

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of)	
Banking and Insurance, State of New)	
Jersey, with respect to Palisades Insurance)	
Company; NAIC No. 10791; Palisades)	CONSENT
Safety and Insurance Association, NAIC)	ORDER
No. 22050 and Palisades Property and)	
Casualty Insurance Company NAIC No. 10100)	

TO: Palisades Insurance Company
200 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

This matter, having been opened to the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon the filing of a Market Conduct Examination Report (the Report) containing the results of the March 1, 2009 through February 28, 2010 examination of automobile claim settlements processed by Palisades Insurance Company, Palisades Safety and Insurance Association and Palisades Property and Casualty Insurance Company (the Companies) performed by the Department of Banking and Insurance (Department) pursuant to the authority provided at N.J.S.A. 17:23-20 et seq.; and

WHEREAS, the market conduct examination revealed certain instances, as fully set forth in the Report, where the Companies practices did not accord fully with various provisions of New Jersey insurance statutes or regulations; and

WHEREAS, based on the documentation and information submitted by the Companies, the Department is satisfied that the Companies have taken or will take corrective measures pursuant to the recommendations of the Report.


NOW, THEREFORE, IT IS on this *25th* day of *January*, 2011

ORDERED AND AGREED that the attached Report will be adopted and filed as an official record of the Department; and

IT IS FURTHER ORDERED AND AGREED that Companies shall comply with New Jersey insurance statutes and regulations and the recommendations contained in the attached Report ; and

IT IS FURTHER ORDERED AND AGREED that pursuant to N.J.S.A. 17:23-24d(1), within 30 days of the adoption of the Report, the Companies shall file an affidavit with the Department's Market Conduct Unit, stating under oath that each director received a copy of the adopted Report; and

IT IS FURTHER ORDERED AND AGREED that in accordance with N.J.S.A. 17:23-24e (1) the Department shall hold the content of the examination confidential for a period of 90 days.



Thomas B. Considine
Commissioner

Consented to as to form, content and entry



Name EDWARD J. FERNANDEZ

Date: 1/11/11

examorder/amn

MARKET CONDUCT EXAMINATION

of the

**PALISADES INSURANCE COMPANY
PALISADES SAFETY AND INSURANCE ASSOCIATION
PALISADES PROPERTY AND CASUALTY INSURANCE COMPANY**

located in

WALL, NEW JERSEY

as of

JUNE 24, 2010

BY EXAMINERS

of the

STATE OF NEW JERSEY

DEPARTMENT OF BANKING AND INSURANCE

OFFICE OF CONSUMER PROTECTION SERVICES

**MARKET CONDUCT EXAMINATIONS and ANTI-FRAUD
COMPLIANCE SECTIONS**

REPORT ADOPTED:

February 1, 2011

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I. INTRODUCTION

This is a report of the Market Conduct activities of Palisades Insurance Company, Palisades Safety and Insurance Association and Palisades Property and Casualty Insurance Company (hereinafter collectively referred to as Palisades or the Company). 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 examination.

A. SCOPE OF EXAMINATION

The scope of the examination included private passenger automobile insurance sold by the Company in New Jersey. The examiners evaluated Palisades' compliance with the regulations and statutes pertaining to automobile claims. The review period for the examination was March 1, 2009 to the present.

The examiners conducted their fieldwork at Palisades' office in Wall, New Jersey between May 17, 2010 and June 18, 2010. On various dates following the fieldwork, the examiners completed additional review work and report writing. The Market Conduct Examiners were Examiner-in-Charge Marleen Sheridan, Monica Koch, Ralph Boeckman and William Sonntag.

The examiners randomly selected files and records from computer listings and documents provided by the Company. The random selection process is in accordance with the National Association of Insurance Commissioner's (NAIC) Market Regulation Handbook. The examiners used the NAIC Market Regulation Handbook, Chapters Sixteen (General Examination Standards) and Seventeen (Conducting the Property and Casualty Examination), as a guide to examine the Company and write this report.

B. ERROR RATIOS

Error ratios are the percentage of files reviewed which an insurer handles in error. A file is counted as an error when it is mishandled or the insured is treated unfairly, even if no statute or regulation is applicable. If a file contains multiple errors, the examiners will count the file only once in calculating 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 insurer corrects an error as a result of a consumer complaint or due to the examiners' findings, the error will be included in the error ratio. If the insurer corrects an error independent of a complaint or NJDOBI intervention, the error is not included in the error ratios.

There may be errors cited in this report that define practices 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. Even though 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 Company representatives on the errors cited in this report. These inquiries provided Palisades the opportunity to respond to the examiners' findings and to provide exceptions to the statutory and/or regulatory errors or mishandling of files reported. In response to these inquiries, Palisades agreed with some of the errors cited in this report. On those errors with which the Company 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 Company's 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

Palisades Safety and Insurance Association ("Palisades") was formed as a reciprocal interinsurance exchange under the laws of New Jersey on August 9, 1990 and began writing in 1992. Palisades' business is managed by its Attorney-in-Fact, Palisades Safety and Insurance Management Corporation. Palisades Insurance Company, a New Jersey stock company and subsidiary of Palisades, was incorporated on November 19, 1996 and became a licensed insurance company on May 7, 1997. Palisades Property and Casualty Insurance Company became a wholly owned subsidiary of Palisades when on August 1, 2008, Palisades acquired National Atlantic Holdings Corporation and its subsidiaries, which included Palisades Property and Casualty Insurance Company (formerly, The Proformance Insurance Company). The major line of business for the three Palisades companies is private passenger automobile insurance and the companies are licensed insurers only in New Jersey.

On November 1, 2003 Palisades purchased all the outstanding common stock of the following company that was previously owned by Prudential Financial, Inc.: High Point Preferred Insurance Company ("High Point Preferred") which included its two subsidiaries, High Point Safety and Insurance Company and High Point Property and Casualty Insurance

Company. Palisades also purchased all of the outstanding common stock of High Point Brokerage Company, Inc. on November 1, 2003.

On January 1, 2006, Palisades sold High Point Brokerage Company, Inc. to High Point Safety and Insurance Management Corporation.

Twin Lights Insurance Company (“Twin Lights”) became an indirect subsidiary of Palisades on October 26, 2005 when High Point Preferred purchased all of Twin Lights’ authorized stock on original issue.

Teachers Auto Insurance Company of New Jersey (“Teachers”) became an indirect subsidiary of Palisades on January 1, 2007, when High Point Preferred purchased all of the outstanding stock of Teachers (formerly, Lancer Casualty Company).

II. CLAIMS REVIEW

A. INTRODUCTION

This review covers paid and denied Personal Injury Protection (PIP), collision, comprehensive and property damage claims submitted under private passenger automobile insurance. Any such New Jersey claim closed between March 1, 2009 and February 28, 2010 was subject to review. During the review period, Palisades closed 55,985 PIP claims, 3,828 comprehensive claims, 23,035 collision claims and 10,932 property damage claims. The examiners randomly selected and reviewed 143 paid and 75 denied claims.

In reviewing each claim, the examiners checked for compliance with all applicable statutes and regulations that govern timeliness requirements in settling first and third party claims. The examiners conducted specific reviews placing particular emphasis on N.J.S.A. 17:29B-4(9) and N.J.A.C. 11:2-17 (Unfair Claims Settlement Practices), N.J.A.C. 11:3-10 (Auto Physical Damage Claims), N.J.S.A. 39:6A-5 (Personal Injury Protection Claims), N.J.A.C. 11:3-4 (PIP Benefits/Medical Protocols) as well as N.J.A.C. 11:3-37.10(a)5 (Explanation of Benefits). These requirements relate to Chapter Sixteen - General Exam Standards and Seventeen - Property and Casualty Insurance Examinations of the NAIC Market Regulation Handbook.

B. ERROR RATIOS

The examiners calculated the following 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 chart.

1. Paid Claims

<u>Review Sample</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Collision	30	12	40%
Comprehensive	30	4	13%
Property Damage	33	9	27%
PIP	<u>50</u>	<u>7</u>	14%
Total	143	32	22%

2. Denied Claims

<u>Review Sample</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Collision	5	0	0
Comprehensive	5	0	0
Property Damage	15	2	13%
PIP	<u>50</u>	<u>6</u>	12%
Total	75	8	11%

Overall Totals	218	40	18%
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C. PHYSICAL DAMAGE AND PROPERTY DAMAGE CLAIMS

1. Deficient Rights of Recourse Notice - 15 Files in Error (Improper General Business Practice)

N.J.A.C. 11:3-10.4(c) requires insurers to provide first or third party claimants with a written notice of the rights of recourse at the time a total loss settlement draft is issued and to retain a copy of the notice in the claim file. Additionally, N.J.A.C. 11:2-17.10(a) specifically states that the requirements for this section apply to automobile property damage third party claims from the time that liability becomes reasonably clear and are in addition to those of N.J.A.C. 11:3-10.1 through 10.4 for automobile physical damage first party claims. Lastly, N.J.A.C. 11:3-10.4(b)1-4 requires the insurer to reopen a claim if the insured writes to the Company within 30 days of the settlement draft to advise of the inability to purchase a comparable vehicle. In response, the insurer must either: 1) locate a similar vehicle; 2) pay the difference on an insured located similar vehicle; 3) offer a replacement; or 4) settle under contract appraisal.

The examiners determined that Palisades provided claimants with a Right of Recourse notice that contained a statement which advised the claimants that they had the right to contact the insurer within 30 days if they were unable to purchase a comparable vehicle at the established market value. However, the letters failed to identify the additional rights available to the claimant as specified in N.J.A.C. 11:3-10.4(b)1-4 and as outlined above.

The mere mention of the rights of recourse does not constitute compliance with the regulation since it does not make the claimant aware of all options available to them at the time settlement is made. Palisades' failure to provide a rights of recourse notice, which includes all four available options, is an improper general business practice contrary to N.J.A.C. 11:3-10.4(c). The Company failed to provide this notice on eight collision, four comprehensive and three property damage claims.

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

2. Failure to Advise Claimant of Rights of Recourse - 7 Files in Error

N.J.A.C. 11:3-10.4(c) requires insurers to provide claimants with a written notice of the rights of recourse at the time a total loss settlement draft is issued, and to retain a copy of the notice in the claim file. The examiners found that contrary to this regulation, Palisades failed to adequately provide the required written rights of recourse on four property damage and three collision total loss claims.

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

3. Failure to Timely Report the Sale of Salvage to Insurance Services Office (ISO) - 7 Files in Error

N.J.A.C. 11:16 -2.4(a)2 requires an insurance company to report all vehicle salvage losses to the National Insurance Crime Bureau or its member companies within five working days after the salvage sale; or, if the insured is permitted to retain salvage, within five working days after the loss payment date.

During the claim review, the examiners found one property damage claim where the Company failed to report the sale of salvage to ISO as required by the regulation. The examiners also found four claims (two collision, one comprehensive and one property damage) that were not reported beyond the required time frame to ISO. Lastly, the examiners found two property damage claims in which the Company notified ISO of a salvage sale date on the date that the company deemed the vehicles to be total losses. Those dates were prior to actual settlement, and therefore not within 5 working days of settlement as required. Appendix A-3 referenced below details the claim type, salvage sale/loss payment date, the notice date to the NICB and the number of workdays in the interim. In response to an inquiry, Palisades advised that it upgraded its Claims Workstation System to automatically report salvage disposition to NICB's service company, the Insurance Services Office (ISO) as permitted under N.J.A.C. 11:16-2.3(b).

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

4. Failure to Issue Rental Reimbursement Letter - 4 Files in Error

N.J.A.C. 11:2-17.10(a)8 requires an insurance company to inform a claimant whether and to what extent he or she will be entitled to payment for the rental of an automobile or other substitute transportation.

Palisades' claim notes indicate that the standard rental reimbursement letter was issued to the claimant on four property damage claims. The examiners were not able to locate a copy of this letter in the file. In response to an inquiry, Palisades acknowledged that the letters were not sent to the claimant. Consequently, the examiners were unable to determine the extent to which Palisades explained the availability and applicable limitations of this benefit.

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

5. Failure to Issue Delay Notices - 2 Files in Error

N.J.A.C. 11:3-10.5(a) requires insurers to pay physical damage claims in 30 calendar days. N.J.A.C. 11:3-10.5(b) states that, if the insurer is unable to settle the claim within the 30 day timeframe, the insurer must send the claimant written explanation of the specific reasons for delay in the claim settlement.

Contrary to N.J.A.C. 11:3-10.5(b), Palisades did not issue delay notices on two paid collision claims that were not settled within 30 days after receipt of notification. The examiners did not cite delayed settlement errors under N.J.A.C. 11:3-10.5(a) since the Company was not the source of delay; however, notice of delay may have accelerated the settlement process.

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

6. Failure to Provide a Specific Explanation on Denial Letter - 1 File in Error

N.J.S.A. 17:29B-4(9)(n) requires an insurer to promptly provide a reasonable explanation of the policy basis in relation to the facts for a claim denial. N.J.A.C. 11:2 -17.8(a) requires an insurance company's denial to specifically reference policy provisions, language, exclusions and a statement of the facts.

As referenced in Appendix A-6 below, Palisades did not provide a reasonable explanation for denial of one property damage claim, contrary to the statute and regulation.

SEE APPENDIX A-6 FOR THE FILE IN ERROR

7. Failure to Apply Correct Deductible - 1 File in Error

According to N.J.A.C. 11:3-10.3(c), if an insurer inspects a damaged vehicle or causes it to be inspected, the insurer shall furnish the insured with a detailed written estimate of the cost of repairing the damage resulting from the loss, specifying all appropriate deductions. The examiners found that Palisades did not specify the correct deductible on one collision claim estimate. The Company failed to apply the required \$1,000.00 deductible the insured had chosen and instead incorrectly applied a \$500.00 deductible.

SEE APPENDIX A-7 FOR THE FILE IN ERROR

D. PERSONAL INJURY PROTECTION CLAIMS

1. Failure to Pay PIP Claims Timely and Failure to Issue 45-Day Delay Letter – 7 Files in Error

According to N.J.S.A. 39:6A-5(g) and N.J.A.C. 11:2-17.7(b), 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. However, an insurer may secure a 45-day extension in accordance with N.J.S.A. 39:6A-5(g) and N.J.A.C. 11:2-17.7(b). Where such an extension is requested, the maximum settlement period may not exceed 105 days.

The examiners reviewed 50 paid PIP claims and found that Palisades failed to settle seven claims within the maximum 60-calendar day time frame without securing the 45-day extension for additional time to investigate. Delays ranged from a low of three days beyond 60 days to a high of 23 days beyond 60 days with an average delay of 12 days.

SEE APPENDIX A-8 FOR A LIST OF FILES IN ERROR

2. Failure to Pay Interest on Delayed PIP Payments – 3 Files in Error

N.J.S.A. 39:6A-5(h) requires the payment of interest on all overdue benefits. Contrary to this requirement, Palisades failed to pay interest on three PIP claims cited in the previous section.

SEE APPENDIX A-9 FOR A LIST OF FILES IN ERROR

3. Failure to Provide Specific Reason for PIP Denial - 3 Files in Error

N.J.S.A. 17:29B-4(9)(n) requires an insurer to promptly provide a reasonable explanation of the policy basis in relation to the facts for the claim denial. N.J.A.C. 11:2-17.8(a) requires an insurance company's denial to reference a statement of the facts.

The examiners reviewed 50 denied PIP claims and found that, contrary to the statute and regulation, Palisades failed to provide a specific reason for denial on three letters that that the Company sent to providers denying payment for services. On two of the letters, the reason for denial was listed as "Patient is not eligible for benefits under this policy" and the third letter listed the reason for denial as "Unable to Determine Eligibility." These reasons are not specific, as they do not identify why the patient is not eligible for benefits on the two policies and the third fails to identify what factor(s) made the patient ineligible.

SEE APPENDIX A-10 FOR A LIST OF FILES IN ERROR

4. Failure to List the Correct Statute on PIP Denial Letters – 3 Files in Error

According to N.J.A.C. 11:2-17.8(a), no insurer shall deny a claim because of a policy provision, including any concerning liability, a condition, or an exclusion without providing a specific reference to such language and a statement of the facts which make that language operative. Contrary to this requirement, the examiners found three claims where Palisades cited either an incorrect or non-existent New Jersey statute or regulation to support the Company's decision to deny benefits. On two claims, Palisades cited insurance law treatise instead of New Jersey PIP statutes to support the Company's denial and on the third claim it referenced an incorrect regulation. Palisades should have referenced the New Jersey Personal Injury Protection statute as the primary authority for the Company's decision.

SEE APPENDIX A-11 FOR A LIST OF FILES IN ERROR

5. Failure to Respond Timely to Request for Pre-Certification of Treatment – 1 File in Error

N.J.A.C. 11:3-4.7(c) requires an insurer to respond within three business days to decision point review and precertification requests by insureds or providers. Contrary to the regulation, the examiners found one claim where Palisades did not provide a response to a provider who requested a pre-certification of treatment until five business days after the request.

THIS FILE IN ERROR IS LISTED IN APPENDIX A-12

III. RECOMMENDATIONS

Palisades 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 Palisades 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.

Non-compliant activity was identified in this report which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to New Jersey law and regulations. When applicable, corrective action for other jurisdictions should be addressed.

The examiners acknowledge that during the examination Palisades agreed and already complied with, either in whole or in part, some of the recommendations. For the purpose of obtaining proof of compliance and for the Company to provide its 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 Roebing Building, 20 West State Street, PO Box 329, Trenton, N.J. 08625, within thirty (30) days of the date of the adopted report.

On all policies to be reopened with additional claim payments, Palisades should provide the insured with a cover letter that contains the following first paragraph:

"During a review of your claim by Market Conduct Examiners of the New Jersey Department of Banking and Insurance, they found that we (failed to pay interest on your Personal Injury Protection claim). Enclosed is our payment in the amount of (insert amount) to correct our error."

B. CLAIMS

1. Palisades must issue written instructions to all appropriate claims personnel stating that:
 - a) N.J.A.C. 11:3-10.4(b)1-4 indicates four options available to the insurer if claimants write within 30 days of settlement to advise that they are not able to purchase a comparable vehicle. These options should be on the initial rights of recourse letter to the claimant on all first party automobile physical damage and third party property damage claims. The options mandate that the insurer either: 1) locate a similar vehicle; 2) pay the difference on an insured located similar vehicle; 3) offer a replacement; or 4) settle under contract appraisal;
 - b) N.J.A.C. 11:3-10.4(c) requires insurers to provide claimants with a written notice of the rights of recourse at the time of a total loss settlement and to retain a copy of the notice in the claim file;
 - c) pursuant to N.J.A.C. 11:16 -2.4(a)2, the company must report all vehicle salvage loss sales to the National Insurance Crime Bureau's service company, ISO, within five working days of the salvage sale or loss payment date if the insured retains salvage;
 - d) N.J.A.C. 11:2-17.10(a)8 requires an insurance company to inform a claimant whether and to what extent he or she will be entitled to payment for the rental of an automobile or other substitute transportation.
 - e) N.J.A.C. 11:3-10.5(b) states that, if the insurer is unable to settle the claim within the 30-day timeframe, the insurer must send the claimant written notice, specifying the reason for the delay, by the end of the payment period.
2. The Company must revise its current rights of recourse letter to include the settlement options available to the claimant as specified in N.J.A.C. 11:3-10.4(b)1-4. Palisades must provide a copy of the revised letter to the Commissioner for review.
3. Palisades must issue written reminders to all appropriate claims personnel stating that:
 - a) N.J.S.A. 17:29B-4(9)(n) requires an insurer to promptly provide a reasonable explanation of the policy basis in relation to the facts for a claim denial. N.J.A.C. 11:2 -17.8(a) requires an insurance company's denial to specifically reference policy provisions, language, exclusions and a statement of the facts;

b) pursuant to N.J.A.C. 11:3-10.3(c), if an insurer inspects a damaged vehicle or causes it to be inspected, the insurer shall furnish the insured with a detailed written estimate of the cost of repairing the damage resulting from the loss, specifying all appropriate deductions including the insured's deductible.

4. Palisades must issue written instructions to all appropriate claims personnel stating that:

a) pursuant to N.J.S.A. 39:6A-5(g) and N.J.A.C. 11:2-17.7(b), all PIP claims must be settled (paid, denied, compromised) within 60 days unless an extension of 45 days is requested in writing, within this 60 day period, for a total period not to exceed 105 days from the notice of loss;

b) pursuant to N.J.S.A. 39:6A-5(h), the Company must pay interest on PIP claims settled beyond the required time frames;

c) N.J.S.A. 17:29B-4(9)(n) and N.J.A.C. 11:2-17.8(a) require all letters of denial of PIP benefits to provide a concise explanation as to why a claimant is considered ineligible;

d) statutory authority and not insurance law treatise should be noted on claim denial letters;

e) pursuant to N.J.A.C. 11:3-4.7(c), all requests for pre-certification of treatment must be responded to within three business days.

5. The Company must reopen and review the PIP claims listed in Appendix A-9 of this report. The Company should calculate and pay the interest due for the period of delay as required by N.J.S.A. 39:6A-5(h). A list of files reopened and the amount of interest paid should be generated and provided to the Commissioner to verify compliance with this recommendation. See general instructions for language to be included in the cover letter sent with each interest payment.

APPENDIX A – Claim Errors

1. Deficient Rights of Recourse Notice - 15 Files in Error (Improper General Business Practice)

<u>Claim Type</u>	<u>Claim Number</u>	<u>Claim Type</u>	<u>Claim Number</u>
Collision	257301067273	Comprehensive	256301065763
Collision	341901058919	Comprehensive	259901069499
Collision	257601082376	Comprehensive	344201072142
Collision	255801073558	Comprehensive	255701074257
Collision	254101061441	PD	254801066648
Collision	257401078774	PD	257101074371
Collision	257301074173	PD	347901060779
Collision	255401066454		

2. Failure to Advise Claimant of Rights of Recourse - 7 Files in Error

<u>Claim Type</u>	<u>Claim Number</u>	<u>Claim Type</u>	<u>Claim Number</u>
PD	254701071447	Collision	259801079798
PD	258901073789	Collision	343801072738
PD	250801076008	Collision	349001059290
PD	344401061244		

3. Failure to Timely Report the Sale of Salvage to Insurance Services Office(ISO) - 7 Files in Error

<u>Claim Number</u>	<u>Claim Type</u>	<u>Salvage Sale/Loss Payment Date</u>	<u>Notice Date to NICB</u>	<u>Workdays</u>
254101061441	Collision	05/19/09	05/29/09	8
349001059290	Collision	06/01/09	6/16/09	11
255701074257	Comp	11/23/09	12/07/09	9
257101074371	PD	02/25/10	12/8/09	*
254701071447	PD	9/24/09	9/1/09	*
344401061244	PD	4/23/09	5/27/09	23
254801066648	PD	7/23/09	none-	-

*Palisades notified ISO upon deeming vehicles to be total losses, and not within 5 working days from settlement.

4. Failure to Issue Rental Reimbursement Letter - 4 Files in Error

Claim Number

348401061884

253001061530

256201079862

344401061244

5. Failure to Issue Delay Notices - 2 Files in Error

<u>Claim Number</u>	<u>Date of Receipt</u>	<u>Date Claim Paid</u>	<u>Days Beyond 30</u>
255801073558	10/1/09	11/10/09	10
349001059290	2/11/09	3/23/09	10

6. Failure to Provide a Specific Explanation on the Denial Letter - 1 File in Error

<u>Claim Number</u>	<u>Denial Reason on Notice</u>	<u>Deficiency</u>
25020108360 2	We must deny your claim for property damage as our investigation has shown that our insured is not responsible for the damages to your vehicle.	The denial letter should indicate why the insured is not responsible for the damages.

7. Failure to Apply Correct Deductible - 1 File in Error

Claim Number

254701063447

8. Failure to Pay PIP Claims Timely and Failure to Issue 45-Day Delay Letter - 7 Files in Error

<u>Claim Number</u>	<u>Date Bill Received</u>	<u>Date Bill Paid</u>	<u>Total Days to Pay</u>	<u>Days Beyond 60</u>
343101061031	4/10/09	6/26/09	77	17
345501076955	12/7/09	2/8/10	63	3

258801062388	5/4/09	7/6/09	63	3
250401055204	1/30/09	4/23/09	83	23
342901027029	5/20/09	8/7/09	79	19
251901034219	5/21/09	8/6/09	77	17
250701054107	5/6/09	7/8/09	63	3

9. Failure to Pay Interest on Delayed PIP Payments – 3 Files in Error

Claim Number

343101061031

258801062388

250401055204

10. Failure to Provide Specific Reason for PIP Denial - 3 Files in Error

<u>Claim Number</u>	<u>Denial Reason on Notice</u>	<u>Deficiency</u>
25240010617 20	Patient is not eligible for benefits under this policy	The denial letter does not identify why the patient is not eligible for benefits
34050107560 5	Patient is not eligible for benefits under this policy	The denial letter does not identify why the patient is not eligible for benefits
34310105133 1	Unable to Determine Eligibility	The denial letter fails to identify why the Company was unable to determine eligibility.

11. Failure to List the Correct Statute on PIP Denial Letters – 3 Files in Error

Claim Number

256601077066

251401077314

259901062099

Incorrect Cite

6:3-1

N.J.S.A. 39:6-60

6:2-3

12. Failure to Respond Timely to Request for Pre-Certification of Treatment – 1 File in Error

<u>Claim Number</u>	<u>Date of Request</u>	<u>Date of Response</u>	<u>Number of Work Days to Respond</u>
342901027029	4/3/2009	4/10/2009	5

IV. VERIFICATION PAGE

I, Marleen J. Sheridan, am the Examiner-in-Charge of the Market Conduct Examination of Palisades Insurance Company, Palisades Safety and Insurance Association and Palisades Property and Casualty Insurance Company 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 Palisades Insurance Company, Palisades Safety and Insurance Association and Palisades Property and Casualty Insurance Company as of June 24, 2010.

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.

August 17, 2010
Date

Marleen Sheridan
Marleen Sheridan
Examiner-In-Charge
New Jersey Department
of Banking and Insurance