



Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Acting Director

VIA ELECTRONIC MAIL

September 3, 2021

Ms. Marita Zuraitis, President
c/o Kelly Rosetta Ott
Horace Mann Insurance Company
#1 Horace Mann Plaza
Springfield, IL, 62715

Re: Horace Mann Insurance Company, NAIC 22578
Teachers Insurance Company, NAIC 22683
Horace Mann Property & Casualty Insurance Company, NAIC 22756
Market Conduct Examination Report Closing Letter

Dear Ms. Zuraitis,

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
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**ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION OF**

Horace Mann Insurance Company
Teachers Insurance Company
Horace Mann Property & Casualty Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: December 7, 2020 to June 25, 2021

EXAMINATION OF: Horace Mann Insurance Company (NAIC #22578), Teachers Insurance Company (NAIC #22683), and Horace Mann Property & Casualty Insurance Company (NAIC #22756).

ADDRESS: The Horace Mann Companies
#1 Horace Mann Plaza
Springfield, IL 62715

PERIOD COVERED BY EXAMINATION: October 1, 2019 through September 30, 2020
(Complaints were reviewed for the period April 1, 2019 through September 30, 2020)

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I. SUMMARY

A targeted market conduct examination of Horace Mann Insurance Company (NAIC #22578), Teachers Insurance Company (NAIC #22683), and Horace Mann Property & Casualty Insurance Company (NAIC #22756) (collectively referred to as “Companies”) was performed to determine compliance with Illinois Statutes and the Illinois Administrative Code.

The examination was targeted to Private Passenger Automobile (“PPA”), Homeowners (“HO”) and Dwelling Fire (“DF”) coverages.

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

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violations	Findings Section	Files Reviewed	# of Violations	Error %
1	50 Ill. Adm. Code 754.10	Underwriting and Rating: DF - New Business: Companies failed to use the correct protection class code.	D.5.	33	1	3.0%
2	215 ILCS 5/805.1	Underwriting and Rating: DF - New Business: Companies failed to produce a Mine Subsidence Waiver.	D.5.	33	1	3.0%
3	215 ILCS 5/143.14	Risk Selection: PPA – Canceled less than 60 days: Companies failed to retain a copy of the proof of mailing.	C.1.	7	7	100.0%
4	215 ILCS 5/143.15	Risk Selection: PPA – Canceled less than 60 days: Companies failed to provide evidence the lienholder received proper notice.	C.1.	7	3	42.9%
5	215 ILCS 5/143.15	Risk Selection: PPA – Canceled greater than 60 days: Companies failed to provide the proper number of days’ notice when cancelling for nonpayment of premium.	C.2.	114	2	1.8%
6	50 Ill. Adm. Code 754.10	Underwriting and Rating: DF - New Business: Companies failed to use the correct rates and instead used rates not yet in effect.	D.5.	33	1	3.0%
7	50 Ill. Adm. Code 754.10	Underwriting and Rating: DF - Renewals: Companies failed to use the correct rates and instead used rates not yet in effect.	D.6.	84	2	2.4%
8	215 ILCS 5/143.14	Risk Selection: HO – Canceled less than 60 days: Companies failed to retain a copy of the proof of mailing.	C.5.	35	9	25.7%
9	215 ILCS 5/143.17	Risk Selection: HO – Nonrenewals: Companies failed to retain a copy of the proof of mailing.	C.7.	29	2	6.9%
10	215 ILCS 5/143.14	Risk Selection: HO – Canceled greater than 60 days: Companies failed to retain a copy of the proof of mailing.	C.6.	113	78	69.0%

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/ Rule	Description of Violations	Findings Section	Files Reviewed	# of Violations	Error %
11	215 ILCS 5/143.14	Risk Selection: DF – Canceled greater than 60 days: Companies failed to retain a copy of the proof of mailing.	C.10.	62	46	74.2%
14	215 ILCS 5/143.14	Risk Selection: DF – Canceled greater than 60 days: Companies failed to retain a copy of the proof of mailing.	C.10.	62	1	1.6%
15	215 ILCS 5/143.14	Risk Selection: HO – Canceled greater than 60 days: Companies failed to retain a copy of the proof of mailing.	C.6.	113	24	21.2%
16	50 Ill. Adm. Code 754.10	Underwriting and Rating: HO - New Business: Companies failed to use the correct rates.	D.3.	113	7	6.2%
17	215 ILCS 5/805.1	Underwriting and Rating: HO - New Business: Companies failed to produce a signed Mine Subsidence Waiver.	D.3.	113	2	1.8%
18	50 Ill. Adm. Code 754.10	Underwriting and Rating: HO - New Business: Companies failed to use the correct protection class code.	D.3.	113	3	2.7%
19	50 Ill. Adm. Code 752.40	Underwriting and Rating: HO - New Business: Companies failed to provide a requested application.	D.3.	113	1	0.9%
20	50 Ill. Adm. Code 754.10	Underwriting and Rating: HO - Renewals: Companies failed to use the correct protection class code.	D.4.	116	1	0.9%
21	50 Ill. Adm. Code 919.80 (d)(7)(B)	Claims: DF Paid Claims: Companies failed to send a delay letter that contains the "Notice of Availability of the Department of Insurance".	E.9.	11	4	36.4%
22	215 ILCS 5/143(b)	Claims: PPA First-Party Paid Claims: Companies failed to refund \$379.20, which was a pro rata share of the deductible, after a subrogation recovery.	E.1.	107	1	0.9%
23	50 Ill. Adm. Code 919.80(c)	Claims: PPA First-Party Paid Claims: Companies failed to provide an Exhibit A which contains the required minimum information within seven (7) days.	E.1.	107	1	0.9%
24	215 ILCS 5/143(b)	Claims: PPA Subrogation Claims: Companies failed to refund the deductible amount after a recovery until the file was reviewed by the examiners.	E.4.	76	13	17.1%
25	50 Ill. Adm. Code 919.80 (d)(7)(B)	Claims: HO Paid Claims: Companies failed to send a delay letter that contains the "Notice of Availability of the Department of Insurance".	E.7.	82	15	18.3%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/ Rule	Description of Violations	Findings Section	Files Reviewed	# of Violations	Error %
26	50 Ill. Adm. Code 919.80(c)	Claims: PPA Total Loss Paid Claims: Companies failed to provide an Exhibit A which contains the required minimum information within seven (7) days.	E.3.	76	8	10.5%
27	215 ILCS 5/143(b)	Claims: PPA Total Loss Paid Claims: Companies failed to provide the policyholder with a refund of the deductible.	E.3.	76	1	1.3%
28	50 Ill. Adm. Code 752.40	Underwriting and Rating: PPA - New Business: Companies failed to retain and provide a requested application.	D.1.	114	19	16.7%
29	50 Ill. Adm. Code 919.80(b)(3)	Claims: PPA Third-Party Closed Without Payment Claims: Companies failed to send a delay letter that contained the "Notice of Availability of the Department of Insurance".	E.6.	65	4	6.2%
30	50 Ill. Adm. Code 919.80(b)(3)	Claims: PPA Third-Party Paid Claims Companies failed to provide a written explanation for the delay to the third-party claimant when claims remained unresolved for more than 60 calendar days from the date it was reported.	E.5.	82	13	15.9%
31	215 ILCS 5/154.6(b) and 50 IL Adm. Code 919.40	Claims: PPA Third-Party Paid Claims Companies failed to acknowledge pertinent communications within 15 working days.	E.5.	82	6	7.3%

II. BACKGROUND

The examination is of Horace Mann Insurance Company (NAIC #22578), Teachers Insurance Company (NAIC #22683), and Horace Mann Property & Casualty Insurance Company (NAIC #22756) (collectively referred to as “Companies”)

Horace Mann Insurance Company (NAIC # 22578) was incorporated as the Swiss National Insurance Company, U.S.A. under the laws of Florida on September 23, 1963. It was licensed as a property and casualty insurance company. The name was changed from Swiss National Insurance Company, U.S.A. to Horace Mann Insurance Company effective November 6, 1967 and the Company was re-domesticated from Florida to Illinois effective December 23, 1988.

Teachers Insurance Company (NAIC # 22683) was incorporated as INA Insurance Company of Delaware, under the laws of Delaware on March 2, 1971. It was licensed as a property and casualty insurance company. The name was changed from INA Insurance Company of Delaware to Teachers Insurance Company effective May 17, 1976 and the Company was re-domesticated from Delaware to Illinois effective August 23, 1989.

Horace Mann Property & Casualty Insurance Company (NAIC # 22756) was incorporated as Public Employees Insurance Company in California on March 25, 1965. It was licensed as a property and casualty insurance company. The name was changed from Public Employees Insurance Company to Allegiance Insurance Company effective September 23, 1985. The name was changed from Allegiance Insurance Company to Horace Mann Property & Casualty Insurance Company effective March 19, 2001 and the Company was re-domesticated from California to Illinois effective September 16, 2010.

All three companies are direct subsidiaries of Horace Mann Educators Corporation (“HMEC”), a publicly traded holding company.

As of December 31, 2019, the Companies' written premiums in Illinois for the lines of business subject to the scope of this examination were as follows:

Horace Mann Insurance Company (NAIC 22578)						
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	2,754,140	2,534,273	1,123,679	1,700,090	1,590,563	1,506,611
Private Passenger Physical Damage	2,428,878	2,267,407	962,268	1,670,948	1,606,849	79,155
Motorcycle	0	0	0	0	0	0
Homeowners	606,532	613,451	333,236	152,052	126,052	(54,711)
Dwelling Fire	112,609	115,990	56,507	140,444	127,462	24,067
Mobile Homeowners	0	0	0	0	0	0
Totals	5,902,159	5,531,121	2,475,690	3,663,534	3,450,926	1,555,122

Teachers Insurance Company (NAIC 22683)						
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	1,050,379	1,086,075	283,538	655,535	431,890	1,049,998
Private Passenger Physical Damage	991,468	1,024,187	270,350	489,418	448,312	(19,049)
Motorcycle	0	0	0	0	0	0
Homeowners	5,891,958	5,656,783	3,143,682	3,676,764	3,523,799	821,373
Dwelling Fire	0	0	0	0	0	0
Mobile Homeowners	0	0	0	0	0	0
Totals	7,933,805	7,767,045	3,697,570	4,821,717	4,404,001	1,852,322

Horace Mann Property & Casualty Insurance Company (NAIC 22756)						
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	2,108,900	2,210,627	669,110	1,454,731	1,026,948	1,027,941
Private Passenger Physical Damage	1,870,307	1,960,756	590,281	944,119	874,483	(34,134)
Motorcycle	0	0	0	0	0	0
Homeowners	561,744	592,219	300,046	377,550	353,782	134,960
Dwelling Fire	0	0	0	0	0	0
Mobile Homeowners	0	0	0	0	0	0
Totals	4,540,951	4,763,602	1,559,437	2,776,400	2,255,213	1,128,767

III. METHODOLOGY

The market conduct examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants. The period under review was generally October 1, 2019 through September 30, 2020. The following categories were the general 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, Companies' procedures, written interrogatories, and interviews with the Companies' personnel. Each of these categories was examined for compliance with Department of Insurance 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

Illinois Department of Insurance ("DOI") Complaints and Consumer Complaints for the period April 1, 2019 through September 30, 2020, were reviewed for compliance with applicable state laws and the Companies' 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.

According to the Companies, they "did not actively monitor social media sites to discover references to its company."

Marketing and Sales

Marketing and sales materials were reviewed to evaluate the representations made by the Companies about its' products or services.

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 of the information provided by the Companies.

Risk Selection

Cancellations and non-renewals were reviewed for compliance with statutory requirements and to ensure reasons for termination were valid and not unfairly discriminatory. Samples were selected based on transactions occurring during the period under examination.

Underwriting and Rating

The underwriting sample consisted of new and renewal business and was selected based on the inception and renewal date occurring during the period under examination. Policies were reviewed for rating accuracy, use of filed rates, use of filed forms, and compliance with the Companies' underwriting guidelines.

Claims

Claims were selected based on settlement occurring within the period under examination. 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.). Reviews were conducted of both claims paid and those closed without payment ("CWP").

SELECTION OF SAMPLES

	<u>Population Size</u>	<u>Sample Size</u>	<u>Percentage Reviewed</u>
A. Complaint Handling			
1. DOI Complaints	10	10	100.0%
2. Consumer Complaints	2	2	100.0%
B. Marketing and Sales			
1. Companies-generated Marketing	223	50	22.4%
2. Producer Training Materials	227	50	22.0%
C. Risk Selection			
1. PPA Cancellations - Less than 60 days	7	7	100.0%
2. PPA Cancellations - Greater than 60 days	1,986	114	5.7%
3. PPA Nonrenewals	16	16	100.0%
4. PPA Rescissions	0	0	N.A.
5. HO Cancellations - Less than 60 days	35	35	100.0%
6. HO Cancellations - Greater than 60 days	949	113	11.9%
7. HO Nonrenewals	29	29	100.0%
8. HO Rescissions	0	0	N.A.
9. DF Cancellations - Less than 60 days	3	3	100.0%
10. DF Cancellations - Greater than 60 days	62	62	100.0%
11. DF Nonrenewals	2	2	100.0%
12. DF Rescissions	0	0	N.A.
D. Underwriting and Rating			
1. PPA New Business	1,623	114	7.0%
2. PPA Renewals	19,050	116	0.6%
3. HO New Business	703	113	16.1%
4. HO Renewals	5,421	116	2.1%
5. DF New Business	33	33	100.0%
6. DF Renewals	224	84	37.5%
E. Claims			
1. PPA First-Party Paid	1,465	107	7.3%
2. PPA First-Party Closed Without Payment	317	82	25.9%
3. PPA Total Loss	194	76	39.2%
4. PPA Subrogation	125	76	60.8%
5. PPA Third-Party Paid	347	82	23.6%
6. PPA Third-Party Closed Without Payment	65	65	100.0%
7. HO Paid	309	82	26.5%
8. HO Closed Without Payment	72	72	100.0%
9. DF Paid	11	11	100.0%
10. DF Closed Without Payment	2	2	100.0%

IV. FINDINGS

A. Complaint Handling

1. DOI Complaints

No violations were noted.

2. Consumer Complaints

No violations were noted.

B. Marketing and Sales

1. Companies-generated Marketing

No violations were noted.

2. Producer Training Materials

No violations were noted.

C. Risk Selection

1. Private Passenger Automobile Cancellations – Less than 60 days

In seven (7) files (100% of the seven (7) examined), the Companies failed to retain a copy of the proof of mailing as required by 215 ILCS 5/143.14. (Crit 3)

In three (3) files (42.9% of the seven (7) examined), the Companies failed to provide evidence the lien holder received proper notice as required by 215 ILCS 5/143.15. (Crit 4)

2. Private Passenger Automobile Cancellations – Greater than 60 days

In two (2) files (1.8% of the 114 examined), the Companies failed to provide the proper number of days' notice when cancelling for nonpayment of premium as required by 215 ILCS 5/143.15. (Crit 5)

3. Private Passenger Automobile Nonrenewals

No violations were noted.

4. Private Passenger Automobile Rescissions

According to the Companies, they had no rescissions during the examination period.

5. Homeowners Cancellations – Less than 60 days

In nine (9) files (25.7% of the 35 examined), the Companies failed to retain a copy of the proof of mailing as required by 215 ILCS 5/143.14. (Crit 8)

6. Homeowners Cancellations – Greater than 60 days

In 102 files (90.3% of the 113 examined), the Companies failed to retain a copy of the proof of mailing as required by 215 ILCS 5/143.14. (Crit 10 and Crit 15)

7. Homeowners Nonrenewals

In two (2) files (6.9% of the 29 examined), the Companies failed to retain a copy of the proof of mailing as required by 215 ILCS 5/143.17. (Crit 9)

8. Homeowners Rescissions

According to the Companies, they had no rescissions during the examination period.

9. Dwelling Fire Cancellations – Less than 60 days

No violations were noted.

10. Dwelling Fire Cancellations – Greater than 60 days

In 47 files (75.8% of the 62 examined), the Companies failed to retain a copy of the proof of mailing as required by 215 ILCS 5/143.14. (Crit 11 and Crit 14)

11. Dwelling Fire Nonrenewals

No violations were noted.

12. Dwelling Fire Rescissions

According to the Companies, they had no rescissions during the examination period.

D. Underwriting and Rating

1. Private Passenger Automobile New Business

In 19 files (16.7% of the 114 examined), the Companies failed to retain and provide a Private Passenger Automobile application as required by 50 IL Admin. Code 752.40. (Crit 28)

2. Private Passenger Automobile Renewals

No violations were noted.

3. Homeowners New Business

In seven (7) files (6.2% of the 113 examined), the Companies failed to use correct rates which is a violation of 50 IL Admin. Code 754.10. This resulted in undercharges totaling \$1,149. (Crit 16)

In two (2) files (1.8% of the 113 examined), the Companies failed to obtain Mine Subsidence waivers at the time the policies were written, which is a violation of 215 ILCS 5/805.1. (Crit 17)

In three (3) files (2.7% of the 113 examined), the Companies failed to assign the correct protection class, which is a violation of 50 IL Admin. Code 754.10. This resulted in undercharges totaling \$340. (Crit 18)

In one (1) file (0.9% of the 113 examined), the Companies failed to obtain a signed application on a re-written policy, a violation of 50 IL Admin. Code 752.40. (Crit 19)

4. Homeowners Renewals

In one (1) file (0.9% of the 116 examined), the Companies failed to use the correct protection class as required by 50 IL Admin. Code 754.10. This did not result in a difference in premium. (Crit 20)

5. Dwelling Fire New Business

In one (1) file (3% of the 33 examined), the Companies failed to apply the correct protection class code as required by 50 IL Admin. Code 754.10. This did not result in a different premium. (Crit 1)

In one (1) file (3% of the 33 examined), the Companies failed to produce a Mine Subsidence Waiver as required by 215 ILCS 5/805.1. (Crit 2)

In one (1) file (3% of the 33 examined), the Companies failed to use the correct rates and instead used rates not yet in effect as required by 50 IL Admin. Code 754.10. This resulted in a \$44.00 overcharge. (Crit 6)

6. Dwelling Fire Renewals

In two (2) files (2.4% of the 84 examined), the Companies failed to use the correct rates and instead used rates not yet in effect as required by 50 IL Admin. Code 754.10. This resulted in \$112 in total differences (an undercharge of \$33 and an overcharge of \$79.) (Crit 7)

E. Claims

1. Private Passenger Automobile First-Party Paid

In one (1) file (0.9% of the 107 examined), the Companies failed to refund \$379.20, which was a pro rata share of the deductible, after a subrogation recovery as required by 215 ILCS 5/143(b). Once brought to their attention, the Companies sent a refund of deductible check in the amount of \$379.20 on 4/30/2021. (Crit 22)

In one (1) file (0.9% of the 107 examined), the Companies failed to provide an Exhibit A which contains the required minimum information within seven days of determination the damage to the insured vehicle resulted in a total loss as required by 50 IL Admin. Code 919.80(c). Once brought to their attention, the Companies sent the appropriate letter dated 4/30/2021. (Crit 23)

2. Private Passenger Automobile First-Party Closed Without Payment

No violations were noted.

3. Private Passenger Automobile Total Loss

In eight (8) files (10.5% of the 76 examined), the Companies failed to provide an Exhibit A Letter to the insured which contains the required minimum information within seven days of determination the damage to the insured vehicle resulted in a total loss as required by 50 IL Admin. Code 919.80(c). Once brought to their attention, the Companies sent the appropriate letters to the insureds. (Crit 26)

In one (1) file (1.3% of the 76 examined), the Companies failed to refund the insured's deductible of \$500 after a subrogation recovery as required by 215 ILCS 5/143(b). Once brought to their attention, the Companies sent the deductible refund plus interest of \$20 to the insured. (Crit 27)

4. Private Passenger Automobile Subrogation

In 13 files (17.1% of the 76 examined), the Companies failed to refund the insured's share of the deductible after subrogation recovery as required by 215 ILCS 5/143(b). Once brought to their attention, the Companies sent refunds totaling \$6,250. (Crit 24)

5. Private Passenger Automobile Third-Party Paid

In 13 files (15.9% of the 82 examined,) the Company failed to provide a reasonable written explanation for the delay to the third-party claimant when an automobile property damage liability claim remained unresolved for more than 60 calendar days from the date it was reported as required by 50 IL Administrative Code 919.80(b)(3). (Crit 30)

In six (6) files (7.3% of the 82 examined,) the Company failed to acknowledge pertinent communications from a claimant with respect to claims arising under a policy within 15 working days from receipt of a communication as required by 215 ILCS 5/154.6(b) and 50 IL Administrative Code 919.40. (Crit 31)

6. Private Passenger Automobile Third-Party Closed Without Payment

In four (4) files (6.2% of the 65 examined), the Company failed to send a delay letter that contains the "Notice of Availability of the Department of Insurance" as required by 50 IL Admin. Code 919.80(b)(3). (Crit 29)

7. Homeowners Paid

In 15 files (18.3% of the 82 examined), the Companies failed to send delay letters that contained the "Notice of Availability of the Department of Insurance", a violation of 50 IL Admin. Code 919.80(d)(7)(B). (Crit 25)

8. Homeowners Closed Without Payment

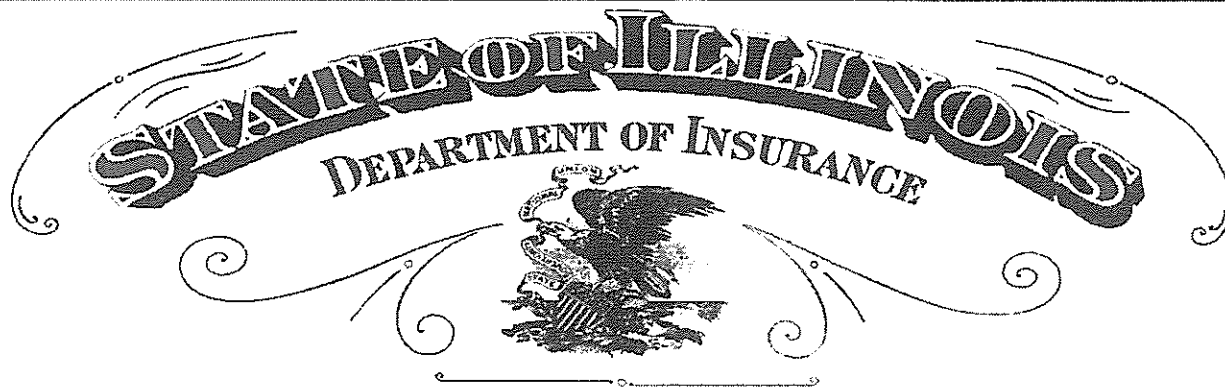
No violations were noted.

9. Dwelling Fire Paid

In four (4) files (36.4% of the 11 examined), the Companies failed to send a delay letter that contained the "Notice of Availability of the Department of Insurance", a violation of 50 IL Admin. Code 919.80(d)(7)(B). (Crit 21)

10. Dwelling Fire Closed Without Payment

No violations were noted.



IN THE MATTER OF:

**HORACE MANN INSURANCE COMPANY
1 HORACE MANN PLAZA
SPRINGFIELD, IL. 62715**

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, Horace Mann Insurance Company, NAIC 22578, Teachers Insurance Company, NAIC 22683, and Horace Mann Property & Casualty Insurance Company, NAIC 22756 ("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 April 1, 2019 through September 30, 2020), 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 retain a copy of the proof of mailing of the notice of cancellation. 215 ILCS 5/143.14
2. Institute and maintain policies and procedures whereby the Company shall provide evidence the lienholder received proper notice. 215 ILCS 5/143.15
3. Institute and maintain policies and procedures whereby the Company shall provide a delay letter that contains the "Notice of Availability of the Department of Insurance". 50 Ill. Adm. Code 919.80(d)(7)(B)
4. Institute and maintain policies and procedures whereby the Company shall refund the deductible amount after a recovery. 215 ILCS 5/143(b)
5. Institute and maintain policies and procedures whereby the Company shall provide an Exhibit A which contains the required minimum information within seven (7) days of determination of total loss. 50 Ill. Adm. Code 919.80(c)
6. Institute and maintain policies and procedures whereby the Company shall retain and provide a requested application. 50 Ill. Adm. Code 752.40
7. Institute and maintain policies and procedures whereby the Company shall provide a written explanation for the delay to the third-party claimant when claims remained unresolved for more than 60 calendar days from the date it was reported. 50 Ill. Adm. Code 919.80(b)(3)
8. Institute and maintain policies and procedures whereby the Company shall acknowledge pertinent communications within 15 working days. 215 ILCS 5/154.6(b) and 50 Ill. Adm. Code 919.40
9. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above eight (8) orders within 30 days of execution of this Order.
10. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$54,500.00 to be paid within 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 HORACE MANN INSURANCE COMPANY, TEACHERS INSURANCE COMPANY, and HORACE MANN PROPERTY & CASUALTY INSURANCE COMPANY



Signature

Phil Wipfler

Name

VP PIC Underwriting and Compliance

Title

Subscribed and sworn to before me this
16 day of August 2021.

Christina K. Dionne

Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 8/24/2021

Dana Popish-Severinghaus SW

Dana Popish-Severinghaus
Acting Director

