

**REPORT OF  
MARKET CONDUCT EXAMINATION  
OF**

**HORACE MANN INSURANCE COMPANY**  
Springfield, Illinois

**HORACE MANN PROPERTY & CASUALTY  
INSURANCE COMPANY**  
Temecula, California

**AS OF  
June 19, 2006**

**COMMONWEALTH OF PENNSYLVANIA**

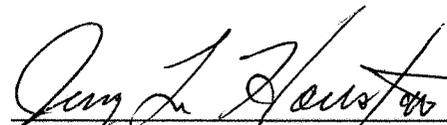


**INSURANCE DEPARTMENT  
MARKET CONDUCT DIVISION**

**Issued: August 3, 2006**

VERIFICATION

Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).

  
\_\_\_\_\_  
Jerry L. Houston, CPCU, Examiner-In-Charge

Sworn to and Subscribed Before me

This *30* Day of *May*, 2006

  
\_\_\_\_\_

Notary Public

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL

THERESA M. SENECA, Notary Public  
City of Harrisburg, Dauphin County  
My Commission Expires Aug. 15, 2008

**HORACE MANN INSURANCE COMPANY  
HORACE MANN PROPERTY & CASUALTY INSURANCE COMPANY**

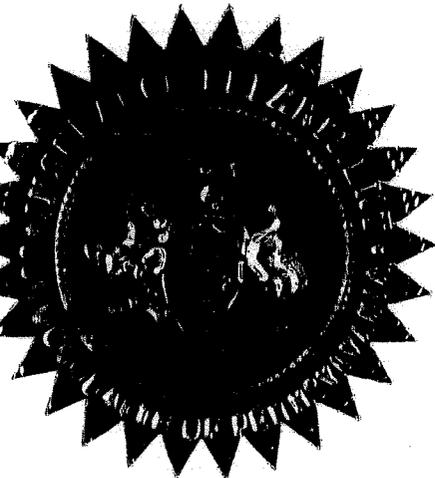
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BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 29 day of April, 2002, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate Randolph L. Rohrbaugh, Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.



  
\_\_\_\_\_  
M. Diane Koken  
Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
HORACE MANN INSURANCE	:	Sections 4(a) and 4(h) of the Act of
COMPANY	:	June 11, 1947, P.L. 538, No. 246
HORACE MANN PROPERTY	:	(40 P.S. §§ 1184)
& CASUALTY COMPANY	:	
1 Horace Mann Plaza	:	Act 1990-6, Sections 1705(a)(1) & (4),
Springfield, IL 62715	:	1716, 1734, 1792(b)(1) and 1799.3(f)
	:	(Title 75, Pa.C.S. §§ 1705, 1716,
	:	1734, 1792 and 1799)
	:	
	:	Sections 5(a)(4), 5(a)(7)(iii) and
	:	5(a)(9) of the Unfair Insurance
	:	Practices Act, Act of July 22, 1974,
	:	P.L. 589, No. 205 (40 P.S. §§ 1171.5)
	:	
	:	Sections 2002(c)(3), 2003(b),
	:	2003(a)(1), 2004 and 2008(b) of Act
	:	68 of 1998 (40 P.S. §§991.2002,
	:	991.2003, 991.2004 and 991.2008)
	:	
	:	Sections 3(a)(2) and 3(a)(6) of the Act
	:	of July 3, 1986, P.L. 396, No. 86 (40
	:	P.S. §§ 3403)
	:	
	:	Title 31, Pennsylvania Code, Sections
	:	62.3(e)(4) and (7), 69.52(b), 146.5(b)
	:	and 146.6
	:	
	:	
Respondent.	:	Docket No. MC06-07-003

CONSENT ORDER

AND NOW, this 3<sup>rd</sup> day of August, 2006, this Order is hereby  
issued by the Deputy Insurance Commissioner of the Commonwealth of

Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

#### FINDINGS OF FACT

3. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

(a) Respondent is Horace Mann Insurance Company and Horace Mann Property & Casualty Company, and maintains its address at 1 Horace Mann Plaza, Springfield, Illinois 62715.

(b) A market conduct examination of Respondent was conducted by the Insurance Department covering the period from November 1, 2004 through October 31, 2005.

- (c) On June 19, 2006, the Insurance Department issued a Market Conduct Examination Report to Respondent.
- (d) A response to the Examination Report was provided by Respondent on July 17, 2006.
- (e) The Examination Report notes violations of the following:
  - (i) Sections 4(a) and 4(h) of the Casualty and Surety Rate Regulatory Act, No. 246 (40 P.S. § 1184), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan which it proposes to use in this Commonwealth and prohibits an insurer from making or issuing a contract or policy with rates other than those approved;
  - (ii) Sections 1705(a)(1) & (4) of Act 1990-6, Title 75, Pa.C.S. § 1705, which requires every insurer, prior to the issuance of a private passenger motor vehicle liability insurance policy to provide each applicant an opportunity to elect a tort option. A policy may not be issued unless the applicant has been provided an opportunity to elect a tort option;
  - (iii) Section 1716 of Act 1990-6, Title 75, Pa. C.S. § 1716, which requires that benefits are overdue if not paid within 30 days after the insurer receives

reasonable proof of the amount of benefits. If reasonable proof is not supplied as to all benefits, the portion supported by reasonable proof is overdue if not paid within 30 days after the proof is received by the insurer. Overdue benefits shall bear interest at the rate of 12% per annum from the date the benefits become due. In the event the insurer is found to have acted in an unreasonable manner in refusing to pay the benefits when due, the insurer shall pay, in addition to the benefits owed and the interest thereon, a reasonable attorney fee based upon actual time expended;

- (iv) Section 1734 of Act 1990-6, Title 75, Pa.C.S. § 1734, which requires a named insured may request in writing the issuance of coverages under Section 1731 (relating to availability, scope and amount of coverage) in amount equal to or less than the limits of liability for bodily injury:
  
- (v) Section 1792(b)(1) of Act 1990-6, Title 75, Pa.C.S. § 1792, which requires every private passenger automobile insurance policy providing collision coverage to provide a deductible in the amount of \$500 for collision coverage, unless the named insured signs a statement indicating the insured is aware that the purchase of a lower deductible is permissible and that there is an additional cost of purchasing a lower deductible and the insured agrees to accept it;

- (vi) Section 1799.3(f) of Act 1990-6, Title 75, Pa. C.S. § 1799, which states if requested by the applicant, an agent for an insurer shall submit an application for automobile insurance to the insurer or provide the applicant written notice of the reasons for refusal to write on a form supplied by the insurer and approved by the Commissioner. An applicant receiving a notice of reasons under this subsection may obtain review by the Commissioner pursuant to the Automobile Insurance Policy Act. If either the applicant or insurer is aggrieved by the Commissioner's review, the Commission may, in their discretion and for cause shown, hold a hearing pursuant to the Automobile Insurance Policy Act. No insurer shall take any action, overt or otherwise, against any producer for complying with this subsection;
- (vii) Section 5(a)(4) of Act 205 (40 P.S. § 1171.5), which defines an unfair method of competition and deceptive act or practice as entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance;
- (viii) Section 5(a)(7)(iii) of Act 205 (40 P.S. § 1171.5), which defines and prohibits unfair methods of competition as making or permitting any unfair discrimination between individuals of the same class and essentially the same hazard with regard to underwriting standards and

practices or eligibility requirements by reason of race, religion, nationality or ethnic group, age, sex, family size, occupation, place of residence or marital status;

- (ix) Section 5(a)(9) of Act 205 (40 P.S. §1171.5), which defines an unfair act or practice as: (9) cancelling any policy of insurance covering owner-occupied private residential properties or personal property of individuals that has been in force for 60 days or more or refusing to renew any such policy unless the policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the company; or there has been a substantial change or increase in hazard in the risk assumed by the company subsequent to the date the policy was issued; or there is a substantial increase in hazards insured against by reason of willful or negligent acts or omissions by the insured; or the insured has failed to pay any premium whether such premium is payable directly to the company or its agent or indirectly under any premium finance plan or extension of credit; or for any other reasons approved by the Commissioner pursuant to rules and regulations promulgated by the Commissioner. No cancellation or refusal to renew by any person shall be effective unless a written notice of the cancellation or refusal to renew is received by the insured whether at the address shown in the policy or at a forwarding address;

- (x) Section 2002(c)(3) of Act 68 of 1998 (40 P.S. § 991.2002), which requires that an insurer supply the insured with a written statement of the reason for cancellation. While most of Act 68 does not apply to new policies cancelled in the first 60 days, the company must provide 15 days of notice of cancellation;
- (xi) Section 2003(b) of Act 68 of 1998 (40 P.S. § 991.2003), which states that an insurer may not cancel or refuse to renew a policy of automobile insurance on the basis of one accident within the 36 month period prior to the upcoming anniversary date of the policy;
- (xii) Section 2003(a)(1) of Act 68 of 1998 (40 P.S. § 991.2003), which prohibits an insurer from canceling or refusing to write or renew a policy of automobile insurance for any of the following reasons: Age. Under Pennsylvania law, requiring a minimum period of driving experience in order to be eligible to obtain automobile insurance constitutes a *per se* unlawful criterion based upon age. *See, e.g., Aetna v. Commonwealth, Insurance Department*, 606 A.2d 553 (Pa. Cmwlth. 1992), *rev'd on other grounds*, 536 Pa. 105, 638 A.2d 194 (1994); *Travelers v. Commonwealth, Insurance Department*, 440 A.2d 645 (Pa. Cmwlth. 1981);

- (xiii) Section 2004 of Act 68 of 1998 (40 P.S. § 991.2004), which requires that no insurer shall cancel a policy of automobile insurance except for nonpayment of premium, suspension or revocation of the named insured's driver license or motor vehicle registration or a determination that the insured has concealed a material fact or has made a material allegation contrary to fact or has made a misrepresentation of material fact and that such concealment, allegation or misrepresentation was material to the acceptance of the risk by the insurer;
- (xiv) Section 2008(b) of Act 68 of 1998 (40 P.S. § 991.2008), which requires any applicant for a policy who is refused such policy by an insurer shall be given a written notice of refusal to write by the insurer. Such notice shall state the specific reason or reasons of the insurer for refusal to write a policy for the applicant. Within 30 days of the receipt of such reasons, the applicant may request in writing to the Commissioner that he review the action of the insurer in refusing to write a policy for the applicant;
- (xv) Section 3(a)(2) of Act 86 (40 P.S. § 3403), which requires that a nonrenewal notice be forwarded directly to the named insured or insureds at least 60 days in advance of the effective date of termination;

- (xvi) Section 3(a)(6) of Act 86 (40 P.S. § 3403), which requires notices of mid-term cancellation and nonrenewal to meet the following requirements: A mid-term cancellation or nonrenewal notice shall state that, at the insured's request, the insurer shall provide loss information to the insured for at least three years or the period of time during which the insurer has provided coverage to the insured, whichever is less;
  
- (xvii) Title 31, Pennsylvania Code, Section 62.3(e)(4), which requires that applicable sales tax on the replacement cost of a motor vehicle shall be included as part of the replacement value;
  
- (xviii) Title 31, Pennsylvania Code, Section 62.3(e)(7), which states the appraiser is responsible for ensuring that a copy of the total loss evaluation report be sent within five working days to the consumer by the appraiser after the appraisal is completed. If a settlement offer is extended before the consumer receives the total loss evaluation report, the consumer shall be advised of the total loss evaluation report's contents and of the consumer's right to be sent a copy within five days after its completion;
  
- (xix) Title 31, Pennsylvania Code, Section 69.52(b), which requires an insurer to pay medical bills for care that are not referred to a Peer Review Organization within 30 days after the insurer receives sufficient documentation supporting the bill;

- (xx) Title 31, Pennsylvania Code, Section 146.5(b), requires every insurer, upon receipt of any inquiry from the Department respecting a claim shall, within 15 working days of receipt of such inquiry, furnish the Department with an adequate response; and
- (xxi) Title 31, Pennsylvania Code, Section 146.6, requires that every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected.

#### CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Respondent's violations of Sections 4(a) and (h) of the Casualty and Surety Rate Regulatory Act, No. 246 (40 P.S. § 1184) are punishable under Section 16 of the Casualty and Surety Rate Regulatory Act:

- (i) imposition of a civil penalty not to exceed \$50 for each violation or not more than \$500 for each such wilful violation;
  - (ii) suspension of the license of any insurer which fails to comply with an Order of the Commissioner within the time limited by such Order, or any extension thereof which the Commissioner may grant.
- (c) Respondent's violations of Sections 5(a)(4), 5(a)(7)(iii) and 5(a)(9) of the Unfair Insurance Practices Act, No. 205 (40 P.S. §§ 1171.5) are punishable by the following, under Section 9 of the Unfair Insurance Practices Act (40 P.S. § 1171.9):
- (i) cease and desist from engaging in the prohibited activity;
  - (ii) suspension or revocation of the license(s) of Respondent.
- (d) In addition to any penalties imposed by the Commissioner for Respondent's violations of the Unfair Insurance Practices Act (40 P.S. §§ 1171.1 – 1171.5), the Commissioner may, under Sections 10 and 11 of the Unfair Insurance Practices Act (40 P.S. §§ 1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:

- (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);
  - (ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars (\$1,000.00).
  
- (e) Respondent's violations of Sections 2002, 2003, 2004 and 2008 of Act 68 of 1998 (40 P.S. §§ 991.2002, 2003, 2004 and 2008) are punishable by the following, under Section 2013 of the Act (40 P.S. § 991.2013): Any individual or insurer who violates any of the provisions of this article may be sentenced to pay a fine not to exceed five thousand dollars (\$5,000.00).
  
- (f) Respondent's violations of Sections 3(a)(2) and 3(a)(6) Act 86 (40 P.S. §3403) are punishable under Section 8 (40 P.S. § 3408) of this act by one or more of the following causes of action:
  - (i) Order that the insurer cease and desist from the violation.
  - (ii) Impose a fine or not more than \$5,000 for each violation.
  
- (g) Respondent's violations of Title 31, Pennsylvania Code, Sections 146.5 and 146.6 are punishable under Sections 9, 10 and 11 of the Unfair Insurance Practices Act (40 P.S. §§ 1171.9, 1171.10 and 1171.11), as stated above.

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall file an affidavit stating under oath that it will provide each of its directors, at the next scheduled directors meeting, a copy of the adopted Report and related Orders. Such affidavit shall be submitted within thirty (30) days of the date of this Order.
- (c) Respondent shall comply with all recommendations contained in the attached Report.
- (d) Respondent shall pay Twenty-Five Thousand Dollars (\$25,000.00) to the Commonwealth of Pennsylvania in settlement of all violations contained in the Report.
- (e) Payment of this matter shall be made by check payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Harbert, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square,

Harrisburg, Pennsylvania 17120. Payment must be made no later than thirty (30) days after the date of this Order.

6. In the event the Deputy Insurance Commissioner finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Deputy Insurance Commissioner may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Deputy Insurance Commissioner may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

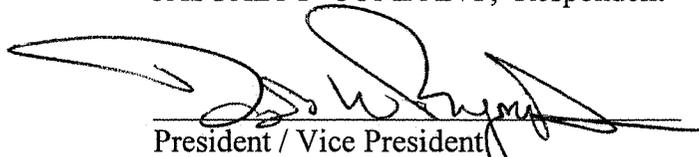
8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

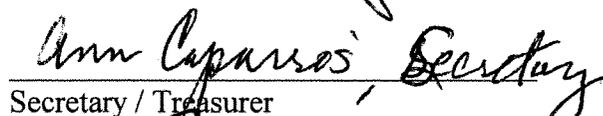
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner.

BY: HORACE MANN INSURANCE COMPANY,  
HORACE MANN PROPERTY &  
CASUALTY COMPANY, Respondent

  
\_\_\_\_\_  
President / Vice President

  
\_\_\_\_\_  
Secretary / Treasurer

  
\_\_\_\_\_  
RANDOLPH L. ROHRBAUGH  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania

## I. INTRODUCTION

The market conduct examination was conducted at Horace Mann Insurance Company and Horace Mann Property & Casualty Insurance Company's office located in Springfield, Illinois, from February 13, 2006, through March 10, 2006. Subsequent review and follow-up was conducted in the office of the Pennsylvania Insurance Department.

Pennsylvania Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review those areas of concern in order to determine the potential impact upon Company operations or future compliance. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties.

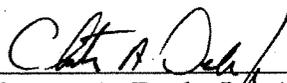
In certain areas of review listed in this Report, the examiners will refer to "error ratio." This error ratio is calculated by dividing the number of policies with violations by the total number of policies reviewed. For example, if 100 policies are reviewed and it is determined that there are 20 violations on 10 policies, the error ratio would be 10%.

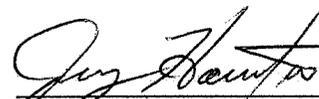
Throughout the course of the examination, Company officials were provided with status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company personnel to discuss

the various types of violations identified during the examination and review written summaries provided on the violations found.

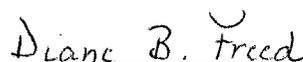
The courtesy and cooperation extended by the officers and employees of the Company during the course of the examination is hereby acknowledged.

The undersigned participated in this examination and in preparation of this Report.

  
\_\_\_\_\_  
Chester A. Derk, Jr., AIE, HIA  
Market Conduct Division Chief

  
\_\_\_\_\_  
Jerry Houston, CPCU  
Market Conduct Examiner

  
\_\_\_\_\_  
Joseph S. Meizen  
Market Conduct Examiner

  
\_\_\_\_\_  
Diane B. Freed  
Market Conduct Examiner

## II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted on Horace Mann Insurance Company & Horace Mann Property & Casualty Insurance Company, hereinafter referred to as “Company,” at their office located in Springfield, Illinois. The examination was conducted pursuant to Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act and covered the experience period of November 1, 2004, through October 31, 2005, unless otherwise noted. The purpose of the examination was to determine the Company’s compliance with Pennsylvania insurance laws and regulations.

The examination focused on Company operations in the following areas:

1. Private Passenger Automobile
  - Underwriting – Appropriate and timely notices of nonrenewal, midterm cancellations, 60-day cancellations and declinations.
  - Rating – Proper use of all classification and rating plans and procedures.
  
2. Property
  - Underwriting – Appropriate and timely notices of nonrenewal, midterm cancellations and 60-day cancellations.
  - Rating – Proper use of all classification and rating plans and procedures.
  
3. Commercial Property
  - Underwriting – Appropriate and timely notices of nonrenewal, midterm cancellations, 60-day cancellations and renewals.
  
4. Claims

5. Forms

6. Advertising

7. Complaints

8. Licensing

### III. COMPANY HISTORY AND LICENSING

Horace Mann Insurance Company was incorporated under the laws of Illinois. The Company was initially incorporated as the Swiss National Insurance Company, U.S.A. under the laws of Florida on September 23, 1963, and began business on December 23, 1963. The present name was adopted November 2, 1967. On December 23, 1988, the Company was redomiciled to the state of Illinois.

Horace Mann Property & Casualty Insurance Company was incorporated on March 25, 1965, under the laws of California to become successor to the Public Service Employees Insurance Association, a reciprocal organized in 1961. Conversion from the reciprocal plan of operation to a capital stock basis was completed on January 2, 1966, when the Company acquired all of the assets and assumed all of the liabilities of Public Service Employees Insurance Association and cancelled the outstanding surplus notes. The name Allegiance Insurance Company was adopted on December 31, 1985. The Company was acquired by HMEC on January 14, 1994. The current name was adopted on March 19, 2001.

#### LICENSING

Horace Mann Insurance Company's Certificate of Authority to write business in the Commonwealth was last issued on April 1, 2006. The Company is licensed in District of Columbia, Puerto Rico and all states except New Jersey and Hawaii. The Company's 2005 annual statement reflects Direct Written Premium for all lines of business in the Commonwealth of Pennsylvania as \$21,301,603. Premium volume related to the areas of this review were: Fire \$125,384; Homeowners multiple peril \$3,431,958; Private Passenger Automobile Direct Written Premium was reported as Private Passenger Auto No-Fault (personal injury protection)

\$1,526,730; Other Private Passenger Auto Liability \$7,249,076 and Private Passenger Auto Physical Damage \$8,400,594.

Horace Mann Property & Casualty Insurance Company's Certificate of Authority to write business in the Commonwealth was last issued on April 1, 2006. The Company is licensed in District of Columbia and all states except Florida, Georgia, Hawaii, Massachusetts, New Jersey and New Mexico. The Company's 2005 annual statement reflects Direct Written Premium for all lines of business in the Commonwealth of Pennsylvania as \$1,013,896. Premium volume related to the areas of this review were: Homeowners multiple peril \$993,099.

#### **IV. UNDERWRITING PRACTICES AND PROCEDURES**

As part of the examination, the Company was requested to supply manuals, underwriting guides, bulletins, directives or other forms of underwriting procedure communications for each line of business being reviewed. Underwriting guides were furnished for private passenger automobile personal lines property and commercial risks. The purpose of this review was to identify any inconsistencies which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

The following findings were made:

##### *3 Violations Act 205, Section 5(a)(7)(iii) [40 P.S. §1171.5(a)(7)(iii)]*

Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined. “Unfair Methods of Competition” and “Unfair or Deceptive Practices” in the business of insurance means: Unfairly discriminating by means of: Making or permitting any unfair discrimination between individuals of the same class and essentially the same hazard with regard to underwriting standards and practices or eligibility requirements by reason of race, religion, nationality or ethnic group, age, sex, family size, occupation, place of residence or marital status. The Company’s property guidelines indicated: “Protection Class 9 is still limited to Educator Occupations”. The Company’s automobile guidelines effective 2/1/05 indicated all drivers must have 14+ years of experience. The Company’s automobile guidelines effective 2/1/04 indicated all operators are required to have been licensed in the United States or Canada for at least three years.

*6 Violations Act 205, Section 5(a)(4) [40 P.S. §1171.5(a)(4)]*

Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance. The Company's underwriting guidelines required supporting coverage in six separate instances.

**Concern:** Automobile Underwriting Guidelines, Pennsylvania, effective 2/1/04 indicates comprehensive losses and vehicles struck in the rear are not incidents, but two or more of these type of losses in concern with considerations in the guide will make the risk unacceptable. Act 68, Section 2003(a) [40 P.S. §991.2003(a)] prohibits refusing to write auto policies based upon the footnoted criteria (comprehensive losses and vehicles struck in the rear while legally parked).

## V. UNDERWRITING

### **A. Private Passenger Automobile**

#### 1. 60-Day Cancellations

A 60-day cancellation is considered to be any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. These files were also reviewed for compliance with Act 68, Section 2002(b)(3) [40 P.S. §991.2002(b)(3)], which requires an insurer who cancels a policy of automobile insurance in the first 60 days, to supply the insured with a written statement of the reason for cancellation.

#### Horace Mann Insurance Company

From the universe of 142 private passenger automobile files identified as being cancelled in the first 60 days of new business, 50 files were selected for review. All 50 files selected were received and reviewed. The 2 violations noted were based on 2 files, resulting in an error ratio of 4%.

The following findings were made:

#### *1 Violation Act 68, Section 2003(a)(1) [40 P.S. §991.2003(a)(1)]*

An insurer may not cancel or refuse to write or renew a policy of automobile insurance for age. The Company cancelled the policy due to lack of number of years driving experience.

*1 Violation Act 68, Section 2002(c)(3) [40 P.S. §991.2002(c)(3)]*

Requires that an insurer supply the insured with a written statement of the reason for cancellation. The Company failed to provide the insured with a written statement of the reason for cancellation.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile 60-day cancellations during the experience period.

2. Midterm Cancellations

A midterm cancellation is any policy that terminates at any time other than the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

Horace Mann Insurance Company

From the universe of 1,360 private passenger automobile files identified as midterm cancellations by the Company, 200 files were selected for review. All 200 files selected were received and reviewed. The 2 violations noted were based on 2 files, resulting in an error ratio of 1%.

The following findings were made:

*2 Violations Act 68, Section 2004 [40 P.S. §991.2004]*

Requires that no insurer shall cancel a policy of automobile insurance except for nonpayment of premium, suspension or revocation of the named insured's driver license or motor vehicle registration or a determination that the insured has concealed a material fact or has made a material allegation contrary to fact or has made a misrepresentation of material fact and that such concealment, allegation or misrepresentation was material to the acceptance of the risk by the insurer. The 2 files noted were cancelled for other than permitted reasons.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile midterm cancellations during the experience period.

3. Nonrenewals

A nonrenewal is considered to be any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

Horace Mann Insurance Company

The universe of 1 private passenger automobile file identified as a nonrenewal by the Company was selected for review. The file selected was received and reviewed. No violations were noted.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile nonrenewals during the experience period.

4. Declinations

A declination is any application that is received by the Company and was declined to be written.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 [40 P.S. §991.2003], which establishes conditions under which action by the insurer is prohibited.

Horace Mann Insurance Company

The universe of 63 private passenger automobile files identified as declinations was selected for review. All 63 files selected were received and reviewed. The 46 violations noted were based on 23 files, resulting in an error ratio of 37%.

The following findings were made:

*23 Violations Act 68, Section 2008(b) [40 P.S. §991.2008(b)]*

Any applicant for a policy who is refused such policy by an insurer shall be given a written notice of refusal to write by the insurer. Such notice shall state the specific reason or

reasons of the insurer for refusal to write a policy for the applicant. Within 30 days of the receipt of such reasons, the applicant may request in writing to the Insurance Commissioner that he review the action of the insurer in refusing to write a policy for the applicant. The Company did not provide information on the notice that the applicant may request a review by the Commissioner.

*23 Violations Title 75, Pa. C.S. §1799.3(f)*

Notice of refusal to write. If requested by the applicant, an agent for an insurer shall submit an application for automobile insurance to the insurer or provide the applicant written notice of the reasons for refusal to write on a form supplied by the insurer and approved by the Commissioner. An applicant receiving a notice of reasons under this subsection may obtain review by the Commissioner pursuant to the Automobile Insurance Policy Act. If either the applicant or insurer is aggrieved by the Commissioner's review, the Commissioner may, in their discretion and for cause shown, hold a hearing pursuant to the Automobile Insurance Policy Act. No insurer shall take any action, overt or otherwise, against any agent or broker for complying with this subsection. The Company's notice of refusal to write was not approved by the Commissioner.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile declinations during the experience period.

## **B. Private Passenger Automobile – Assigned Risk**

The Company is an excused carrier under the assigned risk Limited Assignment Distribution procedure. Under this procedure groups of companies not under common ownership or management may form a Limited Assignment Distribution (LAD) arrangement. Each LAD arrangement has one servicing company, which writes assigned risk business on behalf of those members, which choose to buy out from their private passenger quota. As part of this arrangement the Company wrote no assigned risk business during the experience period.

## **C. Property**

### **1. 60-Day Cancellations**

A 60-day cancellation is considered to be any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 205, Unfair Insurance Practices Act, Section 5(a)(7)(iii) [40 P.S. §1171.5(a)(7)(iii)], which prohibits an insurer from canceling a policy for discriminatory reasons and Title 31, Pennsylvania Code, Section 59.9(b), which requires an insurer who cancels a policy in the first 60 days to provide at least 30 days notice of the termination.

### **Horace Mann Insurance Company**

The universe of 8 property policies which were cancelled within the first 60 days of new business was selected for review. The property policies consisted of homeowners and tenant homeowners. All 8 files selected were received and reviewed. No violations were noted.

Horace Mann Property & Casualty Insurance Company

The universe of 11 homeowner policies which were cancelled within the first 60 days of new business was selected for review. All 11 files selected were received and reviewed. The violation noted resulted in an error ratio of 9%.

The following finding was made:

*1 Violation Act 205, Section 5(a)(7)(iii) [40 P.S. §1171.5(a)(7)(iii)]*

Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined. “Unfair Methods of Competition” and “Unfair or Deceptive Practices” in the business of insurance means: Unfairly discriminating by means of: Making or permitting any unfair discrimination between individuals of the same class and essentially the same hazard with regard to underwriting standards and practices or eligibility requirements by reason of race, religion, nationality or ethnic group, age, sex, family size, occupation, place of residence or marital status. The terms “underwriting standards and practices” or “eligibility rules” do not include the promulgation of rates if made or promulgated in accordance with the appropriate rate regulatory act of this Commonwealth and regulations promulgated by the Commissioner pursuant to such act. The policy was cancelled because the named insured was a non-educator in a protection class 9.

## 2. Midterm Cancellations

A midterm cancellation is any policy termination that occurs at any time other than the twelve-month policy anniversary date.

The primary purpose of the review was to determine personal lines compliance with Act 205, Unfair Insurance Practices Act, Section 5(a)(9) [40 P.S. §1171.5(a)(9)], which establishes the conditions under which cancellation of a policy is permissible along with the form requirements of the cancellation notice.

### Horace Mann Insurance Company

From the universe of 291 property policies which were cancelled midterm during the experience period, 102 files were selected for review. The property policies consisted of homeowners, tenant homeowners and owner occupied dwelling fire. All 102 files requested were received and reviewed. The 3 violations noted were based on 3 files, resulting in an error ratio of 3%.

The following findings were made:

#### *1 Violation Act 205, Section 5(a)(4) [40 P.S. §1171.5(a)(4)]*

Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance. The Company cancelled the policy due to lack of supporting coverage.

*2 Violations Act 205, Section 5(a)(9) [40 P.S. §1171.5(a)(9)]*

Prohibits canceling any policy of insurance covering owner-occupied private residential properties or personal property of individuals that has been in force for sixty days or more or refusing to renew any such policy unless the policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the company; or there has been a substantial change or increase in hazard in the risk assumed by the company subsequent to the date the policy was issued; or there is a substantial increase in hazards insured against by reason of willful or negligent acts or omissions by the insured; or the insured has failed to pay any premium when due or for any other reasons approved by the Commissioner. The Company did not provide any evidence to indicate a notice was mailed to the insured.

Horace Mann Property & Casualty Insurance Company

From the universe of 73 homeowner policies which were cancelled midterm during the experience period, 25 files were selected for review. All 25 files requested were received and reviewed. No violations were noted.

3. Nonrenewals

A nonrenewal is considered to be any policy, which was not renewed, for a specific reason, at the normal twelve-month anniversary date.

The primary purpose of the review was to determine personal lines compliance with Act 205, Unfair Insurance Practices Act, Section 5(a)(9) [40 P.S. §1171.5(a)(9)], which establishes the conditions under which cancellation of a policy is permissible along with the form requirements of the nonrenewal notice.

#### Horace Mann Insurance Company

The universe of 7 property policies which were nonrenewed during the experience period was selected for review. The property policies consisted of homeowners, tenant homeowners and owner occupied dwelling fire. All 7 files requested were received and reviewed. The 2 violations noted were based on 2 files, resulting in an error ratio of 29%.

The following findings were made:

#### *1 Violation Act 205, Section 5(a)(9) [40 P.S. §1171.5(a)(9)]*

Prohibits canceling any policy of insurance covering owner-occupied private residential properties or personal property of individuals that has been in force for sixty days or more or refusing to renew any such policy unless the policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the company; or there has been a substantial change or increase in hazard in the risk assumed by the company subsequent to the date the policy was issued; or there is a substantial increase in hazards insured against by reason of willful or negligent acts or omissions by the insured; or the insured has failed to pay any premium when due or for any other reasons

approved by the Commissioner. The Company nonrenewed the policy due to claims.

*1 Violation Act 205, Section 5(a)(4) [40 P.S. §1171.5(a)(4)]*

Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance. The Company cancelled the policy due to lack of supporting coverage.

Horace Mann Property & Casualty Insurance Company

This Company did not report any property nonrenewals during the experience period.

**D. Commercial Property**

1. 60-Day Cancellations

A 60-day cancellation is considered to be any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 86, Section 7 (40 P.S. §3407), which requires an insurer, who cancels a policy that is in effect less than 60 days, to provide 30 days notice of termination no later than the 60<sup>th</sup> day unless the policy provides for a longer period of notification.

### Horace Mann Insurance Company

The universe of 2 tenant occupied dwelling fire policies, which were cancelled within the first 60 days, was selected for review. The 2 files selected were received and reviewed. No violations were noted.

### Horace Mann Property & Casualty Insurance Company

This Company did not report any commercial property 60-day cancellations within the experience period.

## 2. Midterm Cancellations

A midterm cancellation is any policy termination that occurs at any time other than the twelve-month policy anniversary date.

The purpose of the review was to determine compliance with Act 86, Section 2 (40 P.S. §3402), which prohibits cancellation except for specified reasons and Section 3 (40 P.S. §3403), which establishes the requirements, which must be met regarding the form and condition of the cancellation notice.

### Horace Mann Insurance Company

The universe of 15 tenant occupied dwelling fire policies which were cancelled during the experience period was selected for review. All 15 files selected were received and reviewed. The 2 violations noted were based on 2 files, resulting in an error ratio of 13%.

The following findings were made:

*2 Violations Act 86, Section 3(a)(6) [40 P.S. §3403(a)(6)]*

Requires that a cancellation notice shall state that at the insured's request, the insurer shall provide loss information to the insured for at least three years or the period of time during which the insurer has provided coverage to the insured, whichever is less. The 2 files noted contained a cancellation notice which did not provide the required information.

Horace Mann Property & Casualty Insurance Company

This Company did not report any commercial property midterm cancellations during the experience period.

3. Nonrenewals

A nonrenewal is considered to be any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The review was conducted to determine compliance with Act 86, Section 3 (40 P.S. §3403), which establishes the requirements that must be met regarding the form and condition of the nonrenewal notice.

Horace Mann Insurance Company

The universe of 1 tenant occupied dwelling fire policy identified as a nonrenewal by the Company was selected for review. The file was selected, received and reviewed. The 3 violations noted were based on 1 file, resulting in an error ratio of 100%.

The following findings were made:

*1 Violation Act 86, Section 3(a)(6) [40 P.S. §3403(a)(6)]*

Requires that a nonrenewal notice shall state that at the insured's request, the insurer shall provide loss information to the insured for at least three years or the period of time during which the insurer has provided coverage to the insured, whichever is less. The file noted contained a nonrenewal notice which did not provide the required information.

*1 Violation Act 86, Section 3(a)(2) [40 P.S. §3403(a)(2)]*

Requires that a nonrenewal notice be forwarded directly to the named insured or insureds at least 60 days in advance of the effective date of the termination. The Company did not provide at least 60 days notice of nonrenewal.

*1 Violation Act 205, Section 5(a)(4) [40 P.S. §1171.5(a)(4)]*

Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Defined. Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance. The file noted contained a nonrenewal notice which required supporting business.

Horace Mann Property & Casualty Insurance Company

This Company did not report any commercial property nonrenewals during the experience period.

#### 4. Renewals

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to measure compliance with Act 86, Section 1 (40 P.S. §3401), which requires 30 days advance notice of an increase in renewal premium.

#### Horace Mann Insurance Company

From the universe of 429 tenant occupied dwelling fire policies which were renewed during the experience period, 100 files were selected for review.

All 100 files selected were received and reviewed. No violations were noted.

#### Horace Mann Property & Casualty Insurance Company

This Company did not report any commercial property renewals during the experience period.

## VI. RATING

### **A. Private Passenger Automobile**

#### 1. New Business

New business, for the purpose of this examination, is defined as policies written for the first time by the Company during the experience period.

The primary purpose of the review was to measure compliance with Act 246, Sections 4(a) and (h) [40 P.S. §1184], which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at that time. Files were also reviewed to determine compliance with all provisions of Act 6 of 1990 and Act 68, Section 2005(c) [40 P.S. §991.2005(c)], which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance or as a result of any other factors.

The Company processes and issues personal automobile policies using an automated system. In order to verify the automated system, several policies were manually rated to ensure the computer had been programmed correctly. Once the computer programming had been verified, only the input data needed to be verified. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile – New Business Without Surcharges

**Horace Mann Insurance Company**

From the universe of 1,655 private passenger automobile policies identified as new business without surcharges by the Company, 100 files were selected for review. All 100 files requested were received and reviewed. The 6 violations noted were based on 5 files, resulting in an error ratio of 5%.

The following findings were made:

*2 Violations Title 75, Pa. C.S. §1792(b)(1)*

Requires every private passenger automobile insurance policy providing collision coverage to provide a deductible in the amount of \$500.00 for collision coverage, unless the named insured signs a statement indicating the insured is aware that the purchase of a lower deductible is permissible and that there is an additional cost of purchasing a lower deductible and the insured agrees to accept it. The 2 violations noted were the result of not having the required signed statement from the insured.

*2 Violations Title 75, Pa. C.S. §1734*

A named insured may request in writing the issuance of coverages under Section 1731 (relating to availability, scope and amount of coverage) in an amount equal to or less than the limits of liability for bodily injury. The 2 files noted did not contain a written request for lower limits of liability.

*1 Violation Title 75, Pa. C.S. §1705(a)(1)&(4)*

Requires every insurer, prior to the issuance of a private passenger motor vehicle liability insurance policy to provide each applicant an opportunity to elect a tort option. A policy may not be issued unless the applicant has been provided an opportunity to elect a tort option. The violation noted was the result of a policy issued with limited tort and no evidence of a signed limited tort selection form.

*1 Violation Act 246, The Casualty and Surety Rate Regulatory Act, Section 4 (40 P.S. §1184)*

Requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time of issue. The policy was not rated in accordance with their filed and approved rating plan. The policy lapsed since the insured did not submit a premium payment.

**Concern:** The notice of tort options at the time of application was provided, but the following language was missing: “If you wish to change the tort option that currently applies to the policy, you must notify your agent, broker or company and request and complete the appropriate form.” This language was provided on all renewals.

**Horace Mann Property & Casualty Insurance Company**

This Company did not report any private passenger automobile new business without surcharges during the experience period.

Private Passenger Automobile – New Business With Surcharges

**Horace Mann Insurance Company**

The universe of 35 private passenger automobile policies identified as new business with surcharges was selected for review. The 35 files requested were received and reviewed. No violations were noted.

**Concern:** The notice of tort options at the time of application was provided, but the following language was missing: “If you wish to change the tort option that currently applies to the policy, you must notify your agent, broker or company and request and complete the appropriate form.” This language was provided on all renewals.

**Horace Mann Property & Casualty Insurance Company**

This Company did not report any private passenger automobile new business with surcharges during the experience period.

2. Renewals

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to measure compliance with Act 246, Sections 4(a) and (h) (40 P.S. §1184), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue

a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with Act 68, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company processes and issues personal automobile policies using an automated system. In order to verify the automated system, several policies were manually rated to ensure the computer had been programmed correctly. Once the computer programming had been verified, only the input data needed to be verified. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

#### Private Passenger Automobile – Renewals Without Surcharges

##### **Horace Mann Insurance Company**

From the universe of 18,338 private passenger automobile policies renewed without surcharges during the experience period, 150 files were selected for review. All 150 files selected were received and reviewed. No violations were noted.

##### **Horace Mann Property & Casualty Insurance Company**

This Company did not report any private passenger automobile renewals without surcharges during the experience period.

## Private Passenger Automobile – Renewals With Surcharges

### **Horace Mann Insurance Company**

From the universe of 862 private passenger automobile policies renewed with surcharges during the experience period, 100 files were selected for review. All 100 files selected were received and reviewed. No violations were noted.

### **Horace Mann Property & Casualty Insurance Company**

This Company did not report any private passenger automobile renewals with surcharges during the experience period.

## **B. Private Passenger Automobile – Assigned Risk**

The Company is an excused carrier under the assigned risk Limited Assignment Distribution procedure. Under this procedure groups of companies not under common ownership or management may form a Limited Assignment Distribution (LAD) arrangement. Each LAD arrangement has one servicing company, which writes assigned risk business on behalf of those members, which choose to buy out from their private passenger quota. As part of this arrangement, the Company wrote no assigned risk business during the experience period.

## **C. Homeowners**

### 1. New Business

New business, for the purpose of this examination, was defined as policies written for the first time by the Company during the experience period.

The purpose of the review was to measure compliance with Act 246, Sections 4(a) and (h) (40 P.S. §1184), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and

rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time.

Homeowner Rating – New Business Without Surcharges

**Horace Mann Insurance Company**

From the universe of 277 homeowner policies written as new business without surcharges during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. No violations were noted.

**Horace Mann Property & Casualty Insurance Company**

From the universe of 384 homeowner policies written as new business without surcharges during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. No violations were noted.

Homeowner Rating – New Business With Surcharges

**Horace Mann Insurance Company**

The universe of 1 homeowner policy written as new business without surcharges during the experience period was selected for review. The file selected was received and reviewed. No violations were noted.

**Horace Mann Property & Casualty Insurance Company**

This Company did not report any homeowner new business policies with surcharges during the experience period.

## 2. Renewals

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to determine compliance with Act 246, Sections 4(a) and (h) (40 P.S. §1184), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates which are in effect at the time.

### Homeowner Rating – Renewals Without Surcharges

#### **Horace Mann Insurance Company**

From the universe of 5,545 homeowner policies renewed without surcharges during the experience period, 100 files were selected for review. All 100 files selected were received and reviewed. The violation noted resulted in an error ratio of 1%.

The following finding was made:

*1 Violation Act 246, The Casualty and Surety Rate Regulatory Act,  
Section 4 (40 P.S. §1184)*

Requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the

time of issue. The Company applied an incorrect territory factor when rating the policy, which resulted in an undercharge of \$21.

**Horace Mann Property & Casualty Insurance Company**

From the universe of 1,512 homeowner policies renewed without surcharges during the experience period, 100 files were selected for review. All 100 files selected were received and reviewed. No violations were noted.

Homeowner Rating – Renewals With Surcharges

**Horace Mann Insurance Company**

From the universe of 211 homeowner policies renewed without surcharges during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. No violations were noted.

**Horace Mann Property & Casualty Insurance Company**

From the universe of 72 homeowner policies renewed without surcharges during the experience period, 25 files were selected for review. All 25 files selected were received and reviewed. No violations were noted.

**Concern:** The homeowner surcharge disclosure statement should be revised to reflect the current surcharge percentage for losses as reflected on page HR-3, effective 10/1/04 of the homeowner state rate pages.

**D. Tenant Homeowners**

1. New Business

New business, for the purpose of this examination, was defined as policies written for the first time by the Company during the experience period.

The purpose of the review was to measure compliance with Act 246, Sections 4(a) and (h) (40 P.S. §1184), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time.

#### Tenant Homeowner Rating – New Business Without Surcharges

##### **Horace Mann Insurance Company**

From the universe of 227 tenant homeowner policies written as new business without surcharges during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. No violations were noted.

##### **Horace Mann Property & Casualty Insurance Company**

This Company did not report any tenant homeowner new business without surcharges during the experience period.

#### 2. Renewals

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to determine compliance with Act 246, Sections 4(a) and (h) (40 P.S. §1184), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan which it proposes to use in the Commonwealth. Also, no insurer shall make or issue

a contract or policy except in accordance with filings or rates which are in effect at the time.

Tenant Homeowner Rating – Renewals Without Surcharges

**Horace Mann Insurance Company**

From the universe of 778 tenant homeowner policies renewed without surcharges during the experience period, 75 files were selected for review. All 75 files selected were received and reviewed. No violations were noted.

**Horace Mann Property & Casualty Insurance Company**

This Company did not report any tenant homeowner renewals without surcharges during the experience period.

Tenant Homeowner Rating – Renewals With Surcharges

**Horace Mann Insurance Company**

The universe of 15 tenant homeowner policies renewals with surcharges during the experience period was selected for review. All 15 files selected were received and reviewed. No violations were noted.

**Horace Mann Property & Casualty Insurance Company**

This Company did not report any tenant homeowner renewals with surcharges during the experience period.

**E. Dwelling Fire**

1. New Business

New business, for the purpose of this examination, was defined as policies written for the first time by the Company during the experience period.

The purpose of the review was to measure compliance with Act 246, Sections 4(a) and (h) (40 P.S. §1184), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time.

### **Horace Mann Insurance Company**

The universe of 4 dwelling fire policies written as new business during the experience period was selected for review. All 4 files selected were received and reviewed. The violation noted resulted in an error ratio of 25%.

The following finding was made:

*1 Violation Act 246, The Casualty and Surety Rate Regulatory Act,  
Section 4 (40 P.S. §1184)*

Requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time of issue. The Company applied an incorrect key factor when rating the policy, which resulted in an undercharge of \$36.

### **Horace Mann Property & Casualty Insurance Company**

This Company did not report any dwelling fire new business during the experience period.

#### **2. Renewals**

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to determine compliance with Act 246, Sections 4(a) and (h) (40 P.S. §1184), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates which are in effect at the time.

### **Horace Mann Insurance Company**

From the universe of 44 dwelling fire policies renewed without surcharges during the experience period, 25 files were selected for review. All 25 files selected were received and reviewed. No violations were noted.

### **Horace Mann Property & Casualty Insurance Company**

This Company did not report any dwelling fire renewals during the experience period.

## VII. CLAIMS

The Company was requested to provide copies of all established written claim handling procedures utilized during the experience period. Written claim handling procedures were received and reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

The Claims review consisted of the following areas of review:

- A. Automobile Property Damage Claims
- B. Automobile Comprehensive Claims
- C. Automobile Collision Claims
- D. Automobile Total Loss Claims
- E. Automobile First Party Medical Claims
- F. Automobile First Party Medical Claims Referred to a PRO
- G. Homeowner Claims
- H. Tenant Homeowners
- I. Dwelling Fire

The primary purpose of the review was to determine compliance with Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices. The files were also reviewed to determine compliance with Act 205, Section 4 (40 P.S. §1171.4) and Section 5(a)(10)(vi) [40 P.S. §1171.5(a)(10)(vi)], Unfair Insurance Practices Act.

### **A. Automobile Property Damage Claims**

#### Horace Mann Insurance Company

From the universe of 824 private passenger automobile property damage claims reported during the experience period, 75 files were selected for

review. All 75 files requested were received and reviewed. The 3 violations noted were based on 3 files, resulting in an error ratio of 4%.

The following findings were made:

*3 Violations Title 31, Pa. Code, Section 146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide timely status letters for the 3 claims noted.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile property damage claims during the experience period.

**B. Automobile Comprehensive Claims**

Horace Mann Insurance Company

From the universe of 1,192 private passenger automobile comprehensive claims reported during the experience period, 100 files were selected for review. All 100 files requested were received and reviewed. The violation noted resulted in an error ratio of 1%.

The following finding was made:

*1 Violation Title 31, Pa. Code, Section 146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide a timely status letter for the claim noted.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile comprehensive claims during the experience period.

**C. Automobile Collision Claims**

Horace Mann Insurance Company

From the universe of 1,109 private passenger automobile collision claims reported during the experience period, 100 files were selected for review. All 100 files requested were received and reviewed. The 6 violations noted were based on 6 files, resulting in an error ratio of 6%.

The following findings were made:

*6 Violations Title 31, Pa. Code, Section 146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay

and state when a decision on the claim may be expected. The Company did not provide timely status letters for the 6 claims noted.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile collision claims during the experience period.

**D. Automobile Total Loss Claims**

Horace Mann Insurance Company

From the universe of 189 private passenger automobile total loss claims reported during the experience period, 66 claim files were selected for review. All 66 files selected were received and reviewed. The 17 violations noted were based on 16 files, resulting in an error ratio of 24%.

The following findings were made:

*1 Violation Title 31, Pa. Code, Section 62.3(e)(4)*

Requires that applicable sales tax on the replacement cost of a motor vehicle shall be included as part of the replacement value. The file noted did not have sales tax included in the replacement value of the vehicle.

*16 Violations Title 31, Pa. Code, Section 62.3(e)(7)*

The appraiser is responsible for ensuring that a copy of the total loss evaluation report be sent within 5 working days to the consumer by the appraiser after the appraisal is completed. If a settlement offer is extended before the consumer receives the total loss evaluation report, the

consumer shall be advised of the total loss evaluation report's contents and of the consumer's right to be sent a copy of within 5 days after its completion. The Company did not provide a copy of the total loss evaluation to the consumer for the 16 claims noted.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile total loss claims during the experience period.

**E. Automobile First Party Medical Claims**

Horace Mann Insurance Company

From the universe of 359 private passenger automobile first party medical claims reported during the experience period, 75 claim files were selected for review. All 75 files requested were received and reviewed. The 3 violations noted were based on 2 files, resulting in an error ratio of 3%.

The following findings were made:

*1 Violation Title 31, Pa. Code, Section 146.5(d)*

Requires an insurer, upon receiving notification of a claim, shall provide within ten working days necessary claim forms, instructions and reasonable assistance so that first-party claimants can comply with policy conditions and reasonable requirements of the insurer. The Company did not provide the application for benefits form to the claimant within ten working days.

*1 Violation Title 31, Pa. Code, Section 69.52(b)*

Requires an insurer to pay bills for care that are not referred to a Peer Review Organization within 30 days after the insurer receives sufficient documentation supporting the bill. The Company did not pay the medical bill within 30 days.

*1 Violation Title 75, Pa. C.S. §1716*

Payment of Benefits. Benefits are overdue if not paid within 30 days after the insurer receives reasonable proof of the amount of benefits. If reasonable proof is not supplied as to all benefits, the portion supported by reasonable proof is overdue if not paid within 30 days after the proof is received by the insurer. Overdue benefits shall bear interest at the rate of 12% per annum from the date the benefits become due. In the event the insurer is found to have acted in an unreasonable manner in refusing to pay the benefits when due, the insurer shall pay, in addition to the benefits owed and the interest thereon, a reasonable attorney fee based upon actual time expended. The Company did not pay interest on a claim that was not paid within 30 days.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile first party medical claims during the experience period.

**F. Automobile First Party Medical Claims Referred to a PRO**

Horace Mann Insurance Company

The universe of 7 private passenger automobile first party medical claims referred to a peer review organization was selected for review. The 7 claim

files requested were received and reviewed. The Company was requested to provide copies of any contracts with the peer review organization it has contracted. Two contracts were received and reviewed. No violations were noted.

**Concern:** The Company provided a copy of a contract with a peer review organization, U.S. Medical Consultants. This Company is not on the approved list of peer review organizations with the Commonwealth of Pennsylvania. Although the Company did not refer any claims to this firm, contracts with peer review organizations should only be made with those that are approved.

Horace Mann Property & Casualty Insurance Company

This Company did not report any private passenger automobile first party medical claims referred to a peer review organization during the experience period.

**G. Homeowner Claims**

Horace Mann Insurance Company

From the universe of 271 homeowner claims reported during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. The 6 violations noted were based on 6 files, resulting in an error ratio of 12%.

The following findings were made:

*6 Violations Title 31, Pa. Code, Section 146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such

investigation cannot reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide timely status letters for the 6 claims noted.

Horace Mann Property & Casualty Insurance Company

From the universe of 79 homeowner claims reported during the experience period, 25 files were selected for review. All 25 files selected were received and reviewed. The violation noted resulted in an error ratio of 4%.

The following finding was made:

*1 Violation Title 31, Pa. Code, Section 146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide a timely status letter for the claim noted.

**H. Tenant Homeowner Claims**

Horace Mann Insurance Company

The universe of 10 tenant homeowner claims reported during the experience period was selected for review. All 10 files selected were received and reviewed. No violations were noted.

Horace Mann Property & Casualty Insurance Company

This Company did not report any tenant homeowner claims during the experience period.

**I. Dwelling Fire Claims**

Horace Mann Insurance Company

The universe of 22 dwelling fire claims reported during the experience period was selected for review. All 22 files selected were received and reviewed. The violation noted resulted in an error ratio of 5%.

The following finding was made:

*1 Violation Title 31, Pa. Code, Section 146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide a timely status letter for the claim noted.

Horace Mann Property & Casualty Insurance Company

This Company did not report any dwelling fire claims during the experience period.

### VIII. FORMS

Throughout the course of the examination, all underwriting files were reviewed to identify the policy forms used in order to verify compliance with Insurance Company Law, Section 354 (40 P.S. §477b), Approval of Policies, Contracts, etc., Prohibiting the Use Thereof Unless Approved. During the experience period of the examination, Section 354 provided that it shall be unlawful for any insurance company to issue, sell, or dispose of any policy contract or certificate covering fire, marine, title and all forms of casualty insurance or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to and formally approved by the Insurance Commissioner. All underwriting and claim files were also reviewed to verify compliance with Act 165 of 1994 [18 Pa. CS §4117(k)(1)] and Title 75, Pa. C.S. §1822, which requires all insurers to provide an insurance fraud notice on all applications for insurance, all claims forms and all renewals of coverage.

No violations were noted.

## **IX. ADVERTISING**

The Company was requested to provide copies of all advertising, sales material and internet advertisements in use during the experience period.

The purpose of this review was to determine compliance with Act 205, Section 5 [40 P.S. §1171.5], which defines unfair methods of competition and unfair or deceptive acts or practices in the business of insurance, as well as Title 31, Pennsylvania Code, Section 51.2(c) and Section 51.61.

The Company provided auto and home brochures which were reviewed. Internet advertising was also reviewed. No violations were noted.

## X. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for the preceding four years. The Company identified 31 consumer complaints received during the experience period and provided all consumer complaint logs requested. The 31 complaint files were requested, received and reviewed.

The purpose of the review was to determine compliance with the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171). Section 5(a)(11) of the Act requires a Company to maintain a complete record of all complaints received during the preceding four years. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint.

The following findings were made:

### *2 Violations Act 205, Section 5(a)(9) [40 P.S. §1171.5(a)(9)]*

Prohibits canceling any policy of insurance covering owner-occupied private residential properties or personal property of individuals that has been in force for sixty days or more or refusing to renew any such policy unless the policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the company; or there has been a substantial change or increase in hazard in the risk assumed by the company subsequent to the date the policy was issued; or there is a substantial increase in hazards insured against by reason of willful or negligent acts or omissions by the insured; or the insured has failed to pay any

premium when due or for any other reasons approved by the Commissioner. The Company cancelled the 2 files noted due to claims.

*1 Violation Act 68, Section 2003(b) [40 P.S. §991.2003(b)]*

States that an insurer may not cancel or refuse to renew a policy of automobile insurance on the basis of one accident within the thirty-six (36) month period prior to the upcoming anniversary date of the policy. The file noted was the result of a cancellation notice being issued based on one accident.

The following synopsis reflects the nature of the 31 complaints that were reviewed.

• 12	Cancellation/Nonrenewal	39%
• 6	Claims	19%
• 6	Rate Increase	19%
• 4	Billing Issues	13%
• 3	Service/Marketing	10%
<hr/>		<hr/>
31		100%

## *XI. LICENSING*

In order to determine compliance by the Company and its agency force with the licensing requirements applicable to Section 641.1(a) [40 P.S. §310.41(a) and Section 671-A [40 P.S. §310.71] of the Insurance Department Act No. 147, the Company was requested to furnish a list of all active producers during the experience period and a listing of all producers terminated during the experience period. Underwriting files were checked to verify proper licensing and appointment.

No violations were noted.

## **XII. RECOMMENDATIONS**

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other statutory or regulatory violations, noted in the Report.

1. The Company must review and revise internal control procedures to ensure compliance with cancellation notice requirements of Act 68, Sections 2002, 2003, 2004 and 2008 [40 P.S. §991.2002, 2003, 2004 and 2008], so that the violations noted in the Report do not occur in the future.
2. The Company must review Title 75, Pa. C.S. §1799.3(f) to ensure all automobile refusal to write forms have been approved prior to use.
3. The Company must review Act 205, Section 5(a)(9) [40 P.S. §1171.5(a)(9)] to ensure compliance with cancellation and nonrenewal notice requirements so that the violations noted in the Report do not occur in the future.
4. The Company must review and revise internal control procedures to ensure compliance relative to commercial cancellation and nonrenewal requirements of Act 86, Sections 3 [40 P.S. §3403], so that the violations noted in the Report do not occur in the future.
5. The Company must revise underwriting procedures to ensure that the insured is aware that there is an additional cost for purchasing a lower deductible for collision coverage. This is to ensure that violations noted under Title 75, Pa. C.S. §1792(b)(1) do not occur in the future.

6. The Company must review Title 75, Pa. C.S. §1734 to ensure that the insured signs a request for lower limits of liability for uninsured and underinsured motorist coverage and a copy kept in files as noted in the Report.
7. The Company must review Act 246, Section 4(a) and (h) [40 P.S. §1184] and take appropriate measures to ensure the rating violations listed in the report do not occur in the future.
8. The Company should review and revise internal control procedures to ensure compliance with the claims handling requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices so that the violations relating to status letters and claim forms, as noted in the Report, do not occur in the future.
9. The Company must review Title 31, Pa. Code, Section 69.52(b) with its claim staff to ensure that first party medical bills are paid within 30 days.
10. The Company must review Title 31, Pennsylvania Code, Section 62.3(e)(7) regarding total loss evaluations, as noted in the Report, to ensure the violations do not occur in the future.
11. The Company must review Title 31, Pennsylvania Code, Section 62.3(e)(4) regarding sales tax on total loss evaluations, as noted in the Report, to ensure the violation does not occur in the future. The Company must provide proof that the payment of sales tax was provided to the insured within 30 days of the Report issue date.

12. The Company must revise and reissue their underwriting guidelines for use in Pennsylvania to ensure that the guidelines do not exclude applicants from being eligible to obtain insurance based on age and occupation.
  
13. The Company must review Act 205, Section 5(a)(4) [40 P.S. §1171.5(a)(4)] to ensure that the violations relative to supporting coverage noted in the Report does not occur in the future.

**XIII. COMPANY RESPONSE**



**Horace Mann**  
Educated Financial Solutions

Retirement Annuities and Life, Auto,  
Homeowners and Group Insurance

July 14, 2006

Commonwealth of Pennsylvania  
Insurance Department  
Bureau of Enforcement  
1321 Strawberry Square  
Harrisburg, PA 17120

Attention: Chester A Derk Jr., AIE, HIA  
Market Conduct Division Chief

The following is our response to the Department's final report dated June 19, 2006. Included with the report were 13 recommendations. We have responded to those recommendations and any attachments have been sent under separate cover. We consider each attachment to be proprietary and confidential.

**Recommendation #1:** We have reviewed and revised our internal control procedures to ensure compliance with cancellation notice requirements of Act 68, Sections 2002, 2003, 2004 and 2008 [40 P.S. § 991.2002, 2003, 2004, and 2008. We are in compliance with these laws.

**Recommendation #2:** We reviewed Title 75, Pa. C.S. §1799.3(f) and have implemented internal controls and we are in compliance with this law.

**Recommendation #3:** We reinforced the requirements of Act 205, Section 5(a)(9) with our Underwriting staff, implemented internal controls, and we are in compliance with this law.

**Recommendation # 4:** We reinforced the requirements of Act 68, Sections 3 [40 P.S. §3403] with our Underwriting staff. We also amended our cancellation notice as required by Act 68 Section 3(a)(6). A copy of the notice has been provided under separate cover.

**Recommendation #5:** We reinforced the requirements of Title 75, Pa. C.S. §1792(b)(1) with our Underwriting staff, implemented internal controls, and we are in compliance with this law.

**Recommendation # 6:** We reinforced the requirements of Title 75, Pa. C.S. § 1734 with our Underwriting staff, implemented internal controls, and we are in compliance with this law.

**Recommendation # 7:** We reinforced the requirements of Act 246, Section 4(a) and (h) [40 P.S. §1184] with our Underwriting staff, implemented internal controls, and we are in compliance with this law.

**Recommendation # 8:** We reinforced the requirements of Title 31, Pa. Code, Chapter 146 with our Claims Department and we are in compliance with this law.

**Recommendation # 9:** We reinforced the requirements of Title 31, Pa. Code, Section 69.52(b) with our Claims Department and we are in compliance with this law.

**Recommendation #10:** We reinforced the requirements of Title 31, Pa. Code, Section 62.3(e)(7) with our Claims Department, implemented internal controls, and we are in compliance with this law.

**Recommendation # 11:** We reinforced the requirements of Title 31, Pa. Code, Section 62.3(e)(4) within our Claims Department, implemented internal controls, and we are in compliance with this law. Proof has been submitted under separate cover.

**Recommendation # 12:** We have reviewed and revised our underwriting guidelines and have implemented internal controls and procedures to address your recommendations.

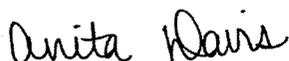
**Recommendation # 13:** We have reviewed the requirements of Act 205, Section 5(a)(4) [40 P.S. 1171.5(a)(4)], revised our underwriting guidelines, and we are in compliance with this law.

We hope we have answered all questions properly and in a timely manner. Procedures have been implemented to address these deficiencies.

We would like to thank Jerry Houston, Joe Meizen, and Diane Freed for the professional and efficient manner in which they conducted the examination. We also appreciate the positive and helpful manner in which they interacted with our staff.

Thank you for your attention to this matter.

Sincerely,



Anita Davis  
Regulatory Affairs Analyst II  
Property & Casualty Division  
The Horace Mann Companies  
Davisa1@mail.horacemann.com