

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**STATE OF ALASKA**  
**DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT**  
**DIVISION OF INSURANCE**  
**550 West Seventh Avenue, Suite 1560**  
**ANCHORAGE, ALASKA 99501-3567**

<b>ORDER # MCE P-11-01</b>	)	Order under the Provisions of
	)	AS 21.06.150(b), approving
In the matter of the Market	)	the Report on Market Conduct
Conduct Examination of	)	Examination.
<b>Wilton Adjustment Service, Inc.</b>	)	
_____	)	

The Director of the Division of Insurance for the State of Alaska, Linda S. Hall, issues this order adopting the Report of Targeted Market Conduct Examination of Wilton Adjustment Service, Inc. (Wilton), P.O. Box 92670, Anchorage, Alaska based on the following findings:

**FINDINGS OF FACT**

Finding No. 1

Wilton is a licensed adjusting firm in Alaska with physical presence in Anchorage and Fairbanks, Alaska. Wilton is subject to examination under Alaska Statute (AS) 21.06.130.

Finding No. 2

The Notice of Examination was presented to the examinee on April 20, 2011, which outlined the scope of the examination.

Finding No. 3

The examination was a Targeted Market Conduct Examination of Wilton for the periods of April 1, 2010 to July 1, 2010, and July 1, 2010 to May 1, 2011. Specific evaluation periods were then selected to contain similar data comparing April 1, 2010 through June 30, 2010 to the period of July 1, 2010 through September 30, 2010. The month of February 2011 was reviewed for consistency in procedures and documentation. Claim files from the Anchorage office as well as the Fairbanks office were reviewed at Wilton's Anchorage office. Work was completed on September 20, 2011.

Finding No. 4

A preliminary Report of Targeted Market Conduct Examination of Wilton on compliance with Alaska laws and matters enumerated in the Notice of Examination was presented to the

examinee on September 23, 2011 and filed with the division in accordance with AS 21.06.150(b).

Finding No. 5

Wilton was afforded the opportunity to respond within 30 days to the division concerning matters contained in the preliminary Report of Targeted Market Conduct Examination pursuant to AS 21.06.150(b). On October 12, 2011, the division received Wilton's response, which agreed with the findings.

Finding No. 6

The director has fully considered and reviewed to the extent that she considered necessary the preliminary Report of Targeted Market Conduct Examination, the written response from Wilton, and any relevant portion of the examiner's work papers.

Finding No. 7

The examination of Wilton was conducted in accordance with applicable Alaska law. The report is a factual account of the findings of the examiners based on tests that determine compliance with Alaska laws and is supported with appropriate documentation.

**CONCLUSIONS OF LAW**

Conclusion No. 1

The examination report was filed with the division and transmitted to Wilton in accordance with AS 21.06.150(b).

Conclusion No. 2

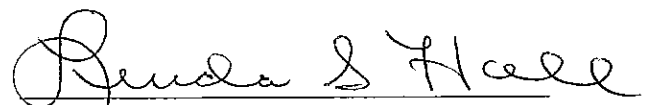
An order should be issued in accordance with AS 21.06.150(b) approving the examination report.

**ORDER**

It is hereby ordered that, under AS 21.06.150(b), the attached Report of Targeted Market Conduct Examination of Wilton Adjustment Service, Inc., dated September 23, 2011, is approved.

This order is effective November 21, 2011.

Dated this 21st day of November 2011, at Anchorage, Alaska.

  
Linda S. Hall  
Director

**STATE OF ALASKA**  
**DEPARTMENT OF COMMERCE**  
**COMMUNITY AND ECONOMIC**  
**DEVELOPMENT**

**DIVISION OF INSURANCE**

**REPORT OF MARKET CONDUCT**

**EXAMINATION**

**OF**

**WILTON ADJUSTMENT SERVICE, INC.**

**ANCHORAGE, ALASKA**

**MCE-P 11-01**



**Submitted by**  
**Joanne S. Bennett**  
**Insurance Specialist**  
**September 23, 2011**

**Table of Contents**

	PAGE
EXECUTIVE SUMMARY .....	ii
SCOPE OF EXAMINATION.....	1
SUBJECT MATTERS EXAMINED .....	2
TIME FRAME.....	2
COMPANY PROFILE .....	2
METHODOLOGY AND SAMPLE .....	2
CLAIMS FILE REVIEW .....	3
SETTLEMENT PROCEDURES .....	4
DOCUMENTATION TEST .....	4
COMMUNICATION TEST .....	5
INVESTIGATION TEST .....	5
CONTRACT REVIEW .....	5
COMMISSIONS AND FEES .....	6
OPERATIONS OTHER THAN ADJUSTMENTERS/ INVESTIGATORS .....	6
COOPERATION .....	6

## Executive Summary

This examination was called to review the operations of Wilton Adjustment Service, Inc. The focus of the examination was:

Independent Claims Adjuster records as described in AS 21.27.870. Files were reviewed for timeliness of file handling, completeness and organization of the files undertaken or consummated and a statement of the fee, commission, or other compensation received or to be received by the adjuster on account of the investigation or adjustment. In all time periods, the files were consistently established for the various types of business reviewed. Changes were noted due to changes from paper tracking to greater use of available computer programs. Timeliness of action on all the files was strongly noted.

The company's compliance operations. The examiners evaluated the compliance of the operations as described in AS 21.27.870 as noted above. Operation changes are noted in the report.

As an exempt Third Party Administrator with respect to the operating requirements as described in AS 21.27.650(a)(5). As noted in the response letter from Wilton Adjustment Services, Inc., the firm is not a third party administrator. No evidence was noted in the files reviewed or in the operations observed by the examiners that Wilton Adjustment Service, Inc. had any exposure as an exempt Third Party Administrator.

Linda S. Hall, CPCU

Director, Division of Insurance

Department of Commerce, Community and Economic Development

550 West 7<sup>th</sup> Avenue, Suite 1560

Anchorage, AK 99501-3567

RE: Report of Market Conduct Examination MCE-P 11-01

Wilton Adjustment Services, Inc.

Pursuant to Alaska Statute (AS) 21.06.120-180, the Alaska Division of Insurance performed a targeted market conduct examination of Wilton Adjustment Service, Inc. at the Anchorage office on May 25, 2011 through June 7, 2011. The Examination team consisted of Joanne S. Bennett, CPCU, Examiner-in-Charge (EIC) and Richard Foster, CFE, Financial Examiner of the Alaska Division of Insurance. All of the named examiners are employees of the State of Alaska.

#### WILTON ADJUSTMENT SERVICE, INC.

MCE-P 11 01

#### SCOPE OF EXAMINATION

This examination was called to review the operations of Wilton Adjustment Service, Inc. The focus of the examination was to:

1. **Review records.** Independent Claims Adjuster records as described in AS 21.27.870. Files were reviewed for timeliness of file handling, completeness and organization of the files undertaken or consummated and a statement of the fee, commission, or other compensation received or to be received by the adjuster on account of the investigation or adjustment in accordance with 3 AAC 26.030-110.
2. **Review compliance operations.** The company's compliance operations. The examiners evaluated the compliance of the operations as described in AS 21.27.870 as noted above.
3. **Review potential Third Party Administration operations.** As an exempt Third Party Administrator with respect to the operating requirements as described in AS 21.27.650(a)(5).

## **SUBJECT MATTERS EXAMINED**

The focus of this Market Conduct Examination was to review operation procedures before and after the July 1, 2010 change of ownership of Wilton Adjustment Service, Inc. The examiners reviewed numerous adjustment and investigation files as well as learning about the operation procedures within the office. The procedures and controls were reviewed for compliance with the Alaska Statutes and Regulations.

## **TIME FRAME**

The examination period covered procedures from April 1, 2010 to July 1, 2010, and July 1, 2010 to May 1, 2011. Specific evaluation periods were then selected to contain similar data comparing April 1, 2010 through June 30, 2010 to the period of July 1, 2010 through September 30, 2010. The month of February 2011 was reviewed for consistency in procedures and documentation.

## **COMPANY PROFILE**

Wilton Adjustment Service, Inc. adjusts property, workers compensation, health and benefits, general liability and automobile claims per agreements with companies, self-insured entities and the state of Alaska. Investigations related to insurance abuse or criminal violations are also completed. Wilton Adjustment Service, Inc. operates from an office in Anchorage, Alaska. The Fairbanks personnel work primarily from home. The Fairbanks personnel perform the claims adjustments and investigations to address the needs of interior and northern Alaska. The management structure is headed by the owners McKenna Wentworth in Anchorage and Brian Bell in Fairbanks.

The offices are organized within the areas of adjusters and claims assistants, and investigators. The offices have an accounting manager and necessary support staff.

Wilton Adjustment Service, Inc. was owned by Tom Wilton until July 1, 2010 when the operations were sold to McKenna Wentworth and Brian Bell. In January, 2011, the Fairbanks office was closed. Fairbanks adjusters/ investigators now work from offices within their homes.

The adjusters were consistent with the approaches to the claims handling. The response time to most of the claims was excellent by meeting or exceeding statute standards for contact time, meeting clients at convenient locations and completeness of information to assist with the claim or investigation. The staff was well trained in approach to claims handling. Communication skills were well presented in documentation of the files.

## **METHODOLOGY AND SAMPLE**

The examination was initiated by meeting with McKenna Wentworth, owner/ manager, Joanne Pride, compliance officer, and Danielle Brown, accounting manager, to review claims handling

procedures as well as basic operation procedures. The staff was made available to answer any questions that may arise during the examination. Current contracts with Wilton Adjustment Service, Inc. were reviewed.

Wilton Adjustment Service, Inc. provided a list of the claims and investigations that were received or active claims files from April 1, 2010 to February 28, 2011. The data of initially 2993 files was edited into three designated time periods: April 1, 2010 to June 30, 2010, July 1, 2010 to September 30, 2010, and February 2011. For the examination, the documents were separated into claims documents and investigation documents. The number of documents for each group determined the statistically credible number of documents needed. The list of documents for review was forwarded to Wilton Adjustment Service, Inc. for preparation of the examination. Time was permitted to receive files from Fairbanks. The Anchorage location was the main facility for the examination.

All files reviewed were in paper format. Wilton has specific contractual agreements with various adjusting firms that have their own proprietary programs. Proprietary access to the various claims handling programs could not be shared.

The examiners reviewed 93 files for the period of April 1, 2010 to June 30, 2010; 113 files for the period of July 1, 2010 to September 30, 2010; and 34 files for February 2011. The files encompassed automobile, general liability, group health, property, workers compensation claims, and investigations.

No Verification Memoranda were issued during the review. One document was requested and received on September 19, 2011. The fieldwork phase of the examination was closed on September 20, 2011.

### **CLAIMS FILE REVIEW**

Wilton Adjustment Service, Inc. (Wilton) uses proprietary software for receiving and responding to many of the claims they handled. Many of the first party claims require photographs and appraisals. The paper files were consistently set up for easy review to determine the response times provided, contact methods, action required for the claim as requested by the insurance company or outside adjusting firms, and Wilton's response. Files were concise, clear and properly documented. The file set up carried through the workers compensation and the health claims files.

The health claims files for a self-insured client reflect the ongoing files for all medical bills submitted for payment. Initial contact for each employee of the client was established at the beginning of the agreement. The files reflect the submission of medical and dental procedures and are noted for the agreed payments for the services. The services are tracked during the week, and Wilton submits the list of payments to the client's office for approval. Once approval from the client is received by Wilton, the checks are printed in Wilton's office and mailed to the health



providers. A confirmation list of payments verifying the associated employee, provider and check number is submitted back to the client's office before the mailing is completed from Wilton's office. All checks issued in this program are in the name of the client and all checks are reconciled by the client. In the first six-months of this program, many of the documents were manually entered and processed. A specific computer program was purchased by Wilton to accommodate this client. The program reduced any backlog of documents, increased productivity and accuracy. Several files were noted as receiving overpayment checks from the providers. The checks were photocopied as documents for the file, but endorsed with specific payment to the client.

Wilton Adjustment Service, Inc. has a specific contract to service claims for a self-insured client. The client's business is quite broad in scope and the expertise that Wilton Adjustment Service, Inc. brings to the client is most helpful. Wilton employees receive the notice of an incident and promptly begin investigating. The promptness of their work assists with reasonable closures of the claim files. Wilton Adjustment Service, Inc. does have check-writing authority based on pre-approval of the amounts. The client reconciles the statements.

Workers compensation claim files had the initial contact from the insurer or client, letter to the claimant, various medical bills submitted as well as documentation of ongoing communication with the company as to the progress on the claim. The team handling the workers compensation claims are knowledgeable and thorough in their work.

Third-party liability claims were addressed under the general liability and automobile liability coverages. Timeliness, completeness of documents and communications made the review of the files quite reasonable. Wilton provided clients with sufficient information that was more in the nature of the investigations documenting the accident.

### **SETTLEMENT PROCEDURES**

For most of the clients, the events of the claims are conveyed to the clients who then issue payment per the terms of the insurance policies. For three clients, checks are issued by the Wilton office on check stock of the client. Payment by the Wilton office is only permitted after authorization by the client. The check, on the client's check stock, is issued accordingly with documentation of the check number and amount sent to the client/ provider. The clients reconcile the checks. Timeliness was noted on the payments, but the decision is not Wilton's; payment is authorized by the client.

### **DOCUMENTATION TEST**

Alaska Regulation 3 AAC 26.030 require that all files examined, contain notes, papers and documents, and similar material be in sufficient detail so that relevant events and dates of those events and persons participating in those events can be identified. The examiners found the files well documented. The examiners determined that Wilton is in compliance with 3 AAC 26.030.

## COMMUNICATION TEST

Alaska Regulation 3 AAC 26.040 (a) and (b) require that claimant be contacted within 10 working days after notification of the claim from the client acknowledging the claimant, the person handling the claim including the person's name, address, phone number, the firm name and file number. The files were properly documented and timely. The two cases noted as poor timing indicated computer challenges from the company side to convey the information to Wilton. The examiners determined that Wilton is in compliance with 3 AAC 26.040(a) and (b).

## INVESTIGATION TEST

Alaska Regulation 3 AAC 26.050 requires prompt investigation and communication of findings. Wilton Adjustment Service, Inc. excels in this area. Reports were well presented, documented with drawings and photographs as needed. Reports exhibited experience with appraisals and appraisal software for thorough reports. Timeliness was a strong point in this evaluation. Wilton did note that not all of their files do meet the clients' targets for compliance as determined by the contracts with Wilton. Wilton has goals to meet the contractually determined requirements for investigations and adjustment reports. The contractual requirements for the companies meet or exceed the Alaska statute requirements. Periodic evaluation of procedures and reporting software to meet the contractual obligations and Alaska statutes is recommended.

### **Recommendation #1**

**The examiners recommend that Wilton continue to evaluate the procedures and controls to assure that employees consistently follow the time frames and notice requirements as required by Alaska Regulations 3 AAC 26.010- 3 AAC 26.300, "Unfair Claims Settlement Acts or Practices."**

The examiners suggest that the plan of regular evaluation be presented by Wilton to the Division of Insurance within eight weeks after the adoption of this report.

## CONTRACT REVIEW

The initial phase of the procedure review included a review of current contracts. All current contracts appear to have been developed by the clients and are descriptive of adjustment requirements and general expectations with inclusion of software use, and compensation for work completed by Wilton.

### **Recommendation #2**

**The examiners recommend that Wilton secure a written contract with all clients who are self-insured. The contract should be sufficiently detailed as to the adjustment operations, manpower, software and compensation requirements for both parties to understand.**

**Agreements should be reviewed periodically to adjust for changes in the industry and economy.**

The examiners suggest that Wilton affirm to the Division of Insurance within eight week after the adoption of this report that a plan for contractual development, as needed for new clients, and review of current contracts is established.

### **COMMISSIONS AND FEES**

Commissions and fees are generally established by the contracts that were reviewed. The contracts detail agreed operations, time-frames for work, particular software if required. Compensation is agreed upon. Wilton does have an established fee table for work not subject to specific contracts. The fee schedule was reviewed.

### **OPERATIONS OTHER THAN ADJUSTERS/ INVESTIGATORS**

Discussion with Wilton Adjustment Service, Inc. personnel turned to the potential operation as an exempt Third Party Administrator with respect to the operating requirements as described in AS 21.27.650(a)(5). Both the conversation and a response letter from Wilton Adjustment Services, Inc. confirmed that the firm does not operate as a third party administrator. AS 21.27.650(a)(5) requires a contract with an insurer. The client is a self-insured program that is providing medical and dental benefits to its employees.

### **COOPERATION**

During all phases of the examination Wilton exhibited a cooperative and positive attitude. All questions and requests for information were responded to in a timely and professional manner.

Submitted by:

Joanne S. Bennett

Examiner-in-Charge

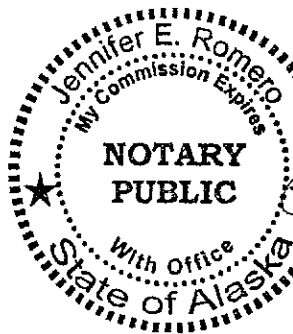
**REPORT ON MARKET CONDUCT EXAMINATION CERTIFICATION**

State of Alaska            )  
  ) ss.  
Third Judicial District)

Joanne S. Bennett, being duly sworn, deposes and says that the foregoing report submitted by her is true to the best of her knowledge and belief.

Joanne S Bennett  
Joanne S. Bennett  
Examiner-in-charge

SUBSCRIBED and SWORN to before me this 23<sup>rd</sup> day of September, 2011.

 Jennifer E. Romero  
Notary Public in and for Alaska  
My Commission Expires With Office

**AFFIDAVIT OF RECEIPT AND REVIEW**

Under AS 21.06.150 (b), the following market conduct examination report has been accepted and approved by the Director of Insurance and all related orders have been attached:

Examinee: Wilton Adjustment Service, Inc.  
Report dated: September 23, 2011  
Report approved: November 21, 2011

I hereby state under oath that I have received and reviewed a copy of the approved report and related order.



Tom Wilton  
President of Wilton Adjustment Service, Inc.  
\* prior to July 1, 2010 \*

  
Signature

SUBSCRIBED AND SWORN TO before me this 30 day of November, 2011.  
(month)



Notary Public in and for the  
State of Alaska

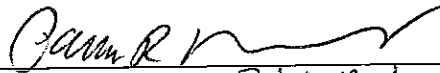
My commission expires: 11/21/2012


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Report dated: September 23, 2011  
Report approved: November 21, 2011

I hereby state under oath that I have received and reviewed a copy of the approved report and related order.

  
~~James Brian Bell~~ Pablo Rodriguez, Secretary  
~~Director, Vice President~~ of Wilton Adjustment Service, Inc.

  
Signature

SUBSCRIBED AND SWORN TO before me this 21 day of Dec, 2011.  
(month)



Notary Public in and for the State of Alaska

My commission expires: 11/21/2012

**AFFIDAVIT OF RECEIPT AND REVIEW**

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Examinee: Wilton Adjustment Service, Inc.  
Report dated: September 23, 2011  
Report approved: November 21, 2011

I hereby state under oath that I have received and reviewed a copy of the approved report and related order.

McKenna Wentworth

McKenna J. Wentworth *President*  
Director, Treasurer, *Secretary* of Wilton  
Adjustment Service, Inc.

Sandra Quiñones

Signature

SUBSCRIBED AND SWORN TO before me this 30 day of November, 2011.  
(month)



Notary Public in and for the  
State of Alaska

My commission expires: 11/21/2012