



Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Director

June 23, 2022

Mr. Joseph J. Richardson Jr., President
Auto Club Insurance Group
1 Auto Club Drive
Dearborn, MI. 48126

**Re: Auto Club Insurance Association, NAIC 21202
MemberSelect Insurance Company, NAIC 21229
Market Conduct Examination Verified Report**

Dear Mr. Richardson,

A Market Conduct Examination of your companies 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: Auto Club Insurance Association	Co Code: 21202		Group Code: 55									
Private Passenger Auto Liability	Accident Quarter											
Statewide data (Illinois only) as of 12/31/2021	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Q1 - 2020	Q2 - 2020	Q3 - 2020	Q4 - 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
(2) All expenses other than loss adjustment expenses, excluding amounts from item 5 below				15,545,506				15,861,460				15,408,426
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend				41,949,920				42,201,502				39,393,507
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium								1,440,069				
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense												
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses				33,880,825				25,404,756				32,808,090
(7) Net Ultimate Adjusting & Other				2,450,418				2,073,139				2,381,901
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)				4,408				2,812				3,133
(9) Open Claim Counts				103				182				1,004
Post-refund combined ratio (6+7+2+5)/(3-4)				123.7%				106.3%				128.4%
Pre-refund combined ratio (6+7+2)/(3)				123.7%				102.7%				128.4%
Claims severity (6)/(8)				7,686.75				9,035.69				10,473.22

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: Auto Club Insurance Association	Co Code: 21202		Group Code: 55									
Private Passenger Auto Physical Damage	Accident Quarter											
Statewide data (Illinois only) as of 12/31/2021	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Q1 - 2020	Q2 - 2020	Q3 - 2020	Q4 - 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
(2) All expenses other than loss adjustment expenses, excluding amounts from item 5 below				13,305,572				13,633,329				13,665,065
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend				35,402,004				36,079,494				34,692,369
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium								1,211,129				
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense												
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses				28,679,719				24,604,096				28,325,822
(7) Net Ultimate Adjusting & Other				2,095,988				1,805,060				1,855,682
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)				10,144				7,663				8,380
(9) Open Claim Counts				0				4				664
Post-refund combined ratio (6+7+2+5)/(3-4)				124.5%				114.8%				126.4%
Pre-refund combined ratio (6+7+2)/(3)				124.5%				111.0%				126.4%
Claims severity (6)/(8)				2,827.15				3,210.69				3,380.27

Notes:

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

Claim Counts should be reported net of quota share reinsurance.

Company Name: MemberSelect Insurance Company	Co Code: 21229			Group Code: 0055								
Private Passenger Auto Liability	Accident Quarter											
Statewide data (Illinois only) as of 12/31/2021	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Q1 - 2020	Q2 - 2020	Q3 - 2020	Q4 - 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
(2) All expenses other than loss adjustment expenses, excluding amounts from item 5 below				2,873,340				2,496,711				2,141,034
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend				8,007,077				6,940,521				5,714,664
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium								236,765				
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense												
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses				6,116,615				4,011,481				4,625,497
(7) Net Ultimate Adjusting & Other				227,080				192,118				220,731
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)				841				462				454
(9) Open Claim Counts				20				30				146
Post-refund combined ratio (6+7+2+5)/(3-4)				115.1%				99.9%				122.3%
Pre-refund combined ratio (6+7+2)/(3)				115.1%				96.5%				122.3%
Claims severity (6)/(8)				7,270.38				8,675.35				10,178.68

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: MemberSelect Insurance Company	Co Code: 21229			Group Code: 0055								
Private Passenger Auto Physical Damage	Accident Quarter											
Statewide data (Illinois only) as of 12/31/2021	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Q1 - 2020	Q2 - 2020	Q3 - 2020	Q4 - 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
(2) All expenses other than loss adjustment expenses, excluding amounts from item 5 below				2,023,428				1,789,028				1,603,164
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend				5,624,171				4,900,378				4,236,278
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium								164,904				
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense												
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses				4,549,461				3,334,716				3,455,448
(7) Net Ultimate Adjusting & Other				183,638				158,148				162,584
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)				1,612				1,041				1,023
(9) Open Claim Counts				0				0				81
Post-refund combined ratio (6+7+2+5)/(3-4)				120.1%				111.5%				123.2%
Pre-refund combined ratio (6+7+2)/(3)				120.1%				107.8%				123.2%
Claims severity (6)/(8)				2,822.95				3,203.91				3,376.94

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.