



Department of Insurance

**IN THE MATTER OF
THE EXAMINATION OF:**

**DAIRYLAND INSURANCE COMPANY
1800 NORTH POINT DRIVE
STEVENS POINT, WISCONSIN 54481-8020**

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 Dairyland Insurance Company of Stevens Point, Wisconsin, and to make a full and true report to me of the examination made by them of Dairyland Insurance Company with a full statement of the condition and operation of the business and affairs of Dairyland 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 Dairyland 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 *3rd* day of *November, 2010*



Michael T. McRaith
Michael T. McRaith

Director



IN THE MATTER OF THE EXAMINATION OF

DAIRYLAND INSURANCE COMPANY
1800 NORTH POINT DRIVE
STEVENS POINT, WI 54481-8020

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, each of Kerns Frost & Pearlman, LLC, as Examiners, to assist the Illinois Department of Insurance ("Department") in the completion of the market conduct examination of Dairyland Insurance Company, NAIC # 21164, (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 10th day of December, 2012.

Andrew Boron

Andrew Boron

Director



Department of Insurance

**IN THE MATTER OF
THE EXAMINATION OF:**

**SENTRY INSURANCE A MUTUAL COMPANY
1800 NORTH POINT DRIVE
STEVENS POINT, WISCONSIN 54481-8020**

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 Sentry Insurance A Mutual Company of Stevens Point, Wisconsin, and to make a full and true report to me of the examination made by them of Sentry Insurance A Mutual Company with a full statement of the condition and operation of the business and affairs of Sentry Insurance A Mutual 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 Sentry Insurance A Mutual 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 3rd day of November, 2010



Michael T. McRaith
Michael T. McRaith

Director
Director



IN THE MATTER OF THE EXAMINATION OF
SENTRY INSURANCE A MUTUAL COMPANY
1800 NORTH POINT DRIVE
STEVENS POINT, WI 54481-8020

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, each of Kerns Frost & Pearlman, LLC, as Examiners, to assist the Illinois Department of Insurance ("Department") in the completion of the market conduct examination of Sentry Insurance A Mutual Company, NAIC # 24988, (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 10th day of December, 2012.

Andrew Boron

Andrew Boron

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with Sue Phillips, at the hour of 1:00 PM
on January 3, A.D., 2011.

Bernard Sullivan
Examiner



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

SENTRY SELECT INSURANCE COMPANY
1800 NORTH POINT DRIVE
STEVENS POINT, WISCONSIN 54481-8020

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 Sentry Select Insurance Company of Stevens Point, Wisconsin, and to make a full and true report to me of the examination made by them of Sentry Select Insurance Company with a full statement of the condition and operation of the business and affairs of Sentry Select 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 Sentry Select 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 *31st* day of *November*, 2010



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 Sue Phillips, at the hour of 1:00 Pm
on JANUARY 3, A.D., 2011.

Gerald Sullivan Jr
Examiner



IN THE MATTER OF THE EXAMINATION OF

SENTRY SELECT INSURANCE COMPANY
1800 NORTH POINT DRIVE
STEVENS POINT, WI 54481-8020

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, each of Kerns Frost & Pearlman, LLC, as Examiners, to assist the Illinois Department of Insurance ("Department") in the completion of the market conduct examination of Sentry Select Insurance Company, NAIC # 21180, (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 10th day of December, 2012.

Andrew Boron

Andrew Boron

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with Sue Phillips, at the hour of 1:00 pm
on January 3, A.D., 2011.

Bernard Sullivan Jr.
Examiner

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

DAIRYLAND INSURANCE COMPANY
SENTRY INSURANCE A MUTUAL COMPANY
SENTRY SELECT INSURANCE COMPANY

MARKET CONDUCT RE-EXAMINATION REPORT

DATE OF RE-EXAMINATION: January 3, 2011, through January 28, 2011

RE-EXAMINATION OF: Dairyland Insurance Company (DIC)
Foreign Stock

Sentry Insurance A Mutual Company
(SIAMCO)
Foreign Mutual

Sentry Select Insurance Company (SSIC)
Foreign Stock

LOCATION OF RE-EXAMINATION: 1800 North Point Drive
Stevens Point, Wisconsin 54481

PERIOD COVERED BY RE-EXAMINATION: September 1, 2009 through August 31, 2010

EXAMINERS: Bernie Sullivan Jr. LUTCF
Examiner in Charge

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I. COMPLIANCE

The Company was the subject of a Market Conduct Examination covering the period July 26, 2004 through October 29, 2004 (2005 Exam) which resulted in a Stipulation and Consent Order being entered on June 15, 2005 containing nine (9) Orders (June 15, 2005 Orders).

The Company was also the subject of a Market Conduct Examination completed April 28, 2006, covering the period August 1, 2005 through February 28, 2006 (2006 Exam). That Examination was conducted in part to determine compliance with the 2005 Stipulation and Consent Order. It was determined the Company had not substantially complied with two (2) of the June 15, 2005 Orders. A Filing Order containing two (2) Orders was entered on September 15, 2006 as a result of the 2006 Exam (September 15, 2006 Orders).

This Examination was conducted in part to determine compliance with the September 15, 2006 Orders. The two (2) September 16, 2006 Orders and the findings of this Examination with respect to those two Orders are as follows:

Order #1 Institute and maintain procedures whereby first party auto claimants are provided delay letters as outlined in Section 919.80(b)(2) of the Illinois Administrative Code. (See 50 Ill. Adm. Code 919.80(b)(2)).

The Company is substantially complying with this Order

Order #2 Institute and maintain procedures whereby policyholders who have experienced a total loss to their vehicle are provided the information contained in Exhibit A and are provided that information within seven (7) days of the vehicle being determined a total loss as required in Section 919.80(c) of the Illinois Administrative Code. (See 50 Ill. Adm. Code 919.80(c)).

The Company is not substantially complying with this Order.

This Examination was also conducted in part to determine continued compliance with the June 15, 2005 Orders. The nine (9) June 15, 2005 Orders and the findings of this Examination with respect to those nine Orders are as follows:

Order #1 Institute and maintain procedures whereby private passenger auto policies that have been effective or renewed five (5) or more years are nonrenewed only as outlined in Section 143.19.1 of the Illinois Insurance Code. [215 ILCS 5/143.19.1]

The Company is substantially complying with this Order.

- Order #2** Institute and maintain procedures whereby commercial insureds whose policy has been nonrenewed are provided loss information for the three (3) previous policy years as required by Section 143.10a of the Illinois Insurance Code. [215 ILCS 5/143.10a]
- The Company is substantially complying with this Order.
- Order #3** Institute and maintain procedures whereby commercial policies are nonrenewed only as outlined in Section 143.17(a) of the Illinois Insurance Code. [215 ILCS 5/143.17]
- The Company is not substantially complying with this Order.
- Order #4** Institute and maintain procedures whereby Dairyland auto policies are issued with policy periods as requested.
- The Company is substantially complying with this Order.
- Order #5** Institute and maintain procedures whereby first party auto claimants and first party total loss claimants are provided delay letters as outlined in Section 919.80(b)(2) of the Illinois Administrative Code. [50 Ill. Admin. Code 919.80(b)(2)]
- The Company is substantially complying with this Order.
- Order #6** Institute and maintain procedures whereby policyholders who have experienced a total loss to their vehicle are provided the information contained in Exhibit A and are provided that information within seven (7) days of the vehicle being determined a total loss as mandated by Section 919.80(c) of the Illinois Administrative Code. (50 Ill. Adm. Code 919.80(c))
- The Company is not substantially complying with this Order.
- Order #7** Institute and maintain procedures whereby policyholders who have experienced a total loss to their vehicle are treated equally when title and transfer fee payments are made as required by Section 154.6(r) of the Illinois Insurance Code. [50 Ill. Adm. Code 5/154.6(r)]
- The Company is substantially complying with this Order.
- Order #8** Submit to the Director of the Division of Insurance, State of Illinois, proof of compliance with the above seven (7) Orders within 30 days of receipt of these Orders.

The Company is substantially complying with this Order.

Order #9 Pay to the Director of the Division of Insurance, State of Illinois, a civil forfeiture in the amount of \$20,000 to be paid within 30 days of the execution of these Orders.

The Company is substantially complying with this Order.

Additionally, any other issues of non-compliance with the Illinois Insurance Code and / or Department Regulations that became apparent during this Re-exam were criticized.

II. SUMMARY

The Company was the subject of a Market Conduct Re-Examination completed January 28, 2011, covering the period September 1, 2009 through August 31, 2010. The following is a summary of the key findings and criticisms:

1. The Company was criticized under 215 ILCS 5/143.17a for issuing cancellation and nonrenewal notices to the insured's without providing a specific explanation of the reasons for cancellation or nonrenewal. The Company was also issued a class criticism for failure to comply with 5/143.17a as a result of the 2005 Exam and Ordered to comply with 5/143.17a in the June 15, 2005 Stipulation and Consent Order. Hence, this is also a violation of the June 15, 2005 Stipulation and Consent Order.

General trend criticisms were issued in the commercial cancellation and commercial nonrenewal surveys.

2. The Company was criticized under 50 Ill. Adm. Code 919.80(c) for failing to provide the right of recourse letter (known as Exhibit A) to the insured. This is a violation of Order #2 of the September 16, 2006 Orders. The Company was also issued a general trend criticism for failing to send Exhibit A and /or failing to send Exhibit A in a timely manner to policyholders who had experienced a total loss to their vehicle as a result of the 2005 Exam. The Company was Ordered to comply with 919.80(c) in the June 15, 2005 Stipulation and Consent Order. Hence, this is also a violation of the June 15, 2005 Stipulation and Consent Order.

A general trend criticism was issued in the Dairyland Total Loss survey.

3. The Company was criticized under 50 Ill. Adm. Code 919.60(a) for including the wording "full" on the checks disbursed to the insureds as settlement of the total loss of their vehicles. Pursuant to Section 919.60(a): "No company shall indicate to an insured on a payment draft, check or in any accompanying letter that said payment is "final" or "a release" of any claim unless the policy limit has been paid or there is a bonafide dispute either over coverage or the amount payable under the policy."

**A general trend criticism was issued in the Sentry Insurance Mutual Company
Total Loss survey.**

III. BACKGROUND

The following companies were the subjects of the Market Conduct Re-Examination.

Dairyland Insurance Company (DIC)

Dairyland Insurance Company (DIC) was formed on August 1, 1965 under the laws of Wisconsin to become successor to the Dairyland Mutual Insurance Company, organized in 1953. The assets and liabilities of the mutual insurance carrier were taken over by the Dairyland Insurance Company on July 31, 1965. Since September 1966, financial control has been held, directly or indirectly, by Sentry Insurance a Mutual Company.

Sentry Insurance a Mutual Company (SIAMCO)

The company was incorporated under the laws of Wisconsin on December 19, 1913 and began business September 15, 1914. The original title, Wisconsin Hardware Limited Mutual Liability Insurance Company, was changed on February 4, 1920 to Hardware Mutual Casualty Company, and the present name was adopted on July 1, 1971.

Sentry Select Insurance Company (SSIC)

The company was incorporated under the laws of Illinois as John Deere Insurance Company of Illinois on August 19, 1981 to act as the vehicle for the transfer of corporate domicile of John Deere Insurance Company from Syracuse, New York to Moline, Illinois, effective on December 31, 1982. The predecessor company was incorporated under the laws of New York on August 1, 1929, and commenced business August 30, 1929. The current title was adopted on September 30, 1999. As of January 1, 2001, the company was redomesticated from Illinois to Wisconsin.

IV. METHODOLOGY

The Market Conduct re-examination places emphasis on re-evaluating an insurer's systems and procedures in dealing with insureds and claimants. The purpose of the re-evaluation is to confirm the insurer has corrected those systems and procedures which were found to be in non-compliance with the Illinois Insurance Code [215 ILCS 5/1 et seq.] and Section 919 of the Illinois Administrative Code (50 Ill. Adm. Code 919) at the completion of the last examination.

The following categories were the general areas examined:

1. Risk Selection
2. Claims

The review of these categories is accomplished through examination of individual underwriting and claim files, interviews with company personnel, analysis of policy forms and endorsements, and verification of computer rating accuracy. Each of these categories is examined for compliance with Departmental Rules and Regulations and applicable state law.

The report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated to the insurer but are not cited in the report if not indicative of a general trend, except if there were underpayments and/or overpayments in claim surveys or undercharges and/or overcharges in underwriting surveys.

The following methods were used to obtain the required samples to assure a methodical selection.

Risk Selection

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

Claims

The paid claims survey selections were based on final payment for a coverage made during the period under examination. All claim files were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code [215 ILCS 5/1 et seq.] and Section 919 of the Illinois Administrative Code. (50 Ill. Adm. Code 919).

SELECTION OF SAMPLES

		<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
A.	Risk Selection			
1.	Private Passenger Automobile Nonrenewals (DIC)	6	6	100.00%
2.	Private Passenger Automobile Nonrenewals (SIAMCO)	25	25	100.00%
3.	Commercial Nonrenewals (SIAMCO)	112	112	100.00%
4.	Commercial Nonrenewals (SSIC)	36	36	100.00%
B.	Claims			
1.	First Party Automobile Paid (DIC)	5	5	100.00%
2.	First Party Automobile Paid (SIAMCO)	121	110	90.90%
3.	First Party Automobile Total Losses (DIC)	7	7	100.00%
4.	First Party Automobile Total Losses (SIAMCO)	46	46	100.00%

V. FINDINGS

A. Risk Selection

1. Private Passenger Automobile Nonrenewals (DIC).

There were no criticisms in this survey.

2. Private Passenger Automobile Nonrenewals (SIAMCO).

There were no criticisms in this survey.

3. Commercial Nonrenewals (SIAMCO)

Fifteen (15) commercial nonrenewal files (13.39% of the 112 files reviewed) failed to provide the insured with a specific explanation of the reasons for nonrenewal as required by 215 ILCS 5/143.17a. A general trend criticism was issued since this is also a violation of Order #3 of the June 15, 2005 Stipulation and Consent Order.

4. Commercial Nonrenewals (SSIC)

Two (2) commercial nonrenewal files (5.55% of the 36 files reviewed) were nonrenewed for the reason of "agent no longer represents the company," in violation of 215 ILCS 5/141.01.

Six (6) commercial nonrenewal files (16.66% of the 36 files reviewed) either failed to provide the insured with a specific explanation of the reasons for nonrenewal (5 files) or failed to provide a 60 day advance notice of nonrenewal (1 file) as required by 215 ILCS 5/143.17a. A general trend criticism was issued since this is also a violation of Order #3 of the June 15, 2005 Stipulation and Consent Order.

B. Claims

1. First Party Automobile Median and Paid (DIC)

The median payment period was 15 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	4	80.00%
31-60	1	20.00%
61-90	0	0.00%
91-180	0	0.00%
181-365	0	0.00%
<u>over 365</u>	<u>0</u>	<u>0.00%</u>
Total	5	100.00%

There were no criticisms in this survey.

2. First Party Automobile Median and Paid (SIAMCO)

The median payment period was 17 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	81	73.64%
31-60	20	18.18%
61-90	5	4.55%
91-180	4	3.64%
181-365	0	0.00%
<u>over 365</u>	<u>0</u>	<u>0.00%</u>
Total	110	100.0%

There were no criticisms in this survey.

3. Automobile Total Losses (DIC)

Two (2) claim files (28.57% of the 7 files reviewed) failed to provide the right of recourse letter (known as Exhibit A) to the insured as required by 50 Ill. Adm. Code 919.80(c). A general trend criticism was issued since this is a violation of Order #2 of the September 15, 2006 Filing Orders and also a violation of Order #6 of the June 15, 2005 Stipulation and Consent Order.

4. Automobile Total Losses (SIAMCO)

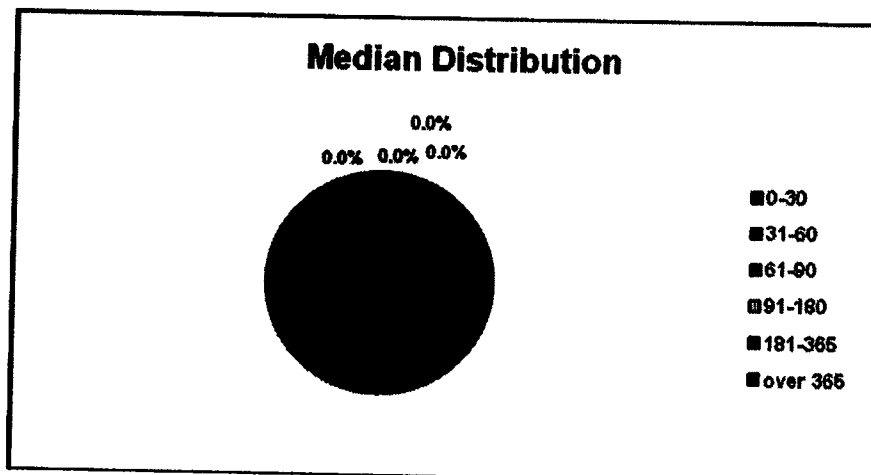
Two (2) total loss claim files (4.34% of the 46 files reviewed) failed to provide the insured with a reasonable written explanation for delay when the claim remained unresolved for more than 40 days from the date of report to the date of final payment as required by 50 Ill. Adm. Code 919.80(b)(2).

Eleven total loss claim files (23.91% of the 46 files reviewed) included disbursements to the insureds that contained the wording "full" on the checks in violation of 50 Ill. Adm. Code 919.60(a). A general trend criticism was issued.

VI. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN, DIC

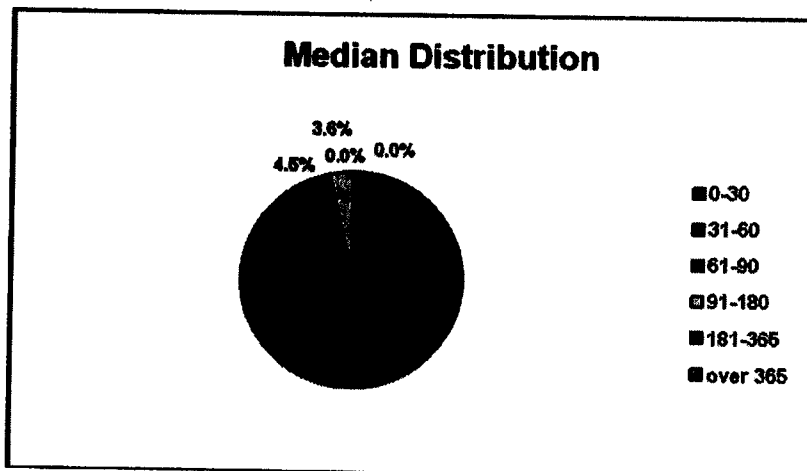
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	4	80.00%
31-60	1	20.00%
61-90	0	0.00%
91-180	0	0.00%
181-365	0	0.00%
over 365	0	0.00%
Total	5	100.00%



VI. TECHNICAL APPENDICES: continued

FIRST PARTY PAID & MEDIAN, SIAMCO

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	81	73.64%
31-60	20	18.18%
61-90	5	4.55%
91-180	4	3.64%
181-365	0	0.00%
over 365	0	0.00%
Total	110	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:

Dairyland Insurance Company, NAIC # 21164

Sentry Insurance A Mutual Company, NAIC # 24988

Sentry Select Insurance Company, NAIC # 21180

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

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

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

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

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


Bernie Sullivan - Examiner-In-Charge

Subscribed and sworn to before me
this 12 day of March, 2013.


Notary Public





**IN THE MATTER OF:
DAIRYLAND INSURANCE COMPANY
SENTRY INSURANCE A MUTUAL COMPANY
SENTRY SELECT INSURANCE COMPANY**

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 Dairyland Insurance Company, Sentry Insurance A Mutual Company and Sentry Select Insurance Company ("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 Examination of the Company was conducted by duly qualified examiners of the Department pursuant to Sections 132, 401, 402, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, and 5/425) covering the period of July 26, 2004 through October 29, 2004; and

WHEREAS, the Director and Company entered into a Stipulation and Consent Order on June 15, 2005 which required Company comply with nine Orders; and

WHEREAS, a Market Conduct Examination of the Company was conducted by duly qualified examiners of the Department pursuant to Sections 132, 401, 402, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, and 5/425) covering the period of August 1, 2005 through February 28, 2006; and

WHEREAS, the Director entered a Filing Order on September 16, 2006 which required Company comply with two Orders; and

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

WHEREAS, the Department examiners have filed 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 June 15, 2005 Stipulation and Consent Order, the September 16, 2006 Filing Order, and 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.

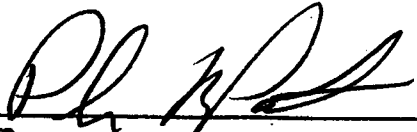
THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain procedures whereby all commercial nonrenewal notices provide the insured with a specific explanation of the reason for cancellation or nonrenewal as mandated by 215 ILCS 5/143.17a.
2. Institute and maintain procedures whereby all insureds suffering a total loss of their vehicle are provided with at a minimum, the information contained in the right of recourse letter (known as Exhibit "A") within seven (7) days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c).
3. Institute and maintain procedures whereby the wording "full" or any other wording indicating that a payment draft, check, or in any accompanying letter that payment is "final" or a "release" of any claim unless the policy limit has been paid or there is a bonafide dispute either over the coverage or the amount payment under the policy as mandated by 50 Ill. Adm. Code 919.60(a).
4. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above three (3) Orders within 30 days of receipt of these Orders.
5. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$40,000 to be paid within 30 days of the execution 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 DAIRYLAND INSURANCE COMPANY,
SENTRY INSURANCE A MUTUAL COMPANY and
SENTRY SELECT INSURANCE COMPANY:

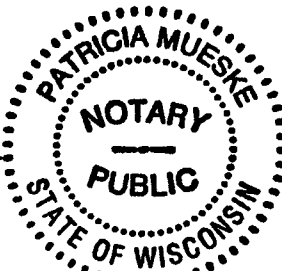

Signature

Peter G. McPartland
Name

President & Chief Executive Officer
Title Sentry Insurance a Mutual Company

Subscribed and sworn to before me this
10th day of April A.D. 2013.


Notary Public Comm: 01-18-15



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE April 16, 2013

Andrew Boron
Andrew Boron
Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

June 13, 2013

Sent via USPS Certified Mail and Email

*return receipt requested

Wendy Whitrock
Director of Privacy and Corporate Compliance
Sentry Insurance a Mutual Company
1800 North Point Drive
P.O. Box 8020
Stevens Point, WI 54481-8020

Re: Market Conduct Re-Examination of Dairyland Insurance Company, Sentry Insurance A Mutual Company, and Sentry Select Insurance

Dear Miss Whitrock,

The Department has reviewed the proof of compliance submitted by Dairyland Insurance Company, Sentry Insurance A Mutual Company, and Sentry Select Insurance (Sentry Companies) received April 9, 2013 and as supplemented on May 2, 2013 and June 6, 2013 and has determined it is satisfactory. The Sentry Companies have submitted satisfactory proofs of compliance with Orders #1 through 5 of the Stipulation and Consent Order. The Department will now be closing its file on this exam.

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
Anne Marie Skallerup
Associate General Counsel