



# Illinois Department of Insurance

---

Bruce Rauner  
Governor

Anne Melissa Dowling  
Acting Director

November 16, 2015

Richard P. Parrillo Sr., President  
United Automobile Insurance Company  
1313 NW 167<sup>th</sup> Street  
Miami Gardens, FL 33169-5739

**Re: United Automobile Insurance Company, NAIC #35319**  
***Market Conduct Examination Report Closing Letter***

Dear Mr. Parrillo:

The Department has reviewed your Company's proof of compliance and deems it adequate and sufficient. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Jack Engle".

Jack Engle, MCM  
Assistant Deputy Director-Market Conduct and Analysis  
Illinois Department of Insurance  
320 West Washington- 5th Floor  
Springfield, IL 62767  
217-558-1058  
E-mail: Jack.Engle@Illinois.gov

United Automobile Insurance Company  
Examination Report

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: November 3, 2014 through January 23, 2015

EXAMINATION OF: United Automobile Insurance Company  
(P & C) NAIC #35319

LOCATIONS: 1313 NW 167<sup>th</sup> Street  
Miami Gardens, FL 33169-5739

724 Enterprise Dr.  
Oak Brook, IL 60523

PERIOD COVERED BY EXAMINATION: July 1, 2013 through June 30, 2014

EXAMINERS: Larry J. Nelson, CLU, ChFC, CPCU  
Sara Moler  
Aubrey Powell  
Bernie Sullivan Jr. LUTCF, MCM  
Examiner-in-Charge

## INDEX

	Page
I. SUMMARY	1
II. BACKGROUND	4
III. METHODOLOGY	5
IV. SELECTION OF SAMPLE	7
V. FINDINGS	8
A. Risk Selection	
1. Private Passenger Automobile Cancellations	
2. Private Passenger Automobile Nonrenewals	
3. Policy Rescissions	
4. Department Complaints	
5. Producer Terminations	
6. Producer Licensing	
B. Underwriting	
1. Private Passenger Automobile New Business	
C. Claims	
1. Private Passenger Automobile First Party Paid & Median	
2. Private Passenger Automobile First Party Closed without Payment	
3. Private Passenger Automobile Third Party Paid & Median	
4. Private Passenger Automobile Third Party Closed without Payment	
5. Private Passenger Automobile Subrogation	
6. Private Passenger Automobile Total Loss	
7. Arbitration Claims	
VI. TECHNICAL APPENDICES	23
VII. EXHIBIT 1	24
VIII. INTER-RELATED FINDINGS	27

## I. SUMMARY

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

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

<b>TABLE OF TOTAL VIOLATIONS</b>						
<b>Crit #</b>	<b>Statute/Rule</b>	<b>Description of Violations</b>	<b>Population</b>	<b>Files Reviewed</b>	<b># of Violations</b>	<b>Error %</b>
1	215 ILCS 5/500-85(a)	Failure to notify the Department of Insurance on producer terminations involving violations noted in 215 ILCS 5/500-70. (Producer Terminations)	16	16	2	12.50%
2	215 ILCS 5/141.02(3)	Failure to provide 180 day advanced notice of termination to the producer and failure to maintain proof of mailing. (Producer Terminations)	16	16	13	81.25%
3	215 ILCS 5/154	Rescinding policies after being effective for one term or over one year. (Policy Rescissions)	8	8	3	37.50%
4	215 ILCS 5/143.15	Failure to provide 10 day notice of cancellation for nonpayment of premium, 30 day advanced notice of cancellation and failure to provide a specific reason, this is a violation of Order #1 of the Stipulation and Consent Orders entered on September 17, 2004 (Private Passenger Automobile Cancellations)	315	99	18	18.18%
7	215 ILCS 5/143.17	Failure to provide 30 day advanced notice of non-renewal and failure to provide a specific reason. No proof of mailing on file. (Private Passenger Automobile Nonrenewal)	111	111	15	13.51%
8	215 ILCS 5/141.01	Policies nonrenewed for reason of agent termination. (Private Passenger Automobile Nonrenewals)	111	111	69	62.16%
9	215 ILCS 5/143b	Failing to return the pro-rata share of the insured deductible after recovery from the adverse, resulting in underpayments totaling \$1,015.00. (Private Passenger Automobile Subrogation)	23	23	3	13.04%

**TABLE OF TOTAL VIOLATIONS**

<b>Crit #</b>	<b>Statute/Rule</b>	<b>Description of Violations</b>	<b>Population</b>	<b>Files Reviewed</b>	<b># of Violations</b>	<b>Error %</b>
10	50 Ill. Adm. Code 919.60(a)	Including the words "full & final" on the check provided the insured. (Private Passenger Automobile Subrogation)	23	23	13	56.52%
11	50 Ill. Adm. Code 919.80(c)(3)(B)	Deducting charges for "cleaning interior" are prohibited, resulting in a \$200.00 underpayment. (Private Passenger Automobile Total Loss)	31	31	2	6.45%
12	215 ILCS 5/154.6(d)	Failing to attempt a prompt, fair and equitable settlement resulting in underpayments totaling \$1,713.34. (Private Passenger Automobile Total Loss)	31	31	5	16.13%
13	50 Ill. Adm. Code 919.80(b)(2)	No written explanation of delay provided the insured. (Private Passenger Automobile Total Loss)	31	31	21	67.74%
14	50 Ill. Adm. Code 919.60(a)	Including the words "full & final" on the check provided the insured. (Private Passenger Automobile Total Loss)	31	31	26	83.87%
15	50 Ill. Adm. Code 919.80(c)	Failing to provide the right of recourse letter to the insured within 7 days of determination of the total loss, this is a violation of Order #5 of the Stipulation and Consent Orders entered on September 17, 2004. (Private Passenger Automobile Total Loss)	31	31	28	90.32%
16	215 ILCS 5/154.6(d)	Failing to pay arbitration awards within 30 days of receipt of the award notice. (Arbitration Claims)	4	4	2	50.00%
17	50 Ill. Adm. Code 919.80(b)(2)	No written explanation of delay provided the insured. (Private Passenger Automobile First Party Paid & Median)	152	80	3	3.75%
18	215 ILCS 5/154.6(d)	Failing to attempt a prompt, fair and equitable settlement, delay in payment made for tow reimbursement resulting in a \$250.00 underpayment. (Private Passenger Automobile First Party Paid & Median)	152	80	8	10.00%
19	50 Ill. Adm. Code 919.60(a)	Including the words "full & final" on the check provided the insured. (Private Passenger Automobile First Party Paid & Median)	152	80	22	27.50%

**TABLE OF TOTAL VIOLATIONS**

<b>Crit #</b>	<b>Statute/Rule</b>	<b>Description of Violations</b>	<b>Population</b>	<b>Files Reviewed</b>	<b># of Violations</b>	<b>Error %</b>
20	50 Ill. Adm. Code 919.80(b)(2) as related to 919.80(b)(1)	Failing to maintain a median below 40 days. (Private Passenger Automobile First Party Paid & Median)	152	80	median	
21	50 Ill. Adm. Code 919.80(c)(3)(B)	Deductions made for "cleaning interior" which are prohibited resulting in an underpayment of \$75.00. (Private Passenger Automobile Third Party Paid & Median)	317	88	1	1.14%
22	215 ILCS 5/154.6(d)	Failing to attempt a prompt, fair and equitable settlement of claims submitted when liability has become reasonably clear. (Private Passenger Automobile Third Party Paid & Median)	317	88	5	5.68%
23	50 Ill. Adm. Code 919.80(b)(3)	No written explanation of delay provided the claimants. (Private Passenger Automobile Third Party Paid & Median)	317	88	15	17.05%
24	50 Ill. Adm. Code 919.80(b)(3) as related to 919.80(b)(1)	Failing to maintain a median below 60 days. (Private Passenger Automobile Third Party Paid & Median)	317	88	median	
25	50 Ill. Adm. Code 919.80(b)(3)	Failing to provide the claimant with a reasonable written explanation for delay. (Private Passenger Automobile Third Party Closed without Payment)	272	82	2	2.44%
26	50 Ill. Adm. Code 919.50(a)(2)	Failing to provide the claimant with a written explanation of denial. (Private Passenger Automobile Third Party Closed without Payment)	272	82	1	1.22%
27	215 ILCS 5/154.6(c)	No attempt made by company to contact the claimant and failed to conduct a prompt investigation. (Private Passenger Automobile Third Party Closed without Payment)	272	82	2	2.44%

II. BACKGROUND:

United Automobile Insurance Company

United Automobile Insurance Company (UAIC) was incorporated on March 2, 1989 in North Miami Beach, FL to provide a high quality and low cost insurance product to the non-standard automobile insurance market. The company is family owned and it is one of the largest privately held property and casualty insurance companies in the United States. In 1998, UAIC had operations in two states, Illinois and Florida. UAIC is currently providing auto insurance in 13 states: FL, IL, MS, OK, TX, GA, UT, NV, IN, AZ, SC, AR, PA.

The Company's 2013 NAIC Annual Statement, Page 19 (Illinois), reflects the following: NAIC #35319

	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
19.2	Other private passenger auto liability	\$1,635,416	\$2,088,687	\$2,326,947	\$1,852,958
21.1	Private passenger auto physical damage	\$989,682	\$1,175,230	\$569,644	\$547,895
35	Totals	\$2,625,098	\$3,263,917	\$2,896,591	\$2,400,853

### III. METHODOLOGY:

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

1. Risk Selection & Rescissions
2. Underwriting
3. Claims
4. Complaints and Producer Review

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

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

#### Risk Selection & Rescissions

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

#### Underwriting

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

#### Claims

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

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

### Complaints & Producer Review

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

IV. SELECTION OF SAMPLE:

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Private Passenger Automobile Cancellations	315	99	31.43%
Private Passenger Automobile Nonrenewals	111	111	100.00%
Policy Rescissions	8	8	100.00%
Department Complaints	7	7	100.00%
Producer Terminations	16	16	100.00%
Producer Licensing	101	101	100.00%
Underwriting:			
Private Passenger Automobile New Business	2808	112	3.98%
Claims:			
Private Passenger First Party Paid & Median	152	80	52.63%
Private Passenger First Party Closed without Payment	132	80	60.61%
Private Passenger Third Party Paid & Median	317	88	27.76%
Private Passenger Third Party Closed without Payment	272	82	30.88%
Private Passenger Subrogation	23	23	100.00%
Private Passenger Total Losses	31	31	100.00%
Arbitration Claims	4	4	100.00%

V. FINDINGS:

A. Risk Selections:

1. Private Passenger Automobile Cancellations

In eighteen (18) instances out of 99 files reviewed for an error percentage of 18.18%, the Company either failed to provide the required ten day advance notice for non-payment of premium, failed to provide a cancellation date on the notice or failed to provide a specific reason for cancellation. This is a violation of 215 ILCS 5/143.15. This is a violation of Order #1 of the Stipulation and Consent Orders entered on September 17, 2004.

Policy Number	Issue Date	Cancellation Date	Reason provided	Criticism
	03/28/13	unknown	invoice past due	no date on cancellation letter
	02/08/13	12/13/13	invoice past due	10 day notice not provided
	03/24/13	unknown	invoice past due	no date on cancellation letter
	03/17/13	unknown	invoice past due	no date on cancellation letter
	01/24/13	unknown	invoice past due	no date on cancellation letter
	06/26/13	unknown	invoice past due	no date on cancellation letter
	04/26/13	unknown	invoice past due	no date on cancellation letter
	06/15/13	unknown	invoice past due	no date on cancellation letter
	05/11/13	unknown	invoice past due	no date on cancellation letter
	03/03/13	unknown	invoice past due	no date on cancellation letter
	05/01/13	unknown	invoice past due	no date on cancellation letter
	05/09/13	unknown	invoice past due	no date on cancellation letter
	04/13/13	unknown	invoice past due	no date on cancellation letter
	06/18/13	unknown	invoice past due	no date on cancellation letter
	01/08/13	unknown	invoice past due	no date on cancellation letter

	08/28/13	unknown	invoice past due	10 day notice not provided
	06/18/13	11/19/13	invoice past due	10 day notice not provided
	12/12/13	03/11/14	condition (P or M) endanger public safety	non-specific reason, 30 days not provided

## 2. Private Passenger Automobile Nonrenewals

In fifteen (15) instances out of 111 files reviewed for an error percentage of 13.51%, the Company failed to maintain the proof of mailing for the nonrenewal notice. This is a violation of 215 ILCS 5/143.17.

Policy Number	Issue Date	Nonrenewal Date	Reason provided	Criticism
	07/10/12	07/10/13	unacceptable claims experience	no proof of mailing
	07/11/12	07/11/13	suspended drivers license	no proof of mailing
	07/12/12	07/12/13	suspended drivers license	no proof of mailing
	01/12/13	07/12/13	age of vehicle	no proof of mailing
	07/13/12	07/13/13	material misrepresentation	no proof of mailing
	07/13/12	07/13/13	agent no longer represents company	no proof of mailing
	01/13/13	07/13/13	more vehicles than drivers	no proof of mailing
	07/14/12	07/14/13	unacceptable driver	specific reason not provided, no proof of mailing
	07/24/12	07/24/13	unacceptable claims experience	no proof of mailing
	07/25/12	07/25/13	agent no longer represents company	no proof of mailing

	11/30/12	11/30/13	unacceptable vehicle	no proof of mailing
	02/28/13	02/28/14	terms and conditions of policy violated	specific reason not provided
	04/11/13	04/11/14	3 or more driving convictions in last 12 months	specific reason not provided
	05/25/13	05/25/14	unacceptable past driving history	specific reason not provided
	12/05/13	06/05/14	3 or more driving convictions in last 12 months	specific reason not provided

In sixty-nine (69) instances out of 111 files reviewed for an error percentage of 62.16%, the Company nonrenewed policies for agent termination. This is a violation of 215 ILCS 5/141.01. (See Exhibit 1)

### 3. Policy Rescissions

In three (3) instances out of eight files reviewed for an error percentage of 37.50%, the Company rescinded policies that were effective for more than one term or one year. This is a violation of 215 ILCS 5/154.

Policy Number	Original Effective Date	Mailing Date	Criticism
	09/26/12	07/25/13	rescinded policy that was effective for more than one term or one year
	05/04/13	10/10/13	rescinded policy that was effective for more than one term or one year
	09/01/11	12/19/13	rescinded policy that was effective for more than one term or one year

### 4. Department Complaints

There were no criticisms in this survey

5. Producer Terminations

In two (2) instances out of sixteen files reviewed for an error percentage of 12.50%, the Company failed to notify the Department when terminations involved violations of 215 ILCS 5/500-70. This is a violation of 215 ILCS 5/500-85(a).

Agency Name	Mailing Date	Termination Date	Reason for Termination	Criticism
	01/16/14	01/16/14	non payment of agency bill statement	failure to notify department of insurance
	05/19/14	05/19/14	non payment of agency bill statement	failure to notify department of insurance

In thirteen (13) instances out of sixteen (16) files reviewed for an error percentage of 81.25%, the Company either failed to provide a 180 day advance notice of termination or failed to maintain the proof of mailing of the notice. This is a violation of 215 ILCS 5/141.02(3).

Agency Name	Mailing Date	Termination Date	Days Provided	Criticism
	04/16/13	05/16/13	30	less than 180 days advanced notice
	04/20/13	05/16/13	26	less than 180 days advanced notice
	04/30/13	05/16/13	16	less than 180 days advanced notice
	05/04/13	05/16/13	12	less than 180 days advanced notice
	04/24/13	05/16/13	22	less than 180 days advanced notice
	04/22/13	05/16/13	24	less than 180 days advanced notice
	04/17/13	05/16/13	29	less than 180 days advanced notice
	04/16/13	05/16/13	30	less than 180 days advanced notice
	04/16/13	05/16/13	30	less than 180 days advanced notice

	unknown	unknown	0	agency sold, no letter sent to producer or agency
	04/16/13	05/16/13	30	less than 180 days advanced notice
	04/16/13	05/16/13	30	less than 180 days advanced notice
	04/16/13	05/16/13	30	less than 180 days advanced notice

6. Producer Licensing

There were no criticisms in this survey

B. Underwriting:

1. Private Passenger Automobile New Business

There were no criticisms in this survey

C. Claims

1. Private Passenger Automobile First Party Paid & Median

The median payment period was 49 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	30	37.50%
31-60	20	25.00%
61-90	12	15.00%
91-180	8	10.00%
181-365	4	5.00%
<u>Over 365</u>	<u>6</u>	<u>7.50%</u>
Total	80	100.00%

The Company was criticized for maintaining a median in excess of 40 days in violation of 50 Ill. Adm. Code 919.80(b)(2) and as related to 50 Ill. Adm. Code 919.80(b)(1).

In three (3) instances out of eighty (80) files reviewed for an error percentage of 3.75%, the Company failed to provide the insured with a reasonable written explanation of delay. This is a violation of 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Date of Report	Date of Payment	Number of Days	Criticism
	07/28/12	11/25/13	485	no written explanation of delay provided the insured by day 40
	05/22/13	02/07/14	261	no written explanation of delay provided the insured by day 40
	08/13/13	10/23/13	71	no written explanation of delay provided the insured by day 40

In eight (8) instances out of eighty (80) files reviewed for an error percentage of 10.00%, the Company failed to effectuate a prompt, fair and equitable settlement. This is a violation of 215 ILCS 5/154.6(d).

Claim Number	Date of Report	Date of Payment	Number of Days	Criticism
	05/15/13	06/07/13	23	delay in payment of supplement
	05/22/13	02/07/14	261	company took 74 days to pay claim initial payment after receipt of all documents
	06/03/13	10/29/13	148	supplement approved on 8/1/13 but not paid until 10/29/13
	06/17/13	11/20/13	156	delay in payment of supplement
	06/27/13	03/24/14	270	delay in payment of supplement
	08/05/13	08/30/13	25	delay in payment of supplement
	08/13/13	10/23/13	71	took 62 days from estimate approval date to pay insured
	08/26/13	12/16/13	112	tow bill never reimbursed to insured, \$250.00 underpaid and delay in payment of supplement

In twenty-two (22) instances out of eighty (80) files reviewed for an error percentage of 27.50%, the Company included the words "full & final" on the check provided to the insured. This is a violation of 50 Ill. Adm. Code 919.60(a).

Claim Number	Date of Report	Date of Payment	Criticism
	06/01/12	10/29/13	"final" wording on settlement check
	07/28/12	11/25/13	"final" wording on settlement check
	08/13/12	08/16/12	"final" wording on settlement check
	04/22/13	05/03/13	"final" wording on settlement check
	04/24/13	05/24/13	"final" wording on settlement check
	05/14/13	05/28/13	"final" wording on settlement check
	05/15/13	06/07/13	"final" wording on settlement check
	05/20/13	08/07/13	"final" wording on settlement check
	06/03/13	10/29/13	"final" wording on settlement check
	06/07/13	08/14/13	"final" wording on settlement check
	06/24/13	02/14/14	"final" wording on settlement check
	06/24/13	08/14/13	"final" wording on settlement check
	07/23/13	08/19/13	"final" wording on settlement check
	07/29/13	12/06/13	"final" wording on settlement check
	08/20/13	10/29/13	"final" wording on settlement check
	08/26/13	10/07/13	"final" wording on settlement check
	08/30/13	10/04/13	"final" wording on settlement check
	09/03/13	11/19/13	"final" wording on settlement check
	09/11/13	10/28/13	"final" wording on settlement check
	09/16/13	10/17/13	"final" wording on settlement check
	09/20/13	10/30/13	"final" wording on settlement check
	09/23/13	10/29/13	"final" wording on settlement check

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

There were no criticisms in this survey

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

The median payment period was 87 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	21	23.86%
31-60	18	20.45%
61-90	6	6.82%
91-180	21	23.86%
181-365	15	17.05%
<u>Over 365</u>	<u>7</u>	<u>7.95%</u>
Total	88	100.00%

The Company was criticized for maintaining a median in excess of 60 days in violation of 50 Ill. Adm. Code 919.80(b)(3) and as related to 50 Ill. Adm. Code 919.80(b)(1). The median calculation based on an offer being presented to the claimant was 72 days from the date of report to the date of final payment. The median calculation without subrogation and litigation files was 36 days.

In one (1) instance out of eighty-eight (88) files reviewed for an error percentage of 1.14%, the Company made a prohibited deduction from the settlement resulting in underpayments of \$75.00. This is a violation of 50 Ill. Adm. Code 919.80(c)(3)(B).

Claim Number	Date of Report	Date of Payment	Deduction Taken	Reason provided for deduction
	06/27/13	10/09/13	\$75.00	clean interior, reimbursed

In five (5) instances out of eighty-eight (88) files reviewed for an error percentage of 5.68%, the Company failed to effectuate a prompt, fair and equitable settlement. This is a violation of 215 ILCS 5/154.6(d).

Claim Number	Date of Report	Date of Payment	Suit/ Arbitration / Subrogation	Criticism
	05/16/03	07/17/13	suit	judgment of \$12,582.75 received 11/04/10, paid judgment plus interest on 07/17/13 (986 days), total payment \$14,250.00
	05/04/11	06/04/14	subrogation / arbitration	arbitration awarded 11/13/13, not paid until 06/04/14 (203 days)

	12/21/11	09/05/13	subrogation	subrogation demand approved 09/25/12, no attempt to resolve from 09/25/12 through 02/01/13 (4 months), offer made on 02/01/13
	08/08/12	08/23/13	subrogation	subrogation demand approved 12/10/12, no attempt to resolve from 12/10/12 through 07/18/13 (8 months)
	12/31/12	07/17/13	subrogation	subrogation demand received 03/19/13, pending rental invoice received 03/25/13, no attempt to resolve from 03/25/13 through 07/17/13 (4 months)

In fifteen (15) instances out of eighty-eight (88) files reviewed for an error percentage of 17.05%, the Company failed to provide the claimants with a reasonable written explanation of delay. This is a violation of 50 Ill. Adm. Code 919.80(b)(3).

Claim Number	Date of Report	Date of Payment	Number of Days	Criticism
	05/06/13	10/25/13	172	no written explanation provided by day 60
	12/06/13	06/27/14	203	no written explanation provided by day 60
	03/15/13	01/31/14	322	no written explanation provided by day 60
	04/15/13	09/04/13	142	no written explanation provided by day 60
	06/27/13	10/09/13	104	no written explanation provided by day 60
	02/03/14	05/28/14	114	no written explanation provided by day 60
	03/10/14	06/18/14	100	no written explanation provided by day 60
	05/16/13	07/29/13	74	no written explanation provided by day 60
	09/23/13	03/03/14	161	no written explanation provided by day 60
	10/11/13	02/03/14	115	no written explanation provided by day 60

	1/13/13	02/26/14	75	no written explanation provided by day 60
	12/23/13	04/02/14	100	no written explanation provided by day 60
	12/23/13	02/24/14	63	no written explanation provided by day 60
	01/29/14	05/02/14	93	no written explanation provided by day 60
	12/10/13	04/15/14	126	no written explanation provided by day 60

#### 4. Private Passenger Automobile Third Party Closed without Payment

In two (2) instances out of eighty-two (82) files reviewed for an error percentage of 2.44%, the Company failed to provide the claimants with a reasonable written explanation of delay. This is a violation of 50 Ill. Adm. Code 919.80(b)(3).

Claim Number	Date of Report	Date of CWP	Number of Days	Criticism
	01/03/13	08/08/13	217	no written explanation provided by day 60
	07/24/13	05/21/14	301	no written explanation provided by day 60

In one (1) instance out of eighty-two (82) files reviewed for an error percentage of 1.22%, the Company failed to provide the claimants with a reasonable written explanation of denial. This is a violation of 50 Ill. Adm. Code 919.50(a)(2).

In two (2) instances out of eighty-two (82) files reviewed for an error percentage of 2.44%, the Company failed to conduct a prompt investigation. This is a violation of 215 ILCS 5/154.6(c).

Claim Number	Date of Report	Date of CWP	Suit/ Arbitration / Subrogation	Criticism
	12/07/10	07/10/13	arbitration	lack of investigation caused to be sent to arbitration
	08/30/13	10/14/13	no	no contact attempted with claimant

## 5. Private Passenger Automobile Subrogation

In three (3) instances out of twenty-three files reviewed for an error percentage of 13.04%, the Company failed to return the insured's pro-rata share of the deductible after recovery from the adverse party resulting in underpayments totaling \$1,015.00. This is a violation of 215 ILCS 5/143b.

Claim Number	Amount Demanded	Amount Recovered	Deductible	Amount Refunded	Criticism
	\$3,768	\$2,261	\$500.00	\$0.00	Owe insured \$280.00, reimbursed
	\$11,360	\$6,516	\$500.00	\$0.00	Owe insured \$285.00, reimbursed
	\$6,678	\$6,038	\$500.00	\$0.00	Owe insured \$450.00, reimbursed

In thirteen (13) instances out of twenty-three files reviewed for an error percentage of 56.52%, the Company included the words "full & final" on the check provided to the insured for the pro-rata refund. This is a violation of 50 Ill. Adm. Code 919.60(a).

Claim Number	Amount Demanded	Amount Recovered	Criticism
	\$2,340	\$1,755	reimbursement to insured specified as "full & final"
	\$3,482	\$1,650	reimbursement to insured specified as "full & final"
	\$3,258	\$800	reimbursement to insured specified as "full & final"
	\$8,672	\$6,000	reimbursement to insured specified as "full & final"
	\$5,606	\$3,364	reimbursement to insured specified as "full & final"
	\$19,943	\$10,000	reimbursement to insured specified as "full & final"
	\$641	\$577	reimbursement to insured specified as "full & final"
	\$1,626	\$976	reimbursement to insured specified as "full & final"
	\$3,211	\$2,900	reimbursement to insured specified as "full & final"
	\$3,036	\$2,750	reimbursement to insured specified as "full & final"
	\$1,248	\$624	reimbursement to insured specified as "full & final"
	\$2,630	\$2,367	reimbursement to insured specified as "full & final"
	\$1,429	\$1,376	reimbursement to insured specified as "full & final"

6. Private Passenger Automobile Total Loss

The median payment period was 91 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	2	6.45%
31-60	7	22.58%
61-90	6	19.35%
91-180	12	38.71%
181-365	4	12.90%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	31	100.00%

The median calculation was 91 days from the date of report to the date of final payment. The median calculation using the date the offer was made to the insured or lien holder was 43 days:

In two (2) instances out of 31 files reviewed for an error percentage of 6.45%, the Company made prohibited deductions from the total loss settlement resulting in underpayments of \$200.00. The deductions made were for cleaning the interior. This is a violation of 50 Ill. Adm. Code 919.80(c)(3)(B).

Claim Number	Date of Report	Date of Payment	Deduction Taken	Reason provided for deduction
	10/27/12	02/14/13	\$125.00	clean interior, reimbursed
	06/06/13	09/05/13	\$75.00	clean interior, reimbursed

In five (5) instances out of 31 files reviewed for an error percentage of 16.13%, the Company failed to effectuate a prompt, fair and equitable settlement resulting in underpayments totaling \$1,713.34. This is a violation of 215 ILCS 5/154.6(d).

Claim Number	Date of Report	Date of Payment	Amount Deducted / unpaid	Criticism
	11/08/10	11/29/10	\$726.51	deducted advanced charges and unpaid prior damage from settlement not justified, reimbursed
	12/12/12	07/31/13	\$224.08	deducted unpaid prior damage and betterment from settlement not justified, reimbursed
	08/08/13	10/09/13	\$316.28	deducted unpaid prior damage and betterment from settlement not justified, reimbursed

	08/13/13	11/22/13	\$287.30	deducted unpaid prior damage from settlement not justified, reimbursed
	10/24/13	03/17/14	\$159.17	check to insured returned and never forwarded to new address, reimbursed

In twenty-one (21) instances out of 31 files reviewed for an error percentage of 67.74%, the Company failed to provide the insured with a reasonable written explanation of delay. This is a violation of 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Date of Report	Date of Payment	Number of Days	Criticism
	12/12/12	07/31/13	231	no written explanation provided by day 40
	02/04/13	05/09/13	94	no written explanation provided by day 40
	06/06/13	09/05/13	91	no written explanation provided by day 40
	07/05/13	11/05/13	123	no written explanation provided by day 40
	07/11/13	11/22/13	134	no written explanation provided by day 40
	08/08/13	10/09/13	62	no written explanation provided by day 40
	01/13/14	03/26/14	72	no written explanation provided by day 40
	02/21/14	04/16/14	54	no written explanation provided by day 40
	06/10/13	10/31/13	143	no written explanation provided by day 40
	03/05/13	10/14/13	223	no written explanation provided by day 40
	03/06/13	01/21/14	321	no written explanation provided by day 40
	04/22/13	07/11/13	80	written explanation provided day 29 without required DOI wording
	06/18/13	01/08/14	204	no written explanation provided by day 40
	08/13/13	11/22/13	101	no written explanation provided by day 40
	08/20/13	01/17/14	150	no written explanation provided by day 40

	10/24/13	03/17/14	144	no written explanation provided by day 40
	12/10/13	03/19/14	99	no written explanation provided by day 40
	02/28/14	06/23/14	115	no written explanation provided by day 40
	12/24/13	03/03/14	69	no written explanation provided by day 40
	01/13/14	02/26/14	44	no written explanation provided by day 40
	01/28/14	03/19/14	50	no written explanation provided by day 40

In twenty-six (26) instances out of 31 files reviewed for an error percentage of 83.87%, the Company included the word "final" on the settlement check provided the insured. This is a violation of 50 Ill. Adm. Code 919.60(a).

Claim Number	Date of Report	Date of Payment	Criticism
	12/12/12	07/31/13	"final" wording on settlement check
	02/04/13	05/09/13	"final" wording on settlement check
	05/16/13	07/03/13	"final" wording on settlement check
	07/30/13	08/26/13	"final" wording on settlement check
	06/06/13	09/05/13	"final" wording on settlement check
	06/25/13	08/31/13	"final" wording on settlement check
	07/05/13	11/05/13	"final" wording on settlement check
	07/11/13	11/22/13	"final" wording on settlement check
	08/08/13	10/09/13	"final" wording on settlement check
	09/03/13	10/11/13	"final" wording on settlement check
	11/01/13	04/10/14	"final" wording on settlement check
	01/13/14	03/26/14	"final" wording on settlement check
	02/21/14	04/16/14	"final" wording on settlement check
	03/05/13	10/14/13	"final" wording on settlement check
	03/06/13	01/21/14	"final" wording on settlement check
	04/22/13	07/11/13	"final" wording on settlement check
	06/18/13	01/08/14	"final" wording on settlement check
	08/13/13	11/22/13	"final" wording on settlement check
	08/20/13	01/17/14	"final" wording on settlement check
	10/24/13	03/17/14	"final" wording on settlement check
	12/10/13	03/19/14	"final" wording on settlement check
	02/28/14	06/23/14	"final" wording on settlement check
	12/24/13	03/03/14	"final" wording on settlement check
	01/13/14	02/26/14	"final" wording on settlement check
	01/28/14	03/19/14	"final" wording on settlement check
	11/08/13	01/29/14	"final" wording on settlement check

In twenty-eight (28) instances out of 31 files reviewed for an error percentage of 90.32%, the Company failed to provide the insured with the right of recourse letter known as "Exhibit A" within 7 days of determination of the total loss. This is a violation of 50 Ill. Adm. Code 919.80(c). This is a violation of Order #5 of the Stipulation and Consent Orders entered on September 17, 2004.

Claim Number	Date of Report	Date determined total loss	Criticism
	12/12/12	07/31/13	no "Exhibit A" provided
	02/04/13	05/09/13	no "Exhibit A" provided
	04/30/13	06/12/13	no "Exhibit A" provided
	05/16/13	07/03/13	no "Exhibit A" provided
	07/30/13	08/26/13	no "Exhibit A" provided
	06/06/13	09/05/13	no "Exhibit A" provided
	06/25/13	08/31/13	no "Exhibit A" provided
	07/05/13	11/05/13	no "Exhibit A" provided
	07/11/13	11/22/13	no "Exhibit A" provided
	08/08/13	10/09/13	no "Exhibit A" provided
	09/03/13	10/11/13	no "Exhibit A" provided
	11/01/13	04/10/14	no "Exhibit A" provided
	01/13/14	03/26/14	no "Exhibit A" provided
	02/21/14	04/16/14	no "Exhibit A" provided
	06/10/13	10/31/13	no "Exhibit A" provided
	03/05/13	10/14/13	no "Exhibit A" provided
	03/06/13	01/21/14	no "Exhibit A" provided
	04/22/13	07/11/13	no "Exhibit A" provided
	06/18/13	01/08/14	no "Exhibit A" provided
	08/13/13	11/22/13	no "Exhibit A" provided
	08/20/13	01/17/14	no "Exhibit A" provided
	10/24/13	03/17/14	no "Exhibit A" provided
	12/10/13	03/19/14	no "Exhibit A" provided
	02/28/14	06/23/14	no "Exhibit A" provided
	12/24/13	03/03/14	no "Exhibit A" provided
	01/13/14	02/26/14	no "Exhibit A" provided
	01/28/14	03/19/14	no "Exhibit A" provided
	11/08/13	01/29/14	no "Exhibit A" provided

## 7. Arbitration Claims

In two (2) instances out of 4 files reviewed for an error percentage of 50.00%, the Company failed to pay the arbitration award within 30 days of receipt of the award notice. This is a violation of 215 ILCS 5/154.6(d).

VI. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN – 49 days

<b>MEDIAN DISTRIBUTION</b>		
<i>No. Days Category</i>	<i>Number</i>	<i>Percent</i>
<i>0-30</i>	<i>30</i>	<i>37.50%</i>
<i>31-60</i>	<i>20</i>	<i>25.00%</i>
<i>61-90</i>	<i>12</i>	<i>15.00%</i>
<i>91-180</i>	<i>8</i>	<i>10.00%</i>
<i>181-365</i>	<i>4</i>	<i>5.00%</i>
<i>over 365</i>	<i>6</i>	<i>7.50%</i>
<i>Total</i>	<i>80</i>	<i>100.00%</i>

THIRD PARTY PAID & MEDIAN – 87 days

<b>MEDIAN DISTRIBUTION</b>		
<b># Days</b>	<b>Number</b>	<b>Percent</b>
<i>0-30</i>	<i>21</i>	<i>23.86%</i>
<i>31-60</i>	<i>18</i>	<i>20.45%</i>
<i>61-90</i>	<i>6</i>	<i>6.82%</i>
<i>91-180</i>	<i>21</i>	<i>23.86%</i>
<i>181-365</i>	<i>15</i>	<i>17.05%</i>
<i>over 365</i>	<i>7</i>	<i>7.95%</i>
<i>Total</i>	<i>88</i>	<i>100.00%</i>

TOTAL LOSSES – 91 days

<b>MEDIAN DISTRIBUTION</b>		
<i>No. Days Category</i>	<i>Number</i>	<i>Percent</i>
<i>0-30</i>	<i>2</i>	<i>6.45%</i>
<i>31-60</i>	<i>7</i>	<i>22.58%</i>
<i>61-90</i>	<i>6</i>	<i>19.35%</i>
<i>91-180</i>	<i>12</i>	<i>38.71%</i>
<i>181-365</i>	<i>4</i>	<i>12.90%</i>
<i>over 365</i>	<i>0</i>	<i>0.00%</i>
<i>Total</i>	<i>31</i>	<i>100.00%</i>

VII. EXHIBIT 1:

Policy Number	Issue Date	Nonrenewal Date	Reason provided
	07/13/12	07/13/13	agent no longer represents company not allowed reason
	07/25/12	07/25/13	agent no longer represents company not allowed reason
	09/07/12	09/07/13	agent no longer represents company not allowed reason
	09/07/12	09/07/13	agent no longer represents company not allowed reason
	09/10/12	09/10/13	agent no longer represents company not allowed reason
	06/04/13	12/04/13	agent no longer represents company not allowed reason
	12/04/12	12/04/13	agent no longer represents company not allowed reason
	12/15/12	12/15/13	agent no longer represents company not allowed reason
	06/20/13	12/20/13	agent no longer represents company not allowed reason
	06/30/13	12/30/13	agent no longer represents company not allowed reason
	01/01/13	01/01/14	agent no longer represents company not allowed reason
	07/02/13	01/02/14	agent no longer represents company not allowed reason
	01/05/13	01/05/14	agent no longer represents company not allowed reason
	01/10/13	01/10/14	agent no longer represents company not allowed reason
	07/14/13	10/14/14	agent no longer represents company not allowed reason
	01/16/13	01/16/14	agent no longer represents company not allowed reason
	01/19/13	01/19/14	agent no longer represents company not allowed reason
	01/23/13	01/23/14	agent no longer represents company not allowed reason
	07/26/13	01/26/14	agent no longer represents company not allowed reason
	07/27/13	01/27/14	agent no longer represents company not allowed reason

	01/27/13	01/27/14	agent no longer represents company not allowed reason
	01/31/13	01/31/14	agent no longer represents company not allowed reason
	02/01/13	02/01/14	agent no longer represents company not allowed reason
	02/01/13	02/01/14	agent no longer represents company not allowed reason
	02/02/13	02/02/14	agent no longer represents company not allowed reason
	02/05/13	02/05/14	agent no longer represents company not allowed reason
	02/05/13	02/05/14	agent no longer represents company not allowed reason
	08/05/13	02/05/14	agent no longer represents company not allowed reason
	02/07/13	02/07/14	agent no longer represents company not allowed reason
	02/10/13	02/10/14	agent no longer represents company not allowed reason
	02/18/13	02/18/14	agent no longer represents company not allowed reason
	08/19/13	02/19/14	agent no longer represents company not allowed reason
	02/23/13	02/23/14	agent no longer represents company not allowed reason
	02/23/13	02/23/14	agent no longer represents company not allowed reason
	09/01/13	03/01/14	agent no longer represents company not allowed reason
	03/01/13	03/01/14	agent no longer represents company not allowed reason
	03/02/13	03/02/14	agent no longer represents company not allowed reason
	03/07/13	03/07/14	agent no longer represents company not allowed reason
	03/07/13	03/17/14	agent no longer represents company not allowed reason
	09/07/13	03/07/14	agent no longer represents company not allowed reason
	09/09/13	03/09/14	agent no longer represents company not allowed reason
	09/13/13	03/13/14	agent no longer represents company not allowed reason
	09/15/13	03/15/14	agent no longer represents company not allowed reason

	09/17/13	03/17/14	agent no longer represents company not allowed reason
	09/20/13	03/20/14	agent no longer represents company not allowed reason
	09/24/13	03/24/14	agent no longer represents company not allowed reason
	03/24/13	03/24/14	agent no longer represents company not allowed reason
	03/25/13	03/25/14	agent no longer represents company not allowed reason
	09/25/13	03/25/14	agent no longer represents company not allowed reason
	09/27/13	03/27/14	agent no longer represents company not allowed reason
	09/27/13	03/27/14	agent no longer represents company not allowed reason
	03/29/13	03/29/14	agent no longer represents company not allowed reason
	10/02/13	04/02/14	agent no longer represents company not allowed reason
	04/03/13	04/03/14	agent no longer represents company not allowed reason
	04/03/13	04/03/14	agent no longer represents company not allowed reason
	10/20/13	04/20/14	agent no longer represents company not allowed reason
	11/01/13	05/01/14	agent no longer represents company not allowed reason
	05/01/13	05/01/14	agent no longer represents company not allowed reason
	05/01/13	05/01/14	agent no longer represents company not allowed reason
	05/05/13	05/05/14	agent no longer represents company not allowed reason
	11/08/13	05/08/14	agent no longer represents company not allowed reason
	11/15/13	05/15/14	agent no longer represents company not allowed reason
	11/19/13	05/19/14	agent no longer represents company not allowed reason
	05/22/13	05/22/14	agent no longer represents company not allowed reason
	11/23/13	05/23/14	agent no longer represents company not allowed reason
	11/26/13	05/26/14	agent no longer represents company not allowed reason

	06/01/13	06/01/14	agent no longer represents company not allowed reason
	12/02/13	06/04/14	agent no longer represents company not allowed reason
	12/27/13	06/27/14	agent no longer represents company not allowed reason

VIII. INTER-RELATED FINDINGS:

No Inter-Related Findings were created.

STATE OF GEORGIA            )  
  ) ss  
COUNTY OF COBB            )

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

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of: United Automobile Insurance Company, (the "Company"), NAIC #35319

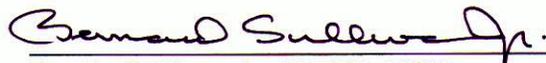
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish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

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

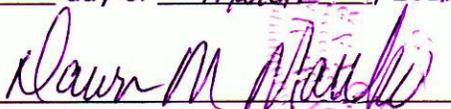
That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

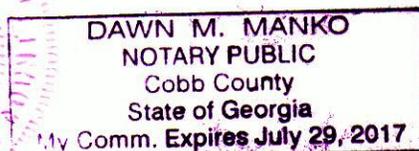
That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

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

  
Bernie Sullivan Jr. LUTCF, MCM  
Examiner-In-Charge

Subscribed and sworn to before me  
this 16 day of March, 20115

  
\_\_\_\_\_  
Notary Public

  
DAWN M. MANKO  
NOTARY PUBLIC  
Cobb County  
State of Georgia  
My Comm. Expires July 29, 2017

**STATE OF ILLINOIS**  
**DEPARTMENT OF INSURANCE**



IN THE MATTER OF:

UNITED AUTOMOBILE INSURANCE COMPANY  
1313 NORTHWEST 167TH STREET  
MIAMI GARDENS, FL 33169-5739

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, United Automobile Insurance Company ("Company"), NAIC #35319, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 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); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and

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

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

WHEREAS, the Company is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, and 407, 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

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

1. Institute and maintain policies and procedures whereby the Company notifies the Department when a producer is terminated for violations noted in 215 ILCS 5/500-70 as required by 215 ILCS 5/500-85(a).
2. Institute and maintain policies and procedures whereby the Company provides producers with 180 day advance notice of termination of an independent insurance agent contract and maintains proof of mailing as required by 215 ILCS 5/141.02(3).
3. Institute and maintain policies and procedures whereby the Company only rescinds policies of insurance that have been in effect for less than one term as required by 215 ILCS 5/154.
4. Institute and maintain policies and procedures whereby the Company provides the insured with 30 days advance notice of cancellation, or 10 days advance notice of cancellation in the case of nonpayment of premium, and maintains proof of mailing as requires by 215 ILCS 5/143.15. The notice of cancellation must provide a specific explanation of the reason or reasons for cancellation.
5. Institute and maintain policies and procedures whereby the Company provides the insured with 30 days advance notice of its intention not to renew and maintains proof of mailing as required by 215 ILCS 5/143.17.
6. Institute and maintain policies and procedures whereby the Company shall not cancel, terminate or refuse to renew any policy on the ground that the company's contract with the agent through whom such policy was obtained has been terminated as required by 215 ILCS 5/141.01.
7. Institute and maintain policies and procedures whereby the Company returns the pro rata deductible share to the insured out of the net recovery on a subrogated claim as required by 215 ILCS 5/143b.
8. Institute and maintain policies and procedures whereby the Company shall not indicate to an insured on any payment draft, check or in any accompanying letter that said payment is "full and final" 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 as required by 50 Ill. Adm. Code 919.60(a).

9. Institute and maintain policies and procedures whereby the Company shall not deduct prohibited items such as "clean interior" or any other "get ready to go" charges from the settlement amount as required by 50 Ill. Adm. Code 919.80(c)(3)(B).
10. Institute and maintain policies and procedures whereby the Company will effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear, to avoid underpayments as required by 215 ILCS 5/154.6(d).
11. Institute and maintain policies and procedures whereby the Company provides the insured with a reasonable written explanation for delay when the claim remains unresolved for more than 40 days from the date of notification of loss to the date of final payment as required by 50 Ill. Adm. Code 919.80(b)(2). Notice of Availability of the Department of Insurance shall accompany the written explanation.
12. Institute and maintain policies and procedures whereby the Company provides the insured with the right of recourse letter known as "Exhibit A" within 7 days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c).
13. Institute and maintain policies and procedures whereby the Company provides the claimant with a reasonable written explanation for delay when the claim remains unresolved for more than 60 days from the date of notification of loss to the date of final payment as required by 50 Ill. Adm. Code 919.80(b)(3). Notice of Availability of the Department of Insurance shall accompany the written explanation.
14. Institute and maintain policies and procedures whereby the Company provides claimants whose claims are denied a reasonable written explanation of the reason or reasons for denial within 30 days after the initial determination of liability is made as required by 50 Ill. Adm. Code 919.50(a)(2).
15. Institute and maintain policies and procedures whereby the Company attempts to contact claimants and implements reasonable standards for the prompt investigations and settlements in a claim as required by 215 ILCS 5/154.6(c).
16. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above fifteen (15) orders within 30 days of receipt of this Order.
17. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$82,350 to be paid within 30 days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of UNITED AUTOMOBILE INSURANCE COMPANY

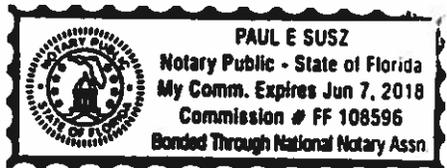
[Signature]  
Signature

Richard P. Carrillo, Sr.  
Name

President/CEO  
Title

Subscribed and sworn to before me this  
8 day of September 2015.

[Signature]  
Notary Public



DATE 9/28/15

DEPARTMENT OF INSURANCE of the  
State of Illinois:

[Signature]  
Anne Melissa Dowling  
Acting Director