



# Illinois Department of Insurance

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Bruce Rauner  
Governor

Anne Melissa Dowling  
Acting Director

December 22, 2015

J. Kevin Baldwin, Esq.  
General Counsel & Director of Receivership Operations  
Office of the Special Deputy Receiver  
222 Merchandise Mart Plaza, Suite 960  
Chicago, Illinois 60654

**Re: Affirmative Insurance Company, NAIC #42609**  
***Market Conduct Examination Report Closing Letter***

Dear Mr. Baldwin:

The Department has received the signed Stipulation and Consent Order from Affirmative Insurance Company. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report 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,

A handwritten signature in blue ink that reads "Michael P. Rohan".

Michael P. Rohan, J.D.  
Deputy Director, Consumer Education and Protection  
Illinois Department of Insurance  
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Affirmative Insurance Company

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: June 30, 2014, through October 24, 2014

EXAMINATION OF: Affirmative Insurance Company  
(Domestic P & C) NAIC #42609

LOCATION: 4450 Sojourn Dr., Suite 500  
Addison, TX 75001

PERIOD COVERED BY  
EXAMINATION: January 1, 2013, through December 31, 2013

EXAMINERS: Bernie Sullivan Jr. LUTCF, MCM  
Examiner-in-Charge  
Larry Nelson, CLU, CHFC, CPCU  
Sara Moler

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## I. SUMMARY

A comprehensive market conduct examination of Affirmative Insurance Company was performed to determine compliance with Illinois Statutes and Illinois Administrative Code.

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

<b>TABLE OF TOTAL VIOLATIONS</b>						
<b>Crit #</b>	<b>Statute/Rule</b>	<b>Description of Violations</b>	<b>Population</b>	<b>Files Reviewed</b>	<b># of Violations</b>	<b>Error %</b>
1	50 Ill. Adm. Code 919.80(b)(2)	Department Complaints, failed to provide the insured with a reasonable written explanation for delay	28	28	1	3.57%
2	50 Ill. Adm. Code 919.80(c)	Department Complaints, no right of recourse letter (exhibit A) provided to insured within 7 days from total loss determination	28	28	1	3.57%
3	50 Ill. Adm. Code 919.60(a)	Department Complaints, the word "final" was on the checks to the insured	28	28	2	7.14%
4	215 ILCS 5/143.15	Cancellations, failed to provide a specific reason and/or gave no notice of cancellation, (6 notices never provided to insured)	12	12	12	100%
5	215 ILCS 5/143.17	Select Non-renewals, failed to provide a 30 day notice (5 files) and/or failed to provide a specific reason for nonrenewal (15 files)	67	67	16	23.88%
6	215 ILCS 5/143.17	Choice Non-renewals, failed to provide a 30 day notice (1 file) and/or failed to provide a specific reason for nonrenewal (9 files)	81	81	10	12.34%
7	215 ILCS 5/143.19.1	Choice Non-renewals, failed to provide a 60 day notice on policies over 5 years active	81	81	3	3.70%
8	215 ILCS 5/143.15	Rescissions, failed to provide a 30 day notice and failed to provide a reason for rescission	102	102	2	1.96%
9	215 ILCS 5/154.6(d)	Arbitrations, failed to pay awards within 30 days of receipt of the award decision resulting in \$5,813.29 in underpayments	268	105	6	5.71%
10	50 Ill. Adm. Code 754.10, MRE	PPA Choice Program New Business, miscellaneous rating errors resulting in fifteen undercharges for \$362.00 and three overcharges for \$105.00	14075	116	18	15.51%

11	215 ILCS 5/149	PPA Choice Program New Business (See Interrelated Findings)	--	--	--	--
12	215 ILCS 5/132(2)	PPA Choice Program New Business, the Company was unable to provide copies of the applications requested by the examiners	14075	116	31	26.72%
13	50 Ill. Adm. Code 754.10, MRE	PPA Renewals, miscellaneous rating errors, resulting in two (2) undercharges for \$46.00 and one (1) overcharge for \$2.00	14291	130	3	2.31%
14	50 Ill. Adm. Code 919.50(a)(1)	First Party Closed without Payment claims, Company failed to provide the insured with a reasonable explanation of the reason or reasons for denial	752	116	1	.86%
15	215 ILCS 5/154.6(c)	First Party Closed without Payment claims, Company failed to conduct a prompt investigation of the claim facts	752	116	1	.86%
16	50 Ill. Adm. Code 919.50(a)(2)	First Party Closed without Payment claims, Company failed to provide the claimant with a reasonable explanation of the reason or reasons for denial	752	116	2	1.72%
17	50 Ill. Adm. Code 919.80(b)(2)	First Party Closed without Payment claims, Company failed to provide the insured with a reasonable written explanation for delay	752	116	8	6.89%
18	50 Ill. Adm. Code 754.10, MRE	PPA Select Program New Business, miscellaneous rating errors resulting in seventeen undercharges for \$3771.00 and twenty-three overcharges for \$925.00	98	98	40	40.82%
19	215 ILCS 5/149	PPA Select Program New Business (See Interrelated Findings)	--	--	--	--
20	215 ILCS 5/132(2)	PPA Select Program New Business, the Company was unable to provide copies of the applications requested by the examiners	98	98	56	57.14%
21	215 ILCS 5/154.6(d)	First Party Paid claims, Company failed to pay the tow fee within 30 days of receipt of the invoice resulting in a \$99.00 underpayment	694	109 after 9 DQ's	1	.91%

22	50 Ill. Adm. Code 919.50(a)(2)	First Party Paid claims, Company failed to provide the claimant with a reasonable explanation of the reason or reasons for denial	694	109 after 9 DQ's	1	.91%
23	215 ILCS 5/154.6(c)	First Party Paid claims, Company failed to conduct a prompt investigation of the claim facts	694	109 after 9 DQ's	1	.91%
24	50 Ill. Adm. Code 919.80(b)(2)	First Party Paid claims, Company failed to provide the insured with a reasonable written explanation for delay	694	109 after 9 DQ's	8	6.77%
25	50 Ill. Adm. Code 919.80(c)(2)C	Total Loss Paid claims, the Company used a non-approved methodology for determining the total loss valuation resulting in an overpayment of \$1,155.99	293	84 after 29 DQ's	1	1.19%
26	215 ILCS 5/154.6(d)	Total Loss Paid claims, the Company failed to effectuate a prompt, fair and equitable settlement resulting in \$4,569.44 in overpayments and \$10,243.73 in underpayments	293	84 after 29 DQ's	11	13.10%
27	50 Ill. Adm. Code 919.80(c)	Total Loss Paid claims, Company failed to provide the insured with the right of recourse letter known as "Exhibit A" within 7 days of determination of the total loss	293	84 after 29 DQ's	12	14.29%
28	50 Ill. Adm. Code 919.60(a)	Total Loss Paid claims, the word "final" was on the checks to the insured	293	84 after 29 DQ's	13	15.48%
29	50 Ill. Adm. Code 919.80(b)(2)	Total Loss Paid claims, Company failed to provide the insured with a reasonable written explanation for delay	293	84 after 29 DQ's	24	28.57% but 68.57% of the 35 files requiring a letter
30	50 Ill. Adm. Code 919.80(c)	Subrogation claims, Company failed to provide the insured with the right of recourse letter known as "Exhibit A" within 7 days of determination of the total loss	102	102	1	.98%
31	50 Ill. Adm. Code 919.80(d)(3)	Subrogation claims, Company deducted advance charges for towing, labor and storage when not the result of the insured negligence or error resulting in an underpayment of \$415.00	102	102	1	.98%
32	50 Ill. Adm. Code 919.60(a)	Subrogation claims, the word "final" was on the checks to the insured	102	102	2	1.96%

33	215 ILCS 5/143b	Subrogation claims, Company failed to reimburse the correct amount of pro-rata share of deductible to the insured after recovery from the adverse party resulting in underpayments of \$1,915.03	102	102	8	7.84%
34	50 Ill. Adm. Code 919.30(c)	Third Party Closed without Payment claims, Company failed to maintain documentation in the file in order to permit reconstruction of the company's activities relative to the claim file	772	113	2	1.77%
35	50 Ill. Adm. Code 919.80(b)(3)	Third Party Closed without Payment claims, Company failed to provide the claimant with a reasonable written explanation for delay	772	113	6	5.31%
36	215 ILCS 5/154.6(d)	Third Party Closed without Payment claims, Company failed to effectuate a prompt, fair and equitable settlement	772	113	12	10.62%
37	215 ILCS 5/154.6(c)	Third Party Closed without Payment claims, Company failed to conduct a prompt investigation of the claim facts	772	113	12	10.62%
38	50 Ill. Adm. Code 919.50(a)(2)	Third Party Closed without Payment claims, Company failed to provide the claimant with a reasonable explanation of the reason or reasons for denial	772	113	21	18.58%
40	50 Ill. Adm. Code 919.80(b)(3)	Third Party Paid claims, Company failed to provide the claimant with a reasonable written explanation for delay	1795	104 after 12 DQ's	2	1.72% but 4.88% of the 41 files requiring the letter
41	215 ILCS 5/154.6(d)	Third Party Paid claims, Company failed to effectuate a prompt, fair and equitable settlement resulting in a \$881.94 underpayment	1795	104 after 12 DQ's	19	16.38%
42	50 Ill. Adm. Code 919.30(c)	Third Party Paid claims, Company failed to maintain documentation in the file in order to permit reconstruction of the company's activities relative to the claim file	1795	104 after 12 DQ's	23	19.83%

## II. BACKGROUND

### Affirmative Insurance Company

Affirmative Insurance Company (AIC) was formed in the state of Ohio on June 10, 1993. AIC is a part of Affirmative Insurance Holdings, Inc., a publicly traded insurance holding company, which was formed in June, 1998. On July 10, 2001, AIC moved its charter to Illinois and is now an Illinois domiciled company. AIC currently has three direct or indirect subsidiary insurance companies: USAgencies Casualty Insurance Company (Louisiana domiciled), USAgencies Direct Insurance Company (New York domiciled and owned by Casualty) and Affirmative Insurance Company of Michigan (Michigan domiciled). Casualty is writing business in Louisiana, the other two companies are in run off. A fourth subsidiary insurance company, Insura Property and Casualty Insurance Company (Illinois domiciled) operated until November, 2012, at which time it was merged into AIC.

AIC is admitted to do business in 35 states and is an accredited reinsurer but not authorized to write any other business in 2 additional states. AIC currently writes business in seven (7) states: Alabama, California, Illinois, Indiana, Louisiana, Missouri and Texas. All business is currently produced solely through independent agents or brokers in those seven states. AIC discontinued writing business in South Carolina (2012) and Michigan (2011).

Company's 2013 NAIC Annual Statement Page 19 (Illinois) reflects the following: NAIC #42609

	Line	IL Direct premium written	IL Direct premium earned	IL Direct losses paid	IL Direct losses incurred
19.2	Private passenger auto liability	\$11,991,099	\$13,430,102	\$11,280,756	\$7,564,474
21.1	Private passenger auto physical damage	\$6,368,017	\$6,977,888	\$3,768,478	\$3,570,245
35	Total	\$18,359,116	\$20,407,990	\$15,049,234	\$11,134,719

### III. METHODOLOGY

The market conduct examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants. The scope of this market conduct examination was limited to the following general areas.

1. Risk Selection, Complaints and Producer Review
2. Underwriting
3. Claims

The review of these categories is accomplished through examination of individual underwriting and claim files, written interrogatories and interviews with Company personnel. Each of these categories is examined for compliance with Department of Insurance rules and regulations and applicable state laws.

The following method was used to obtain the required samples and to assure a statistically sound selection. Surveys were developed from Company generated Excel spreadsheets. Random statistical printout reports were generated by the examiners and presented to the Company for retrieval.

#### Risk Selection

Cancellations and nonrenewals of existing policyholders were requested on the basis of the effective date of the transaction falling within the period under examination. Cancellations and nonrenewals were reviewed for their compliance with statutory requirements, the accuracy and validity of reasons given and for any possible discrimination.

#### Underwriting

The underwriting of new applicants for coverage with the Company was selected based on the inception date of the policy falling within the period under examination. New policies were reviewed for rating accuracy, use of filed rates, use of filed forms, for compliance with Company underwriting guidelines and to ensure that the coverage provided was as requested by the applicant.

#### Claims

Claims were requested based on the settlement occurring or the claim file being closed without payment within the period under examination.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 Article I through XLV) and Part 919 (50 Ill. Adm. Code 919).

### Complaints & Producer Review

Complaints were reviewed for completion, accuracy and validity of the complaint based on complaints received by the Department of Insurance during the examination experience period. Producer terminations and licensing were reviewed for their compliance with statutory requirements.

#### IV. SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Private Passenger Automobile Cancellations	12	12	100.00%
Private Passenger Automobile Credit Non Pay Cancellations	8422	121	1.43%
Private Passenger Automobile Non-Credit Non Pay Cancellations	15081	102	.67%
Private Passenger Automobile Credit Nonrenewals	81	81	100.00%
Private Passenger Automobile Non-Credit Nonrenewals	67	67	100.00%
Department Complaints	28	28	100.00%
Producer Licensing	219	219	100.00%
Producer Terminations	7	7	100.00%
Rescissions	102	102	100.00%
Underwriting:			
Private Passenger Automobile Choice New Business	14075	116	.92%
Private Passenger Automobile Select New Business	98	98	100.00%
Private Passenger Automobile Renewals	14291	130	.90%
Claims:			
Private Passenger First Party Paid & Median	694	109	15.71%
Private Passenger First Party Closed without Payment	752	116	15.42%
Private Passenger Third Party Paid & Median	1795	116	6.46%
Private Passenger Third Party Closed without Payment	772	113	14.64%
Private Passenger Subrogation	102	102	100.00%
Private Passenger Total Losses	293	84	28.67%
Arbitration Claims	268	105	39.17%

V. FINDINGS

A. Risk Selections:

1. Private Passenger Automobile Cancellations

In twelve (12) instances out of twelve (12) files reviewed for an error rate of 100.00%, the Company either failed to provide a specific reason for cancellation or failed to provide a notice of cancellation. This is a violation of 215 ILCS 5/143.15. Six (6) cancellation notices were blank in the reason field and six (6) notices were never mailed to the insured.

Policy Number	Issue Date	Cancellation Date	Criticism
	05/08/13	07/11/13	failed to provide an advance notice to insured
	12/27/12	01/28/13	failed to provide a specific reason or reasons
	03/22/13	04/27/13	failed to provide a specific reason or reasons
	04/19/13	06/29/13	failed to provide an advance notice to insured
	04/26/13	05/27/13	failed to provide a specific reason or reasons
	05/31/13	08/09/13	failed to provide an advance notice to insured
	06/06/13	07/21/13	failed to provide a specific reason or reasons
	06/12/13	07/21/13	failed to provide a specific reason or reasons
	07/27/13	09/07/13	failed to provide a specific reason or reasons
	09/30/13	11/25/13	failed to provide an advance notice to insured
	09/30/13	12/20/13	failed to provide an advance notice to insured
	10/02/13	11/24/13	failed to provide an advance notice to insured

2. Private Passenger Automobile Choice Non Pay Cancellations

There were no criticisms in this survey.

3. Private Passenger Automobile Select Non Pay Cancellations

There were no criticisms in this survey.

4. Private Passenger Automobile Choice Nonrenewals

In ten (10) instances out of 81 files reviewed for an error rate of 12.34%, the Company either failed to provide a 30 day advanced notice of nonrenewal (1 file) or failed to provide a specific reason or reasons for nonrenewal (9 files). This is a violation of 215 ILCS 5/143.17.

Policy Number	Issue Date	Nonrenewal Date	Criticism
	09/09/12	03/16/13	failed to provide a specific reason or reasons
	02/16/13	08/16/13	failed to provide a specific reason or reasons
	03/31/12	03/31/13	failed to provide a specific reason or reasons
	10/09/12	04/09/13	failed to provide a specific reason or reasons

	05/05/11	05/05/12	failed to provide a specific reason or reasons
	05/02/13	11/02/13	failed to provide a specific reason or reasons
	05/14/13	11/14/13	failed to provide a specific reason or reasons
	11/11/12	05/11/13	failed to provide a specific reason or reasons
	02/24/12	02/24/13	failed to provide a 30 day advanced notice, 27 days provided
	12/08/12	06/08/13	failed to provide a specific reason or reasons

In three (3) instances out of 81 files reviewed for an error rate of 3.70%, the Company failed to provide a 60 day advanced notice of nonrenewal when the policy was active for over 5 years. This is a violation of 215 ILCS 5/143.19.1.

Policy Number	Issue Date	Nonrenewal Date	Number of Days	Criticism
	01/04/13	07/04/13	59	failed to provide a 60 day advanced notice
	02/16/13	08/16/13	58	failed to provide a 60 day advanced notice
	03/18/13	09/18/13	58	failed to provide a 60 day advanced notice

#### 5. Private Passenger Automobile Select Nonrenewals

In sixteen (16) instances out of 67 files reviewed for an error rate of 23.88%, the Company either failed to provide a 30 day advanced notice (5 files) and/or failed to provide a specific reason or reasons for nonrenewal (15 files). This is a violation of 215 ILCS 5/143.17.

Policy Number	Issue Date	Nonrenewal Date	Criticism
	06/24/13	12/24/13	failed to provide a specific reason or reasons
	03/20/13	09/20/13	failed to provide a specific reason or reasons
	10/03/12	04/03/13	failed to provide a specific reason or reasons
	11/01/12	05/01/13	failed to provide a specific reason or reasons & failed to provide a 30 day advanced notice
	11/16/12	05/16/13	failed to provide a specific reason or reasons
	08/13/12	02/13/13	failed to provide a specific reason or reasons
	09/24/12	03/24/13	failed to provide a specific reason or reasons & failed to provide a 30 day advanced notice
	01/02/13	07/02/13	failed to provide a 30 day advanced notice, 29 days provided
	02/07/13	08/07/13	failed to provide a specific reason or reasons
	03/10/13	09/10/13	failed to provide a specific reason or reasons & failed to provide a 30 day advanced notice
	10/10/12	10/10/13	failed to provide a specific reason or reasons
	10/20/12	10/20/13	failed to provide a specific reason or reasons
	04/30/13	10/30/13	failed to provide a specific reason or reasons & failed to provide a 30 day advanced notice

	05/16/13	11/16/13	failed to provide a specific reason or reasons
	12/08/12	04/11/13	failed to provide a specific reason or reasons
	03/30/13	05/30/13	failed to provide a specific reason or reasons

6. Department Complaints

In one (1) instance out of 28 files reviewed for an error rate of 3.57%, the Company failed to provide a reasonable written explanation of delay when the claim remained unresolved for more than 40 days from the date of report. This is a violation of 50 Ill. Adm. Code 919.80(b)(2).

In one (1) instance out of 28 files reviewed for an error rate of 3.57%, the Company failed to provide the insured with the right of recourse letter "known as Exhibit A" within 7 days of determination of the total loss. This is a violation of 50 Ill. Adm. Code 919.80(c).

In two (2) instances out of 28 files reviewed for an error rate of 7.14%, the Company included the word "final" on the payment check to the insured. This is a violation of 50 Ill. Adm. Code 919.60(a).

7. Producer Licensing

There were no criticisms in this survey.

8. Producer Terminations

There were no criticisms in this survey.

9. Rescissions

In two (2) instances out of 102 files reviewed for an error rate of 1.96%, the Company either failed to provide a 30 day advanced notice (2 files) or failed to provide a reason or reasons for rescission. This is a violation of 215 ILCS 5/143.15.

B. Underwriting:

1. Private Passenger Automobile Choice New Business

In eighteen (18) instances out of 116 files reviewed for an error rate of 15.51%, the Company failed to follow the rules which were filed for applying the rates, rating plans, classifications and/or other schedules for rating automobile new business. This resulted in 15 undercharges of \$362.00 and 3 overcharges of \$105.00. This is a violation of 50 Ill. Adm. Code 754.10. See Exhibit 1

In 31 instances out of 116 files reviewed for an error rate of 26.72%, the Company was unable to provide a copy of the application form from the agency writing the new automobile insurance policy. This is a violation of 215 ILCS 5/132(2). See Exhibit 3

2. Private Passenger Automobile Select New Business

In forty (40) instances out of 98 files reviewed for an error rate of 40.82%, the Company failed to follow the rules which were filed for applying the rates, rating plans, classifications and/or other schedules for rating automobile new business. This resulted in 17 undercharges of \$3,771.00 and 23 overcharges of \$925.00. This is a violation of 50 Ill. Adm. Code 754.10. See Exhibit 4

In 56 instances out of 98 files reviewed for an error rate of 57.14%, the Company was unable to provide a copy of the application form from the agency writing the new automobile insurance policy. This is a violation of 215 ILCS 5/132(2). See Exhibit 6

3. Private Passenger Automobile Renewals

In three (3) instances out of 130 files reviewed for an error rate of 2.31%, the Company failed to follow the rules which were filed for applying the rates, rating plans, classifications and/or other schedules for rating automobile new business. This resulted in two (2) undercharges of \$46 and one (1) overcharge of \$2. This is a violation of 50 Ill. Adm. Code 754.10.

Policy Number	Renewal Date	Calculated Premium	Premium Charged	Criticism
	01/17/13	\$416.00	\$418.00	\$2.00 overcharge
	02/04/13	\$200.00	\$176.00	\$24.00 undercharge
	08/19/13	\$170.00	\$148.00	\$22.00 undercharge

C. Claims

1. Private Passenger Automobile First Party Paid & Median

The median payment period was 22 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	69	63.30%
31-60	26	23.85%
61-90	6	5.50%
91-180	6	5.50%
181-365	1	0.92%
<u>Over 365</u>	1	<u>0.92%</u>
Total	109	100.00%

In one (1) instance out of 118 files reviewed for an error rate of .91%, the Company failed to pay a tow invoice received from the insured within thirty days of receipt. This is a violation of 215 ILCS 5/154.6(d). An underpayment of \$99.00 resulted.

In one (1) instance out of 118 files reviewed for an error rate of .91%, the Company failed to provide the claimant with a reasonable written explanation of the reason or reasons for denial. This is a violation of 50 Ill. Adm. Code 919.50(a)(2).

In one (1) instance out of 118 files reviewed for an error rate of .91%, the Company failed to attempt contact with the claimant. This is a violation of 215 ILCS 5/154.6(c).

In eight (8) instances out of 118 files reviewed for an error rate of 6.77%, the Company failed to provide a reasonable written explanation of delay when the claim remained unresolved for more than 40 days from the date of report. This is a violation of 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Date Reported	Date Paid	Number of Days	Criticism
	12/05/11	02/06/13	430	failure to provide a written explanation for delay
	07/16/12	02/19/13	219	failure to provide a written explanation for delay
	10/17/12	02/12/13	119	failure to provide a written explanation for delay
	01/10/13	03/27/13	77	failure to provide a written explanation for delay
	02/14/13	06/11/13	118	failure to provide a written explanation for delay
	03/29/13	06/17/13	81	failure to provide a written explanation for delay
	08/12/13	10/14/13	63	failure to provide a written explanation for delay
	09/12/13	11/06/13	56	failure to provide a written explanation for delay

## 2. Private Passenger Automobile First Party Closed without Payment

In one (1) instance out of 116 files reviewed for an error rate of .86%, the Company failed to provide the insured with a reasonable written explanation of the reason or reasons for denial. This is a violation of 50 Ill. Adm. Code 919.50(a)(1).

In one (1) instance out of 116 files reviewed for an error rate of .86%, the Company failed to attempt contact with the insured. This is a violation of 215 ILCS 5/154.6(c).

In two (2) instances out of 116 files reviewed for an error rate of 1.72%, the Company failed to provide the claimant with a reasonable written explanation of the reason or reasons for denial. This is a violation of 50 Ill. Adm. Code 919.50(a)(2).

In eight (8) instances out of 116 files reviewed for an error rate of 6.89%, the Company failed to provide a reasonable written explanation of delay when the claim remained unresolved for more than 40 days from the date of report. This is a violation of 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Date Reported	Date Paid	Number of Days	Criticism
	09/21/12	01/30/13	131	failure to provide a written explanation for delay
	10/30/12	02/05/13	98	failure to provide a written explanation for delay
	12/24/12	01/25/13	32	failure to provide a written explanation for delay, claim should not have been closed
	05/08/13	07/08/13	61	failure to provide a written explanation for delay
	05/17/13	07/31/13	75	failure to provide a written explanation for delay
	05/29/13	10/04/13	128	failure to provide a written explanation for delay
	06/07/13	07/27/13	50	failure to provide a written explanation for delay
	09/06/13	12/04/13	89	failure to provide a written explanation for delay

### 3. Private Passenger Automobile Third Party Paid & Median

The median payment period was 29 days including subrogation distributed as follows: The median was 20 days with subrogation excluded:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	55	52.88%
31-60	8	7.69%
61-90	7	6.73%
91-180	7	6.73%
181-365	16	15.38%
<u>Over 365</u>	<u>11</u>	<u>10.58%</u>
Total	104	100.00%

In two (2) instances out of 116 files reviewed for an error rate of 1.72%, the Company failed to provide the claimant with a reasonable written explanation of delay when the claim remained unresolved in excess of 60 days from the date of report. This is a violation of 50 Ill. Adm. Code 919.80(b)(3).

Claim Number	Date Reported	Date Closed	Number of Days	Criticism
	11/16/10	07/09/13	966	failure to provide a written explanation for delay
	09/16/13	12/19/13	94	failure to provide a written explanation for delay

In nineteen (19) instances out of 116 files reviewed for an error rate of 16.38%, the Company failed to effectuate a prompt fair and equitable settlement resulting in an underpayment of \$881.94. This is a violation of 215 ILCS 5/154.6(d).

Claim Number	Date Reported	Date Closed	Number of Days	Criticism
	05/23/12	12/27/13	583	failed to effectuate a prompt fair and equitable settlement
	09/26/11	05/09/13	591	failed to effectuate a prompt fair and equitable settlement
	01/09/12	07/23/13	561	failed to effectuate a prompt fair and equitable settlement
	03/05/12	10/18/13	592	failed to effectuate a prompt fair and equitable settlement
	03/16/13	08/09/13	511	failed to effectuate a prompt fair and equitable settlement
	03/28/12	05/13/13	411	failed to effectuate a prompt fair and equitable settlement
	04/17/12	01/28/13	286	failed to effectuate a prompt fair and equitable settlement
	06/04/12	02/21/13	262	failed to effectuate a prompt fair and equitable settlement
	06/26/12	04/29/13	307	failed to effectuate a prompt fair and equitable settlement
	09/06/12	07/17/13	314	failed to effectuate a prompt fair and equitable settlement
	11/07/12	10/17/13	344	failed to effectuate a prompt fair and equitable settlement
	11/29/12	12/18/13	384	failed to effectuate a prompt fair and equitable settlement
	12/10/12	08/08/13	241	failed to effectuate a prompt fair and equitable settlement
	12/21/12	08/26/13	248	failed to effectuate a prompt fair and equitable settlement

	01/22/13	12/27/13	339	failed to effectuate a prompt fair and equitable settlement
	03/05/13	09/13/13	192	failed to effectuate a prompt fair and equitable settlement
	04/15/13	06/04/13	50	failed to effectuate a prompt fair and equitable settlement, deducted unpaid prior damage twice resulting in \$881.94 underpayment
	06/10/13	05/20/14	344	failed to effectuate a prompt fair and equitable settlement
	09/30/13	05/15/14	227	failed to effectuate a prompt fair and equitable settlement

In twenty-three (23) instances out of 116 files reviewed for an error rate of 19.83%, the Company failed to maintain documentation in the file to permit reconstruction of the Company's activities relative to the claim file. This is a violation of 50 Ill. Adm. Code 919.30(c).

Claim Number	Date Reported	Date Closed	Number of Days	Criticism
	05/23/12	12/27/13	583	failed to maintain documentation in the file
	09/26/11	05/09/13	591	failed to maintain documentation in the file
	01/09/12	07/23/13	561	failed to maintain documentation in the file
	03/05/12	10/18/13	592	failed to maintain documentation in the file
	03/16/12	08/09/13	511	failed to maintain documentation in the file
	03/28/12	05/13/13	411	failed to maintain documentation in the file
	04/17/12	01/28/13	286	failed to maintain documentation in the file
	06/04/12	02/21/13	262	failed to maintain documentation in the file
	06/26/12	04/29/13	307	failed to maintain documentation in the file
	09/06/12	07/17/13	314	failed to maintain documentation in the file
	11/07/12	10/17/13	344	failed to maintain documentation in the file
	11/29/12	12/18/13	384	failed to maintain documentation in the file
	12/10/12	08/08/13	241	failed to maintain documentation in the file
	12/21/12	08/26/13	248	failed to maintain documentation in the file

				file
	01/07/13	01/31/13	24	failed to maintain documentation in the file
	05/31/13	08/20/13	81	failed to maintain documentation in the file
	01/22/13	12/27/13	339	failed to maintain documentation in the file
	02/13/13	02/21/13	8	failed to maintain documentation in the file
	03/05/13	09/13/13	192	failed to maintain documentation in the file
	03/12/13	07/24/13	134	failed to maintain documentation in the file
	04/04/13	04/09/13	5	failed to maintain documentation in the file
	06/10/13	05/20/14	344	failed to maintain documentation in the file
	09/30/13	05/15/14	227	failed to maintain documentation in the file

4. Private Passenger Automobile Third Party Closed without Payment

In two (2) instances out of 113 files reviewed for an error rate of 1.77%, the Company failed to maintain documentation in the file to permit reconstruction of the Company's activities relative to the claim file. This is a violation of 50 Ill. Adm. Code 919.30(c).

Claim Number	Date Reported	Date Closed	Number of Days	Criticism
	04/30/13	09/05/13	128	failed to maintain documentation in the file
	09/25/13	11/11/13	47	failed to maintain documentation in the file

In six (6) instances out of 113 files reviewed for an error rate of 5.31%, the Company failed to provide the claimant with a reasonable written explanation of delay when the claim remained unresolved in excess of 60 days from the date of report. This is a violation of 50 Ill. Adm. Code 919.80(b)(3).

Claim Number	Date Reported	Date Closed	Number of Days	Criticism
	13/25/12	01/31/13	98	failure to provide a written explanation for delay
	12/13/12	04/03/13	111	failure to provide a written explanation for delay
	02/06/13	06/14/13	128	failure to provide a written explanation for delay
	03/19/13	05/25/13	67	failure to provide a written

				explanation for delay
	04/23/13	02/02/13	285	failure to provide a written explanation for delay
	04/30/13	09/05/13	128	failure to provide a written explanation for delay

In twelve (12) instances out of 113 files reviewed for an error rate of 10.62%, the Company failed to effectuate a prompt fair and equitable settlement. This is a violation of 215 ILCS 5/154.6(d).

Claim Number	Date Reported	Date Closed	Number of Days	Criticism
	12/13/12	04/03/13	111	failed to effectuate a prompt fair and equitable settlement
	01/23/13	04/18/13	85	failed to effectuate a prompt fair and equitable settlement
	02/06/13	06/14/13	128	failed to effectuate a prompt fair and equitable settlement
	02/15/13	07/11/13	146	failed to effectuate a prompt fair and equitable settlement
	03/19/13	05/25/13	67	failed to effectuate a prompt fair and equitable settlement
	04/23/13	02/02/13	285	failed to effectuate a prompt fair and equitable settlement
	04/29/13	06/18/13	50	failed to effectuate a prompt fair and equitable settlement
	04/30/13	09/05/13	128	failed to effectuate a prompt fair and equitable settlement
	05/08/13	07/08/13	61	failed to effectuate a prompt fair and equitable settlement
	09/06/13	10/28/13	52	failed to effectuate a prompt fair and equitable settlement
	09/23/13	10/15/13	22	failed to effectuate a prompt fair and equitable settlement
	09/25/13	11/11/13	47	failed to effectuate a prompt fair and equitable settlement

In twelve (12) instances out of 113 files reviewed for an error rate of 10.62%, the Company failed to conduct a prompt investigation of the claim facts. This is a violation of 215 ILCS 5/154.6(c).

Claim Number	Date Reported	Date Closed	Number of Days	Criticism
	10/25/12	01/31/13	98	failed to conduct a prompt investigation
	12/13/12	04/03/13	111	failed to conduct a prompt investigation

	01/23/13	04/18/13	85	failed to conduct a prompt investigation
	02/06/13	06/14/13	128	failed to conduct a prompt investigation
	02/15/13	07/11/13	146	failed to conduct a prompt investigation
	04/23/13	02/02/14	285	failed to conduct a prompt investigation
	04/29/13	06/18/13	50	failed to conduct a prompt investigation
	04/30/13	09/05/13	128	failed to conduct a prompt investigation
	05/08/13	07/08/13	61	failed to conduct a prompt investigation
	08/20/13	08/26/13	6	failed to conduct a prompt investigation
	09/23/13	10/15/13	22	failed to conduct a prompt investigation
	12/13/13	12/14/13	1	failed to conduct a prompt investigation

In twenty-one (21) instances out of 113 files reviewed for an error rate of 18.58%, the Company failed to provide the claimant with a reasonable/specific explanation of the reason or reasons for denial. This is a violation of 50 Ill. Adm. Code 919.50(a)(2). See exhibit 7

#### 5. Private Passenger Automobile Subrogation

In one (1) instance out of 102 files reviewed for an error rate of .98%, the Company failed to provide the insured with the right of recourse letter "known as Exhibit A" within seven (7) days of determination of the total loss. This is a violation of 50 Ill. Adm. Code 919.80(c).

In one (1) instance out of 102 files reviewed for an error rate of .98%, the Company deducted advance charges from the settlement amount when not the result of the insured's actions, resulting in an underpayment of \$415.00. This is a violation of 50 Ill. Adm. Code 919.80(d)(3).

In two (2) instances out of 102 files reviewed for an error rate of 1.96%, the Company included the word "final" on checks issued to insureds. This is a violation of 50 Ill. Adm. Code 919.60(a).

In eight (8) instances out of 102 files reviewed for an error rate of 7.84%, the Company failed to reimburse the pro rata share of the deductible to the insured after recovery from the adverse party resulting in underpayments totaling \$1,915.03. This is a violation of 215 ILCS 5/143b.

6. Private Passenger Automobile Total Losses

The median payment period was 37 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	37	44.05%
31-60	29	34.52%
61-90	10	11.90%
91-180	6	7.14%
181-365	1	1.19%
<u>Over 365</u>	<u>1</u>	<u>1.19%</u>
Total	84	100.00%

In one (1) instance out of 84 files reviewed for an error rate of 1.19%, the Company failed to use an approved method of determining the valuation of the total loss resulting in an overpayment of \$1,155.99. This is a violation of 50 Ill. Adm. Code 919.80(c)(2)(C).

In eleven (11) instances out of 84 files reviewed for an error rate of 13.10%, the Company failed to effectuate a prompt, fair and equitable settlement resulting in one (1) underpayment of \$10,243.73 and ten (10) overpayments totaling \$4,569.44. This is a violation of 215 ILCS 5/154.6(d).

Claim Number	Date Reported	Date Paid	Amount of under or over payment	Criticism
	02/01/13	03/13/13	\$529.92 overpaid	taxes paid when vehicle not replaced, used Texas law
	02/04/13	02/12/13	\$10,243.73 underpaid	insured portion of settlement never paid
	05/16/13	06/22/13	\$18.00 overpaid	taxes paid when vehicle not replaced, used Texas law
	06/13/13	08/26/13	\$218.96 overpaid	taxes paid when vehicle not replaced, used Texas law
	06/21/13	08/18/13	\$251.93 overpaid	taxes paid when vehicle not replaced, used Texas law
	06/26/13	12/21/13	\$301.99 overpaid	taxes paid when vehicle not replaced, used Texas law
	07/08/13	08/01/13	\$18.00 overpaid	taxes paid when vehicle not replaced, used Texas law
	07/19/13	08/09/13	\$217.22 overpaid	taxes paid when vehicle not replaced, used Texas law
	07/30/13	10/08/13	\$538.45 overpaid	taxes paid when vehicle not replaced, used Texas law

	09/05/13	12/18/13	\$474.97 overpaid	taxes paid when vehicle not replaced, used Texas law
	12/11/13	12/20/13	\$2,000.00 overpaid	incorrectly paid undisputed total loss evaluation

In twelve (12) instances out of 84 files reviewed for an error rate of 14.29%, the Company failed to provide the insured with the right of recourse letter "known as Exhibit A" within seven (7) days of determination of the total loss. This is a violation of 50 Ill. Adm. Code 919.80(c).

Claim Number	Date Reported	Date Paid	Days from determination	Criticism
	02/01/13	02/20/13	0	Exhibit A not provided to insured
	02/21/13	03/15/13	9	Exhibit A sent late to insured
	03/06/13	04/03/13	0	Exhibit A not provided to insured
	03/25/13	05/15/13	0	Exhibit A not provided to insured
	04/03/13	05/06/13	16	Exhibit A sent late to insured
	04/15/13	05/09/13	0	Exhibit A not provided to insured
	04/22/13	05/13/13	0	Exhibit A not provided to insured
	04/29/13	06/10/13	0	Exhibit A not provided to insured
	05/30/13	06/19/13	0	Exhibit A not provided to insured
	09/05/13	12/18/13	25	Exhibit A sent late to insured
	09/16/13	11/21/13	18	Exhibit A sent late to insured
	09/26/13	12/05/13	13	Exhibit A sent late to insured

In thirteen (13) instances out of 84 files reviewed for an error rate of 15.48%, the Company included the word "final" on checks issued to insureds. This is a violation of 50 Ill. Adm. Code 919.60(a).

Claim Number	Date Reported	Date Paid	Criticism
	12/20/12	01/16/13	settlement check to insured state "final"
	03/11/13	04/30/13	settlement check to insured state "final"
	05/30/13	06/19/13	settlement check to insured state "final"
	06/26/13	12/21/13	settlement check to insured state "final"
	08/05/13	09/27/13	settlement check to insured state "final"
	08/09/13	10/07/13	settlement check to insured state "final"
	08/12/13	13/09/13	settlement check to insured state "final"
	08/26/13	09/19/13	settlement check to insured state "final"

	08/28/13	09/20/13	settlement check to insured state "final"
	09/04/13	10/08/13	settlement check to insured state "final"
	09/05/13	12/18/13	settlement check to insured state "final"
	09/20/13	11/11/13	settlement check to insured state "final"
	09/26/13	12/05/13	settlement check to insured state "final"

In twenty-four (24) instances out of 84 files reviewed for an error rate of 28.57%, the Company failed to provide the insured with a reasonable written explanation for delay when the claim remained unresolved for more than 40 days from the date of report to the date of final payment. This is a violation of 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Date Reported	Date Paid	Number of Days	Criticism
	11/16/12	01/14/13	60	failure to provide a written explanation for delay
	01/14/13	04/24/13	101	failure to provide a written explanation for delay
	01/28/13	03/22/13	54	failure to provide a written explanation for delay, claim should not have been closed
	01/28/13	04/05/13	67	failure to provide a written explanation for delay
	02/04/13	02/12/13	9	failure to provide a written explanation for delay
	03/05/13	05/10/13	66	failure to provide a written explanation for delay
	03/11/13	04/30/13	50	failure to provide a written explanation for delay
	03/18/13	05/24/13	68	failure to provide a written explanation for delay
	04/29/13	06/10/13	42	failure to provide a written explanation for delay
	06/07/13	08/13/13	68	failure to provide a written explanation for delay
	06/21/13	08/18/13	59	failure to provide a written explanation for delay
	07/11/13	12/11/13	154	failure to provide a written explanation for delay
	07/30/13	10/08/13	70	failure to provide a written explanation for delay
	07/31/13	11/06/13	98	failure to provide a written explanation for delay
	08/05/13	09/27/13	53	failure to provide a written explanation for delay
	08/07/13	09/20/13	44	failure to provide a written explanation for delay

	08/09/13	10/07/13	59	failure to provide a written explanation for delay
	08/12/13	10/09/13	59	failure to provide a written explanation for delay
	08/14/13	10/03/13	51	failure to provide a written explanation for delay
	08/19/13	11/22/13	96	failure to provide a written explanation for delay
	09/30/13	10/23/13	55	failure to provide a written explanation for delay
	09/05/13	12/18/13	105	failure to provide a written explanation for delay
	09/20/13	11/11/13	53	failure to provide a written explanation for delay
	09/26/13	12/05/13	70	failure to provide a written explanation for delay

#### 7. Arbitration Claims

In six (6) instances out of 105 files reviewed for an error rate of 5.71%, the Company either failed to pay the award within 30 days of receipt of the award notice (3 files) or failed to pay the award. This is a violation of 215 ILCS 5/154.6(d).

Claim Number	Date Arb. notice received	Date Arb. award notice received	Amount of Award	Criticism
	01/07/13	03/21/13	\$3,842.06	award paid over 30 days after receipt of award, paid in 81 days
	07/11/13	10/15/13	\$3,832.82	award never paid
	07/17/13	09/16/13	\$255.84	award never paid
	10/28/13	01/15/14	\$5,712.75	award paid over 30 days after receipt of award, paid in 81 days
	11/03/13	12/26/13	\$1,475.60	award paid over 30 days after receipt of award, paid in 81 days
	12/06/13	03/14/14	\$535.19	award never paid

## VI. INTERRELATED FINDINGS

### A. Underwriting:

#### 1. Private Passenger Automobile Choice New Business

In 114 instances out of 116 files reviewed for an error rate of 98.28%, the Company provided misleading information on declaration pages by indicating that a discount [Rollover/Renewal, Transfer and/or Smart Shopper] applied to the policy implying a reduction in the policy premium when, in fact, one or more of these discounts were not applicable and the premium was not reduced. This is a violation of 215 ILCS 5/149. See Exhibit 2.

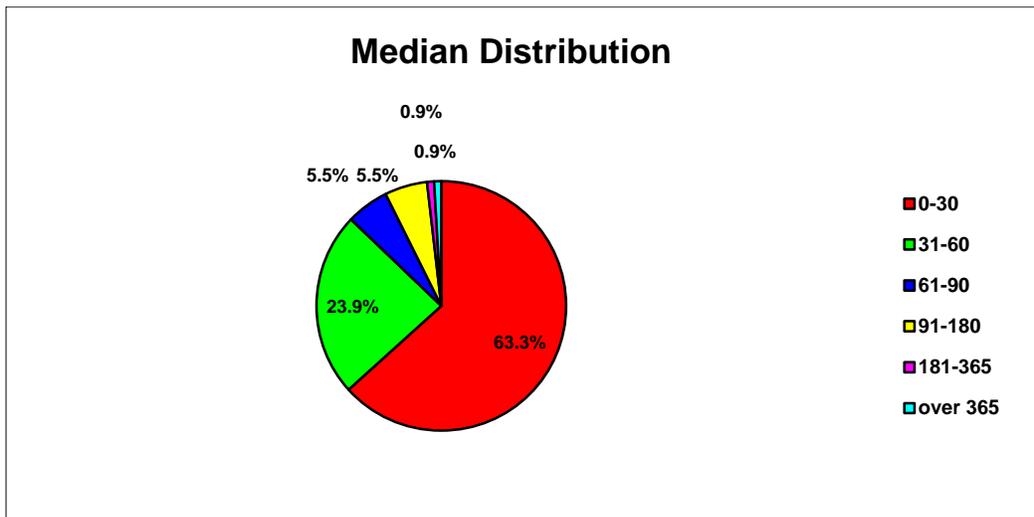
#### 2. Private Passenger Automobile Select New Business

In 92 instances out of 98 files reviewed for an error rate of 93.88%, the Company provided misleading information on declaration pages by indicating that a discount [Rollover/Renewal, Transfer and/or Smart Shopper] applied to the policy implying a reduction in the policy premium when, in fact, one or more of these discounts were not applicable and the premium was not reduced. This is a violation of 215 ILCS 5/149. See Exhibit 5.

VII. TECHNICAL APPENDICES

FIRST PARTY PAID & MEDIAN

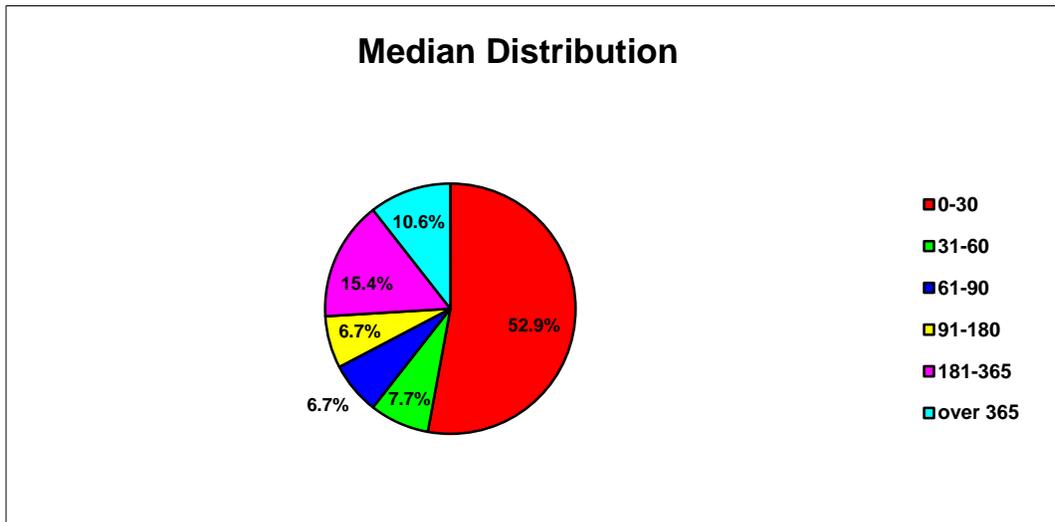
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	69	63.30%
31-60	26	23.85%
61-90	6	5.50%
91-180	6	5.50%
181-365	1	0.92%
over 365	1	0.92%
Total	109	100.00%



VII. TECHNICAL APPENDICES continued

THIRD PARTY PAID & MEDIAN

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	55	52.88%
31-60	8	7.69%
61-90	7	6.73%
91-180	7	6.73%
181-365	16	15.38%
over 365	11	10.58%
Total	104	100.00%



VII. TECHNICAL APPENDICES continued

TOTAL LOSSES

<b>MEDIAN DISTRIBUTION</b>		
<b># Days</b>	<b>Number</b>	<b>Percent</b>
<b>0-30</b>	<b>37</b>	<b>44.05%</b>
<b>31-60</b>	<b>29</b>	<b>34.52%</b>
<b>61-90</b>	<b>10</b>	<b>11.90%</b>
<b>91-180</b>	<b>6</b>	<b>7.14%</b>
<b>181-365</b>	<b>1</b>	<b>1.19%</b>
<b>over 365</b>	<b>1</b>	<b>1.19%</b>
<b>Total</b>	<b>84</b>	<b>100.00%</b>

VIII. Exhibits

Exhibit 1

#	Policy #	Effective Date	Expiration Date	Criticisms & Comments
<b>Undercharges:</b>				
11		07/19/13	01/19/14	754.10- MRE- Undercharge of \$31- Quote breakdown in Policy Decisions system matches my calculation-
20		09/23/13	03/23/14	754.10- MRE- Undercharge of \$12- Policy was rated for SM22 but should have been rated for SM21
49		03/16/13	09/16/13	754.10- MRE- Undercharge of \$11- Quote breakdown in Policy Decisions system matches my calculation-
53		04/01/13	10/01/13	754.10- MRE- Undercharge of \$1- Quote breakdown in Policy Decisions system matches my calculation-
53		04/01/13	10/01/13	754.10- MRE- Undercharge of \$11- Quote breakdown in Policy Decisions system matches my calculation-
53		04/01/13	10/01/13	754.10- MRE- Undercharge of \$11- Quote breakdown in Policy Decisions system matches my calculation-
54		03/23/13	09/23/13	754.10- MRE- Undercharge of \$4- Quote breakdown in Policy Decisions system matches my calculation-
54		03/23/13	09/23/13	754.10- MRE- Undercharge of \$55- Quote breakdown in Policy Decisions system matches my calculation-
56		04/01/13	10/01/13	754.10- MRE- Undercharge of \$22- Quote breakdown in Policy Decisions system matches my calculation-
85		07/25/13	01/25/14	754.10- MRE- Undercharge of \$1- Driver relativity based on wrong drivers- per guidelines should be MM57 & SF22
85		07/25/13	01/25/14	754.10- MRE- Undercharge of \$3- Driver relativity based on wrong drivers- per guidelines should be MM57 & SF22
92		09/12/13	03/12/14	754.10- MRE- Undercharge of \$118- Base rates & factors used are wrong- Missouri
92		09/12/13	03/12/14	754.10- MRE- Undercharge of \$75- Base rates & factors used are wrong- Missouri
101		10/23/13	04/23/14	754.10- MRE- Undercharge of \$61- Policy was rated for MF53 but should have been rated for MM56
105		11/02/13	05/02/14	754.10- MRE- Policy was rated for SM54 but should have been rated for SM53- Premium calculation was the same under both classes.

## Overcharges:

18		01/11/13	07/11/13	754.10- MRE- Overcharge of \$61- Quote breakdown in Policy Decisions system matches my calculation
47		03/12/13	03/12/14	754.10- MRE- Overcharge of \$43- Older Vehicle surcharge incorrectly assessed to comp & collision coverages
90		08/31/13	02/28/14	754.10- MRE- Overcharge of \$61- Policy was rated for MF54 but should have been rated for MM55

VIII. Exhibits continued

Exhibit 2

#	Policy #	Effective Date	Expiration Date	Criticisms & Comments
1		09/04/13	03/04/14	5/149- Misrepresentation- Transfer discount not applicable-
2		09/10/13	09/10/14	5/149- Misrepresentation- Transfer discount not applicable
3		07/11/13	01/11/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable-
4		03/23/13	03/23/14	5/149- Misrepresentation- Transfer & Rollover/renewal discounts not applicable-
5		01/10/13	07/10/13	5/149- Misrepresentation- Transfer & Rollover/renewal discounts not applicable-
6		10/03/13	10/03/14	5/149- Misrepresentation- Transfer discount not applicable-
7		08/22/13	02/22/14	5/149- Misrepresentation- Transfer discount not applicable
8		06/04/13	06/04/14	5/149- Misrepresentation- Transfer discount not applicable-
9		12/02/13	12/02/14	5/149- Misrepresentation- Transfer discount not applicable-
10		06/07/13	06/07/14	5/149- Misrepresentation- Transfer discount not applicable-
11		07/19/13	01/19/14	5/149- Misrepresentation- Transfer discount not applicable-
12		05/02/13	05/02/14	5/149- Misrepresentation- Transfer discount not applicable-
13		07/11/13	07/11/14	5/149- Misrepresentation- Transfer discount not applicable-
14		10/02/13	04/02/14	5/149- Misrepresentation- Transfer discount not applicable-
15		10/12/13	10/12/14	5/149- Misrepresentation- Transfer discount not applicable-
16		07/08/13	01/08/14	5/149- Misrepresentation- Transfer discount not applicable-
17		08/22/13	02/22/14	5/149- Misrepresentation- Transfer discount not applicable
18		01/11/13	07/11/13	5/149- Misrepresentation- Transfer discount not applicable
19		11/23/13	05/23/14	5/149- Misrepresentation- Transfer discount not applicable-
20		09/23/13	03/23/14	5/149- Misrepresentation- Transfer discount not applicable

21		11/15/13	11/15/14	5/149- Misrepresentation- Transfer discount not applicable-
22		12/06/13	06/06/14	5/149- Misrepresentation- Transfer discount not applicable-
23		07/17/13	01/17/14	5/149- Misrepresentation- Transfer discount not applicable
24		01/02/13	07/02/13	5/149- Misrepresentation- Transfer discount not applicable-
25		01/02/13	07/02/13	5/149- Misrepresentation- Transfer discount not applicable
26		01/04/13	07/04/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
27		01/04/13	07/04/13	5/149- Misrepresentation- Transfer discount not applicable-
28		01/05/13	01/05/14	5/149- Misrepresentation- Smart Shopper discount not applicable-
29		01/09/13	01/09/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
30		01/18/13	07/18/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
31		01/18/13	07/18/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
32		01/23/13	01/23/14	5/149- Misrepresentation- Transfer discount not applicable-
33		01/25/13	07/25/13	5/149- Misrepresentation- Transfer discount not applicable
34		01/26/13	07/26/13	5/149- Misrepresentation- Transfer discount not applicable
35		01/26/13	07/26/13	5/149- Misrepresentation- Transfer discount not applicable-
36		01/28/13	07/28/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
37		01/31/13	07/31/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
38		02/08/13	08/08/13	5/149- Misrepresentation- Transfer discount not applicable-
39		02/15/13	08/15/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
40		02/15/13	08/15/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
41		02/18/13	08/18/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
42		02/25/13	08/25/13	5/149- Misrepresentation- Transfer discount not applicable-
43		03/02/13	03/02/14	5/149- Misrepresentation- Transfer discount not applicable-

44		03/02/13	09/02/13	5/149- Misrepresentation- Transfer discount not applicable-
45		03/06/13	09/06/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
46		03/07/13	09/07/13	5/149- Misrepresentation- Transfer discount not applicable
47		03/12/13	03/12/14	5/149- Misrepresentation- Transfer discount not applicable
48		03/14/13	09/14/13	5/149- Misrepresentation- Transfer discount not applicable
49		03/16/13	09/16/13	5/149- Misrepresentation- Smart Shopper & Transfer discounts not applicable
50		10/24/13	04/24/14	5/149- Misrepresentation- Transfer discount not applicable-
51		03/18/13	09/18/13	5/149- Misrepresentation- Transfer discount not applicable-
53		04/01/13	10/01/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
53		04/01/13	10/01/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
54		03/23/13	09/23/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
55		03/26/13	09/26/13	5/149- Misrepresentation- Transfer discount not applicable
56		04/01/13	10/01/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
57		04/03/13	10/03/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
58		04/03/13	04/03/14	5/149- Misrepresentation- Transfer discount not applicable-
59		04/08/13	04/08/14	5/149- Misrepresentation- Transfer & Rollover/renewal discounts not applicable-
60		04/15/13	04/15/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
61		04/15/13	10/15/13	5/149- Misrepresentation- Transfer discount not applicable-
62		04/17/13	04/17/14	5/149- Misrepresentation- Transfer discount not applicable-
63		04/24/13	04/24/14	5/149- Misrepresentation- Transfer discount not applicable-
64		04/25/13	10/25/13	5/149- Misrepresentation- Transfer discount not applicable
65		04/25/13	10/25/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
66		04/30/13	10/30/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-

67		05/03/13	11/03/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
69		05/17/13	11/17/13	5/149- Misrepresentation- Transfer discount not applicable-
70		05/20/13	11/20/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
71		05/22/13	11/22/13	5/149- Misrepresentation- Transfer discount not applicable-
72		06/08/13	12/08/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
72		06/08/13	12/08/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
73		06/11/13	12/11/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
74		06/12/13	12/12/13	5/149- Misrepresentation- Transfer discount not applicable-
75		06/12/13	12/12/13	5/149- Misrepresentation- Transfer discount not applicable-
76		06/21/13	12/21/13	5/149- Misrepresentation- Transfer discount not applicable
77		06/21/13	12/21/13	5/149- Misrepresentation- Smart Shopper discount not applicable-
78		06/28/13	12/28/13	5/149- Misrepresentation- Transfer discount not applicable-
79		07/01/13	01/01/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
80		07/03/13	07/03/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
81		07/08/13	01/08/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
82		07/18/13	01/18/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
83		07/19/13	07/19/14	5/149- Misrepresentation- Transfer discount not applicable-
84		07/24/13	01/24/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
85		07/25/13	01/25/14	5/149- Misrepresentation- Transfer discount not applicable-
85		07/25/13	01/25/14	5/149- Misrepresentation- Transfer discount not applicable-
86		07/30/13	07/30/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
87		08/08/13	02/08/14	5/149- Misrepresentation- Transfer discount not applicable
88		08/14/13	02/14/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-

89		08/30/13	02/28/14	5/149- Misrepresentation- Smart Shopper discount not applicable-
90		08/31/13	02/28/14	5/149- Misrepresentation- Transfer discount not applicable
91		09/11/13	09/11/14	5/149- Misrepresentation- Transfer discount not applicable-
92		09/12/13	03/12/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
93		09/21/13	03/21/14	5/149- Misrepresentation- Transfer discount not applicable-
94		09/27/13	03/27/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
95		09/28/13	03/28/14	5/149- Misrepresentation- Transfer discount not applicable
96		10/01/13	10/01/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
97		10/04/13	10/04/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
98		10/10/13	04/10/14	5/149- Misrepresentation- Transfer discount not applicable-
99		10/11/13	04/11/14	5/149- Misrepresentation- Transfer discount not applicable-
100		10/17/13	04/17/14	5/149- Misrepresentation- Transfer discount not applicable-
101		10/23/13	04/23/14	5/149- Misrepresentation- Smart Shopper & Transfer discounts not applicable
102		10/24/13	04/24/13	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
103		10/30/13	04/30/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
104		10/31/13	04/30/14	5/149- Misrepresentation- Transfer discount not applicable-
105		11/02/13	05/02/14	5/149- Misrepresentation- Transfer discount not applicable
106		11/27/13	05/27/14	5/149- Misrepresentation- Smart Shopper discount not applicable-
107		11/15/13	11/15/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
108		11/16/13	05/16/14	5/149- Misrepresentation- Transfer discount not applicable-
109		11/21/13	05/21/14	5/149- Misrepresentation- Transfer discount not applicable-
110		11/21/13	05/21/14	5/149- Misrepresentation- Transfer & Smart Shopper discounts not applicable-
111		11/25/13	05/25/14	5/149- Misrepresentation- Transfer discount not applicable

112		11/30/13	05/30/14	5/149- Misrepresentation- Transfer discount not applicable-
113		12/02/13	12/02/14	5/149- Misrepresentation- Smart Shopper discount not applicable-
114		12/04/13	06/04/14	5/149- Misrepresentation- Transfer discount not applicable-
115		12/13/13	06/13/14	5/149- Misrepresentation- Transfer discount not applicable-
116		12/27/13	12/27/14	5/149- Misrepresentation- Transfer discount not applicable

VIII. Exhibits continued

Exhibit 3

#	Policy #	Effective Date	Expiration Date	Criticisms & Comments
2		09/10/13	09/10/14	5/132(2)- No application provided
7		08/22/13	02/22/14	5/132(2)- No application provided
17		08/22/13	02/22/14	5/132(2)- No application provided
23		07/17/13	01/17/14	5/132(2)- No application provided
26		01/04/13	07/04/13	5/132(2)- No application provided
29		01/09/13	01/09/14	5/132(2)- No application provided
30		01/18/13	07/18/13	5/132(2)- No application provided
33		01/25/13	07/25/13	5/132(2)- No application provided
34		01/26/13	07/26/13	5/132(2)- No application provided
36		01/28/13	07/28/13	5/132(2)- No application provided
37		01/31/13	07/31/13	5/132(2)- No application provided
41		02/18/13	08/18/13	5/132(2)- No application provided
45		03/06/13	09/06/13	5/132(2)- No application provided
46		03/07/13	09/07/13	5/132(2)- No application provided
48		03/14/13	09/14/13	5/132(2)- No application provided
49		03/16/13	09/16/13	5/132(2)- No application provided
55		03/26/13	09/26/13	5/132(2)- No application provided
57		04/03/13	10/03/14	5/132(2)- No application provided
60		04/15/13	04/15/14	5/132(2)- No application provided
64		04/25/13	10/25/13	5/132(2)- No application provided
67		05/03/13	11/03/13	5/132(2)- No application provided
73		06/11/13	12/11/13	5/132(2)- No application provided
76		06/21/13	12/21/13	5/132(2)- No application provided
77		06/21/13	12/21/13	5/132(2)- No application provided
89		08/30/13	02/28/14	5/132(2)- No application provided
95		09/28/13	03/28/14	5/132(2)- No application provided
97		10/04/13	10/04/14	5/132(2)- No application provided
101		10/23/13	04/23/14	5/132(2)- No application provided
102		10/24/13	04/24/13	5/132(2)- No application provided
105		11/02/13	05/02/14	5/132(2)- No application provided
116		12/27/13	12/27/14	5/132(2)- No application provided

VIII. Exhibits continued

Exhibit 4

#	Policy #	Effective Date	Expiration Date	Criticisms & Comments
<b>Undercharges:</b>				
9		09/13/13	03/13/14	754.10- MRE- \$41 undercharge
18		11/22/13	11/22/14	754.10- MRE- \$1,751 undercharge
25		02/21/13	08/21/13	754.10- MRE- \$45 undercharge
31		10/02/13	10/02/14	754.10- MRE- \$96 undercharge
50		01/11/13	07/11/13	754.10- MRE- \$39 undercharge
54		04/21/13	04/21/14	754.10- MRE- \$47 undercharge
54		04/21/13	04/21/14	754.10- MRE- \$60 undercharge
55		01/21/13	01/21/14	754.10- MRE- \$19 undercharge
55		01/21/13	01/21/14	754.10- MRE- \$67 undercharge
60		01/02/13	07/02/13	754.10- MRE- \$21 undercharge
60		01/02/13	07/02/13	754.10- MRE- \$83 undercharge
68		01/19/13	07/19/13	754.10- MRE- \$17 undercharge
68		01/19/13	07/19/13	754.10- MRE- \$16 undercharge
68		01/19/13	07/19/13	754.10- MRE- \$31 undercharge
71		04/20/13	10/20/13	754.10- MRE- \$4 undercharge (possible rounding error)
73		05/21/13	11/21/13	754.10- MRE- \$114 undercharge
74		05/03/13	11/03/13	754.10- MRE- \$21 undercharge
74		05/03/13	11/03/13	754.10- MRE- \$24 undercharge
74		05/03/13	11/03/13	754.10- MRE- \$42 undercharge
75		05/18/13	11/18/13	754.10- MRE- \$8 undercharge
75		05/18/13	11/18/13	754.10- MRE- \$119 undercharge
75		05/21/13	11/21/13	754.10- MRE- \$10 undercharge
76		05/21/13	11/21/13	754.10- MRE- \$84 undercharge
79		03/29/13	09/29/13	754.10- MRE- \$93 undercharge
86		12/21/13	06/21/14	754.10- MRE- \$11 undercharge
86		12/21/13	06/21/14	754.10- MRE- \$13 undercharge
88		12/17/13	06/17/14	754.10- MRE- \$899 undercharge

## Overcharges:

15		10/30/13	04/30/14	754.10- MRE- \$58 overcharge
16		04/09/13	10/09/13	754.10- MRE- \$9 overcharge
33		03/01/13	09/01/13	754.10- MRE- \$2 overcharge
36		04/05/13	04/05/14	754.10- MRE- \$2 overcharge
47		04/06/13	10/06/13	754.10- MRE- \$23 overcharge
59		03/05/13	09/05/13	754.10- MRE- \$22 overcharge
62		03/06/13	09/06/13	754.10- MRE- \$5 overcharge
63		05/20/13	11/20/13	754.10- MRE- \$7 overcharge
63		05/20/13	11/20/13	754.10- MRE- \$6 overcharge
67		02/11/13	02/11/14	754.10- MRE- \$150 overcharge
75		05/18/13	11/18/13	754.10- MRE- \$43 overcharge
77		06/08/13	12/08/13	754.10- MRE- \$54 overcharge
78		09/12/13	03/12/14	754.10- MRE- \$86 overcharge
81		05/19/13	11/19/13	754.10- MRE- \$51 overcharge
84		10/31/13	10/31/14	754.10- MRE- \$30 overcharge
84		10/31/13	10/31/14	754.10- MRE- \$18 overcharge
85		09/29/13	09/29/14	754.10- MRE- \$5 overcharge
85		09/29/13	09/29/14	754.10- MRE- \$10 overcharge
86		12/21/13	06/21/14	754.10- MRE- \$10 overcharge
87		11/27/13	11/27/14	754.10- MRE- \$83 overcharge
89		08/09/13	02/09/14	754.10- MRE- \$23 overcharge
90		11/02/13	05/02/14	754.10- MRE- \$48 overcharge
91		04/27/13	04/27/14	754.10- MRE- \$56 overcharge
92		10/17/13	04/17/14	754.10- MRE- \$24 overcharge
93		08/23/13	02/23/14	754.10- MRE- \$85 overcharge
94		11/18/13	05/18/14	754.10- MRE- \$5 overcharge
94		11/18/13	05/18/14	754.10- MRE- \$10 overcharge

VIII. Exhibits continued

Exhibit 5

#	Policy #	Effective Date	Expiration Date	Criticisms & Comments
1		08/14/13	02/14/14	5/149- Misrepresentation- Transfer discount not applicable-
2		02/27/13	08/27/13	5/149- Misrepresentation- Anti-theft device & Rollover/renewal discounts not applicable
3		01/18/13	01/18/14	5/149- Misrepresentation- Transfer discount & Foreign DL and Older vehicle surcharges not applicable
3		01/18/13	01/18/14	5/149- Misrepresentation- Transfer discount & Foreign DL surcharge not applicable
4		05/17/13	11/17/13	5/149- Misrepresentation- Driving record & Transfer discounts not applicable
4		05/17/13	11/17/13	5/149- Misrepresentation- Driving record & Transfer discounts not applicable
5		07/10/13	01/10/14	5/149- Misrepresentation- Driving record, Anti-theft device & Rollover/renewal discounts not applicable
6		01/29/13	07/29/13	5/149- Misrepresentation- Driving record & Rollover/renewal discounts and Non-licensed driver surcharge not applicable
6		01/29/13	07/29/13	5/149- Misrepresentation- Driving record & Rollover/renewal discounts and Non-licensed driver surcharge not applicable
7		01/14/13	01/14/14	5/149- Misrepresentation- Anti-theft device discount not applicable
8		03/29/13	09/29/13	5/149- Misrepresentation- Rollover/Renewal discount and Older Vehicle surcharge not applicable
9		09/13/13	03/13/14	5/149- Misrepresentation- Rollover/Renewal & Transfer discounts not applicable
11		04/08/13	04/08/14	5/149- Misrepresentation- Rollover/Renewal & Transfer discounts not applicable
12		04/05/13	04/05/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable 5/132(2)- Documentation- Application not provided
12		04/05/13	04/05/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
13		04/02/13	04/02/14	5/149- Misrepresentation- Driving record & Rollover/renewal discounts not applicable
13		04/02/13	04/02/14	5/149- Misrepresentation- Driving record & Rollover/renewal discounts not applicable
14		06/04/13	12/04/13	5/149- Misrepresentation- Driving record discount not applicable

15		10/30/13	04/30/14	5/149- Misrepresentation- Transfer discount not applicable
16		04/09/13	10/09/13	5/149-Misrepresentation- Driving Record & Rollover/Renewal discounts not applicable
17		12/10/13	12/10/14	5/149- Misrepresentation- Driving record & Transfer discounts not applicable
18		11/22/13	11/22/14	5/149- Misrepresentation- Transfer discount not applicable
20		03/14/13	09/14/13	5/149- Misrepresentation- Driving record & Transfer discounts not applicable
21		03/15/13	03/15/14	5/149- Misrepresentation- Driving record, Rollover Renewal & Transfer discounts not applicable
23		10/12/13	10/12/14	5/149- Misrepresentation- Anti-theft & Rollover/Renewal discounts not applicable
24		04/29/13	04/29/14	5/149- Misrepresentation- Transfer discount not applicable
25		02/21/13	08/21/13	5/149- Misrepresentation- Rollover/Renewal & Transfer discounts not applicable
26		09/28/13	03/28/14	5/149- Misrepresentation- Driving Record, Anti-theft device & Transfer discounts not applicable
28		10/10/13	04/10/14	5/149- Misrepresentation- Transfer discount not applicable-
28		10/10/13	04/10/14	5/149- Misrepresentation- Transfer discount not applicable-
29		09/14/13	09/14/14	5/149- Misrepresentation- Driving Record & Transfer discounts not applicable
30		10/04/13	10/04/14	5/149- Misrepresentation- Driving record & Rollover Renewal discounts not applicable
31		10/02/13	10/02/14	5/149- Misrepresentation- Rollover/Renewal & Transfer discounts not applicable
32		10/18/13	10/18/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
33		03/01/13	09/01/13	5/149- Misrepresentation- Rollover/Renewal & Transfer discounts not applicable
34		02/27/13	02/27/14	5/149- Misrepresentation- Transfer discount not applicable
35		11/16/13	11/16/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable-
36		04/05/13	04/05/14	5/149- Misrepresentation- Transfer discount not applicable
38		04/11/13	10/11/13	5/149- Misrepresentation-Transfer discount not applicable-
39		07/01/13	07/01/14	5/149- Misrepresentation- Transfer discount not applicable
39		07/01/13	07/01/14	5/149- Misrepresentation- Transfer discount not applicable

40		11/16/13	05/16/13	5/149- Misrepresentation- Driving Record discount not applicable 5/149-Misrepresentation-Non Licensed Owner surcharge not applicable
40		11/16/13	05/16/13	5/149- Misrepresentation- Driving Record discount not applicable 5/149-Misrepresentation-Non Licensed Owner surcharge not applicable
41		05/23/13	11/23/13	5/149- Misrepresentation-Transfer discount not applicable-
42		09/12/13	09/12/14	5/149- Misrepresentation-Anti-theft device & Transfer discounts not applicable
43		05/10/13	05/10/14	5/149- Misrepresentation-Transfer discount not applicable-
44		12/13/13	06/13/14	5/149- Misrepresentation-Transfer discount not applicable-
45		04/22/13	10/22/13	5/149- Misrepresentation-Transfer discount not applicable-
46		01/22/13	07/22/13	5/149- Misrepresentation- Rollover/Renewal & Transfer discounts not applicable
47		04/06/13	10/06/13	5/149- Misrepresentation-Transfer discount not applicable
48		04/22/13	10/22/13	5/149- Misrepresentation-Transfer discount not applicable-
49		07/26/13	07/26/14	5/149- Misrepresentation-Transfer discount not applicable-
50		01/11/13	07/11/13	5/149- Misrepresentation- Transfer discount not applicable
51		01/15/13	01/15/14	5/149- Misrepresentation- Driving Record & Transfer discounts not applicable
52		02/15/13	02/15/14	5/149- Misrepresentation- Driving record & Transfer Renewal discounts not applicable
53		08/01/13	08/01/14	5/149- Misrepresentation- Driving Record, Anti-theft device & Transfer discounts not applicable
54		04/21/13	04/21/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
54		04/21/13	04/21/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
55		01/21/13	01/21/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
55		01/21/13	01/21/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
56		01/30/13	01/30/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
57		02/23/13	02/23/14	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable-
58		02/28/13	08/28/13	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable

59		03/05/13	09/05/13	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable
60		01/02/13	07/02/13	5/149- Misrepresentation- Rollover/Renewal discount not applicable 5/149-Misrepresentation-Older vehicle surcharge not applicable
60		01/02/13	07/02/13	5/149- Misrepresentation- Rollover/Renewal discount not applicable
61		02/26/13	08/26/13	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable-
62		03/06/13	09/06/13	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable
63		05/20/13	11/20/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
63		05/20/13	11/20/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
64		05/05/13	05/05/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
65		06/04/13	12/04/13	5/149- Misrepresentation- Driving Record & Transfer discounts not applicable
66		03/23/13	09/23/13	5/149- Misrepresentation- Driving Record & Transfer discounts not applicable
67		02/11/13	02/11/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
68		01/19/13	07/19/13	5/149- Misrepresentation- Rollover/Renewal discount not applicable
68		01/19/13	07/19/13	5/149- Misrepresentation- Rollover/Renewal discount not applicable
69		02/24/13	08/24/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
70		04/20/13	10/20/13	5/149- Misrepresentation- Driving Record & Rollover/Renewal discounts not applicable
71		04/20/13	10/20/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
71		04/20/13	10/20/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
72		08/19/13	02/19/14	5/149- Misrepresentation- Driving Record & Rollover/Renewal discounts not applicable
72		08/19/13	02/19/14	5/149- Misrepresentation- Driving Record & Rollover/Renewal discounts not applicable
73		05/21/13	11/21/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
74		05/03/13	11/03/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
74		05/03/13	11/03/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable

75		05/18/13	11/18/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
75		05/18/13	11/18/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
76		05/21/13	11/21/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
76		05/21/13	11/21/13	5/149- Misrepresentation-Rollover/Renewal & Anti-Theft discounts not applicable
77		06/08/13	12/08/13	5/149- Misrepresentation- Rollover/Renewal discount not applicable
78		09/12/13	03/12/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
79		03/29/13	09/29/13	5/149- Misrepresentation- Rollover/Renewal discount not applicable 5/149-Misrepresentation-Older vehicle surcharge not applicable
80		09/30/13	03/30/14	5/149- Misrepresentation- Driving Record & Rollover/Renewal discounts not applicable
81		05/19/13	11/19/13	5/149- Misrepresentation-Rollover/Renewal discount not applicable
82		12/13/13	06/13/14	5/149- Misrepresentation-Anti-theft device & Transfer discounts not applicable
83		12/19/13	06/19/14	5/149- Misrepresentation- Anti-theft & Rollover/Renewal discounts not applicable
84		10/31/13	10/31/14	5/149- Misrepresentation-Driving Discount, Rollover/Renewal & Anti-Theft discounts not applicable
84		10/31/13	10/31/14	5/149- Misrepresentation-Driving Discount & Rollover/Renewal discounts not applicable
85		09/29/13	09/29/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
85		09/29/13	09/29/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
86		12/21/13	06/21/14	5/149- Misrepresentation-Driving Record, Rollover/Renewal & Anti-Theft discounts not applicable
86		12/21/13	06/21/14	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable
87		11/27/13	11/27/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
89		08/09/13	02/09/14	5/149- Misrepresentation-Driving Record, Rollover/Renewal & Anti-Theft discounts not applicable
90		11/02/13	05/02/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
91		04/27/13	04/27/14	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable
92		10/17/13	04/17/14	5/149- Misrepresentation-Driving Record & Rollover/Renewal discounts not applicable

93		08/23/13	02/23/14	5/149- Misrepresentation-Rollover/Renewal discount not applicable
94		11/18/13	05/18/14	5/149- Misrepresentation-Rollover/Renewal & Anti-Theft Device discounts not applicable
94		11/18/13	05/18/14	5/149- Misrepresentation-Rollover/Renewal & Anti-Theft Device discounts not applicable
95		11/22/13	05/22/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
95		11/22/13	05/22/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
96		08/24/13	08/24/14	5/149- Misrepresentation- Rollover/Renewal discount not applicable
97		12/13/13	06/13/14	5/149- Misrepresentation-Driving Record, Rollover/Renewal & Anti-Theft discounts not applicable
98		12/25/13	06/25/14	5/149- Misrepresentation- Driving Record, Anti-Theft Device, & Rollover/Renewal discounts not applicable

VIII. Exhibits continued

Exhibit 6

#	Policy #	Effective Date	Expiration Date	Criticisms & Comments
2		02/27/13	08/27/13	5/132(2)- Documentation- Application not provided
3		01/18/13	01/18/14	5/132(2)- Documentation- Application not provided
6		01/29/13	07/29/13	5/132(2)- Documentation- Application not provided
8		03/29/13	09/29/13	5/132(2)- Documentation- Application not provided
11		04/08/13	04/08/14	5/132(2)- Documentation- Application not provided
12		04/05/13	04/05/14	5/132(2)- Documentation- Application not provided
13		04/02/13	04/02/14	5/132(2)- Documentation- Application not provided
14		06/04/13	12/04/13	5/132(2)- Documentation- Application not provided
15		10/30/13	04/30/14	5/132(2)- Documentation- Application not provided
16		04/09/13	10/09/13	5/132(2)- Documentation- Application not provided
17		12/10/13	12/10/14	5/132(2)- Documentation- Application not provided
22		04/23/13	04/23/14	5/132(2)- Documentation- Application not provided
23		10/12/13	10/12/14	5/132(2)- Documentation- Application not provided
24		04/29/13	04/29/14	5/132(2)- Documentation- Application not provided
29		09/14/13	09/14/14	5/132(2)- Documentation- Application not provided
32		10/18/13	10/18/14	5/132(2)- Documentation- Application not provided
33		03/01/13	09/01/13	5/132(2)- Documentation- Application not provided
34		02/27/13	02/27/14	5/132(2)- Documentation- Application not provided
37		04/19/13	10/19/13	5/132(2) Documentation-Application not provided
39		07/01/13	07/01/14	5/132(2)- Documentation- Application not provided
40		11/16/13	05/16/13	5/132(2)- Documentation- Application not provided
50		01/11/13	07/11/13	5/132(2)- Documentation- Application not provided
51		01/15/13	01/15/14	5/132(2)- Documentation- Application not provided
54		04/21/13	04/21/14	5/132(2)- Documentation- Application not provided
55		01/21/13	01/21/14	5/132(2)- Documentation- Application not provided
56		01/30/13	01/30/14	5/132(2)- Documentation- Application not provided
59		03/05/13	09/05/13	5/132(2)- Documentation- Application not provided
60		01/02/13	07/02/13	5/132(2)- Documentation- Application not provided
62		03/06/13	09/06/13	5/132(2)- Documentation- Application not provided
63		05/20/13	11/20/13	5/132(2)- Documentation- Application not provided
64		05/05/13	05/05/14	5/132(2)- Documentation- Application not provided
65		06/04/13	12/04/13	5/132(2)- Documentation- Application not provided
66		03/23/13	09/23/13	5/132(2)- Documentation- Application not provided

69		02/24/13	08/24/13	5/132(2)- Documentation- Application not provided
70		04/20/13	10/20/13	5/132(2)- Documentation- Application not provided
71		04/20/13	10/20/13	5/132(2)- Documentation- Application not provided
72		08/19/13	02/19/14	5/132(2)- Documentation- Application not provided
73		05/21/13	11/21/13	5/132(2)- Documentation- Application not provided
74		05/03/13	11/03/13	5/132(2)- Documentation- Application not provided
75		05/18/13	11/18/13	5/132(2)- Documentation- Application not provided
76		05/21/13	11/21/13	5/132(2)- Documentation- Application not provided
78		09/12/13	03/12/14	5/132(2)- Documentation- Application not provided
80		09/30/13	03/30/14	5/132(2)- Documentation- Application not provided
81		05/19/13	11/19/13	5/132(2)- Documentation- Application not provided
83		12/19/13	06/19/14	5/132(2)- Documentation- Application not provided
86		12/21/13	06/21/14	5/132(2)- Documentation- Application not provided
90		11/02/13	05/02/14	5/132(2)- Documentation- Application not provided
91		04/27/13	04/27/14	5/132(2)- Documentation- Application not provided
92		10/17/13	04/17/14	5/132(2)- Documentation- Application not provided
93		08/23/13	02/23/14	5/132(2)- Documentation- Application not provided
94		11/18/13	05/18/14	5/132(2)- Documentation- Application not provided
95		11/22/13	05/22/14	5/132(2)- Documentation- Application not provided
96		08/24/13	08/24/14	5/132(2)- Documentation- Application not provided
97		12/13/13	06/13/14	5/132(2)- Documentation- Application not provided
98		12/25/13	06/25/14	5/132(2)- Documentation- Application not provided

Exhibits

Exhibit 7

#	Claim Number	Report Date	Date Closed	Criticism
12		12/13/12	04/03/13	failed to provide a reasonable explanation of the reason or reasons for denial
31		02/25/13	02/26/13	failed to provide a reasonable explanation of the reason or reasons for denial
40		03/13/13	03/14/13	failed to provide a reasonable explanation of the reason or reasons for denial
42		03/18/13	04/01/13	failed to provide a reasonable explanation of the reason or reasons for denial
44		03/20/13	03/26/13	failed to provide a reasonable explanation of the reason or reasons for denial
45		04/02/13	04/03/13	failed to provide a reasonable explanation of the reason or reasons for denial
54		05/03/13	05/07/13	failed to provide a reasonable explanation of the reason or reasons for denial
64		05/31/13	06/20/13	failed to provide a reasonable explanation of the reason or reasons for denial
70		07/10/13	07/11/13	failed to provide a reasonable explanation of the reason or reasons for denial
74		07/19/13	07/20/13	failed to provide a reasonable explanation of the reason or reasons for denial
77		07/31/13	08/01/13	failed to provide a reasonable explanation of the reason or reasons for denial
83		09/03/13	09/04/13	failed to provide a reasonable explanation of the reason or reasons for denial
87		09/10/13	09/11/13	failed to provide a reasonable explanation of the reason or reasons for denial
93		09/24/13	09/25/13	failed to provide a reasonable explanation of the reason or reasons for denial
96		10/10/13	10/11/13	failed to provide a reasonable explanation of the reason or reasons for denial
102		11/04/13	11/18/13	failed to provide a reasonable explanation of the reason or reasons for denial
103		11/06/13	11/21/13	failed to provide a reasonable explanation of the reason or reasons for denial
106		11/12/13	11/13/13	failed to provide a reasonable explanation of the reason or reasons for denial
107		11/15/13	11/16/13	failed to provide a reasonable explanation of the reason or reasons for denial
111		12/02/13	12/09/13	failed to provide a reasonable explanation of the reason or reasons for denial
112		12/13/13	12/14/13	failed to provide a reasonable explanation of the reason or reasons for denial

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

AFFIRMATIVE INSURANCE COMPANY  
150 HARVESTER DRIVE, SUITE 250  
BURR RIDGE, IL 60527

STIPULATION AND CONSENT ORDER

WHEREAS, the Director ("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, Affirmative Insurance Company ("Company"), NAIC #42609, 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, 407, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, 5/407, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report 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 the Company was placed in rehabilitation by Order of the Circuit Court of Cook County, Illinois on September 16, 2015; 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 its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, and 407, 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, it waives 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 provides the insured with a reasonable written explanation for delay when the claims remain unresolved for more than 40 calendar days from the date of report as required by 50 Ill. Adm. Code 919.80(b)(2).
2. Institute and maintain policies and procedures whereby the Company provides the insured with the right of recourse letter, known as Exhibit "A", within seven (7) days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c).
3. Institute and maintain policies and procedures whereby the Company discontinues adding the word "final" to checks issued to the insured as required by 50 Ill. Adm. Code 919.60a.
4. Institute and maintain policies and procedures whereby the Company provides the insured with at least 30 days advanced notice of cancellation and provides a specific reason or reasons for cancellation as required by 215 ILCS 5/143.15.
5. Institute and maintain policies and procedures whereby the Company provides the insured with at least 30 days advanced notice of nonrenewal and provides a specific reason or reasons for nonrenewal as required by 215 ILCS 5/143.17.
6. Institute and maintain policies and procedures whereby the Company provides the insured with at least 60 days advanced notice of nonrenewal after the policy has been effective or renewed for 5 or more years as required by 215 ILCS 5/143.19.1.
7. Institute and maintain policies and procedures whereby the Company will effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear, as required by 215 ILCS 5/154.6(d).
8. Institute and maintain policies and procedures whereby the Company ensures it uses the rates filed with the Department, and that the rating plans are applied as filed with the Department in accordance with 50 Ill. Adm. Code 754.10

9. Institute and maintain policies and procedures whereby the Company ceases the use of misleading information on the declaration pages as required by 215 ILCS 5/149.
10. Institute and maintain policies and procedures whereby the Company provides all requested documentation requested in future examinations as required by 215 ILCS 5/132(2).
11. Institute and maintain policies and procedures whereby on first party claims if a settlement of a claim is less than the amount claimed, or if the claim is denied, the Company shall provide to the insured a reasonable written explanation of the basis of the lower offer or denial within 30 days after the investigation and determination of liability is completed, as required by 50 Ill. Adm. Code 919.50(a)(1).
12. Institute and maintain policies and procedures whereby within 30 days after the initial determination of liability is made, if the claim is denied, the Company shall provide the third party a reasonable written explanation of the basis of the denial as required by 50 Ill. Adm. Code 919.50(a)(2).
13. Institute and maintain policies and procedures whereby the Company attempts to conduct a prompt investigation on all claims as required by 215 ILCS 5/154.6(c).
14. Institute and maintain policies and procedures whereby the Company uses an approved methodology for determining the total loss valuation as required by 50 Ill. Adm. Code 919.80(c)(2)(C).
15. Institute and maintain policies and procedures whereby the Company only makes proper advance charge deductions for towing and storage from the claim as required by 50 Ill. Adm. Code 919.80(d)(3).
16. Institute and maintain policies and procedures whereby the Company reimburses the correct pro rata amount of the insured's deductible after recovery from the adverse party as required by 215 ILCS 5/143b.
17. Institute and maintain policies and procedures whereby the Company provides the claimant with a reasonable written explanation for delay when the claims remain unresolved in excess of 60 calendar days from the date of report as required by 50 Ill. Adm. Code 919.80(b)(3).
18. Institute and maintain policies and procedures whereby the Company maintains documentation in the files in order to permit reconstruction of the Company's activities relative to the claim file as required by 50 Ill. Adm. Code 919.30(c).
19. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above eighteen (18) Orders within 30 days of receipt of these Orders.
20. Affirmative Insurance Company is levied a civil forfeiture in the amount of \$65,250.00, with the payment of the amount levied to be held in abeyance pending resolution of the rehabilitation proceedings in the State of Illinois.

Hearing No. 15-HR-0027 is dismissed upon entry of this Stipulation and Consent 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 Affirmative Insurance Company



Signature

J. Kevin Baldwin

Name

General Counsel + Director of  
Title Receivership Operations

Subscribed and sworn to before me this

11<sup>th</sup> day of December, 2015



Notary Public



DEPARTMENT OF INSURANCE of the  
State of Illinois:

DATE 12-21-15

  
Anne Melissa Dowling JM  
Director

STATE OF FLORIDA            )  
                                          ) ss  
COUNTY OF DADE            )

Bernie Sullivan Jr., being first duly sworn upon his/her oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Affirmative Insurance Company, (the "Company"), NAIC #42609;

That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.

Bernie Sullivan Jr.  
Examiner-In-Charge

Subscribed and sworn to before me  
this 20<sup>th</sup> day of November, 2014.

Priscila Eidam  
Notary Public

