



Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Director

June 22, 2022

Mr. Michael J. Alexander, President
Direct Auto Insurance Company
1101 1st Avenue North
Fargo, ND. 58102

Re: Direct Auto Insurance Company, NAIC 12721
Market Conduct Examination Verified Report

Dear Mr. Alexander,

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,

A handwritten signature in blue ink that reads "Erica Weyhenmeyer".

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: Direct Auto Insurance Company	CoCode: 12721	Group Code: 3500										
Private Passenger Auto Liability	Accident Quarter											
Statewide data (Illinois only) as of 3/31/2022	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	2,929,671	2,353,958	2,445,474	2,570,905	2,609,089	2,726,275	2,529,270	2,810,082	3,188,038	3,741,205	3,163,664	2,990,697
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	6,668,842	6,710,475	6,675,978	6,466,746	6,434,871	6,349,972	6,575,438	6,619,414	6,712,471	7,588,519	7,831,493	7,860,836
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	0	0	0	0	0	0	0	0	0	0	0	0
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense	0	0	0	0	0	0	0	0	0	0	0	0
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses	649,435	5,440,559	1,977,605	3,817,686	7,003,846	177,372	2,237,582	3,644,588	3,979,810	1,635,694	3,255,623	3,500,817
(7) Net Ultimate Adjusting & Other	216,637	369,733	-507,657	654,569	185,329	302,735	185,397	-202,900	1,499,573	1,598,546	1,641,919	1,612,000
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)												
(9) Open Claim Counts												
Post-refund combined ratio (6+7+2+5)/(3-4)	56.9%	121.7%	58.6%	108.9%	152.3%	50.5%	75.3%	94.4%	129.1%	91.9%	102.9%	103.1%
Pre-refund combined ratio (6+7+2)/(3)	56.9%	121.7%	58.6%	108.9%	152.3%	50.5%	75.3%	94.4%	129.1%	91.9%	102.9%	103.1%
Claims severity (6)/(8)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

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: Direct Auto Insurance Company	CoCode: 12721	Group Code: 3500										
Private Passenger Auto Physical Damage	Accident Quarter											
Statewide data (Illinois only) as of 3/31/2022	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	1,915,425	1,502,596	1,628,034	1,670,744	1,653,833	1,839,725	1,665,255	1,740,502	1,940,890	2,277,660	1,926,051	1,820,748
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	4,159,199	4,370,327	4,371,094	4,286,631	4,127,731	4,138,187	4,384,580	4,298,794	4,266,874	4,812,355	4,861,534	4,720,125
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	0	0	0	0	0	0	0	0	0	0	0	0
(5) The Amount of any COVID-19 Related Credit/Refund/Dividend accounted for as expense	0	0	0	0	0	0	0	0	0	0	0	0
(6) Net Ultimate Incurred Losses and Defense and Cost Containment Expenses	2,188,176	1,973,754	2,315,641	-388,036.17	3,185,720	1,105,479	2,491,657.27	1,775,797	2,789,574	2,733,777	3,417,847	2,669,483
(7) Net Ultimate Adjusting & Other	17,446	18,025	2,774	176,825	46,332	69,434	54,099	44,025	35,682	38,037	39,069	52,000
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)												
(9) Open Claim Counts												
Post-refund combined ratio (6+7+2+5)/(3-4)	99.1%	80.0%	90.3%	34.0%	118.4%	72.8%	96.0%	82.8%	111.7%	104.9%	110.7%	96.2%
Pre-refund combined ratio (6+7+2)/(3)	99.1%	80.0%	90.3%	34.0%	118.4%	72.8%	96.0%	82.8%	111.7%	104.9%	110.7%	96.2%
Claims severity (6)/(8)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Notes:

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Claim counts should be reported net of quota share reinsurance.