



Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Director

VIA ELECTRONIC MAIL

February 21, 2023

Mr. Sean Kennedy, President
c/o Jeff Wilson
IMT Insurance Company
7825 Mills Civic Parkway
West Des Moines, IA. 50266

Re: IMT Insurance Company, NAIC 14257
Wadena Insurance Company, NAIC 12528
Market Conduct Examination Report Closing Letter

Dear Mr. Kennedy:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer
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Illinois Department of Insurance
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ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION

WADENA INSURANCE COMPANY
IMT INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

Date of Examination: August 2, 2021, to August 31, 2022

Examination of: Wadena Insurance Company (NAIC #12528)
IMT Insurance Company (NAIC #14257)

Location of Examination: 7825 Mills Civic Parkway
West Des Moines, IA 50266

Period Covered by Examination: June 1, 2020, through May 31, 2021
(Complaints were reviewed for the period
December 1, 2019, through May 31, 2021)

Examiners: Craig Leonard, CIE, CPCU, CCP, FLMI, ARC, AIAF, ARM, MCM
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I. SUMMARY

A comprehensive market conduct examination of Wadena Insurance Company (NAIC #12528) and IMT Insurance Company (NAIC #14257), (herein referred to as “Companies”) was performed to determine compliance with Illinois Statutes and the Illinois Administrative Code.

The lines of business under review included Private Passenger Automobile (“PPA”), Motorcycle (“MC”), Homeowners (“HO”), Dwelling Fire (“DF”), Mobile Home (“MH”), Commercial Multiple Peril (“CMP”), Commercial Automobile (“CA”), and Workers’ Compensation (“WC”) coverages.

The following represents general findings from issued criticisms; however, specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
1	215 ILCS 5/143.25a	Underwriting and Rating – Private Passenger Auto Renewals: failed to notify individuals of availability of higher deductibles.	D.2	116	9	7.80%
2	50 Ill. Adm. Code 754.10	Underwriting and Rating – Mobile Home Renewals: failed to apply the correct Public Protection Classification code.	D.9	18	11	61.11 %
3	215 ILCS 5/805.1(a)	Underwriting and Rating – Homeowners Renewals: failed to provide signed mine subsidence waivers.	D.6	116	5	4.30%
4	50 Ill. Adm. Code 754.10	Underwriting and Rating – Homeowners Renewals: failed to apply the correct Public Protection Classification code.	D.6	116	1	0.86 %
5	215 ILCS 5/805.1(a)	Underwriting and Rating – Dwelling Fire Renewals: failed to provide signed mine subsidence waivers.	D.8	113	5	4.40%
6	50 Ill. Adm. Code 754.10	Underwriting and Rating – Dwelling Fire Renewals: failed to apply the correct Public Protection Classification code.	D.8	113	45	39.80%
7	215 ILCS 5/143.15	Risk Selection – Private Passenger Auto Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation.	C.2	114	12	10.50%
8	215 ILCS 5/143.15	Risk Selection – Private Passenger Auto Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.2	114	24	21.10%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
9	215 ILCS 5/143.20	Risk Selection – Private Passenger Auto Cancellations greater than 60 days: failed to provide notice of possible eligibility with the Illinois Automobile Insurance Plan.	C.2	114	89	78.10%
10	215 ILCS 5/143.14	Risk Selection – Private Passenger Auto Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.2	114	114	100.00%
11	215 ILCS 5/143.23	Risk Selection – Private Passenger Auto Cancellations greater than 60 days: failed to advise the insured of the right to appeal.	C.2	114	89	78.10%
12	215 ILCS 5/143.15	Risk Selection – Private Passenger Auto Cancellations less than 60 days: failed to provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation.	C.1	9	1	11.10%
13	215 ILCS 5/143.15	Risk Selection – Private Passenger Auto Cancellations less than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.1	9	1	11.10%
14	215 ILCS 5/143.20	Risk Selection – Private Passenger Auto Cancellations less than 60 days: failed to provide notice of possible eligibility with the Illinois Automobile Insurance Plan.	C.1	9	5	55.60%
15	215 ILCS 5/143.14	Risk Selection – Private Passenger Auto Cancellations less than 60 days: failed to provide proof of mailing to the policyholder.	C.1	9	7	77.80%
16	215 ILCS 5/143.23	Risk Selection – Private Passenger Auto Cancellations less than 60 days: failed to advise the insured of the right to appeal.	C.1	9	5	55.60%
17	215 ILCS 5/141.01	Risk Selection – Private Passenger Auto Nonrenewals: refused to renew the policy due to the cancellation of the agent's contract.	C.3	79	69	87.30%
18	215 ILCS 5/143.15	Risk Selection – Motorcycle Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation.	C.5	84	1	1.20%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
19	215 ILCS 5/143.15	Risk Selection – Motorcycle Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.5	84	12	14.30%
20	215 ILCS 5/143.14	Risk Selection – Motorcycle Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.5	84	81	96.40%
21	215 ILCS 5/143.15	Risk Selection – Motorcycle Cancellations less than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.4	2	1	50.00%
22	215 ILCS 5/143.14	Risk Selection – Motorcycle Cancellations less than 60 days: failed to provide proof of mailing to the policyholder.	C.4	2	2	100.00%
23	215 ILCS 5/143.23	Risk Selection – Motorcycle Cancellations greater than 60 days: failed to advise the insured of the right to appeal.	C.5	84	71	84.50%
24	215 ILCS 5/143.23	Risk Selection – Motorcycle Cancellations less than 60 days: failed to advise the insured of the right to appeal.	C.4	2	1	50.00%
25	215 ILCS 5/143.15	Risk Selection – Commercial Auto Cancellations less than 60 days: failed to provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation.	C.17	5	1	20.00%
26	215 ILCS 5/143.15	Risk Selection – Commercial Auto Cancellations less than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.17	5	1	20.00%
27	215 ILCS 5/143.14	Risk Selection – Commercial Auto Cancellations less than 60 days: failed to provide proof of mailing to the policyholder.	C.17	5	4	80.00%
28	215 ILCS 5/143.23	Risk Selection – Commercial Auto Cancellations less than 60 days: failed to advise the insured of the right to appeal.	C.17	5	3	60.00%
29	215 ILCS 5/143.14	Risk Selection – Mobile Home Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.13	4	4	100.00%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
30	215 ILCS 5/143.22	Risk Selection – Mobile Home Cancellations greater than 60 days: failed to notify the insured of eligibility for the FAIR plan.	C.13	4	4	100.00%
31	215 ILCS 5/143.23	Risk Selection – Mobile Home Cancellations greater than 60 days: failed to advise the insured of the right to appeal.	C.13	4	4	100.00%
32	215 ILCS 5/143.14	Risk Selection – Dwelling Fire Cancellations less than 60 days: failed to provide proof of mailing to the policyholder.	C.10	2	1	50.00%
33	215 ILCS 5/143.22	Risk Selection – Dwelling Fire Cancellations less than 60 days: failed to notify the insured of eligibility for the FAIR plan.	C.10	2	1	50.00%
34	215 ILCS 5/143.23	Risk Selection – Dwelling Fire Cancellations less than 60 days: failed to advise the insured of the right to appeal.	C.10	2	1	50.00%
35	215 ILCS 5/143.14	Risk Selection – Commercial Multiple Peril Cancellations less than 60 days: failed to provide proof of mailing to the policyholder.	C.14	4	4	100.00%
36	215 ILCS 5/143.22	Risk Selection – Commercial Multiple Peril Cancellations less than 60 days: failed to notify the insured of eligibility for the FAIR plan.	C.14	4	3	75.00%
37	215 ILCS 5/143.23	Risk Selection – Commercial Multiple Peril Cancellations less than 60 days: failed to advise the insured of the right to appeal.	C.14	4	3	75.00%
38	215 ILCS 5/143.14	Risk Selection – Commercial Auto Nonrenewals: failed to provide proof of mailing to the policyholder.	C.19	17	1	5.90%
39	215 ILCS 5/143.20	Risk Selection – Commercial Auto Nonrenewals: failed to provide notice of possible eligibility with the Illinois Automobile Insurance Plan.	C.19	17	2	11.80%
40	215 ILCS 5/143.20	Risk Selection – Commercial Auto Cancellations less than 60 days: failed to provide notice of possible eligibility with the Illinois Automobile Insurance Plan.	C.17	5	3	60.00%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
41	215 ILCS 5/143.23	Risk Selection – Commercial Auto Nonrenewals: failed to advise the insured of the right to appeal.	C.19	17	2	11.80%
42	215 ILCS 5/132(2)	Risk Selection – Motorcycle Cancellations greater than 60 days: failed to provide a copy of the insured’s request to cancel.	C.5	84	1	1.20%
43	215 ILCS 5/132(2)	Risk Selection – Private Passenger Auto Cancellations greater than 60 days: failed to provide a copy of the insured’s request to cancel.	C.2	114	2	1.80%
44	215 ILCS 5/143.22	Risk Selection – Homeowners Cancellations less than 60 days: failed to notify the insured of eligibility for the FAIR plan.	C.7	16	9	56.30%
45	215 ILCS 5/143.15	Risk Selection – Homeowners Cancellations less than 60 days: failed to provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation.	C.7	16	1	6.30%
46	215 ILCS 5/143.14	Risk Selection – Homeowners Cancellations less than 60 days: failed to provide proof of mailing to the policyholder.	C.7	16	13	81.30%
47	215 ILCS 5/143.23	Risk Selection – Homeowners Cancellations less than 60 days: failed to advise the insured of the right to appeal.	C.7	16	9	56.30%
48	215 ILCS 5/143.15	Risk Selection – Homeowners Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.8	114	16	14.00%
49	215 ILCS 5/143.23	Risk Selection – Dwelling Fire Cancellations greater than 60 days: failed to advise the insured of the right to appeal.	C.11	79	65	82.30%
50	215 ILCS 5/143.22	Risk Selection – Homeowners Cancellations greater than 60 days: failed to notify the insured of eligibility for the FAIR plan.	C.8	114	81	71.10%
51	215 ILCS 5/143.14	Risk Selection – Homeowners Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.8	114	106	93.00%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
52	215 ILCS 5/143.23	Risk Selection – Dwelling Fire Cancellations greater than 60 days: failed to advise the insured of the right to appeal.	C.11	79	65	82.30%
53	215 ILCS 5/143.22	Risk Selection – Dwelling Fire Cancellations greater than 60 days: failed to notify the insured of eligibility for the FAIR plan.	C.11	79	65	82.30%
54	215 ILCS 5/143.15	Risk Selection – Dwelling Fire Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation.	C.11	79	2	2.50%
55	215 ILCS 5/143.14	Risk Selection – Dwelling Fire Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.11	79	71	89.90%
56	215 ILCS 5/143.15	Risk Selection – Dwelling Fire Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.11	79	4	5.10%
57	215 ILCS 5/141.01	Risk Selection – Commercial Auto Nonrenewals: failed to renew the policy due to the cancellation of the agent’s contract.	C.19	17	12	70.60%
58	215 ILCS 5/141.01	Risk Selection – Dwelling Fire Nonrenewals: failed to renew the policy due to the cancellation of the agent’s contract.	C.12	20	12	60.00%
59	215 ILCS 5/141.01	Risk Selection – Motorcycle Nonrenewals: failed to renew the policy due to the cancellation of the agent’s contract.	C.6	30	26	86.70%
60	215 ILCS 5/141.01	Risk Selection – Homeowners Nonrenewals: failed to renew the policy due to the cancellation of the agent’s contract.	C.9	79	70	88.60%
61	215 ILCS 5/143.15	Risk Selection – Dwelling Fire Cancellations greater than 60 days: failed to provide a reason for cancellation.	C.11	79	2	2.50%
64	215 ILCS 5/457(1) and 215 ILCS 5/462b	Underwriting and Rating – Workers’ Compensation New Business: failed to used its own schedule rating plan rules.	D.14	79	2	2.50%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
65	215 ILCS 5/457(1) and 215 ILCS 5/462b	Underwriting and Rating – Workers’ Compensation New Business: failed to retain evidence to support the applied scheduled debits or credits.	D.14	79	18	22.80%
66	215 ILCS 5/457(1) and 215 ILCS 5/462b	Underwriting and Rating – Workers’ Compensation New Business: failed to include a worksheet documenting the basis for the applied credit factor.	D.14	79	1	1.30%
67	215 ILCS 5/133(2)	Underwriting and Rating – Workers’ Compensation New Business: failed to retain the application in the file.	D.14	79	2	2.50%
68	215 ILCS 5/143(2) and 215 ILCS 5/457(1)	Underwriting and Rating – Workers’ Compensation New Business: failed to obtain the applicant’s signature on the application.	D.14	79	1	1.30%
69	215 ILCS 5/143(2) and 215 ILCS 5/457(1)	Underwriting and Rating – Workers’ Compensation New Business: failed to obtain the insured’s signature on the application during the application process.	D.14	79	13	16.50%
70	215 ILCS 5/143(2) and 215 ILCS 5/457(1)	Underwriting and Rating – Workers’ Compensation New Business: failed to obtain the insured’s signature on the application.	D.14	79	1	1.30%
72	215 ILCS 5/457(1) and 215 ILCS 5/462b	Underwriting and Rating – Workers’ Compensation New Business: failed to retain evidence to support applied scheduled debits or credits.	D.14	79	7	8.90%
73	215 ILCS 5/143(2)	Underwriting and Rating – Workers’ Compensation New Business: failed to attach an approved NCCI form to the policy.	D.14	79	9	11.40%
74	215 ILCS 5/143(b)	Claims – Private Passenger Auto Subrogation: failed to timely refund the insured’s share of the deductible.	E.6	48	9	18.80%
75	50 Ill. Adm. Code 919.80(d) (7)(B)	Claims – Commercial Multiple Peril Paid: failed to send a delay letter to the insured.	E.14	76	12	15.80%
76	50 Ill. Adm. Code 919.50(a) (1)	Claims – Commercial Multiple Peril Paid: failed to send an Excess of Loss Letter.	E.14	76	1	1.30%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
77	215 ILCS 5/143d	Complaints – Consumer: failed to maintain a Complaint (Customer Affairs) Department).	A.2	2	N/A	N/A
78	50 Ill. Adm. Code 919.50(a) (1)	Claims – Private Passenger Auto First-Party Paid: took depreciation without explaining why a lesser amount was paid.	E.1	105	2	1.90%
79	50 Ill. Adm. Code 919.80(c)	Claims – Private Passenger Auto First-Party Paid: failed to send the information contained in Exhibit A to the insured.	E.1	105	4	3.80%
80	50 Ill. Adm. Code 919.80b(2)	Claims – Private Passenger Auto First-Party Paid: failed to send a delay letter.	E.1	105	1	1.00%
82	215 ILCS 5143(2)	Underwriting and Rating – Workers’ Compensation New Business: failed to attach an approved NCCI form to the policy.	D.14	79	1	1.30%
83	215 ILCS 5/143(2)	Underwriting and Rating – Workers’ Compensation New Business: failed to list all attached schedules and endorsements.	D.14	79	10	12.70%
84	50 Ill. Adm. Code 919.80(b) (2)	Claims – Private Passenger Auto First-Party Paid: failed to send a delay letter.	E.1	105	1	1.00%
85	50 Ill. Adm. Code 919.80d(7) (B)	Claims – Commercial Multiple Peril Closed Without Payment: delay letter failed to include the Notice of Availability of the Department of Insurance.	E.15	68	1	1.50%
86	50 Ill. Adm. Code 919.80d(7) (B)	Claims – Commercial Multiple Peril Closed Without Payment: failed to send a delay letter.	E.15	68	2	2.90%
87	50 Ill. Adm. Code 919.50(a) (1)	Claims – Commercial Multiple Peril Closed Without Payment: denial letter failed to include the Notice of the Availability of the Department of Insurance.	E.15	68	10	14.70%
88	50 Ill. Adm. Code 919.50(a) (1)	Claims – Commercial Multiple Peril Closed Without Payment: failed to send a denial letter.	E.15	68	1	1.50%
89	215 ILCS 5/457(1)	Underwriting and Rating – Workers’ Compensation Renewals: failed to maintain documentation sufficient to support factor changes.	D.15	113	11	9.70%
90	215 ILCS 5/457(1)	Underwriting and Rating – Workers’ Compensation Renewals: failed to retain evidence to support the applied scheduled debits or credits.	D.15	113	36	31.90%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
91	215 ILCS 5/457(1)	Underwriting and Rating – Workers’ Compensation Renewals: failed to retain evidence to support the applied scheduled debits or credits.	D.15	113	39	34.50%
92	50 Ill. Adm. Code 919.80(d)(7)(B)	Claims – Homeowners Paid: failed to send a delay letter to the insured.	E.9	82	5	6.10%
93	50 Ill. Adm. Code 919.50(a)(1)	Claims – Homeowners Paid: failed to provide an explanation on the basis of the lower offer.	E.9	82	1	1.20%
94	215 ILCS 5/154.6c	Claims – Private Passenger Auto First-Party Closed Without Payment: Companies failed to contact the insured within the required time frame.	E.2	82	2	2.40%
95	50 Ill. Adm. Code 919.80b(2)	Claims – Private Passenger Auto First-Party Closed Without Payment: failed to send a compliant delay letter to the insured.	E.2	82	6	7.30%
96	50 Ill. Adm. Code 919.50(a)(1)	Claims – Private Passenger Auto First-Party Closed Without Payment: failed to send a compliant denial letter to the insured.	E.2	82	3	3.70%
98	50 Ill. Adm. Code 919.50(a)(1)	Claims – Homeowners Closed Without Payment: failed to send denial letters with the Notice of Availability of the Department of Insurance.	E.10	76	14	18.40%
99	50 Ill. Adm. Code 919.80(d)(7)(B)	Claims – Homeowners Closed Without Payment: failed to send a timely delay letter.	E.10	76	3	3.90%
104	215 ILCS 5/457(2)	Underwriting and Rating – Workers’ Compensation Renewals: failed to attach a form to the insured’s policy.	D.15	113	31	27.40%
106	215 ILCS 5/457(2)	Underwriting and Rating – Workers’ Compensation Renewals: failed to attach a form to the insured’s policy.	D.15	113	1	0.90%
114	215 ILCS 5/457(2)	Underwriting and Rating – Workers’ Compensation Renewals: failed to list all required documents on the Information page.	D.15	113	21	18.60%
115	215 ILCS 5/547(2)	Underwriting and Rating – Workers’ Compensation Renewals: failed to apply the correct experience modification factor.	D.15	113	1	0.90%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
116	215 ILCS 5/154.6(d)	Claims – Homeowners Paid: provided a settlement offer less than replacement cost.	E.9	82	1	1.20%
117 and 118	50 Ill. Adm. Code 919.80(c)	Claims – Private Passenger Auto First-Party Total Loss: failed to provide the insured with the information in Exhibit A.	E.3	35	10	28.60%
119	50 Ill. Adm. Code 919.80(c)	Claims – Private Passenger Auto First-Party Total Loss: failed to timely provide the insured with the information contained in Exhibit A.	E.3	35	2	5.70%
120	215 ILCS 5/154.6(b) and 50 Ill. Adm. Code 919.80(c) (2)	Claims – Private Passenger Auto First-Party Total Loss: failed to make payment within seven (7) days and failed to response to the insured’s communication regarding payment amount.	E.3	35	1	2.90%
121	215 ILCS 5/154.6(c)	Claims – Dwelling Fire Closed Without Payment: failed to contact the claimant within the required time frame.	E.12	8	2	25.00%
122	50 Ill. Adm. Code 919.50(a) (1)	Claims – Homeowners Closed Without Payment: failed to send a denial letter.	E.10	76	1	1.30%
125	215 ILCS 5/132(2)	Underwriting and Rating – Workers’ Compensation Renewals: failed to provide evidence to support a payroll assignment.	D.15	113	1	0.90%
127	215 ILCS 5/397.1(a)	Claims – Dwelling Fire Paid: failed to provide notice to the State’s Attorney of the county where the structure incurred a loss by fire or explosion exceeding \$25,000.	E.11	23	1	4.30%
128	50 Ill. Adm. Code 919.80b(3)	Claims – Private Passenger Auto Third-Party Closed Without Payment: failed to provide a written explanation for the delay to the third-party claimant.	E.5	22	1	4.50%
129	50 Ill. Adm. Code 919.80b(3)	Claims – Private Passenger Auto Third-Party Closed Without Payment: failed to include the Notice of Availability of the Department of Insurance with the delay letter.	E.5	22	1	4.50%
130	820 ILCS 305/8.2(d) (3)	Claims – Workers’ Compensation Paid: failed to issue payment within 30 days of receiving a valid bill.	E.18	34	25	73.50%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
132	50 Ill. Adm. Code 919.80(d) (7)(B)	Claims – Dwelling Fire Closed Without Payment: failed to include the Notice of Availability of the Department of Insurance with the delay letter.	E.12	8	1	12.50%
133	50 Ill. Adm. Code 919.80b(3)	Claims – Private Passenger Auto Third-Party Paid: failed to include the Notice of Availability of the Department of Insurance with the delay letter.	E.4	82	5	6.10%
134	50 Ill. Adm. Code 919.80b(3)	Claims – Private Passenger Auto Third-Party Paid: failed to provide a reasonable written explanation of delay and provide Notice of Availability of the Department of Insurance.	E.4	82	5	6.10%
135	50 Ill. Adm. Code 919.50(a) (1)	Claims – Commercial Auto Paid: failed to explain why a lesser amount was paid.	E.16	76	2	2.60%
136	50 Ill. Adm. Code 919.80(b) (2)	Claims – Commercial Auto Paid: failed to send a delay letter to the insured.	E.16	76	4	5.30%
137	50 Ill. Adm. Code 919.80(c)	Claims – Commercial Auto Paid: failed to provide the insured with the Exhibit A information.	E.16	76	3	3.90%
138	215 ILCS 5/133(2)	Claims – Workers’ Compensation Paid: failed to retain evidence to support medical payments.	E.18	34	4	11.80%
140	215 ILCS 5/154.6(n)	Claims – Workers’ Compensation Closed Without Payment: failed to provide written notification explaining the basis for denial.	E.19	18	3	16.70%
141	820 ILCS 305/19(o) and 215 ILCS 5/132(2)	Claims – Workers’ Compensation Paid: failed to provide evidence that it provided required reports.	E.18	34	34	100.00%
142	820 ILCS 305/19(o) and 215 ILCS 5/132(2)	Claims – Workers’ Compensation Closed Without Payment: failed to provide evidence that it provided required reports.	E.19	18	18	100.00%
143	50 Ill. Adm. Code 919.80(b) (2)	Claims – Commercial Auto Closed Without Payment: failed to send a delay letter to the insured.	E.17	22	1	4.50%
144	215 ILCS 5/805.1(a)	Underwriting and Rating – Commercial Multiple Peril Renewals: failed to provide executed Mine Subsidence Waivers.	D.11	114	2	1.75%
145	215 ILCS 5/143.10a (1)	Risk Selection – Commercial Multiple Peril Nonrenewals: failed to provide the loss information with the nonrenewal notice.	C.16	50	48	96.00%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
146	215 ILCS 5/143.17a (a)	Risk Selection – Commercial Multiple Peril Nonrenewals: failed to provide an explanation of the reason for nonrenewal.	C.16	50	12	24.00%
147	215 ILCS 5/141.01	Risk Selection – Commercial Multiple Peril Nonrenewals: refused to renew coverage due to the agent’s termination.	C.16	50	36	72.00%
148	215 ILCS 5/143.10a (1)	Risk Selection – Workers’ Compensation Nonrenewals: failed to provide the loss information with the nonrenewal notice.	C.22	13	11	84.60%
149	215 ILCS 5/143.17a (a)	Risk Selection – Workers’ Compensation Nonrenewals: failed to provide an explanation of the reason for nonrenewal.	C.22	13	6	46.20%
150	215 ILCS 5/141.01	Risk Selection – Workers’ Compensation Nonrenewals: refused to renew coverage due to the agent’s termination.	C.22	13	5	38.50%
151	215 ILCS 5/143.16	Risk Selection – Commercial Multiple Peril Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation.	C.15	86	6	7.00%
152	215 ILCS 5/143.16	Risk Selection – Commercial Multiple Peril Cancellations greater than 60 days: failed to provide notice of cancellation for non-payment to the policyholder 10 days prior to cancellation.	C.15	86	47	54.70%
153	215 ILCS 5/143.22	Risk Selection – Commercial Multiple Peril Cancellations greater than 60 days: failed to notify the insured of eligibility for the FAIR plan.	C.15	86	38	44.20%
154	215 ILCS 5/143.14	Risk Selection – Commercial Multiple Peril Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.15	86	86	100.00%
155	215 ILCS 5/143.23	Risk Selection – Commercial Multiple Peril Cancellations greater than 60 days: failed to advise the insured of the right to appeal.	C.15	86	39	45.30%
156	215 ILCS 5/133(2)	Underwriting and Rating – Private Passenger Auto New Business: failed to obtain or retain the completed, signed application.	D.1	86	2	2.30%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
157	215 ILCS 5/143a-2	Underwriting and Rating – Private Passenger Auto New Business: failed to advise insureds of the right to reject coverage in excess of the minimum limits.	D.1	86	2	2.30%
158	50 Ill. Adm. Code 919.80(c)	Claims – Private Passenger Auto Litigated: failed to timely provide the insured with the information contained in Exhibit A.	E.7	48	2	4.20%
159	50 Ill. Adm. Code 919.80(b) (2)	Claims – Private Passenger Auto Litigated: failed to send a delay letter to the insured.	E.7	48	1	2.10%
160	50 Ill. Adm. Code 919.80(b) (3)	Claims – Private Passenger Auto Litigated: failed to send a delay letter to the third-party claimant.	E.7	48	2	4.20%
161	50 Ill. Adm. Code 919.80(c)	Claims – Private Passenger Auto Litigated: failed to provide the insured with the information in Exhibit A.	E.7	48	6	12.50%
162	215 ILCS 5/143a-2	Underwriting and Rating – Commercial Auto New Business: failed to advise insureds of the right to reject coverage in excess of the minimum limits.	D.12	79	10	12.70%
163	215 ILCS 5/143c and 50 Ill. Adm. Code 931.40(a) and (c)	Underwriting and Rating – Commercial Auto New Business: failed to provide compliant notices to insureds containing the Companies’ complaint department address and the address of the Public Services Division of the Department of Insurance.	D.12	79	79	100.00%
164	215 ILCS 5/423(1)	Underwriting and Rating – Commercial Auto New Business: failed to utilize the proper primary classifications for the radius of vehicle operation.	D.12	79	1	1.30%
165	50 Ill. Adm. Code 919.80(b) (2)	Claims – Motorcycle Paid: failed to send a delay letter to the insured.	E.8	12	2	16.70%
166	215 ILCS 5/423(1)	Underwriting and Rating – Commercial Auto New Business: failed to apply the Multi-Policy Discount.	D.12	79	3	3.80%
167	215 ILCS 5/143.23	Risk Selection – Commercial Auto Cancellations greater than 60 days: failed to advise the insured of the right to appeal.	C.18	79	36	45.60%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
168	215 ILCS 5/143.21c	Underwriting and Rating – Dwelling Fire New Business: failed to provide notice of insurance for loss caused by earthquake.	D.7	98	1	1.00%
169	50 Ill. Adm. Code 754.10	Underwriting and Rating – Dwelling Fire New Business: failed to apply the correct Public Protection Classification code.	D.7	98	8	8.20%
170	50 Ill. Adm. Code 754.10	Underwriting and Rating – Dwelling Fire New Business: failed to properly rate the policy.	D.7	98	3	3.10%
171	215 ILCS 5/143.14	Risk Selection – Commercial Auto Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.18	79	69	87.00 %
174	215 ILCS 5/143.14	Risk Selection – Workers’ Compensation Cancellations greater than 60 days: failed to provide proof of mailing to the policyholder.	C.21	79	30	38.00%
175	215 ILCS 5/143c(1) and 50 Ill. Adm. Code 931.40(c)	Underwriting and Rating – Private Passenger Auto New Business: failed to provide notices containing the complaint department address.	D.1	86	86	100.00%
176	215 ILCS 5/143c(2) and 50 Ill. Adm. Code 931.40(a)	Underwriting and Rating – Private Passenger Auto New Business: failed to provide notices containing the DOI Public Services Division address.	D.1	86	86	100.00%
177	215 ILCS 5/143c(1) and 50 Ill. Adm. Code 931.40(c)	Underwriting and Rating – Commercial Multiple Peril New Business: failed to provide notices containing the complaint department address.	D.10	84	84	100.00%
178	215 ILCS 5/143c(2) and 50 Ill. Adm. Code 931.40(a)	Underwriting and Rating – Commercial Multiple Peril New Business: failed to provide notices containing the DOI Public Services Division address.	D.10	84	84	100.00%
179	215 ILCS 5/143c(1) and 50 Ill. Adm. Code 931.40(c)	Underwriting and Rating – Motorcycle New Business: failed to provide notices containing the complaint department address.	D.3	84	84	100.00%
180	215 ILCS 5/143c(2) and 50 Ill. Adm. Code 931.40(a)	Underwriting and Rating – Motorcycle New Business: failed to provide notices containing the DOI Public Services Division address.	D.3	84	84	100.00%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violation	Findings	Files Reviewed	# of Violations	Error %
182	50 Ill. Adm. Code 754.10	Underwriting and Rating – Motorcycle New Business: failed to properly classify the vehicle type or engine size submitted by the agent.	D.3	84	2	2.40%
184	50 Ill. Adm. Code 754.10	Underwriting and Rating – Homeowners New Business: failed to apply the correct Public Protection Classification code.	D.5	113	1	0.90%
185	215 ILCS 5/805.1(a)	Underwriting and Rating – Dwelling Fire New Business: failed to provide signed mine subsidence waivers.	D.7	98	2	2.00%
187	215 ILCS 5/805.1(a)	Underwriting and Rating – Dwelling Fire New Business: failed to provide signed mine subsidence waivers.	D.5	113	1	0.90%
188	215 ILCS 5/805.1(a)	Underwriting and Rating – Commercial Multiple Peril New Business: failed to provide signed mine subsidence waivers.	D.10	84	1	1.20%
189	215 ILCS 5/133(2)	Underwriting and Rating – Commercial Multiple Peril New Business: failed to obtain or retain signed applications.	D.10	84	2	2.40%
190	215 ILCS 5/423(1)	Underwriting and Rating – Commercial Multiple Peril New Business: failed to apply the Multi-Policy Discount.	D.10	84	1	1.20%

II. BACKGROUND

The examination is of Wadena Insurance Company (NAIC #12528) and IMT Insurance Company (NAIC #14257), (herein referred to as “Companies”).

Wadena Insurance Company, a wholly-owned subsidiary of the IMT Mutual Holding Company, was incorporated in 2005 under the state laws of Iowa. The Company operates as a property and casualty insurance company which underwrites personal lines (primarily automobile and homeowners) and small commercial lines. In addition to Illinois, the Company is licensed to write business in the states of Arizona, Nebraska, Indiana, Iowa, Minnesota, North Dakota, South Dakota and Wisconsin. The Company markets its products through independent agencies and began writing business in January 2007.

IMT Insurance Company, also a wholly-owned subsidiary of the IMT Mutual Holding Company, was incorporated in 1884 under the state laws of Iowa. The Company operates as a property and casualty insurance company which underwrites personal lines (primarily automobile and homeowners) and small commercial lines. In addition to Illinois, the Company is licensed to write business in the states of Arizona, Nebraska, Indiana, Iowa, Minnesota, Missouri, North Dakota, South Dakota, and Wisconsin. The Company markets its products through independent agencies and began writing business in 1884.

As of December 31, 2020, the Companies’ written premiums in Illinois for the lines of business subject to the scope of this examination were as follows:

Wadena Insurance Company						
Line of Business	Direct Premiums Written (\$)	Direct Premiums Earned (\$)	Direct Unearned Premium (\$)	Direct Losses Paid (\$)	Direct Losses Incurred (\$)	Direct Losses Unpaid (\$)
PPA - Liability	5,157,707	5,408,229	1,910,536	2,774,153	2,854,807	5,769,748
PPA - Physical Damage	6,048,535	6,309,695	2,201,088	3,026,440	2,997,803	-27,576
Homeowners	1,864,579	1,738,264	1,010,258	1,445,202	1,267,308	471,027
Farmowners	0	0	0	0	0	0
Dwelling Fire	0	0	0	0	0	0
Commercial Multiple Peril (non-liability)	2,726,804	2,543,523	1,282,530	2,433,244	3,263,975	1,733,804
Commercial Multiple Peril (liability)	1,059,895	1,026,740	486,541	201,031	-66,021	837,786
Commercial Auto Liability	77,193	54,691	29,076	0	0	0
Commercial Auto Physical Damage	20,696	14,100	7,873	0	0	0
Workers’ Compensation	783,334	783,776	285,737	202,880	320,298	547,365
Totals	17,738,743	17,879,018	7,213,639	10,082,950	10,638,170	9,332,154

IMT Insurance Company						
Line of Business	Direct Premiums Written (\$)	Direct Premiums Earned (\$)	Direct Unearned Premium (\$)	Direct Losses Paid (\$)	Direct Losses Incurred (\$)	Direct Losses Unpaid (\$)
PPA - Liability	-213	34,429	0	141,500	-48,644	214,071
PPA - Physical Damage	246	44,262	0	7,608	-287	-15,252
Homeowners	4,304,889	4,692,948	2,197,600	3,791,498	3,650,885	862,268
Farmowners	0	0	0	0	0	0
Dwelling Fire	890,761	886,544	429,944	163,531	333,627	213,425
Commercial Multiple Peril (non-liability)	0	0	0	0	-171	-1,479
Commercial Multiple Peril (liability)	0	0	0	0	0	0
Commercial Auto Liability	1,864,196	1,710,713	891,133	1,378,092	1,129,903	2,163,028
Commercial Auto Physical Damage	862,953	786,417	398,339	610,399	539,972	-24,638
Workers' Compensation	5,067,606	4,875,084	2,163,718	1,662,643	3,653,136	6,268,958
Totals	12,990,438	13,030,397	6,080,734	7,755,271	9,258,421	9,680,381

III. METHODOLOGY

The market conduct examination places emphasis on an insurer's systems, procedures and guidelines used in dealing with insureds and claimants. The period under review was generally June 1, 2020 through May 31, 2021. The following categories were the areas examined:

- A. Complaint Handling
- B. Marketing and Sales
- C. Risk Selection
- D. Underwriting and Rating
- E. Claims

The review of these categories was accomplished through examination of individual policy and claim files, the Companies' procedures, written interrogatories, and interviews with the Companies' personnel. Each category was examined for compliance with Illinois Department of Insurance ("DOI") rules and regulations, and applicable state laws.

Criticisms were provided to the Companies addressing violations discovered in the review processes. All valid criticisms were incorporated into this report.

The following methods were used to obtain the required samples and to assure a statistically accurate and methodical selection. The samples were developed from data provided by the Companies. The sample size was based on the most recent NAIC *Market Regulation Handbook*. Random samples were generated using Audit Command Language ("ACL") software and the selected samples were provided to the Companies for retrieval.

Complaint Handling

DOI Complaints and Consumer Complaints for the period December 1, 2019 through May 31, 2021, were reviewed for compliance with applicable state laws and the Companies' own guidelines.

DOI Complaints – The population request for this category consisted of complaints received from the DOI during the examination period. The Companies' complaint registry was reconciled with the individual file information and the DOI records to determine the completeness and accuracy of the data recorded. Each complaint file, along with the underlying claim or underwriting file, was reviewed for compliance with regulatory requirements.

Consumer Complaints – The population request for this category consisted of complaints received directly from consumers during the examination period. The Companies' complaint registry was reconciled with the individual file information to determine the completeness and accuracy of the data recorded. Each complaint file, along with the underlying claim or underwriting file, was reviewed for compliance with regulatory requirements.

Marketing and Sales

Marketing and sales materials were reviewed to evaluate the representations made by the Companies about its products or services and for compliance with applicable state laws and the Companies' own guidelines.

The examiners requested the Companies' advertising and marketing manual; procedures for the approval of any advertising developed by brokers or agents; a listing of all advertising and marketing materials used by the Companies during the examination period; and producer training manuals.

The reviews included judgmental sampling from the listing of all advertising and marketing materials provided by the Companies.

Risk Selection

Cancellations, Nonrenewals and Rescissions were reviewed for compliance with applicable state laws, the Companies’ own guidelines, and to ensure reasons for termination were valid and not unfairly discriminatory.

Random samples were selected based on transactions occurring during the examination period.

Underwriting and Rating

The underwriting samples consisted of new and renewal business.

The new business sample was randomly selected based on the inception date occurring during the examination period. Policies were reviewed for rating accuracy, use of filed rates, use of filed forms, and for compliance with applicable state laws and the Companies’ own guidelines.

The renewal business sample was randomly selected based on the renewal date occurring during the examination period. Policies were reviewed for use of filed rates, use of filed forms, and for compliance with applicable state laws and the Companies’ own guidelines.

Claims

Claims were selected based on settlement occurring within the examination period. Claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1, et seq.) and the Illinois Administrative Code (50 Ill. Adm. Code 101 et seq.).

Separate samples were selected for first party and third party claims. For each, separate samples were developed for both paid claims and those closed without payment (“CWP”). In addition, separate reviews were conducted of all total loss, subrogated and litigated claims.

SELECTION OF SAMPLES		
	Sample Size	% Reviewed
Complaint Handling		
DOI Complaints	2	100.00%
Consumer Complaints	2	100.00%
Marketing and Sales		
Company-generated Marketing	57	100.00%
Producer-generated Marketing	78	100.00%
Producer Training Materials	98	100.00%
Producer Communications	30	100.00%
Risk Selection		
PPA Cancellations - Less than 60 days	9	100.00%
PPA Cancellations - Greater than 60 days	114	8.60%
PPA Nonrenewals	79	45.70%
MC Cancellations - Less than 60 days	2	100.00%
MC Cancellations - Greater than 60 days	84	33.20%
MC Nonrenewals	30	100.00%

Risk Selection		
HO Cancellations - Less than 60 days	16	100.00%
HO Cancellations - Greater than 60 days	114	9.00%
HO Nonrenewals	79	48.20%
DF Cancellations - Less than 60 days	2	100.00%
DF Cancellations - Greater than 60 days	79	45.10%
DF Nonrenewals	20	100.00%
MH Cancellations - Greater than 60 days	4	100.00%
CMP Cancellations - Less than 60 days	4	100.00%
CMP Cancellations - Greater than 60 days	86	21.00%
CMP Nonrenewals	50	100.00%
CA Cancellations - Less than 60 days	5	100.00%
CA Cancellations - Greater than 60 days	79	42.70%
CA Nonrenewals	17	100.00%
WC Cancellations - Less than 60 days	2	100.00%
WC Cancellations - Greater than 60 days	79	59.00%
WC Nonrenewals	13	100.00%
Underwriting and Rating		
PPA New Business	86	17.40%
PPA Renewals	116	1.10%
MC New Business	84	37.80%
MC Renewals	114	9.40%
HO New Business	113	17.50%
HO Renewals	116	1.90%
DF New Business	98	100.00%
DF Renewals	113	14.10%
MH Renewals	18	100.00%
CMP New Business	84	21.40%
CMP Renewals	114	6.00%
CA New Business	79	39.50%
CA Renewals	113	14.00%
WC New Business	79	47.90%
WC Renewals	113	16.80%
Claims		
PPA – First-Party Paid	105	12.50%
PPA - First-Party CWP	82	100.00%
PPA - Total Loss	35	100.00%
PPA - Third-Party Paid	82	35.20%
PPA - Third-Party CWP	22	100.00%
PPA - Subrogation	48	100.00%
PPA - Litigated	48	100.00%
MC - Paid	12	100.00%
HO - Paid	82	26.00%
HO - CWP	76	55.10%
DF - Paid	23	100.00%
DF - CWP	8	100.00%
MH - Paid	1	100.00%
CMP - Paid	76	59.40%
CMP - CWP	68	100.00%
CA - Paid	76	49.70%
CA - CWP	22	100.00%
WC - Paid	34	100.00%
WC - CWP	18	100.00%

IV. FINDINGS

A. Complaint Handling

1. Department of Insurance (“DOI”) Complaints
 - No violations were noted.
2. Consumer Complaints
 - In general, the Companies failed to maintain a Complaint (Customer Affairs) Department, thereby violating 215 ILCS 5/143d. (Crit #077).

B. Marketing and Sales

1. Company-generated Marketing
 - No violations were noted.
2. Producer-generated Marketing
 - No violations were noted.
3. Producer Training Materials
 - No violations were noted.
4. Producer Communications
 - No violations were noted.

C. Risk Selection

1. Private Passenger Automobile Cancellations – Less than 60 days
 - In one (1) file (11.1% of the 9 examined), the Companies failed to provide Notice of Cancellation to the Lienholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #012).
 - In one (1) file (11.1% of the 9 examined), the Companies failed to provide Notice of Cancellation to the Policyholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #013).
 - In five (5) files (55.6% of the 9 examined), the Companies failed to provide Notice of Possible Eligibility with the Illinois Automobile Insurance Plan, thereby violating 215 ILCS 5/143.20. (Crit #014).
 - In seven (7) files (77.8% of the 9 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #015).
 - In five (5) files (55.6% of the 9 examined), where the cancellation was due to the insured’s request, the Companies failed to provide a Right to Appeal on Notice of the Cancellation, thereby violating 215 ILCS 5/143.23. (Crit #016).
2. Private Passenger Automobile Cancellations – Greater than 60 days
 - In 12 files (10.5% of the 114 examined), the Companies failed to provide Notice of Cancellation to the Lienholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #007).

- In 24 files (21.1% of the 114 examined), the Companies failed to provide Notice of Cancellation to the Policyholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #008).
 - In 89 files (78.1% of the 114 examined), the Companies failed to provide Notice of Possible Eligibility with the Illinois Automobile Insurance Plan, thereby violating 215 ILCS 5/143.20. (Crit #009).
 - In 114 files (100.0% of the 114 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, violating 215 ILCS 5/143.14. (Crit #010).
 - In 89 files (78.1% of the 114 examined), where the cancellation was due to the insured's request, the Companies failed to provide a right to appeal on the notice of cancellation, thereby violating 215 ILCS 5/143.23. (Crit #011).
 - In two (2) files (1.8% of the 114 examined), the Companies failed to retain and provide a copy of the Insured's request to cancel the insurance policy. The Companies are required to provide this documentation to the examiners pursuant to 215 ILCS 5/132(2). (Crit #043).
3. Private Passenger Automobile Nonrenewals
- In 69 files (87.3% of the 79 examined), the Companies refused to renew the policy on the ground that the Companies' contract with the agent through whom the policy was obtained had been cancelled, thereby violating 215 ILCS 5/141.01. (Crit #017).
4. Motorcycle Cancellations – Less than 60 days
- In one (1) file (50.0% of the 2 examined), the Companies failed to provide Notice of Cancellation to the Policyholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #021).
 - In two (2) files (100.0% of the 2 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #022).
 - In one (1) file (50.0% of the 2 examined), where the cancellation was due to the insured's request, the Companies failed to provide a Right to Appeal on the Notice of Cancellation, thereby violating 215 ILCS 5/143.23. (Crit #024).
5. Motorcycle Cancellations – Greater than 60 days
- In one (1) file (1.2% of the 84 examined), the Companies failed to provide the Notice of Cancellation to the Lienholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #018).
 - In 12 files (14.3% of the 84 examined), the Companies failed to provide Notice of Cancellation to the Policyholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #019).
 - In 81 files (96.4% of the 84 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, violating 215 ILCS 5/143.14. (Crit #020).
 - In 71 files (84.5% of the 84 examined), where the cancellation was due to the insured's request, the Companies failed to provide a Right to Appeal on the Notice of Cancellation, thereby violating 215 ILCS 5/143.23. (Crit #023).
 - In one (1) file (1.2% of the 84 examined), the Companies failed to retain and provide a copy of the Insured's request to cancel the insurance policy. The Companies are required to provide this documentation to the examiners pursuant to 215 ILCS 5/132(2). (Crit #042).

6. Motorcycle Nonrenewals
 - In 26 files (86.7% of the 30 examined), the Companies refused to renew the policy on the ground that the Companies' contract with the agent through whom the policy was obtained had been cancelled, thereby violating 215 ILCS 5/141.01. (Crit #059).
7. Homeowners Cancellations – Less than 60 days
 - In nine (9) files (56.3% of the 16 examined), the Companies failed to provide Notice of Possible Eligibility with the Illinois FAIR Plan Association, thereby violating 215 ILCS 5/143.22. (Crit #044).
 - In one (1) file (6.3% of the 16 examined), the Companies failed to provide Notice of Cancellation for non-payment to the Lienholder 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #045).
 - In 13 files (81.3% of the 16 examined), the Companies failed to provide Proof of Mailing to the Policyholder for a notice of cancellation, thereby violating 215 ILCS 5/143.14. (Crit #046).
 - In nine (9) files (56.3% of the 16 examined), the Companies failed to provide a Notice of the Right to Appeal to the Insurance Department, thereby violating 215 ILCS 5/143.23. (Crit #047).
8. Homeowners Cancellations – Greater than 60 days
 - In 16 files (14.0% of the 114 examined), the Companies failed to provide 10 days' notice of cancellation to the Policyholder, thereby violating 215 ILCS 5/143.15. (Crit #048).
 - In 81 files (71.1% of the 114 examined), the Companies failed to provide the Policyholder notice of the availability of the Illinois Fair Plan Association, thereby violating 215 ILCS 5/143.22. (Crit #050).
 - In 106 files (93.0% of the 114 examined), the Companies failed to provide evidence of a proof of mailing to the Policyholder for a notice of cancellation, thereby violating 215 ILCS 5/143.14. (Crit #051).
9. Homeowners Nonrenewals
 - In 70 files (88.6% of the 79 examined), the Companies provided a reason for nonrenewal as "At renewal, your agent will no longer be contracted with us to write business," thereby violating 215 ILCS 5/141.01. (Crit #060).
10. Dwelling Fire Cancellations – Less than 60 days
 - In one (1) file (50.0% of the 2 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #032).
 - In one (1) file (50.0% of the 2 examined), the Companies failed to include the FAIR Plan Eligibility in the Notice of Cancellation to the named insured, thereby violating 215 ILCS 5/143.22. (Crit #033).
 - In one (1) file (50.0% of the 2 examined), the Companies failed to include the Right of Appeal in the Cancellation Notice to the named insured, thereby violating 215 ILCS 5/143.23. (Crit #034).
11. Dwelling Fire Cancellations – Greater than 60 days
 - In 65 files (82.3% of the 79 examined), the Companies failed to provide the Policyholder a notice of the right to appeal the reason for the cancellation to the Insurance Department, thereby violating 215 ILCS 5/143.23. (Crit #049).

- In 65 files (82.3% of the 79 examined), the Companies failed to provide the Policyholder a notice of the right to appeal the reason for the cancellation to the Insurance Department, thereby violating 215 ILCS 5/143.23. (Crit #052).
- In 65 files (82.3% of the 79 examined), the Companies failed to provide the Policyholder notice of the availability of the Illinois Fair Plan Association, thereby violating 215 ILCS 5/143.22. (Crit #053).
- In two (2) files (2.5% of the 79 examined), the Companies failed to provide 10 days' notice of cancellation to the lienholder, thereby violating 215 ILCS 5/143.15. (Crit #054).
- In 71 files (89.9% of the 79 examined), the Companies failed to provide evidence of proof of mailing to the Policyholder for a notice of cancellation, thereby violating 215 ILCS 5/143.14. (Crit #055).
- In four (4) files (5.1% of the 79 examined), the Companies failed to provide 10 days' notice of cancellation to the Policyholder, thereby violating 215 ILCS 5/143.15. (Crit #056).
- In two (2) files (2.5% of the 79 examined), the Companies failed to provide a reason for cancellation, thereby violating 215 ILCS 5/143.15. (Crit #061).

12. Dwelling Fire Nonrenewals

- In 12 files (60.0% of the 20 examined), the Companies refused to renew the policy on the ground that the Companies' contract with the agent through whom the policy was obtained had been cancelled, thereby violating 215 ILCS 5/141.01. (Crit #058).

13. Mobile Home Cancellations – Greater than 60 days

- In four (4) files (100.0% of the 4 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #029).
- In four (4) files (100.0% of the 4 examined), the Companies failed to include the FAIR Plan Eligibility in the Notice of Cancellation to the named insured, thereby violating 215 ILCS 5/143.22. (Crit #030).
- In four (4) files (100.0% of the 4 examined), the Companies failed to include the Right of Appeal in the Cancellation Notice to the named insured, thereby violating 215 ILCS 5/143.23. (Crit #031).

14. Commercial Multiple-Peril Cancellations – Less than 60 days

- In four (4) files (100.0% of the 4 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #035).
- In three (3) files (75.0% of the 4 examined), the Companies failed to include the FAIR Plan Eligibility in the Notice of Cancellation to the named insured, which was a violation 215 ILCS 5/143.22. (Crit #036).
- In three (3) files (75.0% of the 4 examined), the Companies failed to include the Right of Appeal in the Cancellation Notice to the named insured, thereby violating 215 ILCS 5/143.23. (Crit #037).

15. Commercial Multiple-Peril Cancellations – Greater than 60 days

- In six (6) files (7.0% of the 86 examined), the Companies failed to provide Notice of Cancellation to the Lienholder for non-payment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.16. (Crit #151).

- In 47 files (54.7% of the 86 examined), the Companies failed to provide Notice of Cancellation to the Policyholder for non-payment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.16. (Crit #152).
- In 38 files (44.2% of the 86 examined), the Companies failed to include the FAIR Plan Eligibility in the Notice of Cancellation to the named insured, thereby violating 215 ILCS 5/143.22. (Crit #153).
- In 86 files (100.0% of the 86 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #154).
- In 39 files (45.3% of the 86 examined), where the cancellation was due to the insured's request or an underwriting request, the Companies failed to provide a Right to Appeal on the Notice of the Cancellation, thereby violating 215 ILCS 5/143.23. (Crit #155).

16. Commercial Multiple-Peril Nonrenewals

- In 48 files (96.0% of the 50 examined), the Companies failed to provide the required loss information at the same time as the notice of nonrenewal, thereby violating 215 ILCS 5/143.10a(1). (Crit #145).
- In 12 files (24.0% of the 50 examined), the Companies did not provide written notice to the named insured that included the specific explanation of the reason(s) for nonrenewal, thereby violating 215 ILCS 5/143.17a (a). (Crit #146).
- In 36 files (72.0% of the 50 examined), the Companies refused to renew coverage on the grounds that the Companies' contract with the agent through whom such policy was obtained has been terminated, thereby violating 215 ILCS 5/141.01. (Crit #147).

17. Commercial Automobile Cancellations – Less than 60 days

- In one (1) file (20.0% of the 5 examined), the Companies failed to provide Notice of Cancellation to the Lienholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #025).
- In one (1) file (20.0% of the 5 examined), the Companies failed to provide Notice of Cancellation to the Policyholder for nonpayment 10 days prior to the effective date of the cancellation, thereby violating 215 ILCS 5/143.15. (Crit #026).
- In four (4) files (80.0% of the 5 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #027).
- In three (3) files (60.0% of the 5 examined), where the cancellation was due to the insured's request, the Companies failed to provide a Right to Appeal on Notice of the Cancellation, thereby violating 215 ILCS 5/143.23. (Crit #028).
- In three (3) files (60.0% of the 5 examined), the Companies failed to provide Notice of Possible Eligibility with the Illinois Automobile Insurance Plan, thereby violating 215 ILCS 5/143.20. (Crit #040).

18. Commercial Automobile Cancellations – Greater than 60 days

- In 36 files (45.6% of the 79 examined), where the cancellation was due to the insured's request, the Companies failed to provide a Right to Appeal on the notice of cancellation, thereby violating 215 ILCS 5/143.23. (Crit #167).
- In 69 files (87.0% of the 79 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #171).

19. Commercial Automobile Nonrenewals

- In one (1) file (5.9% of the 17 examined), the Companies failed to provide Proof of Mailing to the Policyholder for a nonrenewed policy, thereby violating 215 ILCS 5/143.14. (Crit #038).
- In two (2) files (11.8% of the 17 examined), the Companies failed to provide Notice of Possible Eligibility with the Illinois Automobile Insurance Plan, thereby violating 215 ILCS 5/143.20. (Crit #039).
- In two (2) files (11.8% of the 17 examined), the Companies failed to include the Right of Appeal in the Nonrenewal Notice to the named insured, thereby violating 215 ILCS 5/143.23. (Crit #041).
- In 12 files (70.6% of the 17 examined), the Companies refused to renew the policy on the ground that the Companies' contract with the agent through whom the policy was obtained had been cancelled, thereby violating 215 ILCS 5/141.01. (Crit #057).

20. Workers' Compensation Cancellations – Less than 60 days

- No violations were noted.

21. Workers' Compensation Cancellations – Greater than 60 days

- In 30 files (38.0% of the 79 examined), the Companies failed to provide Proof of Mailing to the Policyholder for cancelled policies, thereby violating 215 ILCS 5/143.14. (Crit #174).

22. Workers' Compensation Nonrenewals

- In 11 files (84.6% of the 13 examined), the Companies failed to provide the required loss information at the same time as the notice of nonrenewal, thereby violating 215 ILCS 5/143.10a(1). (Crit #148).
- In six (6) files (46.2% of the 13 examined), the Companies did not provide written notice to the named insured that included the specific explanation of the reason(s) for nonrenewal, thereby violating 215 ILCS 5/143.17a(a). (Crit #149).
- In five (5) files (38.5% of the 13 examined), the Companies refused to renew coverage on the grounds that the Companies' contract with the agent through whom such policy was obtained has been terminated, thereby violating 215 ILCS 5/141.01. (Crit #150).

D. Underwriting and Rating

1. Private Passenger Automobile New Business

- In two (2) files (2.3% of the 86 examined), the Companies failed to obtain or retain the completed and signed applications in the file, thereby violating 215 ILCS 5/133(2). (Crit #156).
- In two (2) files (2.3% of the 86 examined), the Companies failed to provide evidence that the insureds were advised of the right to reject uninsured/underinsured motorist coverage in excess of the minimum limits as required by law, thereby violating 215 ILCS 5/143a-2. (Crit #157).
- In 86 files (100.0% of the 86 examined), the Companies failed to provide compliant notices to insureds containing the Companies' complaint department address, thereby violating 215 ILCS 5/143c(1) and 50 Ill. Adm. Code 931.40(c). (Crit #175).
- In 86 files (100.0% of the 86 examined), the Companies failed to provide compliant notices to insureds containing the address of the Public Services Division of the Department of Insurance, thereby violating 215 ILCS 5/143c(2) and 50 Ill. Adm. Code 931.40(a). (Crit #176).

2. Private Passenger Automobile Renewals
 - In nine (9) files (7.8% of the 116 examined), the Companies failed to notify the individual planning to purchase the first renewal of a policy of automobile insurance of the availability of higher deductibles for collision and comprehensive coverage and that a premium savings could result if the higher deductibles were purchased, thereby violating of 215 ILCS 5/143.25a. (Crit #001).
3. Motorcycle New Business
 - In 84 files (100.0% of the 84 examined), the Companies failed to provide compliant notices to insureds containing the Companies' complaint department address, thereby violating 215 ILCS 5/143c(1) and 50 Ill. Adm. Code 931.40(c). (Crit #179).
 - In 84 files (100.0% of the 84 examined), the Companies failed to provide compliant notices to insureds containing the address of the Public Services Division of the Department of Insurance, thereby violating 215 ILCS 5/143c(2) and 50 Ill. Adm. Code 931.40(a). (Crit #180).
 - In two (2) files (2.4% of the 84 examined), the Companies failed to properly classify or validate the classification of the vehicle type or engines size submitted by the agents in violation of 50 Ill. Adm. Code 754.10. (Crit #182).
4. Motorcycle Renewals
 - No violations were noted.
5. Homeowners New Business
 - In one (1) file (0.9% of the 113 examined), the Companies failed to comply with its filed rates by applying the incorrect Public Protection Classification code, thereby violating 50 Ill. Adm. Code 754.10. This resulted in an overcharge of \$33. The Companies refunded the \$33 overcharge during the examination. (Crit #184).
 - In one (1) file (0.9% of the 113 examined), the Companies failed to provide Mine Subsidence Waivers for those properties where the coverage or a signed waiver is required, thereby violating 215 ILCS 5/805.1(a). (Crit #187).
6. Homeowners Renewals
 - In five (5) files (4.3% of the 116 examined), the Companies failed to provide Mine Subsidence Waivers for those properties where the coverage or a signed waiver is required, thereby violating 215 ILCS 5/805.1(a). (Crit #003).
 - In one file (0.86% of the 116 examined), the Companies failed to comply with its filed rates by applying the incorrect Public Protection Classification code, thereby violating 50 Ill. Adm. Code 754.10. These errors did not result in any differences in premium. (Crit #004).
7. Dwelling Fire New Business
 - In one (1) file (1.0% of the 98 examined), the Companies failed to provide notice to the applicant of insurance for loss caused by earthquake, thereby violating 215 ILCS 5/143.21c. (Crit #168).
 - In eight (8) files (8.2% of the 98 examined), the Companies failed to comply with its filed rates by applying the incorrect Public Protection Classification code, thereby violating 50 Ill. Adm. Code 754.10. These errors did not result in any differences in premium. (Crit #169).

- In three (3) files (3.1% of the 98 files reviewed, the Companies failed to properly rate the policies, resulting in \$300 of undercharges and \$60 of overcharges, and thereby violating 50 Ill. Adm. Code 754.10. The Companies refunded the \$60 of overcharges during the examination. (Crit #170).
- In two (2) files (2.0% of the 98 examined), the Companies failed to provide Mine Subsidence Waivers for those properties where the coverage or a signed waiver is required, thereby violating 215 ILCS 5/805.1(a). (Crit #185).

8. Dwelling Fire Renewals

- In five (5) files (4.4% of the 113 examined), the Companies failed to provide Mine Subsidence Waivers for those properties where the coverage or a signed waiver is required, thereby violating 215 ILCS 5/805.1(a). (Crit #005).
- In 45 files (39.8% of the 113 examined), the Companies failed to comply with its filed rates by applying the incorrect Public Protection Classification code, thereby violating 50 Ill. Adm. Code 754.10. This resulted in overcharges totaling \$568.00. The Companies did not provide evidence that this overcharge was refunded to the insured. (Crit #006).

9. Mobile Home Renewals

- In 11 files (61.11% of the 18 reviewed), the Companies failed to comply with its filed rates by applying the incorrect Public Protection Classification code, thereby violating 50 Ill. Adm. Code 754.10. This resulted in overcharges totaling \$461.00. The Companies did not provide evidence that this overcharge was refunded to the insured. (Crit #002).

10. Commercial Multi-Peril New Business

- In 84 files (100.0% of the 84 examined), the Companies failed to provide compliant notices to insureds containing the Companies' complaint department address, thereby violating 215 ILCS 5/143c(1) and 50 Ill. Adm. Code 931.40(c). (Crit #177).
- In 84 files (100.0% of the 84 examined), the Companies failed to provide compliant notices to insureds containing the address of the Public Services Division of the Department of Insurance, thereby violating 215 ILCS 5/143c(2) and 50 Ill. Adm. Code 931.40(a). (Crit #178).
- In one file (1.2% of the 84 examined), the Companies failed to provide Mine Subsidence Waivers for those properties where coverage or a signed waiver is required, thereby violating 215 ILCS 5/805.1(a). (Crit #188).
- In two (2) files (2.4% of the 84 examined), the Companies failed to obtain or retain the completed and signed applications in the file, thereby violating 215 ILCS 5/133(2). (Crit #189).
- In one (1) file (1.2% of the 84 examined), the Companies failed to apply the Multi-Policy Discount to a policy eligible for the discount, violating the Companies' own rating rules. The failure to consistently adhere to the manual rates and rules is unfairly discriminatory and an unfair method of competition, thereby violating 215 ILCS 5/423(1). This resulted in overcharges totaling \$33. The Companies did not provide evidence that this overcharge was refunded to the insured. (Crit #190).

11. Commercial Multi-Peril Renewals

- In two (2) files (1.75% of the 114 examined), the Companies failed to provide Mine Subsidence Waivers for those properties where the coverage or a signed waiver is required in violation of 215 ILCS 5/805.1(a). (Crit #144).

12. Commercial Automobile New Business

- In 10 files (12.7% of the 79 examined), the Companies failed to provide evidence insureds were advised of the right to reject uninsured/underinsured motorist coverage in excess of the minimum limits prior to policy inception. 215 ILCS 5/143a-2. (Crit #162).
- In 79 files (100.0% of the 79 examined), the Companies failed to provide compliant notices to insureds containing the Companies' complaint department address and the address of the Public Services Division of the Department of Insurance, thereby violating 215 ILCS 5/143c and 50 Ill. Adm. Code 931.40(a) and (c). (Crit #163).
- In one (1) file (1.3% of the 79 examined), the Companies failed to utilize the proper primary classifications on 8 vehicles or trailers for the radius of vehicle operation, violating the Companies' own rating rules. The failure to consistently adhere to the manual rates and rules is unfairly discriminatory and an unfair method of competition, thereby violating 215 ILCS 5/423(1). This resulted in an undercharge of \$680. (Crit #164).
- In three (3) files (3.8% of the 79 examined), the Companies failed to apply the Multi-Policy Discount to policies eligible for the discount, violating the Companies' own rating rules. The failure to consistently adhere to the manual rates and rules is unfairly discriminatory and an unfair method of competition, thereby violating 215 ILCS 5/423(1). This resulted in overcharges totaling \$292. The Companies stated in their response to the Crit: "The multi-policy discount was applied to the 2021-2022 term for all of the above referenced policies." However, documentation was not provided. (Crit #166).

13. Commercial Automobile Renewals

- No violations were noted.

14. Workers' Compensation New Business

- In two (2) files (2.5% of the 79 examined), the Companies failed to follow its own schedule rating plan rules by using rating factors that were based on marketing factors and not based on the schedule rating plan risk characteristics, thereby violating 215 ILCS 5/457(1) and 215 ILCS 5/462b. (Crit #064).
- In 18 files (22.8% of the 79 examined), the Companies did not retain evidence in the file to support the applied scheduled debits or credits. The failure to adhere to their own scheduled rating plan rules violated 215 ILCS 5/457(1) and 215 ILCS 5/462b. (Crit #065).
- In one (1) file (1.3% of the 79 examined), the Companies failed to include a schedule rating worksheet that documented the basis for the applied credit factor. The failure to adhere to their own scheduled rating plan rules violated 215 ILCS 5/457(1) and 215 ILCS 5/462b. (Crit #066).
- In two (2) files (2.5% of the 79 examined), the Companies failed to retain the workers' compensation Acord 130 application in the file, as required by the Companies' own guidelines, and, thereby violating 215 ILCS 5/133(2). (Crit #067).
- In one (1) file (1.3% of the 79 examined), the Companies failed to obtain the insured/applicant's signature on the application at the time of the effective date of the policy in violation of 215 ILCS 5/143(2). The Companies also failed to follow its own rules by not obtaining the insured/applicant's signature on the application, in violation of 215 ILCS 5/457(1). (Crit #068).

- In 13 files (16.5% of the 79 examined), the Companies failed to obtain the insured's signature on the application during the application/binding process, resulting in a violation of 215 ILCS 5/143(2). The Companies also failed to follow its own rules by not obtaining the insured/applicant's signature on the application, in violation of 215 ILCS 5/457(1). (Crit #069).
- In one (1) file (1.3% of the 79 examined), the signature on the application is the name of the employer's business, rather than an individual who is a representative for the insured employer, therefore, the Companies failed to obtain the insured's signature on the application, resulting in a violation of 215 ILCS 5/143(2). The Companies also failed to follow its own rules by not obtaining the insured/applicant's signature on the application, in violation of 215 ILCS 5/457(1). (Crit #070).
- In seven (7) files (8.9% of the 79 examined), the Companies provided supporting documentation which did not retain the specific basis in the file to support the applied scheduled credits. The failure to adhere to their own scheduled rating plan rules violated 215 ILCS 5/457(1) and 215 ILCS 5/462b. (Crit #072).
- In nine (9) files (11.4% of the 79 examined), the Companies failed to attach the approved NCCI form #WC 00 04 21E, *Catastrophe (Other than Certified Acts of Terrorism) Premium Endorsement*, to the policies, which replaced form #WC 00 04 21D withdrawn effective 1/1/2021, resulting in a violation of 215 ILCS 5/143(2). (Crit #073).
- In one (1) file (1.3% of the 79 examined), the Companies failed to attach the approved NCCI form #WC 12 03 06A (07-11), *Illinois Workers Compensation and Employers Liability Insurance Policy Exclusion Endorsement*, which amends the provisions of the standard policy #WC 00 00 01 C for all policies issued in the State of Illinois, resulting in a violation of 215 ILCS 5/143(2). (Crit #082).
- In 10 files (12.7% of the 79 examined), the Companies failed to list all attached schedules and endorsements under item 3.D. on the Information page of each policy, as required by #14 of the Information Page Notes (*WC 00 00 01D*) from the approved NCCI Forms Manual of Workers Compensation and Employers Liability Insurance, thereby violating 215 ILCS 5/143(2). (Crit #083).

15. Workers' Compensation Renewals

- In 11 files (9.7% of the 113 examined), the Companies failed to maintain documentation sufficient to support the factor changes at renewal from the prior policy term, thereby violating 215 ILCS 5/457(1). (Crit #089).
- In 36 files (31.9% of the 113 examined), the Companies failed to retain evidence to support the applied scheduled debits or credits, thereby violating 215 ILCS 5/457(1). (Crit #090).
- In 39 files (34.5% of the 113 examined), the Companies failed to retain evidence in the file to support the applied scheduled debits or credits for the renewal policies, thereby violating 215 ILCS 5/457(1). (Crit #091).
- In 31 files (27.4% of the 113 examined), the Companies failed to adhere to the NCCI's filed and approved form/rule manuals by ensuring the approved NCCI form #WC 00 04 21E (01-21), *Catastrophe (Other than Certified Acts of Terrorism) Premium Endorsement*, was attached to the insured's copy of the policy, thereby violating 215 ILCS 5/457(2). (Crit #104).
- In one (1) file (0.9% of the 113 examined), the Companies failed to adhere to the NCCI's filed and approved form/rule manuals by ensuring the approved NCCI form #WC 00 04 22C (01-21), *Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement*, was attached to the insured's copy of the policy, thereby violating 215 ILCS 5/457(2). (Crit #106).

- In 21 files (18.6% of the 113 examined), the Companies failed to list all attached schedules and endorsements under item 3.D. or somewhere on the Information page of each policy, as required by #14 of the Information Page Notes (*WC 00 00 01D*) from the approved NCCI Forms Manual of Workers Compensation and Employers Liability Insurance, thereby violating 215 ILCS 5/457(2). (Crit #114).
- In one (1) file (0.9% of the 113 examined), the Companies failed to adhere to the NCCI's filed and approved manual by applying the incorrect experience modification factor of 1.61 rather than 1.81 allowed by the NCCI report containing the factor to be applied at the renewal effective 9/1/2020, resulting in an undercharge to the policyholder, thereby violating 215 ILCS 5/547(2). (Crit #115).
- In one (1) file (0.9% of the 113 examined), the Companies failed to provide evidence to support assigning 100% of the payroll to classification code 8810, during the policy audit, thereby violating 215 ILCS 5/132(2). (Crit #125).

E. Claims

1. Private Passenger Automobile First-Party Paid

- In two (2) files (1.9% of the 105 examined), the Companies took depreciation for damage to the involved property with no explanation sent to the insured, thereby violating 50 Ill. Adm. Code 919.50(a)(1). (Crit #078).
- In four (4) files (3.8% of the 105 examined), the Companies failed to send an Exhibit A Letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(c). (Crit #079).
- In two (2) files (1.9% of the 105 examined), the Companies failed to send a delay letter to the insured when the claim remained unresolved for more than 40 calendar days, thereby violating 50 Ill. Adm. Code 919.80(b)(2). (Crits #080 and #084).

2. Private Passenger Automobile First-Party Closed Without Payment

- In two (2) files (2.4% of the 82 examined), the Companies failed to make initial contact with the claimant within their required time frame, thereby violating their own policies and procedures and 215 ILCS 5/154.6c. (Crit #094).
- In six (6) files (7.3% of the 82 examined), the Companies failed to send a delay letter to the insured with the Notice of Availability of the Department of Insurance, thereby violating 50 Ill. Adm. Code 919.80(b)(2). (Crit #095).
- In three (3) files (3.7% of the 82 examined), the Companies failed to send a proper denial letter to the insured, thereby violating 50 Ill. Adm. Code 919.50(a)(1). (Crit #096).

3. Private Passenger Automobile Total Loss

- In 10 files (28.6% of the 35 examined), the Companies failed to provide the insured with the information contained in Exhibit A, thereby violating 50 Ill. Adm. Code 919.80(c). (Crits #117 and #118).
- In two (2) files (5.7% of the 35 examined), the Companies failed to provide the insured with the information contained in Exhibit A within seven (7) days of the vehicle being determined a total loss, thereby violating 50 Ill. Adm. Code 919.80(c). (Crit #119).
- In one (1) file (2.9% of the 35 examined), the Companies failed to make payment within seven (7) days of the vehicle being determined a total loss and took no action to respond to the insured's communication regarding the payment amount, thereby violating 215 ILCS 5/154.6(b) and 50 Ill. Adm. Code 919.80(c)(2). (Crit #120).

4. Private Passenger Automobile Third-Party Paid
 - In five (5) files (6.1% of the 82 examined), the Companies failed to provide Notice of Availability of the Department of Insurance with the explanation, thereby violating 50 Ill. Adm. Code 919.80b(3). (Crit #133).
 - In five (5) files (6.1% of the 82 examined), the Companies failed to provide a reasonable written explanation for the delay exceeding 60 calendar days to the third-party claimant and provide Notice of Availability of the Department of Insurance, thereby violating 50 Ill. Adm. Code 919.80b(3). (Crit #134).

5. Private Passenger Automobile Third-Party Closed Without Payment
 - In one (1) file (4.5% of the 22 examined), the Companies failed to provide a reasonable written explanation for the delay exceeding 60 calendar days to the third-party claimant and provide notice of availability of the Department of Insurance, thereby violating 50 Ill. Adm. Code 919.80b(3). (Crit #128).
 - In one (1) file (4.5% of the 22 examined), the Companies failed to provide Notice of Availability of the Department of Insurance with the explanation, thereby violating 50 Ill. Adm. Code 919.80b(3). (Crit #129).

6. Private Passenger Automobile Subrogation
 - In nine (9) files (18.8% of the 48 examined), the Companies failed to refund the insured's share of the deductible after a subrogation recovery as soon as the amount was collected, which is a violation of 215 ILCS 5/143(b). (Crit #074).

7. Private Passenger Automobile Litigated
 - In two (2) files (4.2% of the 48 examined), the Companies failed to send an Exhibit A Letter within seven (7) days of the vehicle being deemed a total loss, thereby violating 50 Ill. Adm. Code 919.80(c). (Crit #158).
 - In one (1) file (2.1% of the 48 examined), the Companies failed to send a delay letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(b)(2). (Crit #159).
 - In two (2) files (4.2% of the 48 examined), the Companies failed to send a delay letter to the third-party claimant, thereby violating 50 Ill. Adm. Code 919.80(b)(3). (Crit #160).
 - In six (6) files (12.5% of the 48 examined), the Companies failed to send an Exhibit A Letter, thereby violating 50 Ill. Adm. Code 919.80(c). (Crit #161).

8. Motorcycle Paid
 - In two (2) files (16.7% of the 12 examined), the Companies failed to send a delay letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(b)(2). (Crit #165).

9. Homeowners Paid
 - In five (5) files (6.1% of the 82 examined), the Companies failed to send a delay letter to the insured within 75 calendar days, thereby violating 50 Ill. Adm. Code 919.80(d)(7)(B). (Crit #092).
 - In one (1) file (1.2% of the 82 examined), the Companies failed to provide the insured a reasonable written explanation of the basis of the lower offer, thereby violating 50 Ill. Adm. Code 919.50a(1). (Crit #093).
 - In one (1) file (1.2% of the 82 examined), the Companies provided the insured a settlement offer of less than replacement cost as expressed in policy provisions resulting in an underpayment of \$343.36, thereby violating its own policy provisions and 215/ILCS 5/154.6(d). (Crit #116).

10. Homeowners Closed without Payment

- In 14 files (18.4% of the 76 examined), the Companies failed to send denial letters with the Notice of Availability of the Department of Insurance, thereby violating 50 Ill. Adm. Code 919.50(a)(1). (Crit #098).
- In three (3) files (3.9% of the 76 examined), the Companies failed to send a delay letter to the insured within 75 calendar days, thereby violating 50 Ill. Adm. Code 919.80(d)(7)(B). (Crit #099).
- In one (1) file (1.3% of the 76 examined), the Companies failed to send a denial letter, thereby violating 50 Ill. Adm. Code 919.50(a)(1). (Crit #122).

11. Dwelling Fire Paid

- In one (1) file (4.3% of the 23 examined), the Companies failed to provide a copy of its notice to the State's Attorney of the county where an insured structure incurred a loss by fire or explosion exceeding \$25,000, or the resulting certificate, thereby violating 215 ILCS 5/397.1(a). (Crit #127).

12. Dwelling Fire Closed Without Payment

- In two (2) files (25.0% of the 8 examined), the Companies failed to make initial contact with the claimant within their required time frame, thereby violating their own policies and procedures and 215 ILCS 5/154.6(c). (Crit #121).
- In one (1) file (12.5% of the 8 examined), the Companies failed to include a Notice of Availability of the Department of Insurance with its explanation of delay letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(d)(7)(B). (Crit #132).

13. Mobile Home Paid

- No violations were noted.

14. Commercial Multiple-Peril Paid

- In 12 files (15.8% of the 76 examined), the Companies failed to send a delay letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(d)(7)(B). (Crit #075).

15. Commercial Multiple-Peril Closed without Payment

- In one (1) file (1.5% of the 68 examined), the Companies failed to send a delay letter with the Notice of Availability of the Department of Insurance, thereby violating 50 Ill. Adm. Code 919.80d(7)(B). (Crit #085).
- In two (2) files (2.9% of the 68 examined), the Companies failed to send a delay notice to the insured, thereby violating 50 Ill. Adm. Code 919.80d(7)(B). (Crit #086).
- In 10 files (14.7% of the 68 examined), the Companies failed to send denial letters with the Notice of Availability of the Department of Insurance, thereby violating 50 Ill. Adm. Code 919.50(a)(1). (Crit #087).
- In one (1) file (1.5% of the 68 examined), the Companies failed to send a denial letter to the insured, thereby violating 50 Ill. Adm. Code 919.50(a)(1). (Crit #088).

16. Commercial Automobile Paid

- In two (2) files (2.6% of the 76 examined), the Companies took depreciation for damage to the involved property with no explanation sent to the insured explaining why a lesser amount was paid, thereby violating 50 Ill. Adm. Code 919.50(a)(1). (Crit #135).
- In four (4) files (5.3% of the 76 examined), the Companies failed to send a delay letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(b)(2). (Crit #136).

- In three (3) files (3.9% of the 76 examined), the Companies failed to provide the insured with the information contained in Exhibit A, thereby violating 50 Ill. Adm. Code 919.80(c). (Crit #137).

17. Commercial Automobile Closed without Payment

- In one (1) file (4.5% of the 22 examined), the Companies failed to send a delay letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(b)(2). (Crit #143).

18. Workers' Compensation Paid

- In 25 files (73.5% of the 34 examined), the Companies failed to issue payments to provider(s) within 30 days of receiving a valid bill and interest was not paid for the delayed payment(s), thereby violating 820 ILCS 305/8.2(d)(3). (Crit #130).
- In four (4) files (11.8% of the 34 examined), the Companies failed to maintain its records by not retaining sufficient evidence in the file to support medical payments. As a result, the examiners were unable to verify payments to providers were issued within 30 days of receiving a valid invoice/billing statement, thereby violating 215 ILCS 5/133(2). (Crit #138).
- In 34 files (100.0% of the 34 examined), the Companies failed to provide evidence substantiating it provided reports by the 15th of each month that lists compensable claims incurred during the preceding month, as well as a cumulative report of all claims incurred during a calendar year, thereby violating 820 ILCS 305/19(o) and 215 ILCS 5/132(2). (Crit #141).

19. Workers' Compensation Closed without Payment

- In three (3) files (16.7% of the 18 examined), the Companies failed to provide written notification to the insured(s) and provider(s), explaining the basis for the denial, thereby violating 215 ILCS 5/154.6(n). (Crit #140).
- In 18 files (100.0% of the 18 examined), the Companies failed to provide evidence substantiating it provided reports by the 15th of each month that lists compensable claims incurred during the preceding month, as well as a cumulative report of all claims incurred during a calendar year, thereby violating 820 ILCS 305/19(o) and 215 ILCS 5/132(2). (Crit #142).



IN THE MATTER OF:

**IMT INSURANCE COMPANY
WADENA INSURANCE COMPANY
7825 MILLS CIVIC PARKWAY
WEST DES MOINES, IA. 50266**

STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance (“Department”) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, IMT Insurance Company, NAIC 14257, and Wadena Insurance Company, NAIC 12528, (“the Company”), is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of December 1, 2019, to May 31, 2021, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall apply the correct Public Protection Classification code. 50 Ill. Adm. Code 754.10
2. Institute and maintain policies and procedures whereby the Company shall provide notice of cancellation for non-payment to the lienholder 10 days prior to cancellation. 215 ILCS 5/143.15
3. Institute and maintain policies and procedures whereby the Company shall provide notice of possible eligibility with the Illinois Automobile Insurance Plan. 215 ILCS 5/143.20
4. Institute and maintain policies and procedures whereby the Company shall provide proof of mailing to the policyholder. 215 ILCS 5/143.14
5. Institute and maintain policies and procedures whereby the Company shall advise the insured of the right to appeal. 215 ILCS 5/143.23
6. Institute and maintain policies and procedures whereby the Company shall not refuse to renew the policy due to the cancellation of the agent's contract. 215 ILCS 5/141.01
7. Institute and maintain policies and procedures whereby the Company shall notify the insured of eligibility for the FAIR plan. 215 ILCS 5/143.22
8. Institute and maintain policies and procedures whereby the Company shall retain evidence to support the applied scheduled debits or credits. 215 ILCS 5/457(1) and 215 ILCS 5/462b
9. Institute and maintain policies and procedures whereby the Company shall obtain the insured's signature on the application during the application process. 215 ILCS 5/143(2) and 215 ILCS 5/457(1)
10. Institute and maintain policies and procedures whereby the Company shall timely refund the insured's share of the deductible. 215 ILCS 5/143(b)
11. Institute and maintain policies and procedures whereby the Company shall send a delay letter to the insured. 50 Ill. Adm. Code 919.80(d)(7)(B) and 50 Ill. Adm. Code 919.80(b)(2)
12. Institute and maintain policies and procedures whereby the Company shall maintain a Complaint (Customer Affairs) Department): 215 ILCS 5/143d
13. Institute and maintain policies and procedures whereby the Company shall include the Notice of the Availability of the Department of Insurance. 50 Ill. Adm. Code 919.50(a)(1)
14. Institute and maintain policies and procedures whereby the Company shall retain evidence to support the applied scheduled debits or credits. 215 ILCS 5/457(1)

15. Institute and maintain policies and procedures whereby the Company shall attach an approved NCCI form to the policy. 215 ILCS 5/457(2) and 215 ILCS 5/143(2).
16. Institute and maintain policies and procedures whereby the Company shall provide the insured with the information in Exhibit A. 50 Ill. Adm. Code 919.80(c)
17. Institute and maintain policies and procedures whereby the Company shall contact the claimant within the required time frame. 215 ILCS 5/154.6(c)
18. Institute and maintain policies and procedures whereby the Company shall issue payment within 30 days of receiving a valid bill. 820 ILCS 305/8.2(d)(3)
19. Institute and maintain policies and procedures whereby the Company shall retain evidence to support medical payments. 215 ILCS 5/133(2)
20. Institute and maintain policies and procedures whereby the Company shall provide written notification explaining the basis for denial. 215 ILCS 5/154.6(n)
21. Institute and maintain policies and procedures whereby the Company shall provide evidence that it provided required reports. 820 ILCS 305/19(o) and 215 ILCS 5/132(2)
22. Institute and maintain policies and procedures whereby the Company shall provide the loss information with the nonrenewal notice. 215 ILCS 5/143.10a(1)
23. Institute and maintain policies and procedures whereby the Company shall provide an explanation of the reason for nonrenewal. 215 ILCS 5/143.17a(a)
24. Institute and maintain policies and procedures whereby the Company shall provide notice of cancellation for non-payment 10 days prior to cancellation. 215 ILCS 5/143.16
25. Institute and maintain policies and procedures whereby the Company shall advise insureds of the right to reject coverage in excess of the minimum limits. 215 ILCS 5/143a-2
26. Institute and maintain policies and procedures whereby the Company shall provide compliant notices to insureds containing the Companies' complaint department address and the address of the Public Services Division of the Department of Insurance. 215 ILCS 5/143c and 50 Ill. Adm. Code 931.40(a) and (c)
27. Institute and maintain policies and procedures whereby the Company shall provide notices containing the DOI Public Services Division address. 215 ILCS 5/143c(2) and 50 Ill. Adm. Code 931.40(a)
28. The Company will remediate and refund consumers as a result of all associated findings related to order #1. The Company will review all policies in effect during the examination period to present day for possible overcharges and issue refunds, providing monthly reports to the Department until finalized.
29. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above twenty-eight (28) orders within thirty (30) days of execution of this Order.
30. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$165,000.⁰⁰ to be paid within ten (10) days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of IMT INSURANCE COMPANY, and WADENA INSURANCE COMPANY,

Jeff Wilson
Signature

Jeff Wilson
Name

Vice President Claims
Title

Subscribed and sworn to before me this
19 day of Jan 2023.

Jane Elizabeth Russell
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

Dana Popish-Severinghaus

DATE January 19, 2023

Dana Popish-Severinghaus
Director

