each paid all applicable sales tax to the claimant for the damaged vehicle using the contractual value payable under the terms of the policy at the time of loss.³ If all applicable sales tax was not paid by Trexis or Trexis One to the claimant, Trexis or Trexis One shall pay restitution to the claimant in the amount of the sales tax payable under its policy on the date of loss, including all state, city, county and other taxes. Such restitution shall be paid with no reduction in the amount payable to the claimant if the owner of the total loss vehicle retains the vehicle as salvage, unless there is a clear and specific provision in the policy supporting the reduction.

C. **Compliance.** Trexis and Trexis One agree to file documentation with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order of any remedial

² If the Company is paying sales tax pursuant to its policy provision, it is not otherwise obligated to provide a sales tax affidavit.

³ This could be Actual Cash Value, Stated Value or some other valuation method listed in the policy.

action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation and to document the payment of any restitution required by this Stipulation. Such documentation is provided pursuant to §374.205.

D. **Fees.** Trexis and Trexis One agree to pay any reasonable examination fees expended by the Division in conducting its review of the documentation provided by Trexis and Trexis One pursuant to Paragraphs B and C of this Stipulation.

E. **Voluntary Forfeiture.** Trexis agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$7,500 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2. Trexis One agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$3,000 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

F. **Other Penalties.** The Division agrees that it will not seek penalties against Trexis or Trexis One, other than those agreed to in this Stipulation, in connection with the above-referenced market conduct examinations.

G. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Trexis or Trexis One, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above-referenced market conduct examinations.

H. **Waivers.** Trexis and Trexis One, after being advised by legal counsel, do hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above-referenced market conduct examinations.

I. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division, Trexis, and Trexis One.

J. **Governing Law.** This Stipulation shall be governed and construed in accordance

with the laws of the State of Missouri.

K. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division, Trexis, and Trexis One respectively.

L. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution and delivery of this Stipulation by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

M. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

N. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation, and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 5/27/2020


Stewart Freilich
Chief Market Conduct Examiner and
Senior Counsel
Division of Insurance Market Regulation

DATED: 5/11/20


John Pace President
Trexis Insurance Corporation

DATED: 5/11/20


John Pace President
Trexis One Insurance Corporation

STATE OF MISSOURI
DEPARTMENT OF COMMERCE AND INSURANCE



FINAL MARKET CONDUCT EXAMINATION REPORT
Property and Casualty Business of

Trexis One Insurance Corporation
NAIC Group #0005
NAIC # 11004

MISSOURI EXAMINATION # 317013

NAIC EXAM TRACKING SYSTEM # MO-HICKSS1-95

May 27, 2020

Trexis One Insurance Corporation
4037 Rural Plains Circle, Suite 100
Franklin, TN 37064

TABLE OF CONTENTS

FOREWORD	3
SCOPE OF EXAMINATION.....	3
COMPANY PROFILE.....	4
EXECUTIVE SUMMARY	4
EXAMINATION FINDINGS	5
I. CLAIMS PRACTICES.....	5
A. Private Passenger Automobile Total Loss Claims Paid and Closed Without Payment..	6
1. Claims Time Studies	6
2. Unfair Settlement and General Handling Practices	7
3. Unfair Claims Practices	7
B. Private Passenger Automobile Total Loss Comprehensive Claims Paid and Closed Without Payment	8
1. Claims Time Studies.....	8
2. Unfair Settlement and General Handling Practices	9
3. Unfair Claims Practices	9
C. Private Passenger Automobile Collision Claims Closed Without Payment	9
1. Claims Time Studies.....	9
2. Unfair Settlement and General Handling Practices	10
3. Unfair Claims Practices	10
D. Private Passenger Automobile Medical Payments Claims Closed Without Payment ..	11
1. Claims Time Studies.....	11
2. Unfair Settlement and General Handling Practices	11
3. Unfair Claims Practices	11
E. Private Passenger Automobile Medical Payments Claims Closed With Payment	11
1. Claims Time Studies.....	11
2. Unfair Settlement and General Handling Practices	11
3. Unfair Claims Practices	11
F. Private Passenger Automobile Uninsured Motorist Bodily Injury Claims Paid	12
1. Claims Time Studies.....	12
2. Unfair Settlement and General Handling Practices	12
3. Unfair Claims Practices	12
II. UNDERWRITING AND RATING PRACTICES.....	12
A. Forms and Filings	13
B. Cancellation and Nonrenewal Policies	13
III. COMPLAINTS.....	13
A. Complaints Sent Directly to the DCI	14
B. Complaints Sent Directly to the Company.....	14
IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY.....	14
A. Criticism Time Study.....	14
B. Formal Request Time Study	15
EXAMINATION REPORT SUBMISSION.....	16

FOREWORD

This is a targeted, desk market conduct examination report of Trexis One Insurance Corporation (NAIC Code # 11004). This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI), located at 615 East 13th Street, Room 506, Kansas City, Missouri 64106.

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 DCI.

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

Where used in this report:

- “Company” refers to Trexis One Insurance Corporation;
- “CSR” refers to the Missouri Code of State Regulation;
- “DCI” refers to the Missouri Department of Commerce and Insurance;
- “Director” refers to the Director of the Missouri Department of Commerce and Insurance;
- “NAIC” refers to the National Association of Insurance Commissioners; and
- “RSMo” refers to the Revised Statutes of Missouri.

SCOPE OF EXAMINATION

The DCI 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 DCI regulations and to consider whether the Company’s operations were consistent with the public interest. The primary period covered by this review was July 1, 2015 through December 31, 2017, unless otherwise noted. However, errors outside of this time period found during the course of the examination may also be included in the report.

The examination included a review of the following areas of the Company’s operations for its private passenger automobile business: claims handling, underwriting, and complaint handling practices.

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 error rate for claims practices is seven percent (7%) and for other trade practices it is ten percent (10%). The benchmark error rates were not utilized, however, for reviews not applying to 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. 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 profile was provided to the examiners by the Company.

Trexis One Insurance Corporation is a wholly owned subsidiary of Alfa Insurance, writing private passenger automobile liability and physical damage insurance in the states listed below. Alfa Insurance merged the operation of Alfa Specialty Insurance Corporation with Alfa Vision in 2006. Alfa Specialty Insurance Corporation rebranded to Trexis One Insurance Corporation in November 2017.

States of Operation:

Alabama
Arkansas
Georgia
Indiana
Kentucky
Mississippi
Missouri
Ohio
Tennessee
Texas
Virginia

EXECUTIVE SUMMARY

The DCI conducted a targeted market conduct examination of Trexis One Insurance Corporation. The examiners found the following areas of concern:

- **1 error – Conduct of Examination and Record Retention**
20 CSR 100-8.040(2) "Every insurer transacting business in this state shall maintain its books, records, documents, and other business records in a manner so that the following practices of the insurer may be readily ascertained during market conduct examinations."

The Company failed to document the claim file to clearly show that the Company responded to a claimant within 10 calendar days.

- **7 errors – Improper or Unfair Claims Settlement Practices.**
*§375.1007 RSMo "Any of the following acts by an insurer, if committed in violation of section 375.1005, constitutes an improper claims practice:
(3) "Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies;"*

The Company failed to implement reasonable standards for the settlement of claims.

- **3 errors – Improper or Unfair Claims Settlement Practices.**

§375.1007 RSMo “Any of the following acts by an insurer, if committed in violation of section 375.1005, constitutes an improper claims practice:

(4) “Not attempting in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear;”

The Company failed to effectuate prompt, fair and equitable settlement of claims by failing to pay the total loss sales tax pursuant to its policy language.

EXAMINATION FINDINGS

I. CLAIMS PRACTICES

This section of the report provides a review of the Company’s claims handling practices. The examiners reviewed how the Company handled claims to determine the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

To minimize the duration of the examination, while still achieving an accurate evaluation of claims practices, the examiners reviewed a statistical sample of the claims processed. The examiners requested a listing of claims paid and claims closed without payment during the examination period for the line of business under review. Missouri claims with a closing date between January 1, 2015 and December 31, 2017 were selected from a list furnished by the Company.

A claim file is reviewed in accordance with 20 CSR 100-8.040 and the NAIC’s *Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.1000 – 375.1018 and 375.445 RSMo) and compared with the NAIC benchmark error rate of seven percent (7%). Error rates in excess of the NAIC benchmark are presumed to indicate a general business practice. Errors 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 rate calculation.

A claim error includes, but is not limited to, any of the following:

- An unreasonable delay in the acknowledgement of a claim.
- An unreasonable delay in the investigation of a claim.
- An unreasonable delay in the payment or denial of a claim.
- A failure to calculate claim benefits correctly.
- A failure to comply with Missouri law regarding claim settlement practices.

The examiners reviewed a sample of the claim files for timeliness. In determining timeliness, the examiners reviewed the duration of time the Company used to acknowledge the receipt of the claim, investigate the claim, and provide payment or a written denial of the claim.

DCI regulations require companies to abide by the following parameters for claims processing:

- Acknowledgement of the notification of a claim must be made within 10 working days.
- Completion of the investigation of a claim must be made within 30 calendar days after notification of the claim. If more time is needed, the Company must notify the claimant and send follow-up letters every 45 days.
- Payment or denial of a claim must be made within 15 working days after the investigation of the claim is complete.

Missouri statutes also require the Company to disclose to first-party claimants all pertinent benefits, coverage or other provisions of an insurance policy under which a claim is presented. Claim denials must be presented to the claimant in writing and the Company must maintain a copy in its claim files.

In addition, the examiners reviewed the Company's claim handling processes to determine compliance with contract provisions and adherence to unfair claims settlement practices statutes and regulations. Whenever information in the claim file reflected that the Company failed to meet these standards, the examiners cited the Company for noncompliance.

A. Private Passenger Automobile Total Loss Claims Paid and Closed Without Payment

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri private passenger automobile total loss claims paid and closed without payment during the examination period.

a. Acknowledgment

Field Size:	314
Sample Size:	82
Type of Sample:	Random
Number of Errors:	1
Error Ratio:	1.2%
Within DCI Guidelines:	Yes

The examiners found for claim file number xx2801, the Company failed to clearly document the file to show that the Company responded to the claimant within 10 calendar days.

Reference: 20 CSR 100-8.040(2)

b. Investigation

Field Size:	314
Sample Size:	82
Type of Sample:	Random

Number of Errors: 0

The examiners found no issues or concerns.

c. Determination

Field Size: 314
Sample Size: 82
Type of Sample: Random
Number of Errors: 0

The examiners found no issues or concerns

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri private passenger automobile total loss claims paid and closed without payment during the examination period.

Field Size: 314
Sample Size: 82
Type of Sample: Random
Number of Errors: 4
Error Ratio: 4.8%
Within DCI Guidelines: Yes

The examiners found in the following four instances the Company failed to implement reasonable standards for the settlement of claims arising under its policies for the reasons given alongside each instance.

Claim #	Explanation	Overpayment	Underpayment	Interest	Total	Paid Y/N
xx3428	Incorrect Sales Tax Affidavit was used		Undetermined			
xx9705	Failed to reimburse insured for payment made to claimant		\$1,500	\$372.86	\$1,872.86	Y
xx3151	Sales Tax was not Paid		\$234.49	\$87.61	\$322.10	Y
xx3370	Medical Payments coverage was not disclosed					

Reference: §375.1007(3) and §375.1007(4)

3. Unfair Claims Practices

The examiners requested a sample from the total population of Missouri private passenger automobile total loss claims paid and closed without payment during the examination period.

Field Size:	314
Sample Size:	82
Type of Sample:	Random
Number of Errors:	0

The examiners found no issues or concerns.

B. Private Passenger Automobile Total Loss Comprehensive Claims Paid and Closed Without Payment

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri private passenger automobile total loss comprehensive claims paid and closed without payment during the examination period.

a. Acknowledgment

Field Size:	386
Sample Size:	76
Type of Sample:	Random
Number of Errors:	0

The examiners found no issues or concerns.

b. Investigation

Field Size:	386
Sample Size:	76
Type of Sample:	Random
Number of Errors:	0

The examiners found no issues or concerns.

c. Determination

Field Size:	386
Sample Size:	76
Type of Sample:	Random
Number of Errors:	0

The examiners found no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri private passenger automobile total loss comprehensive claims paid and closed without payment during the examination period.

Field Size: 386
Sample Size: 76
Type of Sample: Random
Number of Errors: 3
Error Ratio: 3.9%
Within DCI Guidelines: Yes

The examiners found in the following three instances where the Company failed to implement reasonable standards for the settlement of claims arising under its policies for the reasons given alongside each instance.

Claim #	Explanation	Overpayment	Underpayment	Interest	Total	Paid Y/N
xx0078	Incorrect Sales Tax Affidavit was used		Undetermined			
xx7318	Sales Tax was not Paid		\$406.35	\$134.88	\$541.23	Y
xx0172	Sales Tax was not Paid		\$499.70			N

Reference: §375.1007(3) and §375.1007(4)

3. Unfair Claims Practices

The examiners requested a sample from the total population of private passenger automobile total loss comprehensive claims paid and closed without payment during the examination period.

Field Size: 386
Sample Size: 76
Type of Sample: Random
Number of Errors: 0

The examiners found no issues or concerns.

C. Private Passenger Automobile Collision Claims Closed Without Payment

1. Claims Time Studies

The examiners requested a sample from the total population of Missouri private passenger automobile collision claims closed without payment during the examination period.

a. Acknowledgment

Field Size: 316
Sample Size: 76
Type of Sample: Random
Number of Errors: 0

The examiners found no issues or concerns.

b. Investigation

Field Size: 316
Sample Size: 76
Type of Sample: Random
Number of Errors: 0

The examiners found no issues or concerns.

c. Determination

Field Size: 316
Sample Size: 76
Type of Sample: Random
Number of Errors: 0

The examiners found no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners requested a sample from the total population of Missouri private passenger automobile collision claims closed without payment during the examination period.

Field Size: 316
Sample Size: 76
Type of Sample: Random
Number of Errors: 0

The examiners found no issues or concerns

3. Unfair Claims Practices

The examiners requested a sample from the total population of Missouri private passenger automobile collision claims closed without payment during the examination period.

Field Size: 316
Sample Size: 76
Type of Sample: Random
Number of Errors: 0

The examiners found no issues or concerns.

D. Private Passenger Automobile Medical Payments Claims Closed Without Payment

1. Claims Time Studies

The examiners reviewed a census of 24 Missouri private passenger automobile medical payments claims closed without payment during the examination period. The examiners found no issues or concerns.

2. Unfair Settlement and General Handling Practices

Some of the Company's private passenger automobile policies included coverage provided through a third party, Nation Safe Drivers. The examiners reviewed a census of 24 Missouri private passenger automobile policies with Nation Safe Driver claims paid and closed during the examination period. The examiners found no issues or concerns.

3. Unfair Claims Practices

The examiners reviewed a census of 24 Missouri private passenger automobile policies with Nation Safe Driver claims paid and closed during the examination period. The examiners found no issues or concerns.

E. Private Passenger Automobile Medical Payments Claims Closed With Payment

1. Claims Time Studies

The examiners reviewed a census of 20 Missouri private passenger automobile medical payments claims closed with payment during the examination period. The examiners found no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners reviewed a census of 20 Missouri private passenger automobile medical payments claims closed with payment during the examination period. The examiners found no issues or concerns.

3. Unfair Claims Practices

The examiners reviewed a census of 20 Missouri private passenger automobile medical payments claims closed with payment during the examination period. The examiners found no issues or concerns.

F. Private Passenger Automobile Uninsured Motorist Bodily Injury Claims Paid

1. Claims Time Studies

The examiners reviewed a census of 14 Missouri private passenger automobile uninsured motorist bodily injury claims paid during the examination period. The examiners found no issues or concerns.

2. Unfair Settlement and General Handling Practices

The examiners reviewed a census of 14 Missouri private passenger automobile uninsured motorist bodily injury claims paid during the examination period. The examiners found no issues or concerns.

3. Unfair Claims Practices

The examiners reviewed a census of 14 Missouri private passenger automobile uninsured motorist bodily injury claims paid during the examination period. The examiners found no issues or concerns.

II. UNDERWRITING AND RATING PRACTICES

This section of the report provides a review of the Company's underwriting and rating practices. These practices include the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures for declining or terminating coverage. The examiners reviewed the Company's handling of new and renewal policies to determine whether the Company was underwriting and rating risks according to its 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 utilized sampling techniques in conducting compliance testing. A policy/underwriting file is reviewed in accordance with 20 CSR 100-8.040 and the NAIC's *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, RSMo) and compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark are presumed to indicate a general business practice. Errors indicating a failure to comply with laws that do not apply a general business practice standard are separately noted as errors and are not included in the error rate calculation.

The examiners requested the Company's underwriting and rating manuals for the lines of business under review. The request 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.

The examiners also reviewed the Company's procedures, rules and forms filed by or on behalf of the Company with DCI. The examiners either used a census or randomly selected the files 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 includes, 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 documentation 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.

A. Forms and Filings

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

The examiners found no issues or concerns.

B. Cancellation and Nonrenewal Policies

This section of the report provides a review of the Company's underwriting and rating practices. The examiners reviewed how the Company handled non-active policies to determine whether it was handling the policies according to its own guidelines, Missouri statutes, and DCI regulations.

The examiners requested a download of all non-active policies. One hundred and eight policies were randomly selected for review. In order to save time and expense, the Company was requested to rate 15 of the policies selected. The examiners reviewed two of the 15 policies for accuracy.

The following were the results of the review:

Field Size:	28,036
Sample Size:	108
Type of Sample:	Random
Number of Errors:	0

The examiners found no issues or concerns.

III. COMPLAINTS

This section of the report provides a review of the Company's complaint handling practices. The examiners reviewed how the Company handled complaints to determine whether it followed its own guidelines and Missouri statutes and regulations.

Section 375.936(3) RSMo, requires companies to maintain a registry of all written complaints received. The registry must include all Missouri complaints, whether sent directly to the DCI or sent directly to the Company.

The examiners reviewed the Company's complaint registry dated January 1, 2015 to December 31, 2017. The registry listed 26 complaints. The examiners reviewed all 26 complaints.

A. Complaints Sent Directly to the DCI

The examiners reviewed 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 100-8.040(3)(D).

The examiners found no issues or concerns.

B. Complaints Sent Directly to the Company

The examiners requested and received copies of the Company's complaint files sent directly to the Company.

The examiners found no issues or concerns.

IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with requested material or to respond to criticisms. Missouri law requires that companies respond to criticisms and formal requests within 10 calendar days. 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 subsequent time frame. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

Calendar Days	Number of Criticisms	Percentage
Received w/in time limit, including any extensions	26	100.00%
Received w/in time limit, including any extensions	0	0.00%
Total	26	100.00%

The examiners found no issues or concerns.

B. Formal Request Time Study

Calendar Days	Number of Requests	Percentage
Received w/in time limit, including any extensions	4	100.00%
Received w/in time limit, including any extensions	0	0.00%
Total	4	100.00%

The examiners found no issues or concerns.

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Trexis One Insurance Corporation (NAIC #11004), Examination Number 317013. This examination was conducted by Scott B. Pendleton, CIE, MCM, AIRC, Examiner-in-Charge, Dale Hobart, Examiner, Dennis Foley, Examiner, and Jon Meyer, Examiner. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated September 10, 2019. 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.

5/27/2020

Date



Stewart Freilich

Chief Market Conduct Examiner