

**[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**

**MEDICAL PROTECTIVE COMPANY (THE)
NAIC # 11843 CDI # 0340-0**

AS OF SEPTEMBER 30, 2014

ADOPTED FEBRUARY 9, 2015

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



February 9, 2015

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; 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:

Medical Protective Company (The)
NAIC # 11843
Group NAIC # 0031

Hereinafter, the Company listed above also will be referred to as MedPro or the Company.

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 Medical Malpractice line of business during the period October 1, 2013 through September 30, 2014. 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 October 1, 2013 through September 1, 2014; and a review of reports on the previous CDI market conduct examination of this Company; and a review of prior CDI enforcement actions.

This limited examination was conducted at the offices of the California Department of Insurance in Los Angeles, 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.

The Company reported \$26,817,051 in written premiums on professional liability medical malpractice insurance coverage in California during 2013. The Company closed 263 professional liability medical malpractice claims during 2013.

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

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.

The previous examination was completed by the Field Rating and Underwriting Bureau (FRUB) and reviewed the period from January 1, 2010 to March 31, 2010. A prior examination was also completed by the Field Claims Bureau (FCB) and reviewed the period from July 1, 2001 through June 30, 2002. The most significant noncompliance issues identified in the prior examinations that are within the scope of this report were identified in the FCB examination. These issues included the Company's failure to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies; the failure to adopt and implement reasonable standards for the prompt investigation and processing of claims; and the failure to provide promptly a reasonable explanation of the basis relied on in the insurance policy, in relation to the facts or applicable law, for the denial of a claim or for the offer of a compromise settlement. These issues were not identified as problematic in the current examination.

The Company has not been the subject of a CDI enforcement action.

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. A summary of each of the laws cited due to a “NO” answer is provided in the Cited Statutes and Regulations table.

AREAS OF REVIEW		
SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM NUMBER
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)]	YES	-
Disclosure of benefits— CIC §790.03(h)(1)	YES	-
Timely response to communications— CIC §790.03(h)(2)	YES	-
Timely acknowledgement of receipt of claim — CIC §790.03(h)(2)	YES	-
Acceptance as notice of claim an attorney letter sent to the medical professional— CIC §790.03(h)(2)	YES	-
Timely assistance to claimant to perfect claim— CIC §790.03(h)(3)	YES	-
Timely commencement of investigative activities— CIC §790.03(h)(3)	YES	-

Denials are written— CIC §790.03(h)(13)	YES	-
Timely acceptance or denial of claims— [CIC §790.03(h)(4)]	YES	-
Timely payment of accepted claims— 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)]	YES	-
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)]	YES	-

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.