[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938, THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]

WEBSITE PUBLISHED REPORT OF THE MARKET CONDUCT EXAMINATION OF THE CLAIMS HANDLING, RATING, AND UNDERWRITING PRACTICES OF

TORUS NATIONAL INSURANCE COMPANY
NAIC # 25496 CDI # 1291-4

AS OF OCTOBER 31, 2013

ADOPTED SEPTEMBER 30, 2014

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF INSURANCE

MARKET CONDUCT DIVISION

NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

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DEPARTMENT OF INSURANCE
Market Conduct Division
300 Capitol Mall
Sacramento, CA 95814

September 30, 2014

The Honorable Dave Jones
Insurance Commissioner
State of California
300 Capitol Mall
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under the California Insurance Code Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04; Chapter 9, Article 6, Sections 1857.2, 1857.3 and 1857.4 and California Code of Regulations Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a), a limited examination was made of the claims handling, rating, and underwriting practices and procedures in California of:

TORUS NATIONAL INSURANCE COMPANY
NAIC # 25496
Group NAIC # 4701

Hereinafter, the Company listed above also will be referred to as the Company. The California Department of Insurance will be referred to as the Department.

This report is made available for public inspection and is published on the California Department of Insurance website (www.insurance.ca.gov) pursuant to California Insurance Code section 12938(b)(1).

FOREWORD

This limited desk examination covered the claims handling, rating, and underwriting practices of the aforementioned Company's Professional Liability (Errors & Omissions and Directors & Officers Liability) business during the period November 1, 2012 through October 31, 2013. The limited examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law.

This report pertains to Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al. A separate report pertains to laws other than Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al.

The report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer's proposals for correcting the deficiencies. When identified violations result in payments by the Company to policyholders or claimants, those amounts paid are identified as recoveries in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company's responses, if any, have not undergone a formal administrative or judicial process.

SCOPE OF THE EXAMINATION

To accomplish the foregoing, the examination included:

1. A review of specified guidelines, procedures, and forms adopted by the Company for use in California.

2. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about this Company closed by the CDI during the period November 1, 2012 through October 31, 2013.; and a review of reports on the previous CDI market conduct examination of this Company.

This limited examination was conducted at the offices of the California Department of Insurance in San Francisco, California.

EXECUTIVE SUMMARY

This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Company in response to the Department's data request. There was no review of underwriting or claims files during this examination.

There were no alleged violations or findings of non-compliance within the scope of this report.

Torus National Insurance Company reported $4,100,000 in written premiums on Other Liability insurance coverage in California during 2012. The Company closed 54 Other Liability claims during 2012.

RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, PREVIOUS EXAMINATIONS

The market analysis did not identify any specific issues of concern within the scope of this report.

There were no specific areas of concern identified in the complaint review.

There were no specific areas of concern identified during the previous examination.

DETAILS OF THE CURRENT EXAMINATION

The following tables summarize the Company's responses, within the scope of this report, to the Department's data request and the alleged violations under Section 790.03 and title 10, California Code of Regulations, Section 2695 et al., that resulted from the review of that data. All "NO" answers in the Areas of Review table are addressed in the Summary of Examination Results section of this report. The Company indicated that it is compliant with all items on the Areas of Review Table.

AREAS OF REVIEW		
SPECIFIC ISSUE REVIEWED	**INDICATION OF COMPLIANCE (YES/NO)**	**SUMMARY OF RESULTS ITEM NUMBER**
Compliance with the California Fair claims Settlement Practices Regulations--- Certification signed by principal of Company under penalty of perjury. CCR §§2695.6, 2695.6(b)(1)(2)(3) [CIC 790.03(h)(3)]	YES	-
Compliance with the California Fair claims Settlement Practices Regulations --- Written standards for prompt investigation and process of claims provided to all agents/examiners. CCR §2695.6(a) [CIC §790.03(h)(3)]	YES	-
Compliance with the California SIU Regulations--- CIC §1875.20 and CCR §§ 2698.30 through 2698.43 [CIC §790.03(h)(3)]	YES	-
Compliance of letters and forms by identifying underlying insurer— CIC §880 [CIC §790.03(h)(3)]	YES	-
Compliance of letters and forms by inclusion of proper fraud language— CIC §1879.2(a) [CIC §790.03(h)(3)]	N/A*	-
Compliance of Quality controls & procedures identified --- CCR §§2695.4, 2695.5 and 2695.7 [CIC §790.03(h)]	YES	-
Disclosure of benefits— CCR §2695.4(a) [CIC §790.03(h)(1)]	YES	-

Timely response to communications— CCR §2695.5(b) [CIC §790.03(h)(2)]	YES	-
Timely acknowledgement of receipt of claim— CCR §2695.5(e) [CIC §790.03(h)(2)]	YES	-
Acceptance as notice of claim an attorney letter sent to the medical professional— CIC §790.03(h)(2)	N/A**	-
Timely assistance to claimant to perfect claim— CCR §2695.5(e)(2) [CIC §790.03(h)(3)]	YES	-
Timely commencement of investigative activities— CCR §2695.5(e)(3) [CIC §790.03(h)(3)]	YES	-
Denials are written— CCR §2695.7(b)(1) [CIC §790.03(h)(13)]	YES	-
Denial letter to include reference to Dept. of Insurance, including address, telephone number and name of unit reviewing claims practices. CCR 2695.7(b)(3) [CIC § 790.03(h)(3)]	YES	-
Timely acceptance or denial of claims— CCR §2695.7(b) [CIC §790.03(h)(4)]	YES	-
Written notice sent every 30 days for extended time to evaluate a claim after initial 40 day review period. CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	YES	-
Timely payment of accepted claims— CCR §2695.7(h) [CIC §790.03(h)(5)]	YES	-
Advise unrepresented claimants of any statute of limitation or other time period requirements— CCR §2695.7(f) [CIC §790.03(h)(15)]	N/A***	-
Compliance of written notification regarding applicable statute of limitations for unrepresented claimants to whom partial payments are made— CIC §11583 [CIC §790.03(h)(3)]	N/A****	-

*N/A – Not applicable; Claims are reported directly from insured to producer, all information is furnished at that time. If further information is necessary the claims adjuster will contact the insured directly. No proof of loss forms are furnished to the insureds for professional liability or third-party claims subject to this examination.

**N/A – Not applicable; the Company indicates that this law is not relevant to its particular claims handling, rating or underwriting practice.

***N/A – Not applicable as all claimants are represented by their own counsel.

****N/A –Not applicable as all claimants are represented by their own counsel.

SUMMARY OF EXAMINATION RESULTS

There were no alleged violations or criticisms of the Company's practices made within the scope of this report. There were no recoveries discovered within the scope of this report.

Within the scope of this report, there were no claims recoveries or return premium as a result of the issues described in this report.