



Illinois Department of Insurance

BRUCE RAUNER
Governor

JAMES A. STEPHENS
Acting Director

January 26, 2015

Joseph Robert Tomei, President
Yosemite Insurance Company
601 N W Second Street
Evansville, IN 47708

Re: Yosemite Insurance Company NAIC #26220
Market Conduct Examination Report Closing letter

Dear Mr. Tomei:

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.

If you have any questions, my contact information is listed below.

Sincerely,

A handwritten signature in cursive script, appearing to read "Miryam Ramirez".

Miryam Ramirez
Acting Deputy Director
Consumer Outreach and Protection
Illinois Department of Insurance
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Chicago, IL 60603
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YOSEMITE INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: June 9, 2014 through September 12, 2014

EXAMINATION OF: Yosemite Insurance Company
NAIC Number: 26220

LOCATION: 601 NW Second Street
Evansville, IN 47708

PERIOD COVERED
BY EXAMINATION: January 1, 2013 through March 31, 2014

EXAMINERS: James R Myers, AMCM, Examiner-In-Charge
William Koppenheffer
John J McGinty

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I. SUMMARY

A target Market Conduct Examination of Yosemite Insurance Company was performed to determine compliance with Illinois Statutes and Illinois Administrative Code.

There were no findings in this exam.

II. BACKGROUND

Yosemite Insurance Company (Company) was incorporated on January 16, 1964 under the laws of California and began business on August 14, 1964. The Company re-domesticated to Indiana on December 29, 1998. The Company offers Lender Protection Insurance coverage and Voluntary Unemployment Compensation insurance. The Company markets through direct sales and has a sole policyholder in Springleaf Financial Services.

Yosemite Insurance Company, Inc. is a wholly owned subsidiary of Springleaf Financial Group. Yosemite provides Lender Placed Insurance coverage for the clients of Springleaf Financial Services. Springleaf is licensed to do business in Illinois; it is domiciled in Indiana.

Springleaf Financial is the named insured. Certificates of coverage are issued by Yosemite to the borrower when the borrower does not provide proper evidence of insurance for their personal automobile or homeowners to Springleaf. The initial notices of no insurance are sent out by Springleaf. Once it is determined that a certificate is needed, Yosemite issues the certificate. Then when Springleaf determines that the coverage is no longer needed they instruct Yosemite to cancel the certificate. All insurance transactions are made by Yosemite but only at the direction of Springleaf.

Total Direct Premiums Written in Illinois for Lender Protection insurance are as follows:

Year	Total Written Premium In Illinois (Per Schedule T of the Annual Statement)
2011	\$ 967,290
2012	\$ 1,170,200
2013	\$ 673,940

III. METHODOLOGY

The Market Conduct Examination covered the business written for the period of January 1, 2013 through March 31, 2014. Specifically, the examination focused on a review of the following areas.

1. Risk Selection - Cancellation procedures
2. Underwriting and Rating procedures
3. Claim procedures

4. Appeals, Department Complaints and External Independent Reviews

The review of the categories above was accomplished through examination of active and terminated policy certificates, claim files and complaint files. Each of the categories was examined for compliance with Department Regulations and applicable State laws.

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

Risk Selection – Cancellations

Risk selection procedures were reviewed for proper notice requirements and the proper application of the return of premium.

Underwriting and Rating

Active business was reviewed for disclosure notice procedures and the proper application of filed rates.

Claims

1. Paid Claims – Payment for claims made during the examination period were reviewed.
2. Denied Claims – Denial of benefits during the examination period for losses not covered by certificate of coverage provisions were reviewed.
3. Claims Closed without Payment – Claims closed during the examination period without any type of payment being made were reviewed.

All claims were reviewed for compliance with policy contracts and applicable Sections of the Illinois Insurance Code (Section 5/1 Article I through XLV) and the Illinois Administrative Code.

Department Complaints and Consumer Appeals

The Company was requested to provide all files relating to complaints received via the Department of Insurance and those received directly from consumers. The Company was also requested to provide files of all consumer complaints and external independent reviews handled during the survey period.

IV. FINDINGS

A. COMPANY OPERATIONS AND MANAGEMENT

1. Company procedures, plans and guidelines

A review was conducted of the Company's underwriting guidelines and procedures, internal audits, disaster recovery plan, anti-fraud program and third-party vendor contracts.

No criticisms were noted.

B. MARKETING AND SALES

The Company does not have any marketing or sales material. It has a direct marketing program to its sole policyholder, that being Springleaf Financial Services.

C. COMPLAINT HANDLING

A review of nine (9) complaints received by the Company and all appeals produced no criticisms.

D. UNDERWRITING AND RATING

1. Underwriting – Collateral Protection Insurance - Automobile Active

Field Size	4,643
Sample Size	115
Files in Error	0
Error Rate	0.0%

No criticisms were noted.

2. Underwriting – Collateral Protection Insurance – Active Dwelling

Field Size	1,410
Sample Size	114
Files in Error	0
Error Rate	0.0%

No criticisms were noted.

3. Risk Selection – Collateral Protection Insurance – Automobile

Field Size 4,931
Sample Size 115
Files in Error 0
Error Rate 0%

No criticisms were noted.

4. Risk Selection – Collateral Protection Insurance - Dwelling

Field Size 437
Sample Size 86
Files in Error 0
Error Rate 0.0%

No criticisms were noted.

E. CLAIMS

1. Automobile - Paid

Field Size 44
Sample Size 44
Files in Error 0
Error Rate 0.0%

No criticisms were noted.

2. Automobile - Denied

Field Size 4
Sample Size 4
Files in Error 0
Error Rate 0.0%

No criticisms were noted.

3. Automobile - Closed without Payment

Field Size 3
Sample Size 3
Files in Error 0
Error Rate 0.0%

No criticisms were noted.

4. Dwelling – Paid

Field Size	10
Sample Size	10
Files in Error	0
Error Rate	0.0%

No criticisms were noted.

V. INTERRELATED FINDINGS

No criticisms were noted.

VI. TECHNICAL APPENDICES

No technical appendices are attached.

