



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

SAFECO INSURANCE COMPANY OF AMERICA
SAFECO PLAZA
SEATTLE, WASHINGTON 98185

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 Safeco Insurance Company of America of Seattle, Washington, and to make a full and true report to me of the examination made by them of Safeco Insurance Company of America with a full statement of the condition and operation of the business and affairs of Safeco Insurance Company of America with any other information as shall in their opinion be requisite to furnish me a statement of 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 Safeco Insurance Company of America.



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 1st day of Dec. 2009.

Michael T. McRath

Michael T. McRath

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with MARY ANN THAMM at the hour of 8:30 AM
on JANUARY 25, A.D., 2010.

Garnad Sullivan Jr
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

SAFECO INSURANCE COMPANY OF ILLINOIS
2800 WEST HIGGINS ROAD
HOFFMAN ESTATES, ILLINOIS 60195

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 Safeco Insurance Company of Illinois of Hoffman Estates, Illinois, and to make a full and true report to me of the examination made by them of Safeco Insurance Company of Illinois with a full statement of the condition and operation of the business and affairs of Safeco Insurance Company of Illinois with any other information as shall in their opinion be requisite to furnish me a statement of 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 Safeco Insurance Company of Illinois.



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 14th day of Dec. 2009.

Michael T. McRaith

Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with MARY ANN THAMAN at the hour of 8:30 am
on January 25, A.D., 2010.

Bernard Sullivan
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

SAFECO INSURANCE COMPANY OF INDIANA
500 NORTH MERIDIAN STREET
INDIANAPOLIS, INDIANA 46204

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 Safeco Insurance Company of Indiana of Indianapolis, Indiana, and to make a full and true report to me of the examination made by them of Safeco Insurance Company of Indiana with a full statement of the condition and operation of the business and affairs of Safeco Insurance Company of Indiana with any other information as shall in their opinion be requisite to furnish me a statement of 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 Safeco Safeco Insurance Company of Indiana.



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 14th day of Dec., 2009.

Michael T. McRaith

Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with MARY ANN THAMAN, at the hour of 8:30 AM
on 25 JANUARY, A.D., 2010.

Bernard Sullivan
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

SAFECO NATIONAL INSURANCE COMPANY
1400 SOUTH HIGHWAY DRIVE
FENTON, MISSOURI 63026

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 Safeco National Insurance Company of Fenton, Missouri, and to make a full and true report to me of the examination made by them of Safeco National Insurance Company with a full statement of the condition and operation of the business and affairs of Safeco National Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of 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 Safeco National Insurance Company.



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 Dec. 2009.

Michael T. McRaith
Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with MARY ANN THAMAN, at the hour of 8:30 am
on 25 JANUARY, A.D., 2010.

Bernard Sullivan Jr
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

FIRST NATIONAL INSURANCE COMPANY OF AMERICA
SAFECO PLAZA
SEATTLE, WASHINGTON 98185

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 First National Insurance Company of America of Seattle, Washington, and to make a full and true report to me of the examination made by them of First National Insurance Company of America with a full statement of the condition and operation of the business and affairs of First National Insurance Company of America with any other information as shall in their opinion be requisite to furnish me a statement of 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 First National Insurance Company of America.



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 14th day of Dec. 2009.

Michael T. McRath

Michael T. McRath

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with Mary Ann Thaman, at the hour of 8:30 Am
on 25 January, A.D., 2010.

Bernard Sullivan Jr
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

GENERAL INSURANCE COMPANY OF AMERICA
SAFECO PLAZA
SEATTLE, WASHINGTON 98185

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 General Insurance Company of America of Seattle, Washington, and to make a full and true report to me of the examination made by them of General Insurance Company of America with a full statement of the condition and operation of the business and affairs of General Insurance Company of America with any other information as shall in their opinion be requisite to furnish me a statement of 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 General Insurance Company of America.



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 14th day of Dec., 2007

Michael T. McRaith
Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with Mary Ann Thomas, at the hour of 8:30 Am
on 25 January, A.D., 2010.

Bernard Sullivan Jr
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

INSURANCE COMPANY OF ILLINOIS
SUITE 1000
2800 WEST HIGGINS ROAD
HOFFMAN ESTATES, ILLINOIS 60169

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 Insurance Company of Illinois of Hoffman Estates, Illinois, and to make a full and true report to me of the examination made by them of Insurance Company of Illinois with a full statement of the condition and operation of the business and affairs of Insurance Company of Illinois with any other information as shall in their opinion be requisite to furnish me a statement of 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 Insurance Company of Illinois.



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 14th day of Dec. 2009.

Michael T. McRaith

Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with MARY ANN THAMER, at the hour of 8:30 AM
on 25 January, A.D., 2010.

Bernard J. Sullivan Jr.
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

AMERICAN ECONOMY INSURANCE COMPANY
500 NORTH MERIDIAN STREET
INDIANAPOLIS, INDIANA 46204

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 American Economy Insurance Company of Indianapolis, Indiana, and to make a full and true report to me of the examination made by them of American Economy Insurance Company with a full statement of the condition and operation of the business and affairs of American Economy Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of 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 American Economy Insurance Company.



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 1st day of Dec. 2009.

Michael T. McRaith

Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with MARY ANN THAMAN, at the hour of 8:30 Am
on 25 January, A.D., 2010.

Bernard J. Sullivan Jr
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

AMERICAN STATES INSURANCE COMPANY
500 NORTH MERIDIAN STREET
INDIANAPOLIS, INDIANA 46204

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 American States Insurance Company of Indianapolis, Indiana, and to make a full and true report to me of the examination made by them of American States Insurance Company with a full statement of the condition and operation of the business and affairs of American States Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of 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 American States Insurance Company.



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 14th day of Dec., 2009.

Michael T. McRaith
Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with Mary Ann Thaman, at the hour of 8:30 Am
on 25 January, A.D., 2010.


Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

AMERICAN STATES PREFERRED INSURANCE COMPANY
500 NORTH MERIDIAN STREET
INDIANAPOLIS, INDIANA 46204

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 American States Preferred Insurance Company of Indianapolis, Indiana, and to make a full and true report to me of the examination made by them of American States Preferred Insurance Company with a full statement of the condition and operation of the business and affairs of American States Preferred Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of 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 American States Preferred Insurance Company.



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 1st day of Dec. 2009.

Michael T. McRaith

Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with MARY ANN THAMM, at the hour of 8:30 AM
on 25 JANUARY, A.D., 2010.


Examiner



IN THE MATTER OF THE EXAMINATION OF

SAFECO INSURANCE COMPANY OF AMERICA
62 MAPLE AVENUE
KEENE, NH 03431

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403, and 5/425) do hereby appoint Scott A. Hanfling, Mark Wilson, Tim Kelly, and Meghan Welch at Kerns Frost & Pearlman, LLC as Examiners to assist the Illinois Department of Insurance ("Department") in the completion of the market conduct examination of Safeco Insurance Company of America, NAIC # 24740, (the "Company") by reviewing and completing the examination report prepared by Examiner in Charge, Bernie Sullivan, including the review of any objections or rebuttals submitted by the Company regarding the findings of such reports, and drafting of any related Stipulation and Consent Order for the review and approval of the Director. The costs of this examination shall be borne by the Company.

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



IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed this Seal.

Done at the City of Chicago, this 1st day of October, 2012.

Andrew Boron

Andrew Boron

Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

Michelle McCormick
Safeco Insurance Company of America
175 Berkeley Street
Boston, MA 02117-0140

January 10, 2013

*sent via USPS certified mail
return receipt requested*

Dear Ms. McCormick:

A Market Conduct Re-Examination of your companies was conducted by authorized examiners designated by the Director of Insurance pursuant to Illinois Insurance Code Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code. The re-examination covered the period September 1, 2008 through August 31, 2009.

As required by Illinois Insurance Code Section 132, the Director must notify the company made the subject of any market conduct examination of the contents of the verified examination report before filing it and making the report public of any matters relating thereto, and must afford the company an opportunity to demand a hearing with reference to the facts and other evidence therein contained. A copy of the examination report is accordingly enclosed with this letter as well as a Stipulation and Consent Agreement. The company may request a hearing within 10 days after receipt of the examination report by giving the Director written notice of the request, together with a statement of its objections. The examination report will generally not be filed until hearing is completed.

Companies that do not demand a formal hearing may submit their rebuttal with respect to any matters in the examination report. The rebuttal will be considered by the Director before the examination report is filed. Please provide any rebuttals, or the signed Stipulation and Consent Order, to the undersigned by close of business, Friday, February 8, 2013. In the event that the Company elects to sign the Stipulation and Consent Order, please sign and return both copies. The Director will sign both copies and a fully executed copy will be returned to you for your records. Note that the Stipulation and Consent requires proof of compliance with Orders #1 through 7 and payment of a civil forfeiture in the amount of \$65,000 within 30 days of the receipt of the Order.

Once the report of examination has been filed, the exam report, the company's rebuttal, if any, and corresponding Orders (if applicable) are public documents under the Freedom of Information Act (5 ILCS 140/1 *et al.*) and may be posted on the Department's website. In the event of a formal hearing, the record of the hearing, the Hearing Officer Recommendations and the Director's final Order are also public documents and may be posted on the Department's website.

Please contact me if you have any questions. I may be reached at 312-814-5410.

Sincerely,



Staff Attorney

AnneMarie.Skallerup@illinois.gov

100 West Randolph, Suite 9-301
Chicago, Illinois 60601-3395
(312) 814-2420

This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

**Anne Marie Skallerup
Staff Attorney
Illinois Department of Insurance**

**Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco National Insurance Company
First National Insurance Company of America
General Insurance Company of America
Insurance Company of Illinois
American Economy Insurance Company
American States Insurance Company
American States Preferred Insurance Company**

MARKET CONDUCT RE-EXAMINATION REPORT

DATE OF RE-EXAMINATION: January 25, 2010, through March 19, 2010

EXAMINATION OF:

- Safeco Insurance Company of America
(Foreign Stock)
- Safeco Insurance Company of Illinois
(Domestic Stock)
- Safeco Insurance Company of Indiana
(Foreign Stock)
- Safeco National Insurance Company
(Foreign Stock)
- First National Insurance Company of America
(Foreign Stock)
- General Insurance Company of America
(Foreign Stock)
- Insurance Company of Illinois
(Domestic Stock)
- American Economy Insurance Company
(Foreign Stock)
- American States Insurance Company
(Foreign Stock)
- American States Preferred Insurance Company
(Foreign Stock)

LOCATION: 27201 Bella Vista Pkwy, Suite 130
Warrenville, IL 60555

Safeco Plaza
Seattle, WA 98185

**PERIOD COVERED BY
RE-EXAMINATION:** September 1, 2008, through August 31, 2009

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

INDEX

	Page #
I. COMPLIANCE	1-2
II. SUMMARY	3-4
III. BACKGROUND	5-7
IV. METHODOLOGY	8-9
V. FINDINGS	10-13
A. Risk Selection	
1. Commercial Cancellations	
2. Commercial Nonrenewals	
B. Claims	
1. First Party Paid & Median Claims	
2. First Party Closed without Payment	
3. Total Loss Claims	
4. Homeowner Closed without Payment	
5. Residential Fire Closed without Payment	
VI. TECHNICAL APPENDICES	14

I. COMPLIANCE:

The Company was previously the subject of a Market Conduct Examination completed June 17, 2005, covering the period September 1, 2003, through August 31, 2004.

Based upon the findings of that examination seven (7) Orders were issued.

ORDER #1: Institute and maintain procedures whereby commercial policyholders are provided a specific explanation of the reason or reasons for cancellation and provided proper advance notice as required by Section 143.16 of the Illinois Insurance Code [215 ILCS 5/143.16].

The Company has not substantially complied with this Order.

ORDER #2: Institute and maintain procedures whereby commercial policyholders are provided a specific explanation of the reason(s) for nonrenewal, are given proper advance notice, and the company maintain proof of mailing of the notice as outlined in Section 143.17a of the Illinois Insurance Code [215 ILCS 5/143.17a].

The Company has not substantially complied with this Order.

ORDER #3: Institute and maintain procedures whereby First Party Automobile claimants and First Party Total Loss claimants are provided a delay letter as outlined in Section 919.80(b)2) of the Illinois Administrative Code (50Il. Adm. Code 919.80(b)2)).

The Company has not substantially complied with this Order.

ORDER #4: Institute and maintain procedures whereby policy holders who have experienced a total loss to their vehicle are provided the information contained in Exhibit A and provided that information within seven (7) days of the vehicle being determined a total loss as mandated in Section 919.80(c) of the Illinois Administrative Code (50 Ill Adm. Code 919.80(c)).

The Company has not substantially complied with this Order.

ORDER #5: Institute and maintain procedures whereby Homeowner insureds whose claims have been denied and closed without payment are provided a written explanation for the denial and provided the correct Notice of Availability of the Illinois Division of Insurance¹ as required by Section 919.50(a)1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50(a)1)).

¹ Effective June 1, 2009, the Division of Insurance became the Department of Insurance pursuant to Executive Order 2009-04.

The Company is substantially complying with this Order.

ORDER #6: Institute and maintain procedures whereby Dwelling Fire insureds whose claims have been denied and closed without payment are provided a written explanation for the denial and provided the correct Notice of Availability of the Illinois Division of Insurance as required by Section 919.50(a)1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50(a)1)).

The Company has not substantially complied with this Order.

ORDER #7: Institute and maintain procedures whereby Dwelling Fire insureds whose claims remain unresolved for more than 75 days and were closed without payment are provided proper delay letters as outlined in Section 919.80(d)(7)B) of the Illinois Administrative Code (50 Ill. Adm. Code 919.80(d)(7)B)).

The Company is substantially complying with this Order.

II. SUMMARY

1. The Company was criticized under 215 ILCS 5/143.14 for failing to maintain the proof of mailing of the cancellation notices to the insureds.

A general trend criticism was issued since five (5) commercial cancellations (13.88% of the 36 files reviewed) were criticized.

2. The Company was criticized under 215 ILCS 5/143.23 for failing to provide the insureds of commercial cancellation with the required notice of their right to appeal to the Department of Insurance and the procedure to do so.

A general trend criticism was issued since twelve commercial cancellations (33.33% of the 36 files reviewed) were criticized.

3. The Company was criticized under 215 ILCS 5/143.16 for either failing to provide the insured with a 30 day advanced notice during the first 60 days of coverage (3 files), failing to provide a 60 day advanced notice when the policy was effective for 61 days or more (7 files) or failing to provide a specific reason or reasons for cancellation (2 files).

A general trend criticism was issued since ten commercial cancellations (27.77% of the 36 files reviewed) were criticized. This is also a violation of Order #1 of the Stipulation and Consent Orders issued by the Director of Insurance, State of Illinois, on March 13, 2006.

4. The Company was criticized under 215 ILCS 5/143.17a for either failing to provide the insured with a 60 day advanced notice of nonrenewal (61 files), failing to maintain the proof of mailing of the notice to the insured (25 files) or failing to provide a specific reason or reasons for nonrenewal (20 files).

A general trend criticism was issued since eighty-nine commercial nonrenewals (91.75% of the 97 files reviewed) were criticized resulting in 106 criticisms. This is also a violation of Order #2 of the Stipulation and Consent Orders issued by the Director of Insurance, State of Illinois, on March 13, 2006.

5. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to provide the insureds with a reasonable written explanation of delay when the claim remained unresolved for more than 40 days from the date of report to the date of final payment or rendering of the repaired vehicle.

General trend criticisms were issued in the first party paid claims since nine (7.82%) of the 115 files reviewed were criticized and in the total loss claims since 9.87% of the 81 files reviewed were criticized. This is also a violation of Order #3 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois, on March 13, 2006.

6. The Company was criticized under 50 Ill. Adm. Code 919.80(c) for either failing to provide the right of recourse information contained in Exhibit A, to the insureds (17 files) or failing to provide the information within seven (7) days of determination of the total loss (4 files).

A general trend criticism was issued since twenty-one claims (25.92% of the 81 files reviewed) were criticized. This is also a violation of Order #4 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois, on March 13, 2006.

7. The Company was criticized for deducting a larger amount for wear and tear than mandated by 50 Ill. Adm. Code 919.80(d)(4)(A)(ii) resulting in an underpayment of \$31.00. A refund was processed during the examination.
8. The Company was criticized for taking deductions for prior damage without maintaining proof of the damage in the form of a prior damage estimate in violation of 50 Ill. Adm. Code 919.80(d)(4)(A)(i) resulting in an underpayment of \$431.00. A refund was processed during the examination.
9. The Company was criticized for failing to reimburse the insured for the tax, title and transfer fees after receiving proof of the purchase of a replacement vehicle in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i) resulting in underpayments totaling \$196.38. Refunds were processed during the examination.
10. The Company was criticized under 50 Ill. Adm. Code 919.50(a)(1) for either failing to provide the insured with a written explanation for denial (1 file) or failing to include the notice of the availability of the Department of Insurance (6 files) with the denial.

A general trend criticism was issued since seven (7) residential fire closed without payment claims (9.21% of the 76 files reviewed) were criticized. This is also a violation of Order #6 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois, on March 13, 2006.

III. BACKGROUND:

Safeco Insurance Company of America

Safeco Insurance Company of America ("the Company") was incorporated on September 2, 1953 in the State of Washington. Operations were conducted under the corporate name of Selective Auto and Fire Insurance Company of America until November 2, 1953, at which time the present name was adopted. Since January 1, 1973, all outstanding capital stock has been held by Safeco Corporation. Safeco Corporation acquired ownership from its subsidiary, General Insurance Company of America.

Safeco Insurance Company of Illinois

Safeco Insurance Company of Illinois was incorporated on August 29, 1980 in the State of Illinois. All outstanding shares are owned by Safeco Corporation.

Safeco Insurance Company of Indiana

Safeco Insurance Company of Indiana ("the Company") was incorporated as Gambles Insurance Company in the State of Minnesota on March 25, 1971. The Company changed its name to John Alden Insurance Company on February 1, 1978, to Cenguard Insurance Corporation in February 1983, to American Loyalty Insurance Company in May 1986, to Safeco Insurance Company of Pennsylvania on May 16, 1997, and to its present name on January 30, 2002.

Safeco National Insurance Company

Safeco National Insurance Company ("the Company") was incorporated in the State of Missouri on September 11, 1972 and began business on November 1, 1972. On July 1, 1980, Safeco Corporation acquired all outstanding capital stock from Safeco Insurance Company of America, a direct subsidiary. The Company is licensed in Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Utah, Virginia, West Virginia, Wisconsin, and Wyoming.

First National Insurance Company of America

First National Insurance Company of America ("the Company") was incorporated on October 10, 1928 in the State of Washington and commenced business on November 1, 1928. The Company is licensed in all states and the District of Columbia.

General Insurance Company of America

General Insurance Company of America ("the Company") was incorporated on March 20, 1923 in the State of Washington and commenced business on May 1, 1923. On June 30, 1957, General Casualty Company of America merged with and into the Company. The Company is licensed in the District of Columbia, Guam, Puerto Rico, U.S. Virgin Islands and all states.

Insurance Company of Illinois

Insurance Company of Illinois ("the Company") was incorporated on March 9, 1970 in the State of Illinois. In January 1975, Chicago Title and Trust Company acquired the shares of the Company from Institutional Financial Corporation (Delaware), Chicago, Illinois. Lincoln National Corporation acquired direct ownership of the Company on December 30, 1975 from Chicago Title and Trust Company. On November 13, 1991, all outstanding capital stock of the Company was acquired by American States Insurance Company. On October 1, 1997, Safeco Corporation acquired control of American States Financial Corporation, which was the ultimate controlling parent of the Company. The shares of the Company were then transferred to Safeco Insurance Company of Illinois, a subsidiary of Safeco Corporation, effective March 31, 2000.

American Economy Insurance Company

American Economy Insurance Company ("the Company") was incorporated on October 19, 1959 in the State of Indiana and commenced business on October 23, 1959. On December 24, 1968, Superior Insurance Company, a Texas insurer, merged with and into the Company. Both the Company and Superior Insurance Company were subsidiaries of American States. Under the merger, Superior Insurance Company's affiliate, American States Insurance Company of Texas, became a subsidiary of the Company. On October 1, 1997, Safeco Corporation acquired control of American States Financial Corporation, which was the ultimate controlling parent of the Company. The Company is licensed in 49 states and the District of Columbia. It is not licensed in New Jersey.

American States Insurance Company

American States Insurance Company ("the Company") was incorporated on July 15, 1929 in the State of Indiana as American Automobile Indemnity Company. Effective April 12, 1930, the Company changed its name to the present title, American States Insurance Company. The Company is licensed in the District of Columbia and all states.

American States Preferred Insurance Company

American States Preferred Insurance Company ("the Company") was incorporated on July 26, 1979 in the State of Indiana as American Preferred Insurance Company of Indiana. It was a wholly owned subsidiary of American States Insurance Company. The Company was formed to act as the vehicle for the redomestication of American Preferred Insurance Company from Kansas to Indiana.

IV. 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 Selection**
- 2. Claims**

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.

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).

Selection of Samples

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Commercial cancellations	36	36	100.00%
Commercial Nonrenewals	403	97	24.06%
Claims:			
First Party Paid & Median	2990	116	3.87%
First Party Closed without Payment	775	110	14.19%
Total Losses	412	81	19.66%
Homeowner Closed without Payment	825	116	14.06%
Residential Fire Closed without Payment	161	76	47.20%

V. FINDINGS:

A. Risk Selections:

1. Commercial Cancellations

In five (5) commercial cancellation files (13.88% of the 36 files reviewed) the company failed to maintain the proof of mailing as required by Section 215 ILCS 5/143.14 of the Illinois Insurance Code.

A general trend criticism was issued.

In twelve commercial cancellation files (33.33% of the 36 files reviewed) the company failed to provide the insured with the required notice of their right to appeal to the Illinois Department of Insurance as mandated in Section 215 ILCS 5/143.23 of the Illinois Insurance Code.

A general trend criticism was issued.

In ten commercial cancellation files (27.77% of the 36 files reviewed) the company either failed to provide the insured with a 30 day advanced notice during the 60 days of coverage (3 files), failed to provide a 60 day advanced notice when the policy was effective for 61 days or more (7 files) or failed to provide a specific reason or reasons for cancellation (2 files) as required by Section 215 ILCS 5/143.16 of the Illinois Insurance Code.

A general trend criticism was issued. This is also a violation of Order #1 of the Stipulation and Consent Orders issued by the Director of Insurance, State of Illinois on March 13, 2006.

2. Commercial Nonrenewals

In eighty-nine commercial nonrenewals (91.75% of the 97 files reviewed) the company either failed to provide the insured with a 60 day advanced notice of nonrenewal (61 files), failed to maintain the proof of mailing of the nonrenewal notice (25 files) or failed to provide a specific reason or reasons for cancellation (20 files) as required by Section 215 ILCS 5/143.17a of the Illinois Insurance Code. In total, 106 violations were observed during the review.

A general trend criticism was issued. This is also a violation of Order #2 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois on March 13, 2006.

B. Claims

1. First Party Paid & Median

The median payment period was 21 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	83	72.17%
31-60	19	16.52%
61-90	4	3.48%
91-180	6	5.22%
181-365	3	2.61%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	115	100.00%

Four (4) first party paid claims (3.48% of the 115 files reviewed) were criticized for including the word "final" on the check issued to the insured in violation of 50 Ill. Adm. Code 919.60(a).

Nine (9) first party paid claims (7.82% of the 115 files reviewed) failed to provide the insureds with a reasonable written explanation of delay when the claim remained unresolved for more than 40 days from the date of report to the date of final payment or rendering of the repaired vehicle as required by 50 Ill. Adm. Code 919.80(b)(2).

A general trend criticism was issued. This is also a violation of Order #3 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois on March 13, 2006.

2. First Party Closed without Payment

Four (4) first party closed without payment claims (3.63% of the 110 files reviewed) failed to include the notice of the availability of the Department of Insurance with the explanation for denial as required by 50 Ill. Adm. Code 919.50(a)(1).

Five (5) first party closed without payment claims (4.54% of the 110 files reviewed) either failed to provide a reasonable written explanation of delay when the claim remained unresolved for more than 40 calendar days from the date of report (3 files) or failed to include the notice of availability of the Department of Insurance with the denial (2 files) as required by 50 Ill. Adm. Code 919.80(b)(2).

3. Total Losses

One (1) total loss paid claim (1.23% of the 81 files reviewed) was criticized for deducting a larger amount for wear and tear from the settlement amount than mandated by 50 Ill. Adm. Code 919.80(d)(4)(A)(ii) resulting in an underpayment of \$31.00. A refund was processed during the examination.

One (1) total loss paid claim (1.23% of the 81 files reviewed) was criticized for taking a deduction for prior damage on a total loss vehicle without maintaining proof of the damage in the form of a prior damage estimate in violation of 50 Ill. Adm. Code 919.80(d)(4)(A)(i) resulting in an underpayment of \$431.00. A refund was processed during the examination.

Three (3) total loss paid claims (3.70% of the 81 files reviewed) were criticized for including the wording "final" in the settlement documents furnished the insured in violation of 50 Ill. Adm. Code 919.60(a).

Four (4) total loss paid claims (4.93% of the 81 files reviewed) were criticized for failing to reimburse the insured for the tax, title and transfer fees after receiving proof of the purchase of a replacement vehicle in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i) resulting in underpayments totaling \$196.38. Refunds were processed during the examination.

Eight (8) total loss paid claims (9.87% of the 81 files reviewed) failed to provide the insureds with a reasonable written explanation of delay when the claim remained unresolved for more than 40 days from the date of report to the date of final payment or rendering of the repaired vehicle as required by 50 Ill. Adm. Code 919.80(b)(2).

A general trend criticism was issued. This is also a violation of Order #3 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois, on March 13, 2006.

Twenty-one total loss paid claims (25.92% of the 81 files reviewed) were criticized for either failing to provide the right of recourse information contained in Exhibit A to the insureds (17 files) or failing to provide the information within seven (7) days of determination of the total loss (4 files) as required by 50 Ill. Adm. Code 919.80(c).

A general trend criticism was issued. This is also a violation of Order #4 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois, on March 13, 2006.

4. Homeowner Closed without Payment

Five (5) homeowner closed without payment claims (4.31% of the 116 files reviewed) failed to include the notice of the availability of the Department of Insurance with the explanation for denial as required by 50 Ill. Adm. Code 919.50(a)(1).

Seven (7) homeowner closed without payment claims (6.03% of the 116 files reviewed) failed to provide the insured with a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

5. Residential Fire Closed without Payment

Five (5) residential fire closed without payment claims (6.57% of the 76 files reviewed) failed to provide the insured with a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

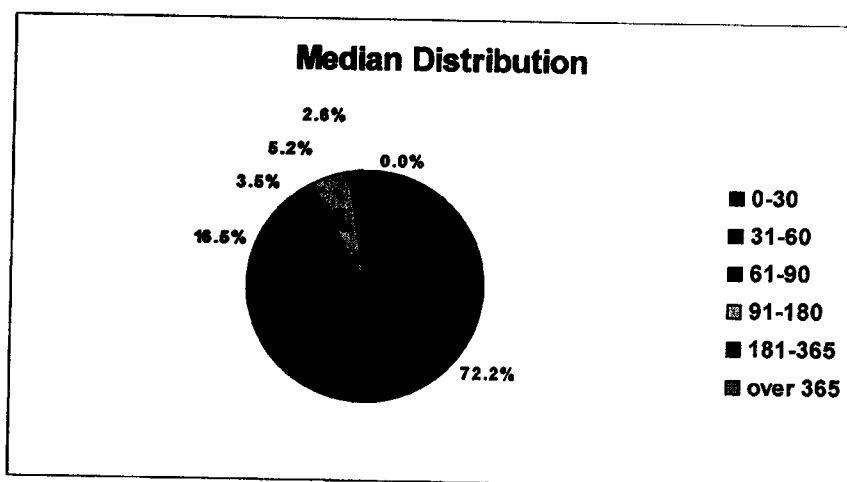
Seven (7) residential fire closed without payment claims (9.21% of the 76 files reviewed) either failed to provide the insured with a written explanation for denial (1 file) or failed to include the notice of the availability of the Department of Insurance (6 files) as required by 50 Ill. Adm. Code 919.50(a)(1).

A general trend criticism was issued. This is also a violation of Order #6 of the Stipulation and Consent Order issued by the Director of Insurance, State of Illinois on March 13, 2006.

VI. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN

MEDIAN DISTRIBUTION		
No. days category	Number	Percent
0-30	83	72.17%
31-60	19	16.52%
61-90	4	3.48%
91-180	6	5.22%
181-365	3	2.61%
over 365	0	0.00%
Total	115	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 the following insurance companies:

Safeco Insurance Company of America, NAIC # 24740
Safeco Insurance Company of Illinois, NAIC # 39012
Safeco Insurance Company of Indiana, NAIC # 11215
Safeco National Insurance Company, NAIC # 24759
First National Insurance Company of America, NAIC # 24724
General Insurance Company of America, NAIC # 24732
Insurance Company of Illinois, NAIC # 26700
American Economy Insurance Company, NAIC # 19690
American States Insurance Company, NAIC # 19704
American States Preferred Insurance Company, NAIC # 37214

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 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;

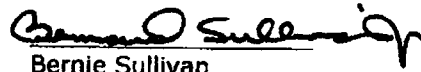
That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as policyholders, and that neither he nor any other persons designated as 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 Company 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 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

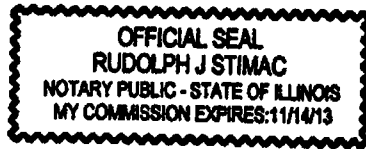
ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the company.



Bernie Sullivan
Examiner-In-Charge

Subscribed and sworn to before me
this ²⁹~~15~~ day of **NOVEMBER**, 2012.


Notary Public





Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

February 13, 2013

Sent via Email and USPS Certified Mail

*return receipt requested

Sebestyen Q. Martens
Counsel
Liberty Mutual Insurance Company
Market Conduct Services
Office of Corporate Compliance
175 Berkeley Street
Boston, MA 02116

Re: Safeco Market Conduct Re-Examination
Request for Extension of Time to Submit Proof of Compliance

Dear Mr. Martens,

The Illinois Department of Insurance is in receipt of your email dated February 12, 2013 requesting an extension of time to submit proof of compliance with the Stipulation and Consent Orders resulting from the Market Conduct Re-Examination, covering the period of September 1, 2008 through August 31, 2009, of Safeco Insurance Company to Friday, March 1, 2013. The Department hereby grants your request for an extension.

Please submit proof of compliance and payment of the civil penalty by close of business day Friday, March 1, 2013. No further extensions will be granted. Failure to submit proof of compliance and payment of the civil penalty by the indicated date will result in further action being taken by the Department.

Please contact me if you have any questions in this matter.

Sincerely,

Anne Marie Skallerup
Staff Attorney
312-814-5410

cc: M. Smith



**OFFICE OF CORPORATE COMPLIANCE
MARKET CONDUCT SERVICES**

Sebestyen Q. Martens
Counsel
Liberty Mutual Insurance
175 Berkeley Street
Boston, MA 02116
Tel: (857)224-4659
Fax: (617)574-5783
sebestyen.martens@libertymutual.com

February 28, 2013

Via UPS Overnight Delivery

Anne Marie Skallerup
Staff Attorney
Illinois Department of Insurance
100 West Randolph Street, Suite 9-301
Chicago, IL 60601-3395

**Re: Safeco Insurance Company of America
2010 Market Conduct Re-Examination**

Dear Ms. Skallerup,

This letter responds to your letter dated January 10, 2013 to Safeco Insurance Company of America ("Safeco") in which you provided Safeco with a Stipulation and Consent Order (the "Order") related to the re-examination of Safeco for a period that covered September 1, 2008 through August 31, 2009. In connection with the Order, please find the following:

- Two (2) copies of the order signed by the undersigned
- Proof of Compliance with the Order, as described more fully below
- A check for \$65,000.00.

Each of the Orders is copied below, followed by Safeco's response:

1. Institute and Maintain procedures whereby the proof of mailing is maintained by the company for all commercial cancellation notices as required by 215 ILCS 5/143.14.

As of August 14, 2010 proof of mailing is now an automated process. In addition, specific procedures were put in place for the retention of the proof of mailing for all commercial cancellations.

2. Institute and Maintain procedures whereby all policyholders whose policies are being cancelled after the initial 61 days are provided with the required notice of their right to appeal to the Department of Insurance along with the procedures to do so as required by 215 ILCS 5/143.23.

As of August 14, 2010 all cancellations forms have been amended so that an insured's policy who has been cancelled after the initial (61) days is now provided the required notice of their right to appeal to the Illinois Department of Insurance along with the necessary procedures (see attached sample).

3. Institute and maintain procedures whereby all commercial policyholders whose policies are being cancelled are provided with a specific reason or reasons for cancellation provided with the required 30 days advanced notice during the initial 60 days or provided with the required 60 day advance notice after the initial 61 days as mandated by 215ILCS5/143.16.

A meeting was held on February 16, 2010 with staff during which they were instructed to provide specific reasons when cancelling a policy within the first (60) days providing (30) days' notice. In addition, staff was also instructed that after the initial (61) days we must provide (60) days' notice of cancellation again with specific reasoning to support decision.

4. Institute and maintain procedures whereby all commercial policyholders whose policies are being non renewed are provided with a specific reason or reasons for non-renewal are provided with the required advance notice for nonrenewal and the proof of mailing is maintained by the company as mandated by 215ILCS5/143.17(a).

The company provided training on February 16, 2010 so that all commercial policyholders whose policies are being non-renewed are provided with 1) a specific reason for non-renewal, 2) with the required advance notice, and 3) that the required proof of mailing is maintained.

5. Institute and maintain procedures whereby the automobile policyholders whose claims remain unresolved for more than 40 days from the date of report to the date of the final payment are provided with a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(b)(2).

The Company distributed a Claims Flare on April 29, 2010 to their claim staff handling Illinois claims reiterating that delay letters were required to First Party Automobile claimants. These requirements were also addressed with staff during unit meetings. (See attached document dated April 29, 2010).

6. Institute and maintain procedures whereby all automobile policyholders with total loss claims are provided the right of recourse letter within 7 days of determination of the total loss as outlined in 50 Ill. Adm. Code 919.80(c), Exhibit A.

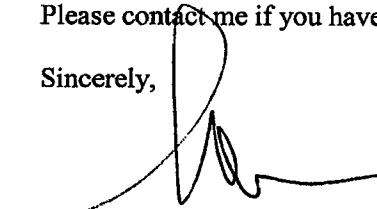
The Company's Total Loss department ensured their workflow procedures for Illinois reflected the necessary Exhibit A letter. The requirement was also highlighted in an email sent October 16, 2009 to claim examiners handling Illinois total loss claims as well as a Claims Flare distributed to staff on April 29, 2010. (See attached document dated October 16, 2009)

7. Institute and maintain procedures whereby all Dwelling Fire insureds whose claims have been denied and closed without payment are provided with a reasonable written explanation for denial and provided with the notice of availability of the Department of Insurance as mandated by 50 Ill. Adm. Code 919.50(a)(1).

The Company reiterated the requirement for denial letters and the inclusion of the Notice of Availability on said letters with their property examiners via unit meetings during March 2010 as well as with a Claims Flare notification on April 29, 2010. The Company further updated their Illinois property claim denial letters in June 2010 to appropriately reflect the Notice of Availability of the Illinois Division of Insurance.

Please contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to be 'Sebestyen Q. Martens'. The signature is fluid and cursive, with a large initial 'S' and a long horizontal stroke at the end.

Sebestyen Q. Martens

Langle, Larinda

From: CLAIMS FLARE
Sent: Thursday, April 29, 2010 10:55 AM
Subject: Illinois Claim Handling Reminders



Liberty Mutual Agency Network

Claims Flare

TO: AM CLAIMS LEADERSHIP
RE: ILLINOIS CLAIM HANDLING REMINDERS

ACTION REQUIRED: PLEASE CASCADE TO CLAIMS STAFF WHO HANDLE ILLINOIS CLAIMS

Recently, an Illinois market conduct exam was conducted. The Regulatory Compliance Department would like to remind claims staff handling Illinois claims of the following important state specific claim handling procedures:

Total Loss Claim Handlers

- Exhibit A Letter (CA 1765) is required on every first party Illinois total loss claim and must be sent to the insured within 7 days of the vehicle being deemed a total loss.
- A delay letter must be sent to the insured if no final payment has been issued within 40 days of the report of the claim. The letter must include the Notice of Availability of the Illinois Department of Insurance. Form CV 2087 is being revised to show the notice requirement.

Please review the Illinois Total Loss and Salvage Information to verify you are meeting the specific requirements for handling Illinois Total Loss auto claims.

Auto Claim Handlers (Including Field Examiners)

- A delay letter must be sent to the insured if no final payment has been issued or the repaired vehicle rendered within 40 days of the report of the claim. The letter must include the Notice of Availability of the Illinois Department of Insurance.
- File documentation needs to support insured's request for payment to be issued directly to the repair facility instead of to the insured.

Property Claim Handlers

On fire dwelling claims a denial or closure letter must be sent to the insured with an explanation for the basis of the denial or closure without payment. The letter must include the Notice of Availability of the Illinois Department of Insurance. Form letters CA 1744, CA 1749, CA 1856, CV 2135, CV 2136, CV 2137 and CV 2138 are being revised to show the notice requirement.

Illinois Department of Insurance Notice of Availability

For reference, the Illinois DOI Notice of Availability is provided below:

"Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 W. Randolph Street, Suite 9-301, Chicago, Illinois 60601 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767"

If you have questions about this Claims Flare, please contact Larinda Langle.

This Claims Flare is brought to you by the Communication & Content Services team.

☐ NOTICE OF NONRENEWAL
☐ NOTICE OF CANCELLATION

Date

- ☐ American States Insurance Company
☐ American States Insurance Company of Texas
☐ American States Preferred Insurance Company
☐ First National Insurance Company of America

- ☐ American Economy Insurance Company
☐ American States Lloyds Insurance Company
☐ General Insurance Company of America
☐ Safeco Insurance Company of America

Hereby gives you written notice in accordance with policy conditions, of the termination of:
Policy No. _____ Insured _____

Agent

By virtue of this notice, as issued to you, the Policy will expire or be canceled and all liability cease on _____ at the hour on which said Policy became effective. No further notice will be sent.

If the premium has been paid, the excess premium above the pro rata premium for the expired term, if not tendered to you herein, will be refunded on demand. If the premium has not been paid, a bill for the premium earned to the time of the termination will be forwarded in due course.

Appeal to the Director of Insurance: If you wish to appeal the reason(s) given, except for the reason of nonpayment of premium, mail or deliver to the Director of Insurance at Illinois Department of Insurance, 320 West Washington Street, Springfield, Illinois 62767-0001, or Illinois Department of Insurance, 100 West Randolph, Suite 5-570, Chicago, Illinois 60601, at least 20 days prior to the effective date of cancellation, a written request for a hearing, clearly stating the basis for the appeal. Costs of the hearing may be assessed against the losing party, but shall not exceed \$100.

The company will terminate this policy on the date above for the following reason(s):

- ☐ Due to nonpayment of premium. ☐ Agent's request
☐ Your insurance is not within the underwriting program of the company and the company is exercising its option to cancel during the initial processing period.
☐ The company's contractual or statutory obligations will expire effective at the hour and date mentioned above and the policy will NOT be renewed.
☐ Your automobile insurance is unacceptable to the company because the driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under this policy has been under suspension or revocation during the policy period (or, if this policy is a renewal, during its policy period or the 180 days immediately preceding its effective date). (NOT applicable in Michigan)
☐ The company is exercising its option to cancel or nonrenew this policy for the following reason(s), shown below.
☐ This automobile policy is unacceptable to the company. The Company is willing, upon your request, to issue a new policy within the same insurer or within another insurer under the same ownership or management if request received prior to the effective date of this notice.

One piece of mail addressed to:

INSURED

One piece of mail addressed to:

MORTGAGEE OR OTHER IDENTIFIED INTEREST

By


Gary Gregg
President

RETURN PREMIUM _____

Reason(s) (if applicable)

Return Premium \$ _____
Less Future _____
Budget Payments \$ _____
NET CREDIT \$ _____

Loss Summary Enclosed

EARNED PREMIUM TO BE DETERMINED BY:

- ☐ Premium Audit
☐ Monthly Reports — Please submit promptly!

☐ NOTICE OF NONRENEWAL
☐ NOTICE OF CANCELLATION

Date _____

- ☐ American States Insurance Company
☐ American States Insurance Company of Texas
☐ American States Preferred Insurance Company
☐ First National Insurance Company of America

- ☐ American Economy Insurance Company
☐ American States Lloyds Insurance Company
☐ General Insurance Company of America
☐ Safeco Insurance Company of America

Hereby gives you written notice in accordance with policy conditions, of the termination of:

Policy No. _____

Insured _____

Agent _____

By virtue of this notice, as issued to you, the Policy will expire or be canceled and all liability cease on _____ at the hour on which said Policy became effective. No further notice will be sent.

If the premium has been paid, the excess premium above the pro rata premium for the expired term, if not tendered to you herein, will be refunded on demand. If the premium has not been paid, a bill for the premium earned to the time of the termination will be forwarded in due course.

Appeal to the Director of Insurance: If you wish to appeal the reason(s) given, except for the reason of nonpayment of premium, mail or deliver to the Director of Insurance at Illinois Department of Insurance, 320 West Washington Street, Springfield, Illinois 62767-0001, or Illinois Department of Insurance, 100 West Randolph, Suite 5-570, Chicago, Illinois 60601, at least 20 days prior to the effective date of cancellation, a written request for a hearing, clearly stating the basis for the appeal. Costs of the hearing may be assessed against the losing party, but shall not exceed \$100.

The company will terminate this policy on the date above for the following reason(s):

- ☐ Due to nonpayment of premium. ☐ Agent's request
☐ Your insurance is not within the underwriting program of the company and the company is exercising its option to cancel during the initial processing period.
☐ The company's contractual or statutory obligations will expire effective at the hour and date mentioned above and the policy will NOT be renewed.
☐ Your automobile insurance is unacceptable to the company because the driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under this policy has been under suspension or revocation during the policy period (or, if this policy is a renewal, during its policy period or the 180 days immediately preceding its effective date). (NOT applicable in Michigan)
☐ The company is exercising its option to cancel or nonrenew this policy for the following reason(s), shown below.
☐ This automobile policy is unacceptable to the company. The Company is willing, upon your request, to issue a new policy within the same insurer or within another insurer under the same ownership or management if request received prior to the effective date of this notice.

One piece of mail addressed to:

INSURED

One piece of mail addressed to:

MORTGAGEE OR OTHER IDENTIFIED INTEREST

By _____


 Gary Gregg
 President

RETURN PREMIUM _____

Reason(s) (if applicable) _____

Return Premium \$ _____
 Less Future _____
 Budget Payments \$ _____
 NET CREDIT \$ _____

Loss Summary Enclosed

EARNED PREMIUM TO BE DETERMINED BY:

- ☐ Premium Audit
☐ Monthly Reports — Please submit promptly!

☐ NOTICE OF NONRENEWAL
☐ NOTICE OF CANCELLATION

Date _____

- ☐ American States Insurance Company
☐ American States Insurance Company of Texas
☐ American States Preferred Insurance Company
☐ First National Insurance Company of America

- ☐ American Economy Insurance Company
☐ American States Lloyds Insurance Company
☐ General Insurance Company of America
☐ Safeco Insurance Company of America

Hereby gives you written notice in accordance with policy conditions, of the termination of:
Policy No. _____ Insured _____

Agent _____

By virtue of this notice, as issued to you, the Policy will expire or be canceled and all liability cease on _____ at the hour on which said Policy became effective. No further notice will be sent.

If the premium has been paid, the excess premium above the pro rata premium for the expired term, if not tendered to you herein, will be refunded on demand. If the premium has not been paid, a bill for the premium earned to the time of the termination will be forwarded in due course.

Appeal to the Director of Insurance: If you wish to appeal the reason(s) given, except for the reason of nonpayment of premium, mail or deliver to the Director of Insurance at Illinois Department of Insurance, 320 West Washington Street, Springfield, Illinois 62767-0001, or Illinois Department of Insurance, 100 West Randolph, Suite 5-570, Chicago, Illinois 60601, at least 20 days prior to the effective date of cancellation, a written request for a hearing, clearly stating the basis for the appeal. Costs of the hearing may be assessed against the losing party, but shall not exceed \$100.

The company will terminate this policy on the date above for the following reason(s):

- ☐ Due to nonpayment of premium. ☐ Agent's request
☐ Your insurance is not within the underwriting program of the company and the company is exercising its option to cancel during the initial processing period.
☐ The company's contractual or statutory obligations will expire effective at the hour and date mentioned above and the policy will NOT be renewed.
☐ Your automobile insurance is unacceptable to the company because the driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under this policy has been under suspension or revocation during the policy period (or, if this policy is a renewal, during its policy period or the 180 days immediately preceding its effective date). (NOT applicable in Michigan)
☐ The company is exercising its option to cancel or nonrenew this policy for the following reason(s), shown below.
☐ This automobile policy is unacceptable to the company. The Company is willing, upon your request, to issue a new policy within the same insurer or within another insurer under the same ownership or management if request received prior to the effective date of this notice.

One piece of mail addressed to:

INSURED

One piece of mail addressed to:

MORTGAGEE OR OTHER IDENTIFIED INTEREST

By _____


Gary Gregg
President

RETURN PREMIUM _____

Reason(s) (if applicable) _____

☐ NOTICE OF NONRENEWAL
☐ NOTICE OF CANCELLATION

Date _____

- ☐ American States Insurance Company
☐ American States Insurance Company of Texas
☐ American States Preferred Insurance Company
☐ First National Insurance Company of America

- ☐ American Economy Insurance Company
☐ American States Lloyds Insurance Company
☐ General Insurance Company of America
☐ Safeco Insurance Company of America

Hereby gives you written notice in accordance with policy conditions, of the termination of:

Policy No. _____

Insured _____

Agent _____

By virtue of this notice, as issued to you, the Policy will expire or be canceled and all liability cease on _____ at the hour on which said Policy became effective. No further notice will be sent.

If the premium has been paid, the excess premium above the pro rata premium for the expired term, if not tendered to you herein, will be refunded on demand. If the premium has not been paid, a bill for the premium earned to the time of the termination will be forwarded in due course.

Appeal to the Director of Insurance: If you wish to appeal the reason(s) given, except for the reason of nonpayment of premium, mail or deliver to the Director of Insurance at Illinois Department of Insurance, 320 West Washington Street, Springfield, Illinois 62767-0001, or Illinois Department of Insurance, 100 West Randolph, Suite 5-570, Chicago, Illinois 60601, at least 20 days prior to the effective date of cancellation, a written request for a hearing, clearly stating the basis for the appeal. Costs of the hearing may be assessed against the losing party, but shall not exceed \$100.

The company will terminate this policy on the date above for the following reason(s):

- ☐ Due to nonpayment of premium. ☐ Agent's request
☐ Your insurance is not within the underwriting program of the company and the company is exercising its option to cancel during the initial processing period.
☐ The company's contractual or statutory obligations will expire effective at the hour and date mentioned above and the policy will NOT be renewed.
☐ Your automobile insurance is unacceptable to the company because the driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under this policy has been under suspension or revocation during the policy period (or, if this policy is a renewal, during its policy period or the 180 days immediately preceding its effective date). (NOT applicable in Michigan)
☐ The company is exercising its option to cancel or nonrenew this policy for the following reason(s), shown below.
☐ This automobile policy is unacceptable to the company. The Company is willing, upon your request, to issue a new policy within the same insurer or within another insurer under the same ownership or management if request received prior to the effective date of this notice.

One piece of mail addressed to:

INSURED

One piece of mail addressed to:

MORTGAGEE OR OTHER IDENTIFIED INTEREST

By _____


 Gary Gregg
 President

RETURN PREMIUM _____

Reason(s) (If applicable)

Specific information concerning the cancellation or nonrenewal has been given to the insured.

From: Talley, Elizabeth

Sent: Friday, October 16, 2009 4:09 PM

To: Ames, Rosemarie; Bailey, Michele; Bledsoe, Lisa; Boomer, Laura; Brown, David; BUCHANAN, TIFFANY PAIGE; Burk, Dave; Chatman, Ronella; Clochetti, Kimberly; Cooper, Rachel; Culley, Connie; Owiek, Lois; Davis, Erin; Dejanovich, Barbara; Diehl, Jane; Dolln, Holly; Dubree, Kenny; Elsele, Connie; Emmons, Susan; Ford, Aaron; Ford, Quiana; Freeman, Kenya; Gaines, Debbie; Gallagher, Robert 001S; GEORGE, NATHAN; Godfrey, Joseph; Goering, Rhonda; Gourley, Jacob; Greger, Justin; Griffin, Tyjuana; Gude, Gregory; Gustafson, Rick; Hansen, Tasha; Harris, Jason; Hoffman, Heidi; Howard, Khia; Howe, Pamela; Johns, Joshua; Johnson, Tosha C (Safeco); Jones, Brett; JORDAN-NUNN, PATRICE; Katke, Steven; Knoles, Lance; Krieger, Deborah; Ledbetter, Lisa; Lehto, Andrew; Lorenz, Michelle; Lucas, Debra; Mahan, Matt (Claims); McLaughlin, Jameson; Messinger, Laurel; MITCHAM, ROBIN; Moore, Karen; Moore, Orlando; Moore, Quiana; Morse, Timothy; Mudd, Jen; NANCE, TANISHA; Nixon, Jesse; Norman, Michael; Omiya, Owen; Opsahl, Kathryn; Outlar, Ktrena; Pendergrass, Lisa; Pinkerton, Kelly; RANKIN, JOHN W III; READ, ELLIOT C; Riddle, Robert; Rogers, Lisa; Rucker, David; Sala, Rowena; Salisbury, Jeffery; Saulmon, Penny; Schafer, Ron; Schulte, Mary; Scott, Stuart R; Sheldon, Karla; Simpson, Teresa; Smith, Jason S; Spargur, Tawni; Spuler, Carol; STEWART, PAULA J; Stott, Lara; Swenson, Ron; Talley, Elizabeth; Tarleton, Cynthia; Thomas, Lane; Wales, Tethra; Williamson, Jennifer; Wirkkala, Bryan; Valentine-George, Tina

Subject: Workflow Reminders/Updates - October 16, 2009 / IL Exhibit A letters and PA only tax owed on leased vehicles



Workflow Reminders and Updates **update**

- 1) **IL Exhibit A Letters:** The Exhibit A letter must go out on all insured claims regardless of the claim system in which the loss was captured. This includes RCS, OCAS, LNW and CVO. If you have an IL claim and you are handling the insured's total loss, the Exhibit A letter must be sent in all cases.
- 2) **PA Leased Vehicles:** According to Title 31, PA Code, Section 62.3 (e) (4) (page 9 of the Consent Order), we now owe the sales tax provided by CCC on all leased vehicles in the state of Pennsylvania only. An update will be posted to the State Specific website as soon as possible.

If you have any questions please contact your Unit Leader.

Thank you,

Liz Talley

Agency Markets Claims Training - Liberty Lake, WA

National Auto Center Trainer

1-800-332-3226 ext 350312

509-891-0312

elizabeth.talley@libertymutual.com



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

March 4, 2013

Sebestyen Q. Martens
Counsel
Liberty Mutual Insurance Company
Market Conduct Services
Office of Corporate Compliance
175 Berkeley Street
Boston, MA 02116

*sent via USPS certified mail
return receipt requested*

Re: Safeco Insurance Companies Market Conduct Re-Examination
Stipulation and Consent Order

Dear Mr. Martens:

Thank you for the payment of \$65,000 and submission of proof of compliance with the Stipulation and Consent Orders. The Department is reviewing the submitted proof to determine if it constitutes satisfactory compliance. We will contact you if we have any questions or need additional information. Enclosed for your records is the captioned Stipulation and Consent Order which has been executed by yourself and the Director of the Illinois Department of Insurance, Andrew Boron.

Please contact me if you have any questions. I may be reached at 312-814-5410.

Sincerely,

Staff Attorney

AnneMarie.Skallerup@illinois.gov

Enclosure: Stipulation and Consent Order

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco National Insurance Company
First National Insurance Company of America
General Insurance Company of America
Insurance Company of Illinois
American Economy Insurance Company
American States Insurance Company
American States Preferred Insurance Company
("THE SAFECO INSURANCE COMPANIES")

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, the Safeco Insurance Companies ("Company") are authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Re-Examination of the Company was conducted by duly qualified examiners of the Department pursuant to the Illinois Insurance Code; and

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

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

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

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, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, 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. That the Market Conduct Re-Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That 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/or Department Regulations.

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

1. Institute and maintain procedures whereby the proof of mailing is maintained by the Company for all commercial cancellation notices as required by 215 ILCS 5/143.14.
2. Institute and maintain procedures whereby all policyholders whose policies are being cancelled after the initial 61 days are provided with the required notice of their right to appeal to the Department of Insurance along with the procedures to do so as required by 215 ILCS 5/143.23.
3. Institute and maintain procedures whereby all commercial policyholders whose policies are being cancelled are provided with a specific reasons or reasons for cancellation, provided with the required 30 day advanced notice during the initial 60 days or provided with the required 60 days advanced notice after the initial 61 days as mandated by 215 ILCS 5/143.16.
4. Institute and maintain procedures whereby all commercial policyholders whose policies are being nonrenewed are provided with a specific reason or reasons for nonrenewal, are provided with the required advanced notice of nonrenewal and the proof of mailing is maintained by the Company as mandated by 215 ILCS 5/143.17(a).
5. Institute and maintain procedures whereby the automobile policyholders whose claims remain unresolved for more than 40 days from the date of report to the date of final payment are provided with a reasonable written explanation for delay as required 50 Ill. Adm. Code 919.80(b)(2).

6. Institute and maintain procedures whereby all automobile policyholders with total loss claims are provided the right of recourse letter within 7 days of determination of the total loss as outlined in 50 Ill. Adm. Code 919.80(c), Exhibit A.
7. Institute and maintain procedures whereby all Dwelling Fire insureds whose claims have been denied and closed without payment are provided with a reasonable written explanation for denial and provided with the notice of availability of the Department of Insurance as mandated by 50 Ill. Adm. Code 919.50(a)(1).
8. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above seven (7) Orders within 30 days of receipt of these Orders.
9. Submit to a compliance examination within one year of the issuing of these Orders.
10. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$65,000 to be paid within 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 the SAFECO INSURANCE
COMPANIES:

Signature

Name

SEBESTYEN MARTENS

Title

COUNSEL, OFFICE OF
CORPORATE COMPLIANCE

DEPARTMENT OF INSURANCE of the
State of Illinois:

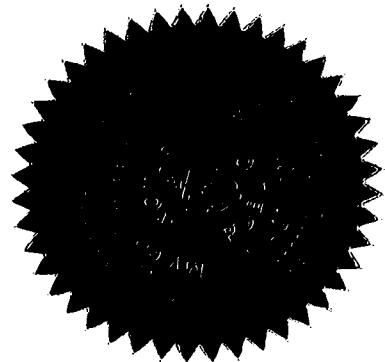
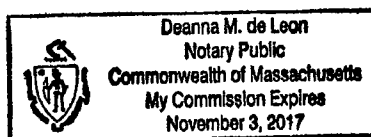
Andrew Boron
Director

DATE March 4, 2013

Subscribed and sworn to before me this
28th day of February A.D. 2013.

Notary Public

Deanna M. de Leon





Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

March 21, 2013

Sent via USPS Certified Mail and Email

*return receipt requested

Sebestyn Q. Martens
Counsel
Office of Corporate Compliance
Market Conduct Services
Liberty Mutual Insurance
175 Berkeley Street
Boston, MA 02116

Re: Safeco Insurance Company of America Market Conduct Re-Examination
Stipulation and Consent Order Proof of Compliance

Dear Mr. Martens,

Thank you for submitting the civil penalty agreed to in the Stipulation and Consent Order. The Department is also in receipt of the proof of compliance submitted with a cover letter dated February 28, 2013. The information submitted with the February 28, 2013 letter does not constitute satisfactory proof of compliance. The Department will need further and additional information to determine Safeco Insurance Company of America's (Safeco) compliance with the Orders set forth in the Stipulation and Consent Order.

Order One requires Safeco to "Institute and maintain procedures where by the proof of mailing is maintained by the Company for all commercial cancellation notices as required by 215 ILCS 5/143.14."

Safeco submitted as proof of compliance a statement that "As of August 14, 2010 proof of mailing is now an automated process. In addition, specific procedures were put in place for the retention of the proof of mailing for all commercial cancellations." This statement is not proof of satisfactory proof of compliance with Order One. We request a copy of a proof of mailing on a commercial policy cancellation letter be submitted to the Department for compliance review.

Order Two requires Safeco to "Institute and maintain procedures whereby all policyholders whose policies are being cancelled after the initial 61 days are provided with the required notice of their right to appeal to the Department of Insurance along with the procedures to do so as required by 215 ILCS 5/143.23."

Safeco submitted as proof of compliance the statement, "As of August 14, 2010 all cancellations forms have been amended so that an insured's policy who have been cancelled after the initial (61) days is now provided the required notice of their right to appeal to the Illinois Department of Insurance along with

the necessary procedures (see attached sample).” The samples attached were form Notice of Cancellation and Notice of Nonrenewal letters. The statement and the form letters provided are not sufficient to determine satisfactory proof of compliance. We request copies of Notice of Cancellation letters as they have been completed and already mailed to policyholders for satisfactory compliance review.

Order Three requires that Safeco “Institute and maintain procedures whereby all commercial policyholders whose policies are being cancelled are provided with a specific reason or reasons for cancellation, provided with the required 30 day advanced notice during the initial 60 days or provided with the required 60 days advanced notice after the initial 61 days as mandated by 215 ILCS 5/143.16.”

Safeco submitted as proof of compliance the statement, “A meeting was held on February 16, 2010 with staff during which they were instructed to provide specific reasons when cancelling a policy within the first (60) days providing (30) days’ notice. In addition, staff was also instructed that after the initial (61) days we must provide (60) days’ notice of cancellation again with specific reasoning to support decision.” While the statement contains compliant information, it is not sufficient proof to determine satisfactory proof of compliance. We request copies of cancellation letters sent to commercial policyholders as already mailed both for policies being cancelled within the initial 60 days and policies being cancelled after the initial 61 days for satisfactory compliance review.

Order Four requires Safeco to “Institute and maintain procedures whereby all commercial policyholders whose policies are being nonrenewed are provided with a specific reason or reasons for nonrenewal, are provided with the required advanced notice of nonrenewal and the proof of mailing is maintained by the Company as mandated by 215 ILCS 5/143.17(a).”

Safeco submitted as proof of compliance that statement, “The company provided training on February 16, 2010 so that all commercial policyholders whose policies are being non-renewed are provided with 1) a specific reason for nonrenewal, 2) with the required advanced notice, and 3) that the required proof of mailing is maintained.” While the statement contains compliant information, it is not sufficient proof to determine satisfactory proof of compliance. We request copies of nonrenewal letters sent to commercial policyholders as already mailed and a copy of a proof of mailing on a commercial policy nonrenewal letter for compliance review.

Order Five requires Safeco to “Institute and maintain procedures whereby the automobile policyholders whose claims remain unresolved for more than 40 days from the date of report to the date of final payment are provided with a reasonable written explanation for delay as required 50 Ill. Adm. Code 919.80(b)(2).”

Safeco submitted an April 29, 2010 Claims Flare and the following statement as proof of compliance, “The Company distributed a Claims Flare on April 29, 2010 to their claim staff handling Illinois claims reiterating that delay letters were required to First Party Automobile claimants. These requirements were also addressed with staff during unit meetings. (see attached document dated April 29, 2010).” While the statement and April 29, 2010 Claims Flare contain compliant information, it is not sufficient proof to determine satisfactory proof of compliance. We request copies of delay letters sent to automobile policyholders as already mailed for compliance review.

Order Six requires Safeco to “Institute and maintain procedures whereby all automobile policyholders with total loss claims are provided the right of recourse letter within 7 days of determination of the total loss as outlined in 50 Ill. Adm. Code 919.80(c), Exhibit A.”

Safeco submitted an October 16, 2009 email, an April 29, 2010 Claims Flare, and the following statement as proof of compliance, “The Company’s Total Loss department ensured their workflow

procedures for Illinois reflected the necessary Exhibit A letter. The requirement was also highlighted in an email sent October 16, 2009 to claim examiners handling Illinois total loss claims as well as a Claims Flare distributed to staff on April 29, 2010 (See attached document dated October 16, 2009)." While the April 29, 2010 Claims Flare contains compliant information, it is not sufficient proof to determine satisfactory proof of compliance. We request copies of right of recourse letters sent to automobile policyholders as already mailed for compliance review.

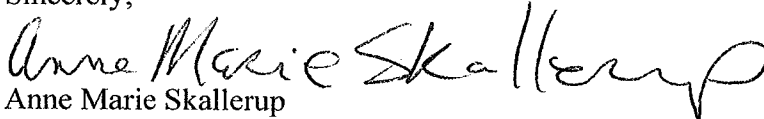
Order Seven requires Safeco to "Institute and maintain procedures whereby all Dwelling Fire insureds whose claims have been denied and closed without payment are provided with a reasonable written explanation for denial and provided with the notice of availability of the Department of Insurance as mandated by 50 Ill. Adm. Code 919.50(a)(1)."

Safeco submitted an April 29, 2010 Claims Flare, and the following statement as proof of compliance, "The Company reiterated the requirement for denial letters and the inclusion of the Notice of Availability on said letters with their property examiners via unit meetings during March 2010 as well as with a Claims Fare notification dated April 29, 2010. The Company further updated their Illinois property claim denial letters in June 2010 to appropriately reflect the Notice of Availability of the Illinois Division of Insurance." While the April 29, 2010 Claims Flare contains compliant information, it is not sufficient proof to determine satisfactory proof of compliance. We request copies of denial letters sent to Dwelling Fire policyholders whose claims have been denied and closed without payment as already mailed to the policyholder for compliance review.

Please submit the above requested information by close of business day Friday April 5, 2013. Please be aware that a violation of the Stipulation and Consent Order may cause the revocation of Safeco's licensing authority of Safeco pursuant to Section 407.2 of the Illinois Insurance Code (215 ILCS 5/407.2). Enclosed you will find a copy of the executed Stipulation and Consent Order for reference.

Please contact me if you have any questions in this matter.

Sincerely,



Anne Marie Skallerup
Staff Attorney
312-814-5410

Enclosures: Stipulation and Consent Order

cc: M. Smith
S. Hanfling

Skallerup, AnneMarie

From: Skallerup, AnneMarie
Sent: Thursday, April 04, 2013 9:45 AM
To: 'Martens, Sebestyen'
Subject: RE: Safeco: 2010 Re-examination Report (proof of compliance)

Hi Sebestyen,

Your request for a one week extension is granted. Please submit the requested additional proof by close of business day Friday, April 12, 2013. No further extensions will be granted.

Sincerely,

Anne Marie

From: Martens, Sebestyen [<mailto:Sebestyen.Martens@LibertyMutual.com>]
Sent: Thursday, April 04, 2013 7:31 AM
To: Skallerup, AnneMarie
Subject: Safeco: 2010 Re-examination Report (proof of compliance)
Importance: High

Hi Anne Marie,

Would it possible to get an extension of time to respond to your most request for supporting documentation until next Friday, April 12th. We have collected some, but not all of the requested documentation and was hopeful to have it to you by tomorrow's deadline. Unfortunately, my commercial lines contacts have been in and out of the office (on business and/or vacation) and are still in the process of tracking down the information you require.

Please let me know if this accommodation is acceptable. Thanks, Seb

Sebestyen Q. Martens
Counsel
Liberty Mutual Insurance Company
Market Conduct Services
Office of Corporate Compliance
175 Berkeley Street
Boston, MA 02116
(857)-224-4659
Email: Sebestyen.Martens@LibertyMutual.com



This e-mail, and any attachments thereto, is intended for the use of the addressees and may contain legally privileged and/or confidential information. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution or copying of this e-mail, and any attachments thereto, is strictly prohibited. If you have received this e-mail in error, please notify me via return e-mail and via telephone at (857)-224-4659 and permanently delete the original and any copy of any e-mail and any printout thereof or attachments thereto.



**OFFICE OF CORPORATE COMPLIANCE
MARKET CONDUCT SERVICES**

Sebestyen Q. Martens
Counsel
Liberty Mutual Insurance
175 Berkeley Street
Boston, MA 02116
Tel: (857)224-4659
Fax: (617)574-5783
sebestyen.martens@libertymutual.com

Via email: AnneMarie.Skallerup@illinois.gov

April 12, 2013

Anne Marie Skallerup
Staff Attorney
Illinois Department of Insurance
100 West Randolph Street, Suite 9-301
Chicago, IL 60601-3395

**Re: Safeco Insurance Company of America
2010 Market Conduct Re-Examination
Proof of Compliance**

Dear Ms. Skallerup,

This letter responds to your letter dated March 21, 2013 in which you requested further information to determine Safeco Insurance Company of America's compliance with the Orders set forth in the Stipulation and Consent Order.

Each of the requests for additional documentation from each of the seven Orders is copied below, followed by Safeco's response:

- For Order 1 – We request a copy of a proof of mailing on a commercial policy cancellation letter be submitted to the Department for Compliance review.

Please see the attached commercial policy proof of mailing

- For Order 2 –We request copies of Notice of Cancellation letters as they have been completed and already mailed to policyholders for satisfactory compliance review.

The circumstances which would trigger issuance of the requested Notice of Cancellation letters to IL policyholders are not present. As a result, the Company is unable to provide specific examples for Department review.

- For Order 3 – We request copies of cancellation letters sent to commercial policyholders as already mailed both for policies being cancelled within the initial 60 days and policies being cancelled after the initial 61 days for satisfactory compliance review.

The circumstances which would trigger issuance of the requested cancellation letters to IL policyholders are not present. As a result, the Company is unable to provide specific examples for Department review.

- For Order 4 – We request copies of nonrenewal letters sent to commercial policyholders as already mailed and a copy of a proof of mailing on a commercial policy nonrenewal letter for compliance review.

Please see the attached notice of nonrenewal for [REDACTED]. This policy was not renewed Effective 4/1/12. Notice was sent on 4/1/12 which is 63 days in advance of the renewal date. The reason is specific citing the adverse loss experience of 872% for a 3 year period.

- For Order 5 – We request copies of delay letters sent to automobile policyholders as already mailed for compliance review.

Please see the attached document titled 'IL delay letter.'

- For Order 6 – We request copies of right of recourse letters sent to automobile policyholders as already mailed for compliance review.

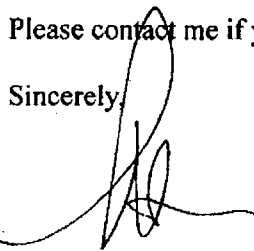
Please see the attached document titled 'IL Total Loss Right of Recourse.'

- For Order 7 – We request copies of denial letters sent to Dwelling Fire policyholders whose claims have been denied and closed without payment as already mailed to the policyholder for compliance review.

Please see the attached document titled 'IL DWG Fire Denial.'

Please contact me if you have any questions or need additional information.

Sincerely,



Sebestyen Q. Martens
Regulatory Counsel



A Liberty Mutual Company

Safeco Insurance Company of Illinois
NAC East
310 E. 96th St.
Indianapolis, IN 46240

Mailing Address:
310 E. 96th St.
Indianapolis, IN 46240

Phone: (800) 332-3226
(317) 805-2840
Fax: (888) 268-8840

March 29, 2013

[REDACTED]

Insured Name:

Policy Number:

Loss Date:

March 11, 2013

Claim Number:

Dear [REDACTED]

1. Total Loss Claims

When you are involved in an automobile accident, one of the first things you may have to do is file a claim for damages to your vehicle. If your car is a total loss, this procedure can sometimes be confusing.

Your automobile insurance policy requires both you and your insurance company to follow certain steps after a loss occurs. This publication summarizes those requirements and outlines your rights.

The Illinois Department of Insurance has established regulations to protect you when you file an insurance claim. It is also important that you read your policy carefully so that you clearly understand your responsibilities.

If you still have questions, you can contact our Consumer Services Section at one of the following locations:

100 West Randolph Street
Suite 9-301
Chicago, Illinois 60601
(312) 814-2420

OR

320 West Washington Street
Springfield, Illinois 62767
(217) 782-4515

2. Your Duties

1. You must immediately report all losses directly to your insurance producer or company.
2. If you suspect theft or vandalism, you must also report it immediately to the police. If you fail to do so, your company may deny your claim.
3. You must protect your automobile from further damage. For example, if you fail to cover a broken windshield and the upholstery is damaged by rain, your company can refuse to repair the seat.
4. Most insurance policies require that, within 91 days after the loss, you must submit a sworn proof of loss. A sworn proof of loss usually states the date of loss, how it happened, and for what purpose the automobile was being used. If you fail to submit a proof of loss, your company may deny your claim.

March 29, 2013

5. You must cooperate with the insurance company, submit to examination under oath, if so requested, and show them the damaged property. If you fail to cooperate, your company may deny your claim.
 6. You should review the Conditions section of your policy for other possible requirements.
3. Your Insurance Company's Duties
When you file an automobile insurance claim, your insurance company has three options:
 1. Replace the damaged or stolen property;
 2. Repair the damaged property; or
 3. Pay for the loss in cash.

Insurance Department regulations require the company to follow certain standards for each option.

4. Replacement
If the insurance company elects to replace your vehicle, the replacement must be a specific make and model comparable to your totaled vehicle, and it must be available in as good or better overall condition than your totaled vehicle. Replacement vehicles must be purchased through licensed dealers. Vehicles that are no more than three years old must be warranted. If you reject a replacement vehicle, the insurance company must pay only the amount it would have otherwise paid for the replacement vehicle including applicable taxes, transfer and title fees. The company must offer you the replacement vehicle and you must reject the offer. If you desire a replacement vehicle of similar value, this replacement method is also permitted.
5. Cash Settlement
If the insurance company elects to make a cash settlement for your totaled vehicle, they must first determine its retail value. Companies normally use guidebooks or computerized data marketed by various sources.
If your vehicle is not listed in one of these sources, the company can use written dealer quotes. Ordinarily, however, newspaper advertisements are not acceptable sources of market value.
6. Payment of Sales Tax
If within 30 days of a cash settlement you purchase another vehicle and you can provide proof of the purchase within 33 days of a cash settlement, the company must pay the applicable sales tax, transfer and title fees in an amount equivalent to the value of the total loss vehicle. If you purchase a vehicle with a market value less than the amount previously settled upon, the company must pay you only the amount of sales tax that you actually incurred and include transfer and title fees. Your insurance company must give you written notice of this procedure.
7. Betterment Deductions
The insurance company is allowed to make deductions from the retail value if your automobile has old, unrepaired collision damages. There is no limit to the amount of the deduction.
The insurance company can also make deductions for wear and tear, missing parts and rust, but the maximum deduction may not exceed \$500.00.
All deductions must be itemized and specified as to dollar amount.

March 29, 2013

8. Retaining Your Totaled Vehicle

In an effort to minimize automobile "chop shop" crime, the Illinois Vehicle Code does not permit you the right to retain the salvage once your automobile has been deemed a total loss by your insurance company. The insurance company must take possession of the vehicle, if the vehicle is eight model years or newer.

9. Right of Recourse

If you cannot locate a replacement vehicle within 30 days of receiving a cash settlement, you may have some additional rights under your insurance contract. If you cannot purchase a substantially similar vehicle for the market value determined by the company, but you have located a substantially similar vehicle that costs more, the following procedure(s) shall apply:

1. The company shall either pay you the difference between the original settlement and the amount of the substantially similar vehicle which you have located or attempt to purchase this vehicle for you; or
2. The company shall locate a comparable vehicle for you at the market value determined by the company at the time of settlement; or
3. The company shall conclude the loss settlement as provided under the appraisal section of the insurance policy.

Your insurance company must give you written notice of this procedure once your vehicle has been determined a total loss.

March 29, 2013

This chart should assist you in determining the retail value of your automobile.

Automobile Make/Model: 2012 Ford Fusion

Standard Features/Options/Accessories	Retail Value
Engine Size:	
Transmission Type: <input type="checkbox"/> Automatic <input type="checkbox"/> Manual	
Power Steering	
Power Brakes	
Power Windows	
Air Conditioner	
Vinyl Roof	
Cruise Control	
Tilt Wheel/Telescope Wheel	
Power Locks	
Power Seats	
AM/FM Radio	
Stereo/Tape/CD	
Rear Window Defogger	
Subtotal	
Mileage: <input type="checkbox"/> Low <input type="checkbox"/> High	
(Add value) (Subtract value)	
Subtotal	
Minus Deductible	
Total	

March 29, 2013

The figure found on the previous page represents an average automobile. Your automobile may be worth more or less than this figure because of options on the automobile which are not listed in a guide book or because of the excessive wear and tear or old unrepaired damage to the automobile.

If you have any questions please contact me at one of the numbers listed below.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Dubree", followed by a long horizontal flourish line.

Ken Dubree
NAC East
Safeco Insurance Company of Illinois
(800) 332-3226
(317) 805-2840 Fax: (888) 268-8840
kenny.dubree@safeco.com

☒ NOTICE OF NONRENEWAL
☐ NOTICE OF CANCELLATION

Date 01/27/2012

- | | |
|---|---|
| <input type="checkbox"/> American States Insurance Company | <input type="checkbox"/> American Economy Insurance Company |
| <input type="checkbox"/> American States Insurance Company of Texas | <input type="checkbox"/> American States Lloyds Insurance Company |
| <input type="checkbox"/> American States Preferred Insurance Company | <input type="checkbox"/> General Insurance Company of America |
| <input checked="" type="checkbox"/> First National Insurance Company of America | <input type="checkbox"/> Safeco Insurance Company of America |

Hereby gives you written notice in accordance with policy conditions, of the termination of:

Policy No. [REDACTED] Insured [REDACTED]

Agent Nechtow & Associates Inc

By virtue of this notice, as issued to you, the Policy will expire or be canceled and all liability cease on 04/01/2012 at the hour on which said Policy became effective. No further notice will be sent.

If the premium has been paid, the excess premium above the pro rata premium for the expired term, if not tendered to you herein, will be refunded on demand. If the premium has not been paid, a bill for the premium earned to the time of the termination will be forwarded in due course.

Appeal to the Director of Insurance: If you wish to appeal the reason(s) given, except for the reason of nonpayment of premium, mail or deliver to the Director of Insurance at Illinois Department of Insurance, 320 West Washington Street, Springfield, Illinois 62767-0001, or Illinois Department of Insurance, 100 West Randolph, Suite 5-570, Chicago, Illinois 60601, at least 20 days prior to the effective date of cancellation, a written request for a hearing, clearly stating the basis for the appeal. Costs of the hearing may be assessed against the losing party, but shall not exceed \$100.

The company will terminate this policy on the date above for the following reason(s):

- ☐ Due to nonpayment of premium. ☐ Agent's request
- ☐ Your insurance is not within the underwriting program of the company and the company is exercising its option to cancel during the initial processing period.
- ☐ The company's contractual or statutory obligations will expire effective at the hour and date mentioned above and the policy will NOT be renewed.
- ☐ Your automobile insurance is unacceptable to the company because the driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under this policy has been under suspension or revocation during the policy period (or, if this policy is a renewal, during its policy period or the 180 days immediately preceding its effective date). (NOT applicable in Michigan)
- ☒ The company is exercising its option to cancel or nonrenew this policy for the following reason(s), shown below.
- ☐ This automobile policy is unacceptable to the company. The Company is willing, upon your request, to issue a new policy within the same insurer or within another insurer under the same ownership or management if request received prior to the effective date of this notice.


One piece of mail addressed to:

INSURED [REDACTED]

One piece of mail addressed to:

MORTGAGEE OR OTHER IDENTIFIED INTEREST

By


Gary Gregg
President

RETURN PREMIUM _____

Reason(s) (if applicable)

Adverse loss ratio of 872% for 3 years. Loss runs are attached.

Loss Summary Enclosed

Return Premium \$ _____
Less Future _____
Budget Payments \$ _____
NET CREDIT \$ _____

EARNED PREMIUM TO BE DETERMINED BY:

- ☐ Premium Audit
☐ Monthly Reports — Please submit promptly!

Business Experience System: Loss List

Policy #: [REDACTED]

Insured: [REDACTED]

Agent #: [REDACTED]

Report Date: 1/27/2012

Policy Term	Earned Premium	Incurred Losses	Recoveries	Loss Ratio	Num of Claims
04/01/2010 - 02/02/2012	\$8,547.47	\$121,761.30	\$0.00	1425	1

Loss Date	Claim #	Claim Status	Claim Location	Total Paid	Total Reserve	Line of Business	Claimant	Loss Description
09/09/2010	[REDACTED]	Open		\$21,761.30	\$100,000.00	Auto	[REDACTED]	Insd Went To Make A Turn And Load In Truck Shifted Causing V Idle To Tip Over. Claim Open For Potential Bi Claim Of Insd

* An asterisk next to a claim indicates that it was not included in the loss ratio calculation or the incurred loss or claim count totals.

APPLICATION FOR CERTIFICATE OF MAILING

Name and
Address →

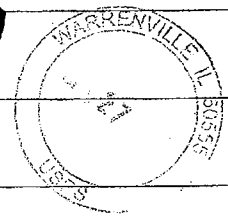


Preparer

01/27/2012
Katrina Webb

Total Number: 12

	Policy No.	Name of addressee, Street and Post Office Address
1.	[REDACTED]	[REDACTED]
2.	[REDACTED]	[REDACTED]
3.	[REDACTED]	[REDACTED]
4.	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]
6.	[REDACTED]	[REDACTED]
7.	[REDACTED]	[REDACTED]
8.	[REDACTED]	[REDACTED]
9.	[REDACTED]	[REDACTED]
10.	[REDACTED]	[REDACTED]
11.	[REDACTED]	[REDACTED]
12.	[REDACTED]	[REDACTED]



FIRST CLASS



UNITED STATES POSTAGE
PATNEY BOWES
\$ 05.04⁰⁰
02 1M
0004230250
JAN 27 2012
MAILED FROM ZIP CODE 60555



A Liberty Mutual Company

Safeco Insurance Company of Illinois

Mailing Address:
PO BOX 515097
Los Angeles, CA 90051

Phone: (800) 332-3226
(317) 660-3213
Fax: (888) 268-8840

March 3, 2013

[REDACTED]

Insured Name:

Policy Number:

Loss Date:

January 23, 2013

Claim Number:

Dear Mr. and Mrs. [REDACTED]

Your vehicle damage claim remains unresolved because at this time, we are in need of an estimate for your damages. Please contact me directly to advise if you no longer wish to file damages on your vehicle. If we do not hear from you by **March 15, 2013**, we will assume that you no longer wish to file damages on your vehicle and your claim will be closed. Please be advised that the claim can be reopened at a later date if needed.

We would like to resolve this claim as soon as possible. If you have any questions regarding this claim, or if you can help resolve this claim, please contact me.

Part 919 of the Rules of Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 West Randolph Street, Suite 15-100, Chicago, IL 60601 and in Springfield at 320 West Washington Street, Springfield, IL 62767.

[REDACTED]

March 3, 2013

Sincerely,



Nichole Sipe

Safeco Insurance Company of Illinois
(800) 332-3226 Ext: 563213
(317) 660-3213 Fax: (888) 268-8840
nichole.sipe@safeco.com

Safeco Insurance™

A Liberty Mutual Company

Safeco Insurance Company of Illinois
Hoffman Estates
2815 Forbes Ave
Hoffman Estates, IL 60192

Mailing Address:
P.O. Box 515097
Los Angeles, CA 90051

Phone: (815) 344-7947
Fax: (888) 268-8840

March 19, 2013

[REDACTED]

Insured Name: [REDACTED]
Policy Number: [REDACTED]
Loss Date: December 26, 2012
Claim Number: [REDACTED]
Underwriting Company: Safeco Insurance Company of Illinois

Dear Ms. Vargas:

Our investigation of this matter is complete. You have presented a claim on behalf of CitiMortgage for theft and vandalism with a date of loss of December 26, 2012. Our investigation of this matter revealed the property has been vacant since September 31, 2012 or for 84 days prior to the date of the loss. The policy does not provide coverage for theft or vandalism which occurs if the property was vacant 60 days immediately prior to the date of the loss. At this time, please refer to the IL Landlord Protection policy Form 4103 which states in part:

"GENERAL EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

17. Vandalism and malicious mischief, theft or attempted theft, damage by burglars, fire and any ensuing loss, including breakage of glass or safety glazing material, caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, theft or attempted theft, if the Described Location:

- a. is rented or held for rental as a residence and has not been occupied as a residence for more than 60 consecutive days immediately before the loss. Occupied as a residence means the place where an occupant or occupants are living as a primary residence; or
- b. is vacant for more than 60 consecutive days immediately before the loss.

[REDACTED]

March 19, 2013

This exclusion does not apply if the dwelling is under construction. A dwelling under construction includes being remodeled, reconstructed, renovated or repaired in preparation for occupancy as a residence at the time of the loss."

Based upon the reasons stated above we cannot afford coverage for the theft and/or vandalism damage to the property.

Safeco Insurance Company of America respectfully reserves any and all rights and defenses that may now exist or that may arise under policy number OZ4270826 . We are also reserving our rights under any applicable law. We do not waive any of the terms, conditions ore requirements of the insurance policy. We reserve the right to deny coverage if the facts indicate that your policy does not cover you for this loss.

Part 919.50 of the Rules of the Illinois Department of Insurance requires that the Company advise you that if you wish to take this matter up with the Department of Insurance, it maintains a Consumer Division in Chicago, at 100 West Randolph Street, Suite 9-301 Chicago, IL 60601 and at 320 West Washington Street, Springfield, IL 62767.

If there is anything that I can do to assist you further, please do not hesitate to call me direct on a [REDACTED]

Sincerely,

Kristine Reinhard
Hoffman Estates
Safeco Insurance Company of Illinois
(815) 344-7947 Fax: (888) 268-8840
Kristine.Reinhard@Safeco.com

[REDACTED]



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

April 19, 2013

Sent via USPS Certified Mail and Email

*return receipt requested

Sebestyn Q. Martens
Counsel
Office of Corporate Compliance
Market Conduct Services
Liberty Mutual Insurance
175 Berkeley Street
Boston, MA 02116

Re: The Safeco Insurance Companies Market Conduct Re-Examination

Dear Mr. Martens,

The Department received your email of April 12, 2013 with the attached additional proof of compliance as requested. We have reviewed the proof and have determined it is satisfactory. The Safeco Insurance Companies (Safeco) have submitted satisfactory proofs of compliance with Orders #1 through 10 of the Stipulation and Consent Order. The Department will now be closing its file on this exam.

I would like to take this opportunity to thank both yourself and the employees of Safeco for the courtesy and professionalism shown to the Department and its examiners through the examination process. Please be advised that I intend to request that the Director make the Market Conduct Examination report public pursuant to Section 132 of the Illinois Insurance Code. (215 ILCS 5/132).

Sincerely,

Anne Marie Skallerup
Staff Attorney

cc: M. Smith
S. Hanfling