



# Illinois Department of Insurance

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JB Pritzker  
Governor

Dana Popish Severinghaus  
Director

June 23, 2022

Mr. Michael J. Rosenstein, President  
Warrior Invictus Holding Group  
6640 South Cicero Avenue  
Bedford Park, IL. 60638

**Re: First Chicago Insurance Company, NAIC 13587  
United Security Health & Casualty Insurance Company, NAIC 81108  
Market Conduct Examination Verified Report**

Dear Mr. Rosenstein,

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: <b>First Chicago Insurance Company</b>	CoCode:	<b>13587</b>	Group Code:	<b>4727</b>								
<b>Private Passenger Auto Liability</b>	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	782,950	561,643	607,035	774,695	775,799	664,072	751,273	692,980	772,672	573,391	598,253	549,724
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	\$ 1,984,857	\$ 2,190,745	\$ 2,180,098	\$ 2,206,638	\$ 2,220,932	\$ 2,184,837	\$ 2,237,672	\$ 2,115,842	\$ 2,211,935	\$ 2,356,882	\$ 2,206,068	\$ 2,047,191
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(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	\$ 1,348,013	\$ 1,434,821	\$ 1,271,163	\$ 1,415,329	\$ 1,275,824	\$ 895,608	\$ 1,342,712	\$ 1,061,602	\$ 1,357,904	\$ 1,339,690	\$ 1,263,563	\$ 798,693
(7) Net Ultimate Adjusting & Other	\$ 260,167	\$ 276,920	\$ 245,334	\$ 273,158	\$ 246,234	\$ 172,852	\$ 259,143	\$ 204,889	\$ 262,075	\$ 258,560	\$ 243,868	\$ 154,148
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)	246	246	251	248	196	144	206	155	193	186	186	136
(9) Open Claim Counts	17	24	20	22	33	25	58	34	59	79	88	87
Post-refund combined ratio (6+7+2+5)/(3-4)	120.5%	103.8%	97.4%	111.6%	103.5%	79.3%	105.2%	92.6%	108.2%	92.1%	95.4%	73.4%
Pre-refund combined ratio (6+7+2)/(3)	120.5%	103.8%	97.4%	111.6%	103.5%	79.3%	105.2%	92.6%	108.2%	92.1%	95.4%	73.4%
Claims severity (6)/(8)	5,481	5,834	5,062	5,714	6,501	6,234	6,522	6,846	7,053	7,214	6,804	5,867

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.

Development factors used in row (6) are annual factors from our latest reserve review at 12/31/2021, which are based on historical data. Development for newer quarters may be understated due to applying LDFs to a different data evaluation period.

Increasing severity of car repair labor and parts costs also are expected to contribute to understated development in the most recent quarters.

Company Name: <b>First Chicago Insurance Company</b>	CoCode:	<b>13587</b>	Group Code:	<b>4727</b>								
<b>Private Passenger Auto Physical Damage</b>	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	666,957	478,437	517,104	659,925	561,786	480,880	544,025	501,813	582,893	432,558	451,314	414,704
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	\$ 1,634,859	\$ 1,846,302	\$ 1,841,063	\$ 1,849,046	\$ 1,815,050	\$ 1,680,140	\$ 1,660,854	\$ 1,536,607	\$ 1,626,014	\$ 1,754,688	\$ 1,647,885	\$ 1,514,595
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(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	\$ 1,067,642	\$ 1,172,741	\$ 1,217,277	\$ 1,146,449	\$ 1,074,023	\$ 861,574	\$ 1,137,767	\$ 791,319	\$ 1,056,168	\$ 1,257,589	\$ 999,507	\$ 961,933
(7) Net Ultimate Adjusting & Other	\$ 11,744	\$ 12,900	\$ 13,390	\$ 12,611	\$ 11,814	\$ 9,477	\$ 12,515	\$ 8,705	\$ 11,618	\$ 13,833	\$ 10,995	\$ 10,581
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)	333	349	342	346	305	269	318	252	296	304	247	236
(9) Open Claim Counts	11	19	13	14	20	24	32	21	16	28	30	49
Post-refund combined ratio (6+7+2+5)/(3-4)	106.8%	90.1%	94.9%	98.4%	90.8%	80.5%	102.0%	84.7%	101.5%	97.1%	88.7%	91.6%
Pre-refund combined ratio (6+7+2)/(3)	106.8%	90.1%	94.9%	98.4%	90.8%	80.5%	102.0%	84.7%	101.5%	97.1%	88.7%	91.6%
Claims severity (6)/(8)	3,207	3,356	3,563	3,314	3,523	3,206	3,577	3,140	3,566	4,134	4,047	4,077

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.

Development factors used in row (6) are annual factors from our latest reserve review at 12/31/2021, which are based on historical data. Development for newer quarters may be understated due to applying LDFs to a different data evaluation period.

Increasing severity of car repair labor and parts costs also are expected to contribute to understated development in the most recent quarters.

Company Name: UNITED SECURITY HEALTH AND CASUALTY INSURANCE COMPANY	CoCode:	81108	Group Code:	4727								
<b>Private Passenger Auto Liability</b>	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	23,178	29,626	31,628	25,092	29,601	34,774	32,726	30,420	33,289	29,582	28,324	20,106
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	\$ 95,487	\$ 120,665	\$ 127,771	\$ 116,060	\$ 112,146	\$ 107,752	\$ 105,757	\$ 104,989	\$ 105,678	\$ 105,582	\$ 101,058	\$ 95,232
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(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	\$ 23,443	\$ 109,741	\$ 107,355	\$ 94,942	\$ 86,935	\$ 112,716	\$ 103,942	\$ 52,946	\$ 61,605	\$ 65,632	\$ 63,299	\$ 40,355
(7) Net Ultimate Adjusting & Other	\$ 4,524	\$ 21,180	\$ 20,719	\$ 18,324	\$ 16,778	\$ 21,754	\$ 20,061	\$ 10,219	\$ 11,890	\$ 12,667	\$ 12,217	\$ 7,789
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)	12	17	22	19	13	7	10	9	10	6	11	8
(9) Open Claim Counts	0	2	2	1	1	1	3	3	1	3	3	6
Post-refund combined ratio (6+7+2+5)/(3-4)	53.6%	133.1%	125.0%	119.2%	118.9%	157.1%	148.2%	89.1%	101.0%	102.2%	102.8%	71.7%
Pre-refund combined ratio (6+7+2)/(3)	53.6%	133.1%	125.0%	119.2%	118.9%	157.1%	148.2%	89.1%	101.0%	102.2%	102.8%	71.7%
Claims severity (6)/(8)	1,944	6,371	4,986	5,011	6,728	16,357	10,056	6,147	6,453	11,457	6,027	5,284

Notes:

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Claim counts should be reported net of quota share reinsurance.

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Increasing severity of car repair labor and parts costs also are expected to contribute to understated development in the most recent quarters.

Company Name: UNITED SECURITY HEALTH AND CASUALTY INSURANCE COMPANY	CoCode:	81108	Group Code:	4727								
<b>Private Passenger Auto Physical Damage</b>	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	13,037	16,665	17,791	14,114	16,651	19,560	18,408	17,111	20,403	18,131	17,360	12,323
(3) Net Earned Premium Before Application of any COVID-19 Related Premium Credit/Refund/Dividend	\$ 54,685	\$ 63,272	\$ 79,283	\$ 68,802	\$ 63,838	\$ 59,392	\$ 58,108	\$ 59,872	\$ 64,063	\$ 66,327	\$ 63,896	\$ 59,691
(4) The Amount of any COVID-19 Related Premium Credit/Refund/Dividend accounted for as premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(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	\$ 20,284	\$ 31,169	\$ 58,277	\$ 33,168	\$ 40,052	\$ 49,410	\$ 41,765	\$ 37,791	\$ 51,430	\$ 24,919	\$ 55,905	\$ 46,303
(7) Net Ultimate Adjusting & Other	\$ 223	\$ 343	\$ 641	\$ 365	\$ 441	\$ 544	\$ 459	\$ 416	\$ 566	\$ 274	\$ 615	\$ 509
(8) Ultimate Reported Claim Counts (excluding Claims Closed without Payment)	6	9	13	8	14	10	9	10	9	9	11	4
(9) Open Claim Counts	0	0	0	1	0	0	0	0	0	1	0	3
Post-refund combined ratio (6+7+2+5)/(3-4)	61.3%	76.1%	96.8%	69.3%	89.5%	117.0%	104.3%	92.4%	113.0%	65.3%	115.6%	99.1%
Pre-refund combined ratio (6+7+2)/(3)	61.3%	76.1%	96.8%	69.3%	89.5%	117.0%	104.3%	92.4%	113.0%	65.3%	115.6%	99.1%
Claims severity (6)/(8)	3,364	3,290	4,511	4,279	2,906	4,780	4,849	3,656	5,985	2,900	4,880	12,125

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