

STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

ESURANCE INSURANCE COMPANY - #25712
ESURANCE INSURANCE COMPANY OF NEW JERSEY - #21741
ESURANCE PROPERTY & CASUALTY INSURANCE COMPANY - # 30210
4005 FELLAND ROAD
MADISON, WISCONSIN 53718

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of Esurance Insurance Company, et al. of Madison, Wisconsin, and to make a full and true report to me of the examination made by them of Esurance Insurance Company, et al. with a full statement of the condition and operation of the business and affairs of Esurance Insurance Company, et al. with any other information as shall in my opinion be necessary to examine the condition and operation of its business and affairs and the manner in which it conducts its business.

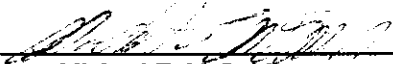
The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Esurance Insurance Company, et al.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 15th day of February, 2011




Michael T. McRaith

Director

ESURANCE INSURANCE COMPANY
ESURANCE PROPERTY & CASUALTY COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: March 28, 2011 through May 20, 2011

EXAMINATION OF: Esurance Insurance Company, NAIC # 25712
(P & C Foreign)

Esurance Property & Casualty Company, NAIC # 30210
(P & C Foreign)

LOCATION: 3785 Placer Corporate Drive
Rocklin, CA 95675

PERIOD COVERED BY
EXAMINATION: January 1, 2010 through December 31, 2010

EXAMINERS: Bernie Sullivan Jr. LUTCF
Examiner-in-Charge

INDEX

	Page #
I. SUMMARY	1
II. BACKGROUND	2-3
III. METHODOLOGY	4-5
IV. FINDINGS	6-9
A. Risk Selection	
1. Automobile Cancellations	
2. Automobile Nonrenewals	
B. Underwriting	
1. Automobile Non-Standard New Business	
C. Claims	
1. First Party Paid & Median Claims	
2. First Party Closed without Payment Claims	
3. Third Party Paid & Median Claims	
4. Third Party Closed without Payment Claims	
5. Subrogation Claims	
6. Total Loss Claims	
D. Complaints	
1. Department Complaints	
V. TECHNICAL APPENDICES	10-13

I. SUMMARY

1. The Company was criticized under 50 Ill. Adm. Code 919.50(a)(2) for failing to provide the claimants with a reasonable explanation for denial within 30 days after initial determination of liability. A general trend criticism was issued in the third party closed without payment survey.
2. The Company was criticized under 50 Ill. Adm. Code 919.80(c) for failing to provide the minimum information contained in Exhibit "A" within 7 days of determination of the total loss as required by . A general trend criticism was issued in the total loss survey.
3. The Company was criticized under 50 Ill. Adm. Code 919.60(a) for including the wording "full or final" on the disbursement checks paid to insureds when the policy limit was not met or there was no bona fide dispute either over coverage or of the amount payable . A general trend criticism was issued in the total loss survey.

II. BACKGROUND:

Esurance Insurance Company ("EIC")

EIC is a monoline insurance company domiciled in Wisconsin that writes private passenger automobile insurance policies produced through its agency affiliate, EISI. EIC has two wholly owned subsidiaries: Esurance Property and Casualty Insurance Company (EPC) and Esurance Insurance Company of New Jersey (ENJ). The latter company, ENJ, NAIC # 21741, is licensed in Illinois but its 2010 Annual Statement Page 19 indicates that it wrote no premium in Illinois in 2010. Therefore, ENJ was not examined.

EIC was incorporated pursuant to the laws of Oklahoma on December 1, 1933 as the Tri-State Casualty Insurance Company. Its initial insurance operations -- accident, liability and workers' compensation coverage on behalf of zinc mine owners in Ottawa County, Oklahoma -- were abandoned in August 1938.

The word "Casualty" was deleted from the company's name in 1949. A former wholly owned subsidiary, Magnolia Insurance Company of Jackson, Mississippi, was absorbed in 1959. Another former wholly owned subsidiary, National Guaranty and Deposit Insurance Corporation, organized under the laws of Arizona was formed in 1962.

The company was sold in 1964 by its sole shareholder, Standard Life and Accident Insurance Company, to the Silvey Corporation, Columbia, Missouri, which was itself acquired by Royal Group Inc., a U.S. subsidiary of Royal Insurance plc, in 1984. CGU Insurance Company, formerly General Accident Insurance Company of America, acquired Silvey Corporation from Royal Group Inc. in 1990.

On June 1, 2001, White Mountains Insurance Group, Ltd. ("White Mountains") acquired CGU Corporation and shortly thereafter changed the name of CGU Insurance Company to OneBeacon. As a result of this acquisition, White Mountains became the ultimate controlling parent of Tri-State Insurance Company, whose name was changed to Esurance Insurance Company on August 28, 2002.

EIC redomiciled in Wisconsin effective May 18, 2006. EIC's 2010 NAIC Annual Statement Page 19 reflects the following:

	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
04 Homeowners multiple peril	\$0	\$0	\$0	\$0
19.2 Private passenger auto liability	\$15,786,305	\$16,889,336	\$8,936,902	\$8,392,192
21.1 Private passenger auto physical damage	\$9,073,249	\$9,793,024	\$7,284,752	\$6,913,618

Esurance Property and Casualty Insurance Company ("EPC")

EPC is a monoline insurance company domiciled in California that writes private passenger automobile insurance policies produced through its agency affiliate, EISI.

EPC was incorporated pursuant to the laws of California on October 22, 1987 as Pacific Security Insurance Company ("Pacific") and began business on December 30, 1987. Pacific's direct and indirect parents were NZ Re Holdings, Inc. ("NZ Re") and NZI Corporation Limited ("NZI"), respectively. Pursuant to the acquisition of NZI by General Accident Fire and Life Assurance Corporation plc ("General Accident plc") in 1988, General Accident plc became the ultimate controlling parent of Pacific. On December 11, 1995, the entity's name was changed to General Accident Reinsurance Company of America.

On June 2, 1998, General Accident plc and Commercial Union plc merged to form CGU plc and consequently, the U.S. operations of these companies, General Accident Corporation of America and Commercial Union Corporation, were merged to form CGU Corporation (now known as OneBeacon).

On June 1, 2001, as a result of its acquisition of CGU Corporation, White Mountains became the ultimate controlling parent of General Accident Reinsurance Company of America, whose name was changed to Esurance Property and Casualty Insurance

Company on January 2, 2002. On October 1, 2003, EIC acquired EPC as a wholly owned subsidiary from OneBeacon. On December 17, 2004, OneBeacon sold EIC to its affiliate White Mountains Lux, which then immediately contributed its full stock ownership of EIC to EHI.

On June 25, 2010, EPC applied for redomestication to Wisconsin. As of September 1, 2010, the application had been approved by Wisconsin and was pending in California.

EPC's 2010 NAIC Annual Statement Page 19 reflects the following:

	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
04 Homeowners multiple peril	\$0	\$0	\$0	\$0
19.2 Private passenger auto liability	\$ 2,944,427	\$ 1,657,643	\$ 299,266	\$942,422
21.1 Private passenger auto physical damage	\$ 1,385,600	\$ 777,359	\$ 747,049	\$ 851,358

III. METHODOLOGY:

The Market Conduct Examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants.

The following categories are the general areas examined:

1. Risk Selections
2. Underwriting
3. Claims
4. Complaints

The review of these categories is accomplished through examination of individual 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 report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated with the insurer, but not cited in the report if not indicative of a general trend, except to the extent that there were underpayments and/or overpayments.

The following method was used to obtain the required samples and to assure a methodical 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 were requested on the basis of the effective date of the transaction falling within the period under examination. They were reviewed for their compliance with statutory requirements, the accuracy and validity of reasons given and for any possible discrimination.

Underwriting

New files were selected based on the inception date falling within the period under examination. New policies were reviewed for rating accuracy, use of filed rates, use of filed forms, compliance with company underwriting guidelines and to insure that the protection provided was as requested.

Claims

Claims were requested based on the settlement occurring 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 et seq.) and Part 919 (50 Ill. Adm. Code 919).

Complaints

Complaints were requested based on those received by the Company in calendar year 2010.

Selection of Samples

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Automobile Cancellations	112	112	100.00%
Automobile Nonrenewals	143	116	81.11%
Underwriting:			
Automobile Non-Standard New Business	13054	50	.38%
Claims:			
First Party Paid & Median	1455	100	6.87%
First Party Closed without Payment	706	100	14.16%
Third Party Paid & Median	1518	100	6.58%
Third Party Closed without Payment	401	90	22.44%
Subrogation	334	50	14.97%
Total Losses	596	50	8.38%
Department & Consumer Complaints:			
Complaints	17	17	100.00%

V. FINDINGS:

A. Risk Selections:

1. Automobile Cancellations

Eight (8) automobile cancellation files (7.14% of the 112 files reviewed) failed to provide a specific explanation of the reason or reasons for cancellation as required by 215 ILCS 5/143.15. The eight policies cancelled, the reason given in the cancellation notice and an example of acceptable notice language are as follows:

Policy Number	Reason in cancellation notice	Example of a "specific reason or reasons for cancellation"
[REDACTED]	"risk unacceptable"	Unacceptable business use -- [specify use]"
[REDACTED]	"risk unacceptable"	Unacceptable business use -- [specify use]"
[REDACTED]	"risk unacceptable"	Unacceptable business use -- [specify use]"
[REDACTED]	"fraud & misrepresentation"	"submitting fraudulent claim -- date of loss misrepresented; loss occurred on [date]; claim indicated loss occurred on [date] which is prior to policy inception"
[REDACTED]	"fraud & misrepresentation"	"submitting fraudulent claim -- date of loss misrepresented; loss occurred on [date]; claim indicated loss occurred on [date] which is prior to policy inception"
[REDACTED]	"fraud & misrepresentation"	"submitting fraudulent claim -- date of loss misrepresented; loss occurred on [date]; claim indicated loss occurred on [date] which is prior to policy inception"
[REDACTED]	"fraud & misrepresentation"	"submitting fraudulent claim -- date of loss misrepresented; loss occurred on [date]; claim indicated loss occurred on [date] which is prior to policy inception"
[REDACTED]	"driving record does not meet underwriting requirements"	"application disclosed four accidents. Application did not disclose loss on [date] and accident on [date]. Five accidents and one loss exceed underwriting standards."

After the examiner brought this issue to the Company's attention, the Company revised its procedures to provide a more specific explanation.

2. Automobile Nonrenewals

Four (4) automobile nonrenewal files (3.44% of the 116 files reviewed), which had been in effect for five or more years, failed to provide a 60 day advanced notice of nonrenewal as required by 215 ILCS 5/143.19.1.

Nine (9) automobile nonrenewal files (7.75% of the 116 files reviewed) failed to provide a specific reason for nonrenewal as required by 215 ILCS 5/143.17(e).

After the examiner brought this issue to the Company's attention, the Company revised its procedures to provide a more specific explanation.

B. Underwriting:

1. Automobile Non-Standard New Business

There were no criticisms in this survey.

C. Claims:

1. First Party Paid & Median

The median payment period was 19 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	69	69.00%
31-60	19	19.00%
61-90	6	6.00%
91-180	5	5.00%
181-365	0	0.00%
<u>Over 365</u>	<u>1</u>	<u>1.00%</u>
Total	100	100.00%

Six (6) first party paid claims (6.00% of the 100 files reviewed) failed to provide a reasonable explanation for delay when the claim remained unresolved for more than 40 days as required by 50 Ill. Adm. Code 919.80(b)(2). After the examiner brought this issue to the Company's attention, the Company revised its procedures to provide a more specific explanation.

2. First Party Closed without Payment

Five (5) first party closed without payment claims (5.00% of the 100 files reviewed) failed to provide a reasonable written explanation for delay to the

insured when the claim remained unresolved for more than 40 days as required by 50 Ill. Adm. Code 919.80(b)(2).

Six (6) first party closed without payment claims (6.00% of the 100 files reviewed) failed to include the notice of availability of the Department of Insurance with the claim denial as required by 50 Ill. Adm. Code 919.50(a)(1).

3. Third Party Paid & Median

The median payment period was 16 days without subrogation files used and 28 days with subrogation files used distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	51	51.00%
31-60	17	17.00%
61-90	14	14.00%
91-180	13	13.00%
181-365	5	5.00%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	100	100.00%

Five (5) third party claim files (5.00% of the 100 files reviewed) failed to provide the claimant with a reasonable written explanation for delay when the claim remained unresolved for more than 60 days as required by 50 Ill. Adm. Code 919.80(b)(3).

4. Third Party Closed without Payment

Three (3) third party closed without payment claims (3.33% of the 90 files reviewed) failed to make a *bona fide* attempt to contact the claimant as mandated in 215 ILCS 5/154.6(c) and as defined 50 Ill. Adm. Code 919.40.

Five (5) third party closed without payment claims (5.55% of the 90 files reviewed) failed to provide a reasonable written explanation for delay when the claim remained unresolved for more than 60 days as required by 50 Ill. Adm. Code 919.80(b)(3).

Sixteen third party closed without payment claims (17.77% of the 90 files reviewed) failed to provide the claimant with a reasonable explanation for denial within 30 days after initial determination of liability as required by 50 Ill. Adm. Code 919.50(a)(2). A general trend criticism was issued.

Policy Number	Reason for denial	Example of a "specific reason or reasons for denial"
[REDACTED]	There is no coverage applicable to your loss	Coverage for your loss is denied because you turned in front of our insured causing the accident
[REDACTED]	There is no coverage applicable to your loss	Coverage is denied because you failed to yield the right of way
[REDACTED]	There is no coverage applicable to your loss	Coverage for your loss is denied because you turned in front of our insured causing the accident
[REDACTED]	There is no coverage applicable to your loss	Coverage for your loss is denied because you turned in front of our insured causing the accident
[REDACTED]	There is no coverage applicable to your loss	The coverage for the insured was effective after the loss date
[REDACTED]	There is no coverage applicable to your loss	Coverage for your loss is denied because you turned in front of our insured causing the accident
[REDACTED]	There is no coverage applicable to your loss	The policy involved was cancelled on (give date) prior to the loss
[REDACTED]	There is no coverage applicable to your loss	There is no coverage for this loss due to an exclusion of the driver
[REDACTED]	There is no coverage applicable to your loss	No witnesses found to collaborate either parties statements in the loss
[REDACTED]	There is no coverage XX applicable to your loss	Coverage is denied because our insured had the right of way on a green light as noted in the police report
[REDACTED]	There is no coverage applicable to your loss	Coverage is denied because the driver had stolen the vehicle
[REDACTED]	Unable to afford coverage for (insured named)	The policy involved was cancelled on (give date) prior to the loss
[REDACTED]	There is no coverage for this accident	The policy involved was cancelled on (give date) prior to the loss
[REDACTED]	There is no coverage applicable to your loss	No witnesses found to collaborate either parties statements in the loss
[REDACTED]	There is no coverage applicable to your loss	The policy involved was cancelled on (give date) prior to the loss
[REDACTED]	There is no coverage applicable to your loss	Coverage for your loss is denied because you turned in front of our insured causing the accident

5. Subrogation

There were no criticisms in this survey.

6. Total Losses

The median payment period was 18 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	39	78.00%
31-60	8	16.00%

61-90	2	4.00%
91-180	1	2.00%
181-365	0	0.00%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	50	100.00%

Four (4) total loss claim files (8.00% of the 50 files reviewed) failed to provide the insured's with a reasonable written explanation for delay when the policy limit was not met or there was no bona fide dispute either over coverage or of the amount payable in violation of 50 Ill. Adm. Code 919.80(b)(2).

Thirty-four total loss claim files (68.00% of the 50 files reviewed) failed to provide the minimum information contained in Exhibit "A" within 7 days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c). A general trend criticism was issued.

Thirty-three total loss claim files (66.00% of the 50 files reviewed) included disbursement checks paid to the insured's containing the wording "full or final" when the policy limit was not met or there was no dispute of the amount payable in violation of 50 Ill. Adm. Code 919.60(a). A general trend criticism was issued.

D. Complaints

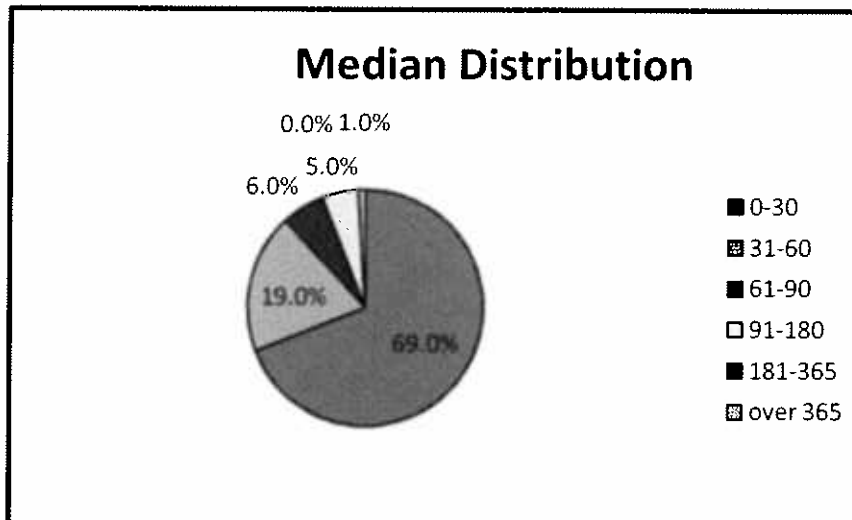
1. Department & Consumer Complaints

There were no criticisms in this survey.

VI. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN

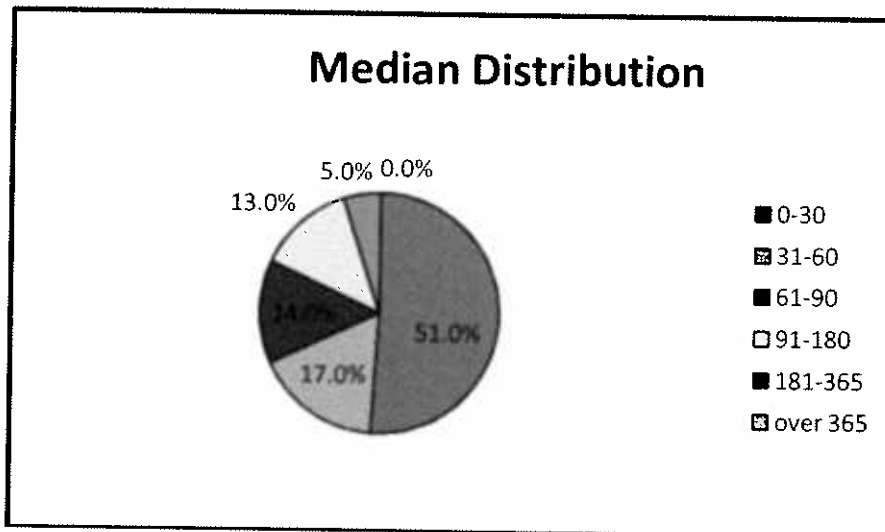
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	69	69.00%
31-60	19	19.00%
61-90	6	6.00%
91-180	5	5.00%
181-365	0	0.00%
over 365	1	1.00%
Total	100	100.00%



VI. TECHNICAL APPENDICES: continued

THIRD PARTY PAID & MEDIAN

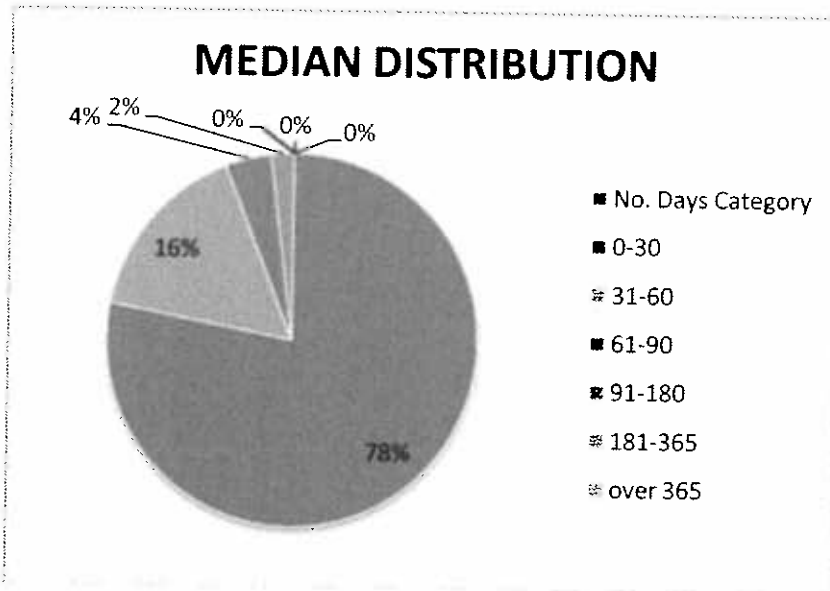
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	51	51.00%
31-60	17	17.00%
61-90	14	14.00%
91-180	13	13.00%
181-365	5	5.00%
over 365	0	0.00%
Total	100	100.00%



VI. TECHNICAL APPENDICES: continued

TOTAL LOSS PAID

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	39	78.00%
31-60	8	16.00%
61-90	2	4.00%
91-180	1	2.00%
181-365	0	0.00%
over 365	0	0.00%
Total	50	100.00%



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Bernie Sullivan, being first duly sworn upon his 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:

Esurance Insurance Company, NAIC # 25712
Esurance Property & Casualty Insurance Company, NAIC # 30210

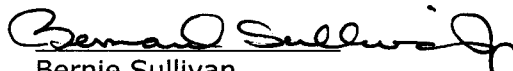
That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Companies with any other information as shall in the opinion of the Examiner-In-Charge be requisite to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

That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Companies nor any of the Companies' affiliates other than as policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

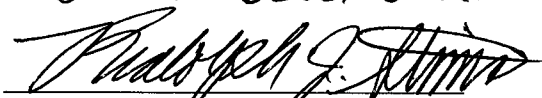
That an examination was made of the affairs of the Companies pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

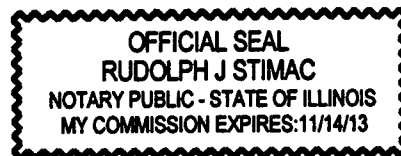
That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Companies for the period covered by the Report as determined by the examiners;

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 Companies.


Bernie Sullivan
Examiner-In-Charge

Subscribed and sworn to before me
this 5th day of DECEMBER, 2012.


Notary Public





IN THE MATTER OF:

Esurance Insurance Company,
NAIC # 25712

Esurance Property & Casualty Company,
NAIC # 30210

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, Esurance Insurance Company (EIC) is authorized under the insurance laws of the State of Wisconsin and by the Director as a foreign stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Esurance Property & Casualty Company (EPCC) is authorized under the insurance laws of the State of California and by the Director as a foreign stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by duly qualified examiners of the Department pursuant to Sections 131.21, 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the Department examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which EIC and EPCC were not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (Title 50 Illinois Administrative Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by EIC or EPCC 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 EIC or EPCC.

WHEREAS, EIC and EPCC are 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, EIC and EPCC understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, EIC and EPCC 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 EIC and EPCC and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which EIC and EPCC were not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That the Director and EIC and EPCC consent to this order requiring EIC and EPCC to take certain actions to come into compliance with provisions of the Illinois Insurance Code and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that EIC and EPCC shall:

1. Institute and maintain procedures to provide to a third party claimant whose claim is denied a reasonable written explanation of the basis of the denial within 30 days after the initial determination of liability is made as required by Title 50 Illinois Administrative Code 919.50(a)(2).
2. Institute and maintain procedures whereby all insureds who have suffered a total loss of their vehicle are furnished with, at a minimum, the information contained in "Exhibit A" of Title 50 Illinois Administrative Code 919.80(c) within seven (7) days of determination of the total loss.
3. Institute and maintain procedures whereby no payment draft or check or any accompanying letter shall indicate that said payment is "final" or "a release" of any claim unless the policy limit has been paid or there is a *bona fide* dispute either over coverage or the amount payable under the policy as required by Title 50 Illinois Administrative Code 919.60(a).
4. Submit to the Director of Insurance, proof of compliance with the above three (3) Orders within 30 days of the execution of these Orders.
5. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of five thousand dollars (\$5,000) to be paid within thirty (30) days of receipt of these Orders.

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:

Esurance Insurance Company



Signature:

Name: Christopher M. Henn

Title: Vice President

Esurance Property & Casualty Company



Signature:

Name: Christopher M. Henn

Title: Vice President

Subscribed and sworn to before me this
20th day of August 2013.

Please see attached
Notary Public

DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE August 31, 2013

Andrew Boron
Andrew Boron
Director

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

Signature of Document Signer No. 1 _____

Signature of Document Signer No. 2 (if any) _____

State of California

County of San Francisco

Subscribed and sworn to (or affirmed) before me

on this 20th day of August, 2013,

by

(1) Christopher M. Henn
Name of Signer

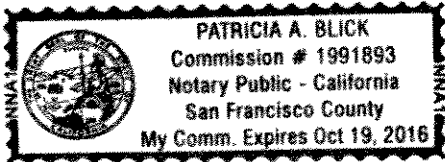
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (✓)

(and

(2) _____
Name of Signer

proved to me on the basis of ~~satisfactory~~ evidence to be the person who appeared before me.)

Signature Patricia A. Blick
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Further Description of Any Attached Document

Title or Type of Document: IL S+C order

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

RIGHT THUMBPRINT OF SIGNER #1

Top of thumb here

RIGHT THUMBPRINT OF SIGNER #2

Top of thumb here



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

October 9, 2013

Robin Bogdanich
Senior Regulatory compliance Manager
Esurance Insurance Company
Esurance Property & Casualty Insurance Company
P.O. Box 2890
Rockton, CA 95677

Re: Market Conduct Examination Report
Esurance Insurance Company
Esurance Property & Casualty Insurance Company

Dear Ms. Bogdanich,

This is in response to your email dated October 1, 2013 on this subject.

The proofs of compliance you have submitted have been reviewed and are satisfactory.

Accordingly, this 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.

Cordially,

A handwritten signature in black ink, appearing to read "Joseph T. Clennon", with a long horizontal flourish extending to the right.

Joseph T. Clennon
Department of Insurance
320 West Washington Street
Springfield, Illinois 62767-0001
(217) 557-1396 Direct Line
(217) 524-9033 Fax