



Illinois Department of Insurance

JB Pritzker
Governor

Ann Gillespie
Acting Director

August 16, 2024

Melissa Winter, President
c/o Christine Matysik
Acuity, A Mutual Insurance Company
2800 South Taylor Drive
Sheboygan, WI. 53081

Re: Acuity, A Mutual Insurance Company, NAIC 14184
Market Conduct Examination Report Closing Letter

Dear Melissa Winter,

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
Chief Market Conduct Examiner
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
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**ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION**

OF

ACUITY, A MUTUAL INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: April 3, 2023, to March 11, 2024

EXAMINATION OF: Acuity, A Mutual Insurance Company (NAIC #14184)

LOCATION OF EXAM: Remote Examination
2800 South Taylor Drive
Sheboygan, WI 53081

PERIOD COVERED BY EXAMINATION: January 1, 2022, through December 31, 2022
(Complaints were reviewed for the period July 1, 2021, through December 31, 2022)

EXAMINERS: MCM
Craig L. Leonard, CIE, CPCU, CCP, FLMI, ARC, AIAF, ARM,
Willa Burroughs, MCM
Frank Fricks, CIE, CFE, FLMI, AIRC
Katherine Girard, MCM
Greg Hawkins, MCM
Nicholas Klug, JD, CIE, AMCM, AIRC
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I. SUMMARY

A targeted market conduct examination of Acuity, A Mutual Insurance Company (NAIC #14184), (herein referred to as “Company”) was performed to determine compliance with Illinois Statutes and the Illinois Administrative Code.

The property and casualty (“P&C”) lines of business under review included Private Passenger Automobile (“PPA”) and Motorcycle (“MC”).

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	Files Reviewed	Errors	Error %
1	50 Ill. Adm. Code 919.80(b)(2)	Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days.	80	4	5.00%
2	50 Ill. Adm. Code 919.80(c)	Company failed to provide the insured with the information contained in Exhibit A when the insured vehicle was deemed a total loss.	80	80	100.00%
5	215 ILCS 5/143.14(a)	Company failed to include the actual cancellation date in the cancellation notice to the lienholder.	6	3	50.00%
9	215 ILCS 5/154.6(a), 215 ILCS 5/154.6(c), and 215 ILCS 5/154.6(d)	Company did not discuss Replacement Benefits Coverage or issue payment for the coverage until questioned by the examiners, resulting in total underpayments of \$15,455.85.	80	5	6.30%
10	50 Ill. Adm. Code 919.30(c)	Company failed to provide detailed documentation regarding the total loss settlement.	80	9	11.30%
11	215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3) (A)(i)	Company did not pay the appropriate settlement amount by failing to pay sales taxes, title and/or license fees to the insured at the time of the total loss settlement, resulting in total underpayments of \$12,101.59.	80	30	37.50%
13	50 Ill. Adm. Code 919.60(a)	Company secured a Policyholder or Property Damage Release from the insured in settlement of the insured’s total loss claim when the policy limit was not paid and there was no dispute over coverage or settlement amount under the policy.	80	3	3.80%
17	215 ILCS 5/143.14(a)	Company failed to include the actual cancellation date in the cancellation notice to the lienholder.	10	1	10.00%

TABLE OF TOTAL VIOLATIONS					
Crit #	Statute/ Rule	Description of Violation	Files Reviewed	Errors	Error %
19	50 Ill. Adm. Code 919.80(b)(2)	Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days.	105	2	1.90%
20	50 Ill. Adm. Code 919.80(b)(2)	Company failed to include the reason for the delay which comprised of the need for an estimate and photos of the insured vehicle in "The information below is needed..." portion of the delay letter to the insured.	105	1	1.00%
21	50 Ill. Adm. Code 919.50(a)(1)	Company did not include notification of the Department of Insurance with the partial denial of the claim.	105	1	1.00%
23	215 ILCS 5/154.6(c)	Company did not include the names of both named insureds when issuing the claim payment.	105	6	5.70%
24	50 Ill. Adm. Code 919.50(a)(1)	Company did not issue payment for the portion of the claim that was not in dispute within 30 days.	105	1	1.00%
25	215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3) (A)(i)	Company did not pay the appropriate settlement amount by failing to pay sales taxes, title and/or license fees to the insured at the time of the total loss settlement, resulting in total underpayments of \$452.00.	80	2	2.50%
26	215 ILCS 5/154.6(d)	Company failed to issue the appropriate payment to the insured at the time of the total loss settlement, resulting in total underpayments of \$296.61.	80	2	2.50%
27	215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3) (A)(i)	Company failed to pay the proper settlement amount and tax, title and/or license fees, resulting in total underpayments of \$3,644.63.	80	2	2.50%
28	50 Ill. Adm. Code 919.50(a)(1)	Company did not provide the insured with a written explanation of the basis for the lower payment of the claim.	105	1	1.00%
30	50 Ill. Adm. Code 919.30(c)	Company failed to provide detailed documentation regarding the investigation of coverage.	105	1	1.00%
31	50 Ill. Adm. Code 919.50(a)(1)	Company did not include notification of the Department of Insurance with the denial of the claim.	84	2	2.40%
32	50 Ill. Adm. Code 919.30(c)	Company failed to provide detailed documentation in order to permit reconstruction of the Company's activities relative to the claim file.	84	8	9.50%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/ Rule	Description of Violation	Files Reviewed	Errors	Error %
33	50 Ill. Adm. Code 919.80(b)(2)	Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days.	84	4	4.80%
34	50 Ill. Adm. Code 919.50(a)(1)	Company did not send written notice of the denial of the claim.	84	2	2.40%
35	215 ILCS 5/154.6(b)	Company failed to acknowledge pertinent communications in the handling of the claim.	84	1	1.20%
36	50 Ill. Adm. Code 919.80(b)(2)	Company failed to send a written explanation of the delay in resolution of the claim to the insured within 40 calendar days.	84	1	1.20%
37	50 Ill. Adm. Code 919.80(b)(2)	Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days.	105	1	1.00%
38	50 Ill. Adm. Code 919.80(b)(3)	Company failed to send a written explanation for the delay to the third-party claimant when the claim exceeded 60 days.	45	6	13.30%
39	50 Ill. Adm. Code 919.50(a)(2)	Company failed to send a written explanation for the denial to the third-party claimant.	45	4	8.90%
40	215 ILCS 5/143b	Company failed to pay the pro rata deductible share to the insured out of the net recovery on the subrogation, resulting in an underpayment of \$500.00.	76	1	1.30%
41	50 Ill. Adm. Code 919.30(c)	Company failed to provide detailed documentation in order to permit reconstruction of the Company's activities relative to the claim file.	76	4	5.30%
42	215 ILCS 5/154.6b	Company issued a property damage subrogation payment of \$8,304.36 to the third-party carrier in error and failed to attempt recovery of the payment.	76	1	1.30%
46	50 Ill. Adm. Code 919.80(b)(3)	Company failed to send a written explanation for the delay to the third-party claimant when the claim exceeded 60 days.	198	9	4.50%
48	215 ILCS 5/154.6(d)	Company did not pay the appropriate settlement amount by failing to pay sales taxes, title and/or license fees to the third-party claimant at the time of the total loss settlement, resulting in total underpayments of \$1,664.00.	198	7	3.50%
49	50 Ill. Adm. Code 919.80(b)(3)	Company failed to send a timely written explanation for the delay to the third-party claimant when the claim exceeded 60 days.	198	1	0.50%

TABLE OF TOTAL VIOLATIONS					
Crit #	Statute/ Rule	Description of Violation	Files Reviewed	Errors	Error %
50	215 ILCS 5/154.6(b)	Company failed to acknowledge with reasonable promptness pertinent communication in the handling of the claim.	198	1	0.50%
51	50 Ill. Adm. Code 919.50(a)(1)	Company did not issue payment for the portion of the claim that was not in dispute within 30 days.	198	3	1.50%
52	50 Ill. Adm. Code 919.30(c)	Company failed to provide detailed documentation regarding the resolution of claims.	198	4	2.00%
53	215 ILCS 5/154.6(c)	Company failed to implement reasonable standards for the prompt investigation and settlement of claims.	198	4	2.00%
54	215 ILCS 5/143.12a	Company failed to refund the correct unearned premium prorated to the date of cancellation, resulting in total underpayments of \$25.75.	86	1	1.16%
55	215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3) (A)(i)	Company failed to pay license fees to the insured at the time of the total loss settlement, resulting in an underpayment of \$196.00.	51	1	2.00%
56	50 Ill. Adm. Code 919.80(c)	Company failed to provide the insured with the information contained in Exhibit A when the insured vehicle was deemed a total loss.	51	1	2.00%
57	50 Ill. Adm. Code 919.80(b)(2)	Company failed to send a timely written explanation for the delay to the insured when the claim exceeded 40 days.	51	1	2.00%
58	50 Ill. Adm. Code 919.80(b)(2)	Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days.	3	1	33.30%
59	50 Ill. Adm. Code 919.80(c)	Company failed to provide the insured with the information contained in Exhibit A when the insured vehicle was deemed a total loss.	3	2	66.70%
60	215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3) (A)(i)	Company failed to pay title and/or license fees to the insured at the time of the total loss settlement, resulting in total underpayments of \$512.00.	3	2	66.70%
61	215 ILCS 5/154.6(d)	Company did not pay the appropriate settlement amount by failing to pay title and license fees to the third-party claimant at the time of the total loss settlement, resulting in an underpayment of \$316.00.	198	1	0.50%

TABLE OF TOTAL VIOLATIONS					
Crit #	Statute/ Rule	Description of Violation	Files Reviewed	Errors	Error %
62	215 ILCS 5/154.6(c)	Company failed to implement reasonable standards for the prompt investigation and settlement of claims.	51	1	2.00%
63	50 Ill. Adm. Code 919.30(c)	Company failed to provide detailed documentation in order to permit reconstruction of the company's activities relative to each claim file.	51	2	3.90%
64	50 Ill. Adm. Code 754.10(b)	Company used Vehicle History Score 997, which was not filed.	86	5	5.80%
65	50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10 (b)	Company used unfiled sub-territory definitions and related sub-territory scores to rate motorcycle policies.	5	5	100%
66	50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10 (b)	Company used unfiled sub-territory definitions and related sub-territory scores to rate private passenger automobile policies.	86	86	100%
67	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the company name in a minimum of eight (8) point upper case type.	86	86	100%
68	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the insurance card disclaimer as prescribed by regulation and incorporated an additional word.	116	116	100%
69	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the Company's name in a minimum of eight (8) point upper case type.	116	116	100%
70	215 ILCS 5/155.27	Company's "Persistency Discount" rule imposed a surcharge based on the identity of prior carrier.	5	N/A	N/A
71	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the insurance card disclaimer as prescribed by regulation and incorporated an additional word in the disclaimer.	5	5	100%
72	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the Company's name in a minimum of eight (8) point upper case type.	5	5	100%
73	50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b)	Company failed to file the Explore ALI model used to rate policies.	5	N/A	N/A
74	50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b)	Company failed to file the Explore ALI model used to rate policies.	86	N/A	N/A
75	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the insurance card disclaimer as prescribed by regulation and/or incorporated an additional word in the disclaimer.	86	86	100%

TABLE OF TOTAL VIOLATIONS					
Crit #	Statute/ Rule	Description of Violation	Files Reviewed	Errors	Error %
76	50 Ill. Adm. Code 754.10(b)(1), 50 Ill. Adm. Code 754.10(b)(2) and 50 Ill. Adm. Code 754.10(b)(3)	Company failed to file rating factor(s) for ages 81 and older on their Expense Fee Longevity – Age of Oldest Driver rating factor table.	86	11	12.80%
77	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the Company's name in a minimum of eight (8) point upper case type.	118	118	100%
78	50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)	Company failed to display the insurance card disclaimer as prescribed by regulation and incorporated an additional word.	118	118	100%
79	215 ILCS 5/155.27	Company imposed a surcharge based on the identity of the prior automobile insurance carrier, resulting in an overcharge of \$244.00.	86	1	1.20%
80	50 Ill. Adm. Code 753.20(a)	Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company.	86	N/A	N/A
81	50 Ill. Adm. Code 754.10 (b)	Company applied the Multi-Vehicle Discount to a policy that was not eligible for the discount.	86	1	1.20%
82	50 Ill. Adm. Code 753.20 (a)	Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company.	116	N/A	N/A
83	50 Ill. Adm. Code 753.20 (a)	Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company.	5	N/A	N/A
84	50 Ill. Adm. Code 753.20 (a)	Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company.	118	N/A	N/A
85	215 ILCS 5/143.32	Company's policy forms and endorsements including, but not limited to, the Personal Auto Policy (PP 00 01R 09 18) and Amendment of Policy Provisions – Illinois (PP 01 74R 04 20), do not specifically include coverage for child restraint systems for any coverage except Property Damage Uninsured Motorist (PP 04 86R).	86	N/A	N/A

TABLE OF TOTAL VIOLATIONS					
Crit #	Statute/ Rule	Description of Violation	Files Reviewed	Errors	Error %
86	215 ILCS 5/143.32	Company's policy forms and endorsements including, but not limited to, the Personal Auto Policy (PP 11 01R 09 18) and Amendment of Policy Provisions – Illinois (PP 01 74R 04 20), do not specifically include coverage for child restraint systems for any coverage except Property Damage Uninsured Motorist (PP 04 86R).	116	N/A	N/A
88	50 Ill. Adm. Code 754.10(b)(1) and 50 Ill. Adm. Code 754.10(f)	Company utilized rates other than those contained in SERFF Tracking #ACUT- 133214323 that became effective June 20, 2022, for new business and SERFF Tracking #ACUT-133396354 that become effective November 2, 2022, for new business, resulting in an overcharge of \$53.00 and an undercharge of \$16.00.	86	2	2.30%
89	215 ILCS 5/143.32 and 215 ILCS 5/154.6(c)	Company failed to inquire about the age of the grandson, who was listed as a passenger in the car, and determine if there was usage of a child restraint system in which replacement coverage would apply.	105	1	1.00%
90	215 ILCS 5/143.32 and 215 ILCS 5/154.6(c)	Company documented a passenger in the car, but failed to document the passenger's age and determine if there was usage of a child restraint system in which replacement coverage would apply.	80	1	1.30%
91	215 ILCS 5/154.6(a), 215/ILCS 5/154.6(c), and 215 ILCS 5/143.32	Company had documentation of child passengers in car seats (as listed in the police reports) and failed to notify the insured of coverage for replacement of a child restraint system that was in use during a crash, resulting in underpayments of an unknown amount.	80	3	3.80%
92	215 ILCS 157/40(a), 50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b)	Company failed to file the Attract Auto 3.0 model with the Illinois Department of Insurance.	86	N/A	N/A

II. BACKGROUND

The examination is of Acuity, A Mutual Insurance Company (NAIC #14184), (herein referred to as “Company”).

The Company was incorporated in the State of Wisconsin on August 11, 1925, under the name of Mutual Automobile Insurance Company of the Town of Herman and commenced business on September 25, 1925. Operations were initially restricted to Sheboygan County, Wisconsin, but the territory of the company was gradually extended. The name was changed in May 1954 to Mutual Auto Insurance Company. In December 1957, the Company changed its name to Heritage Mutual Insurance Company. The Company absorbed Bloomfield Mutual Insurance Company of West Bloomfield, Wisconsin, through a merger on January 22, 1982. The present name was adopted in March 2001.

The Company sold its wholly owned subsidiary, Greatway Insurance Company (“Greatway”), to Anchor General Insurance Company, a California company, effective December 31, 2006. Greatway had been largely inactive since June of 2000. Effective November 30, 2007, ACUITY BANK, SSB and its subsidiaries were dissolved. As a result of those transactions, the Company had only one remaining subsidiary, Westland Insurance Services, Inc. This subsidiary’s material assets were sold to TRICOR, Inc. effective June 30, 2015.

The Company purchased a new subsidiary, Arapaho General Agency, Inc. on August 22, 2017. This subsidiary was immediately renamed Acuity TX MGA, Inc. (“Acuity TX”). Acuity TX is a Texas- domiciled managing general agent that Acuity operates to facilitate its personal auto business in the state of Texas. Acuity TX entered into a managing general agent agreement with Home State County Mutual Insurance Company, which cedes 100% of the personal auto business it writes for Acuity TX directly to Acuity.

On March 6, 2020, Acuity’s board of directors approved the formation of a new subsidiary named Abuzz Insurance Agency, Inc. (“Abuzz”). Abuzz is an insurance agency created to provide an online (digital) channel for Acuity to directly sell its policies or refer customers to other carriers, depending on the customer’s needs and risk profile.

Acuity currently writes Commercial business in 31 states and Personal business in 27 states.

As of December 31, 2022, the Company’s written premiums in Illinois for the line of business subject to the scope of this examination were as follows:

Acuity, A Mutual Insurance Company						
Line of Business	Direct Premiums Written	Direct Premiums Earned	Direct Unearned Premium	Direct Losses Paid	Direct Losses Incurred	Direct Losses Unpaid
Private Passenger Automobile Liability	\$4,501,938	\$4,392,861	\$2,343,591	\$3,178,155	\$4,687,858	\$6,766,445
Private Passenger Automobile Physical Damage	\$4,202,936	\$4,181,053	\$2,146,987	\$2,383,318	\$2,366,492	-\$145,059
Totals	\$8,704,874	\$8,573,914	\$4,490,578	\$5,561,473	\$7,054,350	\$6,621,386

III. METHODOLOGY

The market conduct examination places emphasis on an insurer's systems, procedures and guidelines used in dealing with insureds and claimants. Other than for the reviews of Complaints, the period under review was January 1, 2022, through December 31, 2022. The following categories were the areas examined:

1. Complaint Handling
2. Marketing and Sales
3. Underwriting and Rating
4. Risk Selection
5. Claims

The review of these categories was accomplished through examination of individual policy and claim files, the Company's procedures, written interrogatories, and interviews with the Company's 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 Company 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 Company. 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 Company for retrieval.

Complaint Handling

DOI Complaints and Consumer Complaints for the period July 1, 2021, through December 31, 2022, were reviewed for compliance with applicable state laws and the Company's own guidelines.

DOI Complaints – The population request for this category consisted of complaints received from the DOI during the examination period. The Company's 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 Company reported they did not have any Consumer Complaints for the examination period.

Marketing and Sales

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

The examiners requested the Company's 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 Company during the examination period; and producer training manuals.

The Company reported they did not have producer-generated advertising for the examination period.

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

Underwriting and Rating

The underwriting samples consisted of new and renewal business for the property and casualty lines of business.

The new business samples were 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 Company's own guidelines.

The renewal business samples were 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 Company's own guidelines.

Risk Selection

For the property and casualty lines of business, Cancellations, Nonrenewals and Rescissions were reviewed for compliance with applicable state laws, the Company's 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.

The Company reported they did not have any Rescissions for the examination period.

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.).

For the property and casualty lines of business, 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		
Consumer Complaints	0	n/a
Department of Insurance Complaints	1	100%
Marketing and Sales		
Company-generated Advertising	21	100%
Producer-generated Advertising	0	n/a
Producer Training Materials	29	100%
Producer Communications	12	100%
Underwriting and Rating		
PPA New Business	86	18.90%
PPA Renewals	116	2.10%
MC New Business	5	100%
MC Renewals	118	100%
Risk Selection		
PPA Cancellations – LTET 60 Days	6	100%
PPA Cancellations – Greater than 60 Days	86	19.10%
PPA Nonrenewed	19	100%
PPA Rescinded	0	n/a
MC Cancellations – LTET 60 Days	0	n/a
MC Cancellations – Greater than 60 Days	10	100%
MC Nonrenewed	0	n/a
MC Rescinded	0	n/a
Claims		
PPA – First-Party Paid	105	17.40%
PPA – First-Party CWP	84	100%
PPA – Total Loss	80	100%
PPA – Third-Party Paid	198	100%
PPA – Third-Party CWP	45	100%
PPA – Subrogation	76	100%
PPA – Litigated	51	100%
MC – Paid	3	100%
MC – CWP	0	n/a

IV. FINDINGS

A. Complaint Handling

1. Consumer Complaints

a. The Company stated there were no consumer complaints for the examination period under review.

2. Department of Insurance Complaints

a. No violations were noted.

B. Marketing and Sales

1. Company-generated Advertising

a. No violations were noted.

2. Producer-generated Advertising

a. The Company stated there were no producer-generated advertising materials for the examination period under review.

3. Producer Training Materials

a. No violations were noted.

4. Producer Communications

a. No violations were noted.

C. Underwriting and Rating

1. Private Passenger Automobile New Business

a. Criticism #64 - In five (5) files (5.8% of the 86 files examined), the Company used Vehicle History Score 997, which was not filed, thereby violating 50 Ill. Adm. Code 754.10(b).

b. Criticism #66 - In 86 files (100.0% of the 86 files reviewed), the Company used unfiled sub-territory definitions and related sub-territory scores to rate private passenger automobile policies, thereby violating 50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b).

c. Criticism #67 - In 86 files (100.0% of the 86 files reviewed), the Company failed to display the company name in a minimum of eight (8) point upper case type, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).

d. Criticism #74 - The Company failed to file the Explore ALI model used to rate policies, thereby violating 50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b).

e. Criticism #75 - In 86 files (100.0% of the 86 files reviewed), the Company failed to display the insurance card disclaimer as prescribed by regulation and/or incorporated an additional word in the disclaimer, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).

f. Criticism #76 - In 11 files (12.8% of the 86 files examined), the Company failed to file rating factor(s) for ages 81 and older on their Expense Fee Longevity – Age of Oldest Driver rating factor table, thereby violating 50 Ill. Adm. Code 754.10(b)(1), 50 Ill. Adm. Code 754.10(b)(2), and 50 Ill. Adm. Code 754.10(b)(3).

g. Criticism #79 - In one (1) file (1.2% of the 86 files reviewed), the Company imposed a surcharge based on the identity of the prior automobile insurance carrier, resulting in an overcharge of \$244.00, thereby violating 215 ILCS 5/155.27.

- h. Criticism #80 - In general, the Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company, thereby violating 50 Ill. Adm. Code 753.20(a). The Company's name is at the bottom of the private passenger automobile declarations page (form U-732(6-19)); the home office address is located on the signature page (form F-500(8-13)); and information regarding the Company's structure is contained in the Mutual Policy Conditions (form IL 71 09 18).
 - i. Criticism #81 - In one (1) file (1.2% of the 86 files reviewed), the Company applied the Multi-Vehicle Discount to a policy that was not eligible for the discount, thereby violating 50 Ill. Adm. Code 754.10(b).
 - j. Criticism #85 - In general, the Company's policy forms and endorsements including, but not limited to, the Company's Personal Auto Policy (PP 00 01R 09 18) and Amendment of Policy Provisions – Illinois (PP 01 74R 04 20), do not specifically include coverage for child restraint systems for any coverage except Property Damage Uninsured Motorist (PP 04 86R), thereby violating 215 ILCS 5/143.32.
 - k. Criticism #88 - In two (2) files (2.3% of the 86 files examined), the Company utilized rates other than those contained in SERFF Tracking #ACUT-133214323 that became effective June 20, 2022, for new business and SERFF Tracking #ACUT-133396354 that become effective November 2, 2022, for new business, resulting in an overcharge of \$53.00 and an undercharge of \$16.00, thereby violating 50 Ill. Adm. Code 754.10(b)(1) and 50 Ill. Adm. Code 754.10(f).
 - l. Criticism #92 - The Company failed to file the Attract Auto 3.0 model with the Illinois Department of Insurance, thereby violating 215 ILCS 157/40(a), 50 Ill. Adm. Code 754.10(a), and 50 Ill. Adm. Code 754.10(b).
2. Private Passenger Automobile Renewals
- a. Criticism #68 - In 116 files (100.0% of the 116 files reviewed), the Company failed to display the insurance card disclaimer as prescribed by regulation and incorporated an additional word, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).
 - b. Criticism #69 - In 116 files (100.0% of the 116 files reviewed), the Company failed to display the Company's name in a minimum of eight (8) point upper case type, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).
 - c. Criticism #82 - In general, the Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company, thereby violating 50 Ill. Adm. Code 753.20(a). The Company's name is at the bottom of the private passenger automobile declarations page (form U-732(6-19)); the home office address is located on the signature page (form F-500(8-13)); and information regarding the Company's structure is contained in the Mutual Policy Conditions (form IL 71 09 18).
 - d. Criticism #86 - In general, the Company's policy forms and endorsements including, but not limited to, the Company's Personal Auto Policy (PP 11 01R 09 18) and Amendment of Policy Provisions – Illinois (PP 01 74R 04 20), do not specifically include coverage for child restraint systems for any coverage except Property Damage Uninsured Motorist (PP 04 86R), thereby violating 215 ILCS 5/143.32.

3. Motorcycle New Business
 - a. Criticism #65 - In five (5) files (100.0% of the five (5) files reviewed), the Company used unfiled sub-territory definitions and related sub-territory scores to rate motorcycle policies, thereby violating 50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b).
 - b. Criticism #70 - In general, the Company's "Persistency Discount" rule imposed a surcharge based on the identity of prior carrier, thereby violating 215 ILCS 5/155.27.
 - c. Criticism #71 - In five (5) files (100.0% of the five (5) files reviewed), the Company failed to display the insurance card disclaimer as prescribed by regulation and incorporated an additional word in the disclaimer, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).
 - d. Criticism #72 - In five (5) files (100.0% of the five (5) files reviewed), the Company failed to display the Company's name in a minimum of eight (8) point upper case type, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).
 - e. Criticism #73 - The Company failed to file the Explore ALI model used to rate policies, thereby violating 50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b).
 - f. Criticism #83 - In general, the Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company, thereby violating 50 Ill. Adm. Code 753.20(a). The Company's name is at the bottom of the private passenger automobile declarations page (form U-732(6-19)); the home office address is located on the signature page (form F-500(8-13)); and information regarding the Company's structure is contained in the Mutual Policy Conditions (form IL 71 09 18).
4. Motorcycle Renewals
 - a. Criticism #77 - In 118 files (100.0% of the 118 files reviewed), the Company failed to display the Company's name in a minimum of eight (8) point upper case type, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).
 - b. Criticism #78 - In 118 files (100.0% of the 118 files reviewed), the Company failed to display the insurance card disclaimer as prescribed by regulation and incorporated an additional word, thereby violating 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e).
 - c. Criticism #84 - In general, the Company failed to print at the head of the policy the name of the insurer, the home office location, and the structure of the Company, thereby violating 50 Ill. Adm. Code 753.20(a). The Company's name is at the bottom of the private passenger automobile declarations page (form U-732(6-19)); the home office address is located on the signature page (form F-500(8-13)); and information regarding the Company's structure is contained in the Mutual Policy Conditions (form 71 09 18).

D. Risk Selection

1. Private Passenger Automobile Cancellations – Less than or Equal to 60 Days
 - a. Criticism #5 - In three (3) files (50.0% of the six (6) files reviewed), the Company failed to include the actual cancellation date in the cancellation notice to the lienholder, thereby violating 215 ILCS 5/143.14(a).

2. Private Passenger Automobile Cancellations – Greater than 60 Days
 - a. Criticism #54 - In one (1) files (1.16% of the 86 files examined), the Company failed to refund the correct unearned premium prorated to the date of cancellation, thereby resulting in total underpayments of \$25.75, thereby violating 215 ILCS 5/143.12a.
3. Private Passenger Automobile Nonrenewed
 - a. No violations were noted.
4. Private Passenger Automobile Rescinded
 - a. The Company stated there were no private passenger automobile policies rescinded for the examination period under review.
5. Motorcycle Cancellations – Less than or Equal to 60 Days
 - a. The Company stated there were no motorcycle policies cancelled less than or equal to 60 days for the examination period under review.
6. Motorcycle Cancellations – Greater than 60 Days
 - a. Criticism #17 - In one (1) file (10.0% of the 10 files reviewed), the Company failed to include the actual cancellation date in the cancellation notice to the lienholder, thereby violating 215 ILCS 5/143.14(a).
7. Motorcycle Nonrenewed
 - a. The Company stated there were no motorcycle policies nonrenewed for the examination period under review.
8. Motorcycle Rescinded
 - a. The Company stated there were no motorcycle policies rescinded for the examination period under review.

E. Claims

1. Private Passenger Automobile First-Party Paid
 - a. Criticism #19 - In two (2) files (1.9% of the 105 files reviewed), the Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
 - b. Criticism #20 - In one (1) file (1.0% of the 105 files reviewed), the Company failed to include the reason for the delay which comprised of the need for an estimate and photos of the insured vehicle in “The information below is needed...” portion of the delay letter to the insured, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
 - c. Criticism #21 - In one (1) file (1.0% of the 105 files reviewed), the Company did not include notification of the Department of Insurance with the partial denial of the claim, thereby violating 50 Ill. Adm. Code 919.50(a)(1).
 - d. Criticism #23 - In six (6) files (5.7% of the 105 files reviewed), the Company did not include the names of both named insureds when issuing the claim payment, thereby violating 215 ILCS 5/154.6(c).
 - e. Criticism #24 - In one (1) file (1.0% of the 105 files reviewed), the Company did not issue payment for the portion of the claim that was not in dispute within 30 days, thereby violating 50 Ill. Adm. Code 919.50(a)(1).
 - f. Criticism #28 - In one (1) file (1.0% of the 105 files reviewed), the Company did not provide the insured with a written explanation of the basis for the lower payment of the claim, thereby violating 50 Ill. Adm. Code 919.50(a)(1).

- g. Criticism #30 - In one (1) file (1.0% of the 105 files reviewed), the Company failed to provide detailed documentation regarding the investigation of coverage, thereby violating 50 Ill. Adm. Code 919.30(c).
 - h. Criticism #37 - In one (1) file (1.0% of the 105 files reviewed), the Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
 - i. Criticism #89 - In one (1) file (1.0% of the 105 files reviewed), the Company failed to inquire about the age of the grandson, who was listed as a passenger in the car, and determine if there was usage of a child restraint system in which replacement coverage would apply, thereby violating 215 ILCS 5/143.32 and 215 ILCS 5/154.6(c).
2. Private Passenger Automobile First-Party Closed Without Payment
- a. Criticism #31 - In two (2) files (2.4% of the 84 files reviewed), the Company did not include notification of the Department of Insurance with the denial of the claim, thereby violating 50 Ill. Adm. Code 919.50(a)(1).
 - b. Criticism #32 - In eight (8) files (9.5% of the 84 files reviewed), the Company failed to provide detailed documentation in order to permit reconstruction of the Company's activities relative to the claim file, thereby violating 50 Ill. Adm. Code 919.30(c).
 - c. Criticism #33 - In four (4) files (4.8% of the 84 files reviewed), the Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
 - d. Criticism #34 - In two (2) files (2.4% of the 84 files reviewed), the Company did not send written notice of the denial of the claim, thereby violating 50 Ill. Adm. Code 919.50(a)(1).
 - e. Criticism #35 - In one (1) file (1.2% of the 84 files reviewed), the Company failed to acknowledge pertinent communications in the handling of the claim, thereby violating 215 ILCS 5/154.6(b).
 - f. Criticism #36 - In one (1) file (1.2% of the 84 files reviewed), the Company failed to send a written explanation of the delay in resolution of the claim to the insured within 40 calendar days, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
3. Private Passenger Automobile Total Loss
- a. Criticism #1 - In four (4) files (5.0% of the 80 files reviewed), the Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
 - b. Criticism #2 - In 80 files (100.0% of the 80 files reviewed), the Company failed to provide the insured with the information contained in Exhibit A when the insured vehicle was deemed a total loss, thereby violating 50 Ill. Adm. Code 919.80(c).
 - c. Criticism #9 - In five (5) files (6.3% of the 80 files reviewed), the Company did not discuss Replacement Benefits Coverage or issue payment for the coverage until questioned by the examiners, resulting in total underpayments of \$15,455.85, thereby violating 215 ILCS 5/154.6(a), 215 ILCS 5/154.6(c), and 215 ILCS 5/154.6(d).

- d. Criticism #10 - In nine (9) files (11.3% of the 80 files reviewed), the Company failed to provide detailed documentation regarding the total loss settlement, thereby violating 50 Ill. Adm. Code 919.30(c).
 - e. Criticism #11 - In 30 files (37.5% of the 80 files reviewed), the Company did not pay the appropriate settlement amount by failing to pay sales taxes, title and/or license fees to the insured at the time of the total loss settlement, resulting in total underpayments of \$12,101.59, thereby violating 215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3)(A)(i).
 - f. Criticism #13 - In three (3) files (3.8% of the 80 files reviewed), the Company secured a Policyholder or Property Damage Release from the insured in settlement of the insured's total loss claim when the policy limit was not paid and there was no dispute over coverage or settlement amount under the policy, thereby violating 50 Ill. Adm. Code 919.60(a).
 - g. Criticism #25 - In two (2) files (2.5% of the 80 files reviewed), the Company did not pay the appropriate settlement amount by failing to pay sales taxes, title and/or license fees to the insured at the time of the total loss settlement, resulting in total underpayments of \$452.00, thereby violating 215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3)(A)(i).
 - h. Criticism #26 - In two (2) files (2.5% of the 80 files reviewed), the Company failed to issue the appropriate payment to the insured at the time of the total loss settlement, resulting in total underpayments of \$296.61, thereby violating 215 ILCS 5/154.6(d).
 - i. Criticism #27 - In two (2) files (2.5% of the 80 files reviewed), the Company failed to pay the proper settlement amount and tax, title and/or license fees, resulting in total underpayments of \$3,644.63, thereby violating 215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3)(A)(i).
 - j. Criticism #90 - In one (1) file (1.3% of the 80 files reviewed), the Company documented a passenger in the car, but failed to document the passenger's age and determine if there was usage of a child restraint system in which replacement coverage would apply, thereby violating 215 ILCS 5/143.32 and 215 ILCS 5/154.6(c).
 - k. Criticism #91 - In three (3) files (3.8% of the 80 files reviewed), the Company had documentation of child passengers in car seats (as listed in the police reports), and failed to notify the insured of coverage for replacement of a child restraint system that was in use during a crash, resulting in underpayments of an unknown amount, thereby violating 215 ILCS 5/154.6(a), 215/ILCS 5/154.6(c), and 215 ILCS 5/143.32.
4. Private Passenger Automobile Third-Party Paid
- a. Criticism #46 - In nine (9) files (4.5% of the 198 files reviewed), the Company failed to send a written explanation for the delay to the third-party claimant when the claim exceeded 60 days, thereby violating 50 Ill. Adm. Code 919.80(b)(3).
 - b. Criticism #48 - In seven (7) files (3.5% of the 198 files reviewed), the Company did not pay the appropriate settlement amount by failing to pay sales taxes, title and/or license fees to the third-party claimant at the time of the total loss settlement, resulting in total underpayments of \$1,664.00, thereby violating 215 ILCS 5/154.6(d).
 - c. Criticism #49 - In one (1) file (0.5% of the 198 files reviewed), the Company failed to send a timely written explanation for the delay to the third-party claimant when the claim exceeded 60 days, thereby violating 50 Ill. Adm. Code 919.80(b)(3).

- d. Criticism #50 - In one (1) file (0.5% of the 198 files reviewed), the Company failed to acknowledge with reasonable promptness pertinent communication in the handling of the claim, thereby violating 215 ILCS 5/154.6(b).
 - e. Criticism #51 - In three (3) files (1.5% of the 198 files reviewed), the Company did not issue payment for the portion of the claim that was not in dispute within 30 days, thereby violating 50 Ill. Adm. Code 919.50(a)(1).
 - f. Criticism #52 - In four (4) files (2.0% of the 198 files reviewed), the Company failed to provide detailed documentation regarding the resolution of claims, thereby violating 50 Ill. Adm. Code 919.30(c).
 - g. Criticism #53 - In four (4) files (2.0% of the 198 files reviewed), the Company failed to implement reasonable standards for the prompt investigation and settlement of claims, thereby violating 215 ILCS 5/154.6(c).
 - h. Criticism #61 - In one (1) file (0.5% of the 198 files reviewed), the Company did not pay the appropriate settlement amount by failing to pay title and license fees to the third-party claimant at the time of the total loss settlement, resulting in an underpayment of \$316.00, thereby violating 215 ILCS 5/154.6(d).
5. Private Passenger Automobile Third-Party Closed Without Payment
- a. Criticism #38 - In six (6) files (13.3% of the 45 files reviewed), the Company failed to send a written explanation for the delay to the third-party claimant when the claim exceeded 60 days, thereby violating 50 Ill. Adm. Code 919.80(b)(3).
 - b. Criticism #39 - In four (4) files (8.9% of the 45 files reviewed), the Company failed to send a written explanation for the denial to the third-party claimant, thereby violating 50 Ill. Adm. Code 919.50(a)(2).
6. Private Passenger Automobile Subrogation
- a. Criticism #40 - In one (1) file (1.3% of the 76 files reviewed), the Company failed to pay the pro rata deductible share to the insured out of the net recovery on the subrogation, resulting in an underpayment of \$500.00, thereby violating 215 ILCS 5/143b.
 - b. Criticism #41 - In four (4) files (5.3% of the 76 files reviewed), the Company failed to provide detailed documentation in order to permit reconstruction of the Company's activities relative to the claim file, thereby violating 50 Ill. Adm. Code 919.30(c).
 - c. Criticism #42 - In one (1) file (1.3% of the 76 files reviewed), the Company issued a property damage subrogation payment of \$8,304.36 to the third-party carrier in error and failed to attempt recovery of the payment, thereby violating 215 ILCS 5/154.6b.
7. Private Passenger Automobile Litigated
- a. Criticism #55 - In one (1) file (2.0% of the 51 files reviewed), the Company failed to pay license fees to the insured at the time of the total loss settlement, resulting in an underpayment of \$196.00, thereby violating 215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3)(A)(i).
 - b. Criticism #56 - In one (1) file (2.0% of the 51 files reviewed), the Company failed to provide the insured with the information contained in Exhibit A when the insured vehicle was deemed a total loss, thereby violating 50 Ill. Adm. Code 919.80(c).

- c. Criticism #57 - In one (1) file (2.0% of the 51 files reviewed), the Company failed to send a timely written explanation for the delay to the insured when the claim exceeded 40 days, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
 - d. Criticism #62 - In one (1) file (2.0% of the 51 files reviewed), the Company failed to implement reasonable standards for the prompt investigation and settlement of claims, thereby violating 215 ILCS 5/154.6(c).
 - e. Criticism #63 - In two (2) files (3.9% of the 51 files reviewed), the Company failed to provide detailed documentation in order to permit reconstruction of the Company's activities relative to each claim file, thereby violating 50 Ill. Adm. Code 919.30(c).
8. Motorcycle Paid
- a. Criticism #58 - In one (1) file (33.3% of the three (3) files reviewed), the Company failed to send a written explanation for the delay to the insured when the claim exceeded 40 days, thereby violating 50 Ill. Adm. Code 919.80(b)(2).
 - b. Criticism #59 - In two (2) files (66.7% of the three (3) files reviewed), the Company failed to provide the insured with the information contained in Exhibit A when the insured vehicle was deemed a total loss, thereby violating 50 Ill. Adm. Code 919.80(c).
 - c. Criticism #60 - In two (2) files (66.7% of the three (3) files reviewed), the Company failed to pay title and/or license fees to the insured at the time of the total loss settlement, resulting in total underpayments of \$512.00, thereby violating 215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3)(A)(i).
9. Motorcycle Closed Without Payment
- a. The Company stated there were no motorcycle claims closed without payment for the examination period under review.

V. ACKNOWLEDGEMENT

A targeted market conduct examination has been conducted of Acuity, A Mutual Insurance Company (NAIC #14184). The examination was conducted in accordance with the Illinois Department of Insurance guidelines and relevant National Association of Commissioners' (NAIC) Market regulation Handbook procedures.

The examination included reviews of Marketing and Sales, Complaint Handling, Underwriting and Rating, Policyholder Services (Risk Selection), and Claims Handling. Detailed reviews were performed on Private Passenger Automobile and Motorcycle.

The Examiners wish to express appreciation for the courteous cooperation and assistance given by the officers and employees of the Company during the examination.

Sincerely,

Craig L. Leonard, CIE, CPCU, CCP, FLMI, ARC, AIAF, ARM, MCM
Examiner-in-Charge
Examination Resources, LLC

STATUTE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

ACUITY, A MUTUAL INSURANCE COMPANY
2800 SOUTH TAYLOR DRIVE
SHEBOYGAN, WI. 53081

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, Acuity, A Mutual Insurance Company, (“the Company”), NAIC 14184, are 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 July 1, 2021, through December 31, 2022, 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 not impose a surcharge based on the identity of prior carrier. 215 ILCS 5/155.27
2. Institute and maintain policies and procedures whereby the Company shall provide the insured with the information contained in Exhibit A when the insured vehicle was deemed a total loss. 50 Ill. Adm. Code 919.80(c)
3. Institute and maintain policies and procedures whereby the Company shall pay the appropriate settlement amount to the insured at the time of the total loss settlement. 215 ILCS 5/154.6(d) and 50 Ill. Adm. Code 919.80(c)(3)(A)(i)
4. Institute and maintain policies and procedures whereby the Company shall provide detailed documentation in order to permit reconstruction of the Company's activities relative to the claim file. 50 Ill. Adm. Code 919.30(c)
5. Institute and maintain policies and procedures whereby the Company shall display the insurance card disclaimer as prescribed by regulation. 50 Ill. Adm. Code 8010.20(d) and 50 Ill. Adm. Code 8010.20(e)
6. Institute and maintain policies and procedures whereby the Company shall not use unfiled sub-territory definitions and related sub-territory scores to rate policies. 50 Ill. Adm. Code 754.10(a) and 50 Ill. Adm. Code 754.10(b)
7. Institute and maintain policies and procedures whereby the Company shall print at the head of the policy, the name of the insurer, the home office location, and the structure of the Company. 50 Ill. Adm. Code 753.20(a)
8. Institute and maintain policies and procedures whereby the Company shall include the actual cancellation date in the cancellation notice to the lienholder. 215 ILCS 5/143.14(a)
9. Institute and maintain policies and procedures whereby the Company shall send a written explanation for the denial to the third-party claimant. 50 Ill. Adm. Code 919.50(a)(2)

10. Institute and maintain policies and procedures whereby the Company shall send a written explanation for the delay to the insured when the claim exceeded 40 days. 50 Ill. Adm. Code 919.80(b)(2)
11. Institute and maintain policies and procedures whereby the Company shall send a written explanation for the delay to the third-party claimant when the claim exceeded 60 days. 50 Ill. Adm. Code 919.80(b)(3)
12. Institute and maintain policies and procedures whereby the Company shall file all models used to rate policies. 50 Ill. Adm. Code 754.10(a), and 50 Ill. Adm. Code 754.10(b)
13. Institute and maintain policies and procedures whereby the Company shall include coverage for replacement of a child restraint system that was in use by a child during a crash to which coverage is applicable. 215 ILCS 5/143.32
14. Institute and maintain policies and procedures whereby the Company shall file all underwriting rule manuals that contain rules for applying rates or rating plans. 50 Ill. Adm. Code 754.10(b)(1), 50 Ill. Adm. Code 754.10(b)(2), and 50 Ill. Adm. Code 754.10(b)(3)
15. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above fourteen (14) orders within thirty (30) days of execution of this Order.
16. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$142,000.⁰⁰ 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 ACUITY, A MUTUAL INSURANCE COMPANY

Shane Paltzer / YN Christine Matyjak
Signature

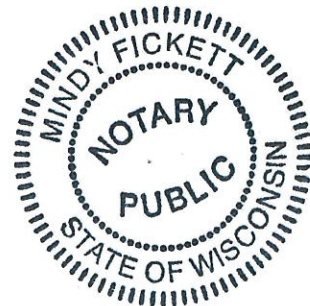
Shane Paltzer / Melissa Winter
Name

VP - Personal Lines & Corporate Relations / President
Title

Subscribed and sworn to before me this
9th day of July, 2024.

Mindy Fickett
Notary Public

My Commission Expires: May 13, 2026



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 7/18/2024

Ann Gillespie
Ann Gillespie
Acting Director

