



Market Conduct Examination

RUTGERS CASUALTY INSURANCE COMPANY
AND
RUTGERS ENHANCED INSURANCE COMPANY
CHERRY HILL, NEW JERSEY

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
Office of Consumer Protection Service

Market Conduct Examination Section

Report Adopted: March 24, 2005

MARKET CONDUCT EXAMINATION

of the

RUTGERS CASUALTY INSURANCE COMPANY

And

RUTGERS ENHANCED INSURANCE COMPANY

Located in

CHERRY HILL, NEW JERSEY

as of

APRIL 2, 2004

BY EXAMINERS

of the

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

OFFICE OF CONSUMER PROTECTION SERVICES
MARKET CONDUCT EXAMINATION SECTION

REPORT ADOPTED: March 24, 2005

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I. INTRODUCTION

A. SCOPE AND PURPOSE OF THE EXAMINATION

This is a report of the Market Conduct activities of the Rutgers Casualty Insurance Company and Rutgers Enhanced Insurance Company (hereinafter referred to as Rutgers or “the Companies”). In this report, examiners of the New Jersey Department of Banking and Insurance (NJDOBI) present their findings, conclusions, and recommendations as a result of their market conduct examination. The Market Conduct Examiners were Robert J. Only, Examiner-in-Charge and Ralph Boeckman.

The scope of this examination was to evaluate Rutgers’ compliance with select portions of the FAIR ACT, the Auto Insurance Cost Reduction Act (AICRA - P.L. 1998, c.21 and c.22) and targeted regulations and statutes that pertain to private passenger automobile insurance. This examination covered the Companies’ New Jersey private passenger automobile insurance business activities during the period January 1, 2003 to April 5, 2004. The examiners completed their fieldwork at the Companies’ Cherry Hill, New Jersey office between March 19, 2004 and April 2, 2004. On various dates thereafter, the examiners completed additional review work and report writing.

The examiners randomly selected files and records from computer listings and documents provided by the Companies. The random selection process is in accordance with the National Association of Insurance Commissioner’s (NAIC) Market Conduct Handbook. In addition, the examiners used the NAIC Handbook, Chapter VI - Conducting the Property and Casualty Examination, as a guide to examine the Companies and write this report.

B. ERROR RATIOS

Error ratios are the percentage of files which the examiners found to be handled in error. A file will be counted as an error when it is mishandled or the insured is treated unfairly, even if no statute or regulation is applicable. Even though the file may contain multiple errors, the examiners counted the file only once in calculating the error ratios; however, any file that contains more than one error will be cited more than once in the report. In the event that the Companies corrected an error as a result of a consumer complaint or due to the examiners' findings, the error is included in the error ratio. If the Companies correct an error independent of a complaint or NJDOBI intervention, the error is not included in the error ratios.

Most of the statutes and/or regulations cited in this report define unfair practices or practices in general as specific acts that an insurer commits so

frequently that it constitutes an improper general business practice. Whenever the examiners find that the errors cited constitute an improper general business practice, they have stated this in the report.

The examiners sometimes find improper general business practices or errors of an insurer that may be technical in nature or which did not have an impact on a consumer. Although such errors or practices would not be in compliance with law, the examiners do not count each of these files as an error in determining error ratios. Whenever such business practices or errors do have an impact on the consumer, each of the files in error will be counted in the error ratio. The examiners indicate in the report whenever they did not count particular files in the error ratio.

The examiners submitted written inquiries to the Companies' representatives on the errors cited in this report. These inquiries provided Rutgers the opportunity to respond to the examiners' findings and to provide exceptions to the statutory and/or regulatory errors or mishandling of files reported herein. In response to these inquiries, Rutgers agreed with some of the errors cited in this report. On those errors with which Rutgers disagreed, the examiners evaluated the individual merits of each response and gave due consideration to all comments. In some instances, the examiners did not cite the files due to the Companies' explanatory responses. In others, the errors remained as cited in the examiners' inquiries. For the most part, this is a report by exception.

C. COMPANY PROFILE

Rutgers Casualty Insurance Company consists of two automobile insurance companies: Rutgers Casualty Insurance Company (RCIC) and its subsidiary, Rutgers Enhanced Insurance Company (REIC). RCIC was incorporated on December 31, 1981, as a stock company. Rutgers was sold to American European Group, Inc., on January 11, 1989. American European Group, Inc. remains the parent company today. Rutgers Casualty Insurance Company writes automobile and homeowners insurance in New Jersey and is licensed to conduct business in Pennsylvania, and New York.

Rutgers Enhanced Insurance Company was incorporated on December 20, 2001 and is licensed to write private passenger automobile insurance in New Jersey.

II. COMPLAINTS

A. INTRODUCTION

For the period of January 1, 2003 through December 31, 2003, the examiners evaluated the Companies' complaint log and checked for compliance with **N.J.S.A. 17:29B-4(10)** (complaint handling procedures) and Chapter VI (Conducting Property and Casualty Examinations) of the National Association of Insurance Commissioners (NAIC) Market Conduct Examination Handbook. The complaint log listed a total of 188 complaints filed against the Companies.

B. COMPLAINT RECORDING ERRORS

1. Failure to Maintain a Complete Complaint Record

In accordance with **N.J.S.A. 17:29B-4(10)**, insurers are required to maintain a record of all complaints received. These records shall indicate the total number of complaints, the classification by line of insurance, the nature and the disposition of each complaint and the time it took to process each complaint. This statute is similar to Standard One, complaint handling section, of the NAIC Market Conduct Examiners Handbook, which states that, "all complaints (should be) recorded in the required format on the company complaint register."

Contrary to **N.J.S.A. 17:29B-4(10)**, the two complaint registers failed to record the classification by line of insurance and the specific company, Rutgers Casualty Insurance Company or Rutgers Enhanced Insurance Company. As such, the examiners could not determine the number of complaints for each Company.

In response to an inquiry, Rutgers agreed with this error. Rutgers corrected the deficiency on the consumer complaint register and provided the examiners with a copy, which is in compliance with the statute; it now contains all of the requirements of a complete complaint record.

III. CLAIMS

A. INTRODUCTION

This review covers Personal Injury Protection (PIP) claims, collision and comprehensive claims submitted under private passenger automobile insurance. Any New Jersey claim closed during calendar year 2003 was subject to review. In reviewing each claim, the examiners checked for compliance with all applicable statutes and regulations that govern timeliness requirements in settling first party claims. The examiners conducted specific reviews placing particular emphasis on N.J.S.A. 17:29B-4 (9), N.J.A.C. 11:2-17, N.J.A.C. 11:3-10.5 (timeliness of settlement and notification of delay) and N.J.S.A. 39:6A-5 (payment of Personal Injury Protection Benefits). These requirements relate to the NAIC Market Conduct standards of Chapter VI - Property and Casualty Insurance Examinations.

B. ERROR RATIOS

The examiners calculated the error ratios by applying the procedure outlined in the introduction of this report. Error ratios are itemized separately based on the review samples as indicated in the following charts. The review consisted of one randomly selected bill from each file.

<u>Random Sample</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Paid Pip Claims			
Enhanced	19	14	74%
Casualty	<u>31</u>	<u>17</u>	<u>55%</u>
Subtotal	50	31	62%
Collision Claims			
Enhanced	5	1	20%
Casualty	<u>45</u>	<u>8</u>	<u>18%</u>
Subtotal	50	9	18%
Comprehensive Claims			

Enhanced	2	2	100%
Casualty	<u>30</u>	<u>14</u>	<u>47%</u>
Subtotal	<u>32</u>	<u>16</u>	<u>50%</u>
Random Totals	132	56	42%

C. PERSONAL INJURY PROTECTION CLAIMS

1. Failure to Pay PIP Claims Timely – 31 Files in Error **(Improper General Business Practice)**

N.J.S.A. 39:6A-5g states that a claim "shall be overdue if not paid within 60 days after the insurer is furnished written notice of the fact of a covered loss..." **N.J.A.C. 11:2-17.7(b)** states that, "The maximum period for all personal injury protection (PIP) claims shall be 60 calendar days after the insurer is furnished written notice of the fact of a covered loss...; provided however that an insurer may secure a 45-day extension in accordance with **N.J.S.A. 39:6A-5**." In addition, the examiners checked for compliance with Standard number three in the claims section of the NAIC Market Conduct Examination handbook which states that the examiners should verify that claims are resolved in a timely manner.

The examiners reviewed 50 paid PIP claims and found that Rutgers failed to settle 31 claims within the maximum 60-calendar day time frame without out securing additional time to investigate, contrary to the above statute and regulation. In response to inquiries, the Company agreed with the examiners' findings, but stated "the majority of these have bills that ... were received during the period of September – November 2003 and were subsequently paid beyond the 60th day. During this period the Company's vendor, Alta, was changing computer systems." Alta is responsible for handling PIP Precertification and Decision Point Review for both Companies.

SEE APPENDIX A-1 FOR A LIST OF FILES IN ERROR

2. Failure to Pay Interest on Delayed PIP Payments – 14 Files in Error **(Improper General Business Practice)**

N.J.S.A. 39:6A-5(h) requires the payment of interest on all overdue benefits. This is relative to Standard Number 6 in the claims section of the NAIC Market Conduct Handbook, which states that "Claims (should be) properly handled in accordance with policy provisions and applicable statutes, rules and regulations." Of the 31 PIP claims cited above for late payment, the examiners found a total of 14 claims where interest was owed but not paid.

The Company agreed with the examiners' findings on 13 claims. However, in response to an inquiry, Rutgers disagreed with the error for claim **0375000** and advised that its vendor, Alta, sent a delay letter to the provider. The letter sent by Alta on this particular claim advised the provider that the Company requested Alta to audit a medical bill for treatment that occurred between July 1, 2003 and July 11, 2003. The letter failed to state that a 45-day extension was needed to investigate the claim. Even though Rutgers expressed its disagreement with the finding, a memo was sent to the claims adjuster advising that interest was owed and should be paid on this claim.

SEE APPENDIX A-2 FOR A LIST OF FILES IN ERROR

D. PHYSICAL DAMAGE CLAIMS

3. Failure to Settle Claims Within Maximum 30-Day Period - 25 Files in Error

N.J.A.C. 11:3-10.5(a) states that unless clear justification exists, or unless provided by law, the maximum payment period for physical damage claims shall be 30 calendar days. This is relative to Standard Number 6 in the claims section of the NAIC Market Conduct handbook, which states that "Claims (should be) properly handled in accordance with policy provisions and applicable statutes, rules, and regulations.

Contrary to the regulation, Rutgers failed to pay 25 claims within the appropriate time frame. In response to an inquiry, the Company agreed with 24 of the 25 files cited by the examiners. The Company disagreed with the examiners findings on claim **0376812**, stating that an allowance for Christmas (December 24, 25 and 26) and New Years (January 1 and 2) should be provided. The examiner note, however, that the stated regulation specifies calendar versus working days. In addition, an allowance of the five days still results in a five-day delay (claim received December 18, 2003 and paid January 27, 2004).

SEE APPENDIX A-3 FOR A LIST OF FILES IN ERROR

4. Failure to Issue Delay Notices on Physical Damage Claims – 21 Files in Error

In accordance with **N.J.A.C. 11:3-10.5(b)**, if any element of a claim remains unresolved for more than 30 days for physical damage claims from the date of the loss notice by the insured, the insurer shall provide the insured with a written explanation of the specific reasons for delay in the claim settlement. Updated written notices shall be sent every 30 days thereafter until all elements of the claim are either honored or rejected.

The examiners reviewed 50 collision and 32 comprehensive claim files and found that the Companies failed to issue the required delay notices on 9

collision and 12 comprehensive claims. On claim **0374327** Rutgers disagreed with the examiners findings. The Company stated that the 30-day letter is not required when a letter of representation is received from an attorney. However, this provision (**N.J.A.C. 11:2-17.7(e)**) does not apply to first party collision and comprehensive claims.

SEE APPENDIX A-4 FOR A LIST OF FILES IN ERROR

5. Failure to Issue Delay Notices on Physical Damage Claims within Required Time Frame – 4 Files in Error

Contrary to the maximum 30 day period specified in **N.J.A.C. 11:3-10.5(b)**, the examiners found a total of 4 claims in which the Company issued a notice of delay, but beyond the maximum allowable period.

SEE APPENDIX A-5 FOR A LIST OF FILES IN ERROR

E. SUMMARY AND COMPARISON TO 1997 REPORT

It should be noted that the current exam was a targeted exam rather than a comprehensive exam such as the one that was conducted in 1997. This exam focused on timeliness issues related to PIP, Collision and Comprehensive coverage. The examiners checked for compliance with the recommendations as specified in the 1997 report and found some of the same errors in the current examination. These include failure to pay PIP claims timely, failure to pay interest on overdue PIP benefits and failure to issue delay notices on first party physical damage claims. In the 1997 report, the examiners found 58 errors out of 183 files reviewed for an overall error ratio of 32%. In the current exam, the examiners found 56 errors out of 132 files reviewed for an overall error ratio of 42%.

IV. UNDERWRITING AND RATING

A. INTRODUCTION AND SCOPE

The examiners reviewed 50 (25 from Rutgers Casualty and 25 from Rutgers Enhanced) randomly selected policy files from Rutgers Casualty Insurance Company and Rutgers Enhanced Insurance Company database runs of 23,508 private passenger automobile policies written between January 1, 2003 through December 31, 2003. The examiners conducted a limited territorial and premium discount rating review. The examiners' findings are as follows.

B. ERROR RATIOS

<u>Type of Review</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Auto Underwriting			
Enhanced	25	1	4%
Casualty	25	0	0%
Subtotal	50	1	2%

C. EXAMINERS FINDINGS

1. Failure to Rate According to the Correct Territory -1 Error

N.J.S.A. 17:29A-6 and 15 require the insurer to charge rates in accordance with those filed with the Commissioner. On policy number EPV **2301220**, Rutgers assigned the policy to territory number 8, when the insured resided in territory 40. This resulted in a liability base rate overcharge of \$49.00. The Company agreed with the examiners' findings and requested the underwriter to correct this error.

I. ANTI-FRAUD COMPLIANCE

A. INTRODUCTION

The examiners conducted specific anti-fraud compliance reviews on Special Investigation Unit (SIU) files during the review period of January 1, 2003 to December 31, 2003. The examination focused on the Companies' implementation of its claim and underwriting fraud prevention and detection plan that was filed with and approved by the Department. This evaluation included a review of 20 SIU claim files from a total SIU population of 385 files, SIU databases, training records and the Company's Anti-Fraud Prevention Detection Procedures Manual. The examiners placed specific emphasis on N.J.S.A. 17:33A-15 (Insurance Fraud Prevention) and N.J.A.C. 11:16-6 (Fraud Prevention, Detection Plans and training records).

B. ERROR RATIOS

The examiners calculated the following error ratios by applying the procedure outlined in the introduction of this report. The following charts itemize the review sample and the number of errors.

1. SIU Claim Files

<u>Type of Review</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
SIU Files	20	0	0%

2. Fraud Training Population Review Error Ratio Chart

<u>Review</u>	<u>Records Reviewed</u>	<u>Errors</u>	<u>Error Ratio</u>
Basic Entry Level	13	0	0
Continuing Education- Claims	48	2	4%
Continuing Education – Underwriting	11	2	18%
SIU Personnel	5	0	0
Total	77	4	5%

I. EXAMINERS FINDINGS

1. Failure to Provide Continuing Education Training to Non-SIU Claim and Underwriting Personnel – 4 Files in Error

Pursuant to **N.J.A.C. 11:16-6.5(a)2iii**, insurers are required to provide a total of four continuing education training hours on an annual basis to all non-SIU claims and underwriting personnel in the area of internal and external claim fraud detection and reporting. Based on the examiner's review of the Company's training records, the examiners found that Rutgers did not provide four claim and underwriting personnel with the minimum number of four continuing education training hours for calendar year 2003.

SEE APPENDIX B-1 FOR A LIST OF FILES IN ERROR

2. Referrals to Office of Insurance Fraud Prosecutor (OIFP)

The examiners conducted a limited review to verify that the Companies complied with **N.J.A.C. 11:16-6(b)1** (fraud detection) and **N.J.A.C. 11:16-6.7(a)1** (referrals to OIFP). The examiners reviewed 20 SIU files to determine if the Companies properly and promptly investigated potentially fraudulent claims. Included in these files were all claims that the Companies referred to OIFP during the review period. The examiners found that all SIU and OIFP investigations were prompt and comprehensive.

IV. RECOMMENDATIONS

Rutgers Casualty Insurance Company and Rutgers Enhanced Insurance Company should inform all responsible personnel and third party entities who handle the files and records cited as errors in this report of the examiners' recommendations and remedial measures that follow in the report sections indicated. The examiners also recommend that the Companies establish procedures to monitor compliance with these measures.

Throughout this report, the examiners cite and/or discuss all errors found. If the report cites a single error, the examiners often include a "reminder" recommendation because if a single error is found, more errors may have occurred.

The examiners acknowledge that during the examination, Rutgers agreed and had already complied with, either in whole or in part, some of the recommendations. For the purpose of obtaining proof of compliance and for the Companies to provide applicable personnel with a document they can use for future reference, the examiners have listed all recommendations below.

A. GENERAL INSTRUCTIONS

All items requested for the Commissioner and copies of all written instructions, procedures, recommended forms, etc., should be sent to the Commissioner, c/o Clifton J. Day, Manager of the Market Conduct Examinations and Anti-fraud Compliance Unit, Mary Roebling Building, 20 West State Street, PO Box 329, Trenton, N.J. 08625, within thirty (30) days of the date of the adopted report.

B. COMPLAINTS

1. Rutgers must revise its complaint log to include classification by line of insurance. The Company has already complied with this recommendation by providing the examiners with a newly developed complaint register that is in compliance with **N.J.S.A. 17:29B-4(10)**.

C. CLAIMS

2. The Company must issue written instructions to all appropriate personnel, including outside vendors when applicable, that when they are handling first party claims, they must:

- a. Pay all PIP claims within 60 days unless an extension of 45 days is requested in writing pursuant to N.J.S.A. 39:6A-5g and N.J.A.C. 11:2-17.7(b).
- b. Pay interest on PIP claims paid beyond the required time frames pursuant to N.J.S.A. 39:6A-5h. Rutgers must reopen and review the 14 PIP claims the examiners cited for failure to pay interest listed in Appendix A.2 of this report. The Company should calculate and pay the interest for the period of delay as required by the statute.
- c. Rutgers should issue instructions to all claim personnel stating that, pursuant to N.J.A.C. 11:3-10.5(a), insurers are required to settle first party claims within 30 calendar days from receipt.
- d. Pursuant to N.J.A.C. 11:3-10.5(b) and N.J.A.C. 11:2-17.7(c)1 if an insurer is unable to settle claims within the time periods specified, the insurer must send written notices of delay every 30 days as appropriate, until settlement.

CDXCIX. UNDERWRITING

3. Rutgers should remind all appropriate underwriting personnel of the requirements of N.J.S.A. 17:29A-6 and 15, which states that an insurer must charge rates in strict conformity with its' rating system as approved by the Commissioner. Particular emphasis should be placed on correct territory assignments. The Company should provide documentation that it corrected the territorial rating error.

D. ANTI-FRAUD COMPLIANCE

4. Rutgers must issue written instructions to all appropriate training and supervisory SIU personnel explaining that N.J.A.C. 11:16-6.5(a)2iii requires insurers to provide no less than four hours of continuing education training per year for claims and underwriting personnel.

APPENDIX A – CLAIM ERRORS

1. Failure to Pay PIP Claims Timely

Rutgers Casualty				Rutgers Enhanced			
<u>Claim Number</u>	<u>Notice Date</u>	<u>Date Paid</u>	<u>Days Beyond 60</u>	<u>Claim Number</u>	<u>Notice Date</u>	<u>Date Paid</u>	<u>Days Beyond 60</u>
0272876	4/25/03	7/9/03	15	60375000	8/7/03	11/4/03	29
0373941	7/14/03	10/16/03	34	60373745	8/6/03	10/13/03	8
0168924	10/8/03	1/13/04	37	60271682	8/19/03	1/12/04	86
0271499	4/25/03	7/17/03	23	60373361	9/10/03	1/21/04	72
0270786	6/9/03	9/15/03	38	60374130	7/8/03	10/27/03	51
0270874	10/9/03	1/21/04	44	60373665	8/25/03	1/26/04	94
0272846	5/16/03	1/27/04	196	60372996	9/2/03	2/19/04	110
0373612	7/21/03	10/29/03	40	60272124	6/20/03	1/20/04	154
0272603	9/8/04	1/28/04	82	60272791	11/6/03	3/2/04	57
0272893	7/10/03	10/28/03	50	60373225	5/19/03	10/21/03	95
0270563	6/9/03	11/12/03	96	60372999	4/3/03	6/9/03	7
0374566	10/27/03	2/25/04	61	60375287	12/2/03	2/19/04	19
0270587	5/27/03	11/21/03	118	60375619	11/26/03	1/29/04	4
0270787	1/16/03	6/23/03	98	60374553	11/3/03	1/27/04	25
0064615	8/7/03	1/23/04	109				
0270308	9/16/03	1/27/04	73				
0168514	7/21/03	1/23/04	125				
Average Delay			73				58

2. Failure to Pay Interest on Delayed PIP Payments

Rutgers Casualty					
<u>Claim Number</u>	<u>Amount of Claim</u>	<u>Date of Receipt</u>	<u>Date Claim Paid</u>	<u>Days over 60</u>	<u>Total Interest Due</u>
0272876	\$221.09	4/25/2003	7/9/2003	15	\$.90
0373941	\$1,126.61	7/14/2003	10/16/2003	34	\$10.49
0271499	\$137.90	4/25/2003	7/17/2003	23	\$.87
0270787	\$101.21	1/16/2003	6/23/2003	98	\$2.72
0270587	\$631.59	5/27/2003	11/21/2003	118	\$20.42
0270563	\$51.99	6/9/2003	11/12/2003	96	\$1.37
0270308	\$23.46	9/16/2003	1/27/2004	73	\$.47
Average Days to Pay Claims				65	

Rutgers Enhanced					
60272124	\$360.00	6/20/2003	1/20/2004	154	\$15.19
60272791	\$46.92	11/6/2003	3/2/2004	57	\$.73
60373361	\$523.30	9/10/2003	1/21/2004	73	\$10.47
60375000	\$72,139.20	8/7/2003	11/4/2003	29	\$573.16
60374553	\$300.05	11/3/2003	1/27/2004	25	\$2.05
60373745	\$148.02	8/6/2003	10/13/2003	8	\$.32
60375619	\$598.40	11/26/2003	1/29/2004	4	\$.66
Average Days to Pay Claims				50	

2. Failure to Settle Claims Within Maximum 30-Day Period

Rutgers Casualty			
<u>Policy Number</u>	<u>Claim Receipt Date</u>	<u>Date Paid</u>	<u>Days Beyond 30</u>
0374327*	5/16/03	8/12/03	58
0375394*	8/13/03	10/8/03	26
0372998*	1/13/03	5/13/03	90
0375261*	7/31/03	9/11/03	12
0374497*	6/2/03	7/24/03	52
0374355*	5/19/03	7/30/03	42
0375125*	7/22/03	10/14/03	54
0373713*	3/24/03	8/28/03	127
0272764*	12/18/03	1/22/04	5
0376644**	12/4/03	1/7/04	4
0272878**	12/31/02	2/28/03	29
0375303**	8/5/03	10/7/03	33
0376098**	10/20/03	12/1/03	12
0373616**	3/11/03	5/15/03	35
0374210**	5/6/03	11/13/03	161
0373184**	1/31/03	6/4/03	94
0375563**	8/27/03	10/3/03	7
0374002**	4/14/03	6/18/03	35
0272623**	12/4/02	1/13/03	10
0272918**	1/3/03	4/4/03	61
0376812**	12/18/03	2/23/04	37

Rutgers Casualty (Cont)			
<u>Policy Number</u>	<u>Claim Receipt Date</u>	<u>Date Paid</u>	<u>Total Days</u>
0376291**	10/14/03	1/7/04	55
0374083**	4/25/03	6/26/03	32

Rutgers Enhanced			
<u>Policy Number</u>	<u>Claim Receipt Date</u>	<u>Date Paid</u>	<u>Total Days</u>
60375859**	9/25/03	1/18/04	86
60373544**	3/5/03	6/11/03	68

* Collision Claims where no 30 day delay notice was issued

**Comprehensive Claims where no 30 day delay notice was issued

4. Failure to Issue Delay Notices on Physical Damage Claims

Rutgers Casualty		
<u>Claim Number</u>	<u>Claim Number</u>	<u>Claim Number</u>
0374327*	0373713*	0374210**
0375394*	0272764*	0373184**
0372998*	0376644**	0375563**
0375261*	0272878**	0374002**
0374497*	0375303**	0272623**
0374355*	0376098**	0272918**
0375125*	0373616**	

<u>Rutgers Enhanced</u>	
<u>Claim Number</u>	
60373544**	

* Collision Claims where no 30 day delay notice was issued

**Comprehensive Claims where no 30 day delay notice was issued

5. Failure to Issue Delay Notices on Physical Damage Claims within Required Time Frame

Rutgers Casualty			
<u>Policy Number</u>	<u>Date Claim Received</u>	<u>Date Delay Letter Sent</u>	Number of Days beyond <u>30</u>
0376812	12/18/2003	1/22/2004	5
0376291	11/4/2003	12/10/2003	6
0374083	4/25/2003	6/3/2003	9
Rutgers Enhanced			
<u>Policy Number</u>	<u>Date Claim Received</u>	<u>Date Delay Letter Sent</u>	Number of Days beyond <u>30</u>
60375859	9/25/2003	12/22/2003	58

APPENDIX B – ANTI-FRAUD COMPLIANCE ERRORS

<u>Employee Compliance</u>	<u>Training Hours Required</u>	<u>Training Hours Recorded</u>	<u>Training Hours in Error</u>
K.G.*	4.0	0.0	4.0
L.S.*	4.0	0.0	4.0
J.G.+	4.0	0.0	4.0
H.G.+	4.0	0.0	4.0

* Claim Personnel

+ Underwriters

VII. VERIFICATION PAGE

I, Robert J. Only, am the Examiner-in-Charge of the Market Conduct Examination of Rutgers Insurance Group conducted by examiners of the New Jersey Department of Banking and Insurance. This verification is based on my personal knowledge as acquired in my official capacity.

The findings, conclusions and recommendations contained in the foregoing report represent, to the best of my knowledge, a full and true statement of the Market Conduct examination of the Rutgers Insurance Group as of **April 2, 2004**.

I certify that the foregoing statements are true. I am aware that if any of the foregoing statements made by me is willfully false, I am subject to punishment.

Date:

Robert J. Only
Examiner-In-Charge
New Jersey Department
of Banking and Insurance