



# Illinois Department of Insurance

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JB Pritzker  
Governor

Dana Popish Severinghaus  
Director

June 22, 2022

Mr. Richard E. Long, President  
American Freedom Insurance Company  
1699 Wall Street, Suite 600  
Mt. Prospect, IL. 60056

**Re: American Freedom Insurance Company, NAIC 10864**  
***Market Conduct Examination Verified Report***

Dear Mr. Long,

A Market Conduct Examination of your company was conducted by an authorized examiner designated by the Director of the Illinois Department of Insurance (“Department”) pursuant to Illinois Insurance Code (“Code”) Sections 132, 132.5(f), 404(1)(a) and 404(1)(c). This examination covered the period of January 1, 2019, through March 31, 2022. Enclosed with this letter is a copy of the verified examination report.

The examination report is a public document under the Freedom of Information Act (“FOIA”) [5 ILCS 140/1 *et seq.*] and will be posted on the Department’s website. To the extent that the examination report contains information that your Company deems private, personal, or trade secret pursuant to Sections 7(1)(b), (c), or (g) of FOIA [5 ILCS 140/7(b), (c), and (g)], your Company may request that the Department redact such information from the report prior to making it public. In making a request for confidentiality, your Company must provide a factual basis for its assertion of confidentiality. The Department will consider the request and determine whether such information is exempt from disclosure under Section 7 of FOIA.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer  
Chief Market Conduct Examiner  
Illinois Department of Insurance  
320 West Washington St., 5th Floor  
Springfield, IL 62767  
Phone: 217-782-1790  
Erica.Weyhenmeyer@Illinois.gov

Company Name: <b>American Freedom Insurance Company</b>	CoCode: 10864	Group Code: 309	
<b>Private Passenger Auto Liability</b>	Accident Annual		
Statewide data (Illinois only) as of 3/31/2022	2019	2020	2021
(2) All expenses other than loss adjustment expenses, excluding amounts from item 5 below	9,168,097	7,816,080	6,911,111
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	24,268,831	23,506,590	20,717,248
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	0	259,328	0
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense	0	0	0
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses	13,737,207	13,313,371	12,386,384
(7) Net Ultimate Adjusting & Other	2,873,891	2,776,258	2,558,636
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)	2,018	1,455	1,322
(9) Open Claim Counts	298	466	897
Post-refund combined ratio (6+7+2+5)/(3-4)	106.2%	102.8%	105.5%
Pre-refund combined ratio (6+7+2)/(3)	106.2%	101.7%	105.5%
Claims severity (6)/(8)	6,806	9,153	9,369

Notes:

Data from row (1) will be made available on an all company weighted average frequency basis. Data will not be publicly released on an individual company basis.

All data provided in rows (2)-(9) will be considered public.

"Net" refers to net of reinsurance and salvage & subrogation.

Claim counts should be reported net of quota share reinsurance.

Company Name: <b>American Freedom Insurance Company</b>	CoCode: 10864	Group Code: 309	
<b>Private Passenger Auto Physical Damage</b>	Accident Annual		
Statewide data (Illinois only) as of 3/31/2022	2019	2020	2021
(2) All expenses other than loss adjustment expenses, excluding amounts from item 5 below	5,420,458	5,173,022	5,436,911
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	12,450,590	12,383,043	12,492,422
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	0	248,191	0
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense	0	0	0
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses	3,847,207	3,748,055	5,333,313
(7) Net Ultimate Adjusting & Other	1,134,854	1,109,051	1,309,932
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)	1,590	1,401	1,603
(9) Open Claim Counts	5	20	270
Post-refund combined ratio (6+7+2+5)/(3-4)	83.6%	82.7%	96.7%
Pre-refund combined ratio (6+7+2)/(3)	83.6%	81.0%	96.7%
Claims severity (6)/(8)	2,420	2,675	3,327

Notes:

Data from row (1) will be made available on an all company weighted average frequency basis. Data will not be publicly released on an individual company basis.

All data provided in rows (2)-(9) will be considered public.

"Net" refers to net of reinsurance and salvage & subrogation.

Claim counts should be reported net of quota share reinsurance.