



Illinois Department of Insurance

JB Pritzker
Governor

Robert H. Muriel
Director

VIA ELECTRONIC MAIL

November 4, 2020

Mr. Kevin Alan Steiner
President
West Bend Mutual Insurance Company
1900 South 18th Avenue
West Bend, WI. 53095

Re: West Bend Mutual Insurance Company, NAIC 15350
Market Conduct Examination Report Closing Letter

Dear Mr. Steiner:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order 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,

Erica Weyhenmeyer
Chief Market Conduct Examiner
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
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**ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION
OF**

West Bend Mutual Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: April 1, 2019 through August 2, 2019

EXAMINATION OF: West Bend Mutual Insurance Company NAIC 15350

LOCATION: 1900 South 18th Avenue
West Bend, Wisconsin 53095

320 West Washington Street
Springfield, Illinois 62767

PERIOD COVERED BY EXAMINATION: March 1, 2018 through February 28, 2019
Complaints Reviewed: September 1, 2017 through February 28, 2019
Work Comp Claim Reviewed: February 29, 2016 through February 28, 2019

EXAMINERS: John C. Watts
Sara E. Welch
Roger O. Henschen, Examiner-in-Charge

TABLE OF CONTENTS

	<u>Page</u>
I. SUMMARY	1
II. BACKGROUND	4
III. METHODOLOGY	6
IV. SELECTION OF SAMPLES	8
V. FINDINGS	9
A. Complaints	9
B. Risk Selection	9
C. Underwriting	11
D. Producer Licensing	12
E. Claims	12

I. SUMMARY

A comprehensive market conduct examination of Homeowners, Private Passenger Auto, Commercial Auto and Workers' Compensation of West Bend Mutual Insurance Company, Inc. was performed to determine compliance with Illinois statutes, rules and regulations.

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

TABLE OF VIOLATIONS					
Crit #	Statute/Rule	Survey/Description of Violation	Files Reviewed	# of Violations	Error %
1 (from Int. #2)	50 Ill. Adm. Code 926.50	Consumer Complaints: no consumer complaint log maintained	N/A	N/A	N/A
2 (from Int. #8)	820 ILCS 305/19(o)	Work Comp Paid: company does not send monthly loss information or year-end loss information			100% of applicable files
5	215 ILCS 5/143.27	Home/Highway Cancels (1 st 60 days): no rehab offered insured	3	1	33.33%
6	215 ILCS 5/143.19	Home/Highway Cancels (midterm): canceled for reason not allowed	3	2	66.67%
10	50 Ill. Adm. Code 8010.20(d)(6)	PPA New Business: verbiage missing on the insurance card	115	115	100%
11	50 Ill. Adm. Code 754.10(b)	PPA New Business: failure to follow files rules/rates; overcharge of \$32.00 refunded	115	1	0.87%
12	215 ILCS 5/149(1)	PPA New Business: misleading information re: anti-theft discount	115	10	8.7%
13	215 ILCS 5/141.01	Work Comp Nonrenewal: cannot terminate because agent no longer represents	51	1	1.96%
14	215 ILCS 5/143.17a(a)	Work Comp Non-renewals: no specific explanation	51	2	3.92%
15	215 ILCS 5/143.17a(a)	Commercial Auto/Package Non-renewals: nonspecific (4 files) and less than a 60-day notice (1 file)	75	5	6.67%
16	215 ILCS 5/141.01	Commercial Auto/Package Non-renewals: cannot terminate because agent no longer represents company	75	1	1.33%
18	5 ILCS 70/1.11	Commercial Auto/Package Non-renewals: failed to provide correct advance notice	75	1	1.33%
22	50 Ill. Adm. Code 919.30(c)	Commercial Auto 1 st Party CWP: detailed documentation missing	76	1	1.32%
23	50 Ill. Adm. Code 2902.30(a) and (b)	Work Comp New Business: endorsement not filed	113	16	14.16%

TABLE OF VIOLATIONS

Crit #	Statute/Rule	Survey/Description of Violation	Files Reviewed	# of Violations	Error %
24	50 Ill. Adm. Code 754.10(a)(4)	Work Comp New Business: fail to follow filed rules/rates (MRE); overcharge of \$2,037 and undercharge of \$74. A credit was given the insured	113	2	1.77%
25	50 Ill. Adm. Code 919.80(b)(3)	PPA 3 rd Party Paid: failure to provide proper delay letter;	7 files required delay letters (107 total files)	4	57.14% of the 7 (3.74% of the 107)
25	50 Ill. Adm. Code 919.80(b)(3)	PPA 3 rd Party Paid: failure to provide proper delay letter;	7 files required delay letters (107 total files)	4	57.14% of the 7 (3.74% of the 107)
26	50 Ill. Adm. Code 919.80(c)	PPA 1 st Party Paid: Exhibit A sent late	24 total losses (107 total files)	1	4.17% of the 24 (0.93% of the 107)
28	50 Ill. Adm. Code 919.80(b)(2)	PPA 1 st Party Paid: fail to provide proper delay letter;	9 requiring delay letters (107 total files)	2	22.22% of the 9 (1.87% of total files)
29	50 Ill. Adm. Code 919.80(c)(3)(A)(i)	PPA 1 st Party Paid: fail to pay transfer & title fees (underpay of \$2640 – none paid)	24 total losses (107 total files)	22	91.17% of the 24 (20.56%)
31	50 Ill. Adm. Code 919.80(c)	PPA 1 st Party Total Losses Paid: Exhibit A sent late (3 files) and not sent (2 files)	82	5	6.10%
32	50 Ill. Adm. Code 919.80(b)(2)	PPA 1 st Party Total Losses: fail to send proper delay letter	5 files required a delay letter (82 total examined)	3	60.00% of the 5 (3.66% of the total examined)
33	50 Ill. Adm. Code 919.30(c)	PPA 1 st Party Total Losses: detailed documentation missing	82	1	1.22%
34	50 Ill. Adm. Code 919.80(c)(2)(E)	PPA 1 st Party Total Losses: no documentation of the market value of insured vehicle (\$6.00 paid)	82	1	1.22%
35	50 Ill. Adm. Code 919.80(c)(3)(A)(i)	PPA 1 st Party Total Losses: fail to pay transfer & title fees (underpay of \$9170.50 – none paid)	82	81	98.78%

TABLE OF VIOLATIONS

Crit #	Statute/Rule	Survey/Description of Violation	Files Reviewed	# of Violations	Error %
36	50 Ill. Adm. Code 919.30(c)	Commercial Auto 3 rd Party CWP: lack of detailed documentation	82	4	4.88%
37	50 Ill. Adm. Code 919.50(a)(2)	Commercial Auto 3 rd Party CWP: fail to send denial letter	82	1	1.22%
38	50 Ill. Adm. Code 919.50(a)	PPA Subrogation: Deductible returned to insured late	76	1	1.32%
39	50 Ill. Adm. Code 919.50(a)(1)	Homeowner CWP: denial letter did not include the Availability of the DOI (8 files) and had the incorrect DOI address (1 files)	23 files requiring a denial letter (82 examined)	9	39.13% of the 23 (10.98% of the 82 total)
40	50 Ill. Adm. Code 919.80(b)(3)	PPA 3 rd Party CWP: failure to provide proper delay letter;	14 files required a delay letter (82 total files)	2	14.29% of the 14 (2.44% of the 82)
41	50 Ill. Adm. Code 919.30(c)	Commercial Auto 3 rd Party Paid: detailed documentation missing	105	1	0.95%
42	50 Ill. Adm. Code 919.30(c)	Commercial Auto Total Losses: lack of detailed documentation	36	1	2.78%
43	215 ILCS 5/397.1(a)	Homeowner Median and Paid: fail to obtain certificate on taxes and expenses for fire loss over \$25,000.	1 fire loss exceeding \$25,000 (107 total files)	1	100% of fire losses over \$25,000 (0.93% of the 107)

II. BACKGROUND

The following company was the subject of the Market Conduct Exam:

West Bend is a Wisconsin based company and as of December 31, 2018, writing business in 13 states, primarily in the Midwestern region. Business is written in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio, Oklahoma, Tennessee and Wisconsin. In 2019 the company will be writing business in North Carolina. Also, the company is nearly complete with obtaining licenses to write in all 50 states and the District of Columbia. The main purpose for the additional licenses is to accommodate incidental work comp exposures that accompany good accounts.

The company's largest line of business is workers' compensation. Other major products marketed include personal lines home and auto, personal umbrella, business owners, contractor's insurance, and specialty products such as bonds.

The company was incorporated April 13, 1894, under the laws of Wisconsin as the West Bend Mutual Fire Insurance Company and commenced business May 1, 1894. The word "Fire" was deleted in February 1957. The company applied for and was granted authority to conduct personal lines business in the State of Illinois in 1936 and commenced doing business in 1937. Authority was granted for commercial lines in 1937.

2017 State Page Exhibit – 019
West Bend Mutual Insurance Company

Line	Premiums Written	Premiums earned	Losses Paid	Losses Incurred
Fire	8,194,600	8,043,000	9,480,800	5,894,400
Allied Lines	13,691,800	12,955,200	6,501,600	6,741,700
Private Flood	39,800	30,800	0	0
Homeowners Multiple Peril	22,241,700	21,177,400	19,530,200	19,153,200
Commercial Multiple Peril (Non-Liability Portion)	9,846,500	9,288,700	6,209,700	6,280,800
Commercial Multiple Peril (Liability Portion)	3,420,900	3,253,500	121,600	1,699,600
Inland Marine	4,513,900	4,312,700	880,100	865,500
Earthquake	891,800	898,800	0	0
Workers' Compensation	47,898,100	46,827,500	17,439,100	15,866,800
Other Liability – Occurrence	32,900,200	30,927,500	9,830,100	14,179,400
Other Liability – Claims Made	2,993,700	2,988,500	1,622,000	1,269,300
Products Liability	4,752,900	4,592,800	1,735,700	1,860,300
Other Private Passenger Auto Liability	17,869,300	17,008,800	7,735,800	8,691,500
Other Commercial Auto Liability	19,511,800	17,742,200	7,930,800	10,384,200
Private Passenger Auto Physical Damage	14,415,200	13,871,300	8,965,900	8,343,500
Commercial Auto Physical Damage	5,288,800	4,802,400	3,278,400	3,322,900
Fidelity	383,000	365,700	76,800	-39,000
Surety	3,215,500	2,967,100	-10,500	-21,700
Burglary and Theft	106,100	101,200	1,700	2,000
Boiler and Machinery	1,912,600	1,811,800	617,000	664,500
Totals	214,088,400	204,119,800	101,946,600	105,159,000

III. METHODOLOGY

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

1. Complaints
2. Risk Selection
3. Underwriting
4. Producer Licensing
5. Claims

The review of each category was accomplished through examination of individual underwriting and claim files, written interrogatories and correspondence with Company personnel. Each category was examined for compliance with Illinois Department of Insurance rules and regulations and applicable state laws.

Surveys were developed using a random selection of items from Company-generated data lists, which were then put into standardized Excel workbooks standardized by the Illinois Department of Insurance to ensure a consistent and complete review. Each survey represented contained either a percentage or the total population from the examination period of the files requested.

Complaints

Complaint files were requested based on those received by the Company during the period under examination and reviewed for completion, accuracy and validity of the complaint based on complaints received by the Illinois Department of Insurance during the examination experience period and by those received directly from the consumer.

Risk Selection

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

Underwriting

The underwriting files of new business applications with the Company were 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, and use of filed forms, for compliance with Company underwriting guidelines and to ensure that the coverage provided was the same as requested by the applicant.

Producer Licensing

A list of commission paid during the experience period was requested and a sample was selected to verify that the producer was properly licensed. In addition to commissions paid, new business submitted was reviewed to confirm the producer writing the business was properly licensed at the time the application was submitted.

Claims

Claims files 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 Department Regulations (50 Ill. Adm. Code 101 *et seq.*).

IV. SELECTION OF SAMPLES

Complaints	# Reviewed	% Reviewed
Department of Insurance	21	100%
Consumer Complaints	none	N/A
Risk Selection	# Reviewed	% Reviewed
Home and Highway Cancels (1 st 60 Days)	3	100%
Home and Highway Cancels (midterms)	3	100%
Home and Highway Cancels (non-pays)	50	46.30%
Home and Highway Non-renewals (renewed less than 5 years)	25	100%
Home and Highway Non-renewals (renewed 5 years or more)	12	100%
Commercial Auto/Pkg Cancels (non-pays)	48	100%
Commercial Auto/Pkg Cancels Non-renewals	75	100%
Work Comp Cancels (non-pays)	52	100%
Work Comp Cancels Non-renewals	51	100%
Producer Terminations	4	100%
Underwriting	# Reviewed	% Reviewed
PPA Auto New Business	115	4.69%
Homeowner New Business	115	4.76%
Home/Highway Renewals	116	30.22%
Commercial Auto Renewals	115	2.44%
Work Comp New Business	113	21.48%
Work Comp Renewals	115	5.10%
Producer Licensing	# Reviewed	% Reviewed
Commissions Paid	116	3.75%
New Business Submitted	115	4.69%
Claims	# Reviewed	% Reviewed
PPA First Party Paid (median=11 days)	107	7.14%
PPA First Party CWP	82	30.48%
PPA Third Party Property Damage Paid (median=17 days)	107	10.17%
PPA Third Party Property Damage CWP	82	21.81%
PPA Total Losses-First Party	82	29.71%
PPA Subrogation	76	58.02%
Homeowner Paid (median=11 days)	107	9.27%
Homeowner CWP	82	23.23%
Commercial Auto First Party Paid	105	19.09%
Commercial Auto First Party CWP	76	39.38%
Commercial Auto Third Party Paid	105	16.23%
Commercial Auto Third Party CWP	82	30.83%
Commercial Auto Total Losses- First Party	36	100%
Commercial Auto Subrogation	34	100%
Work Comp Paid	109	1.99%
Work Comp CWP	82	34.31%

V. FINDINGS

A. Complaints

1. Department of Insurance Complaints

There were no criticisms.

2. Consumer Complaints

The Company was criticized for failing to have a procedure to maintain a Consumer Complaint log as required by 50 Ill. Adm. Code 926.50. (Crit 1)

B. Risk Selection

1. Home and Highway Cancellations (1st 60 days)

In one (1) file (33.33% of the 3 examined) the Company was in violation of 215 ILCS 5/143.27 for failure to send notice to the insured allowing time for rehabilitation of property prior to cancellation of fire and extended coverage insurance. (Crit 5)

2. Home and Highway Cancellations (midterms)

In two (2) files (66.67% of the 3 examined), the Company was in violation of 215 ILCS 5/143.19 for canceling the private passenger auto coverage midterm for reasons that were not listed in Section 143.19. (Crit 6)

3. Home and Highway Cancellations (non-pays)

There were no criticisms.

4. Home and Highway Non-renewals (renewed less than 5 years)

There were no criticisms.

5. Home and Highway Non-renewals (renewed 5 years or more)

There were no criticisms.

6. Home and Highway Rescissions

There were no rescissions.

7. Commercial Auto/Package Cancellations (1st 60 days)

There were no cancellations within the 1st 60 days.

8. Commercial Auto/Package Cancellations (midterms)

There were no midterm cancellations.

9. Commercial Auto/Package Cancellations (non-pays)

There were no criticisms.

10. Commercial Auto/Package Non-renewals

In five (5) files (6.67% of the 75 examined), the Company was in violation of 215 ILCS 5/143.17a(a) for failing to provide a specific explanation of the reasons for nonrenewal (4 files) and providing less than a 60-day notice (1 file). (Crit 15)

In one (1) file (1.33% of the 75 examined), the Company was in violation of 215 ILCS 5/141.01 for sending notice of nonrenewal showing the reason for nonrenewal was “Agency no longer represents company.” (Crit 16)

In one (1) file (1.33% of the 75), the Company was in violation of 5 ILCS 70/1.11 for violating the timeframe in which any act provided by law is to be done shall be computed by excluding the first day and including the last, unless the last day is Saturday or Sunday or is a holiday as defined or fixed in any statute now or hereafter in force in this State, and then it shall also be excluded. If the day succeeding such Saturday, Sunday or holiday is also a holiday or a Saturday or Sunday then such succeeding day shall also be excluded (Crit 18)

11. Workers’ Compensation Cancellations (1st 60 days)

There were no cancellations within the 1st 60 days of the policy.

12. Workers’ Compensation Cancellations (midterms)

There were no midterm cancellations.

13. Workers’ Compensation Cancellations (non-pays)

There were no criticisms.

14. Workers’ Compensation Non-renewals

In two (2) files (3.92% of the 51 examined), the Company was in violation of 215 ILCS 5/143.17a(a) for failing to provide a specific explanation of the reasons for nonrenewal. (Crit 14)

In one (1) file (1.96% of the 51 examined), the Company was in violation of 215 ILCS 5/141.01 for sending notice of nonrenewal showing the reason for nonrenewal was “Agency no longer represents company.”. (Crit 13)

15. Producer Terminations

There were no criticisms.

C. Underwriting

1. Private Passenger Auto New Business

In 115 files (100% of the 115 files examined), the Company was in violation of 50 Ill. Adm. Code 8010.20(d)(6) for missing required verbiage on insurance identification card. (Crit 10)

In 10 files (8.70% of the 116), the Company was in violation of 215 ILCS 5/149(1) for providing misleading information that indicated a discount/premium reduction. (Crit. 12)

In one (1) file (0.87% of the 115 examined), the Company was in violation of 50 Ill. Adm. Code 754.10(b) for failing to use the filed underwriting rule manuals that contain rules for applying rates or rating plans, classifications and other schedules resulting in rating error. (Crit 11)

2. Homeowner New Business

There were no criticisms.

3. Home and Highway Package Renewals

There were no criticisms.

4. Commercial Package Renewals

There were no criticisms.

5. Workers' Compensation New Business

In 16 files (14.16% of the 113 examined), the Company was in violation of 50 Ill. Adm. Code 2902.30(a) and/or (b) for attaching a Waiver of Subrogation endorsement to a policy, resulting in an additional premium charge that was not filed with the Illinois Department of Insurance nor determined by the advisory organization. (Crit 23)

In two (2) files (1.77% of the 113), the Company was in violation of 50 Ill. Adm. Code 754.10(a)(4) by for failing to follow the rules which were filed for applying the rates, classifications and other schedules, resulting in Miscellaneous Rating Errors. (Crit 24)

6. Workers' Compensation Renewals

There were no criticisms.

D. Producer Licensing

1. Commissions Paid

There were no criticisms.

2. New Business Submitted

There were no criticisms.

E. Claims

1. Private Passenger Auto First Party Paid

In 22 files (91.17% of the 24 and 20.56% of the 107), the Company was in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i) for paying only the sales tax and not paying the transfer and title fees. The Company owes each of these 22 insureds or former insureds the \$120.00. (Crit 29)

In two (2) files (22.22% of the 9 files requiring a delay letter and 1.87% of the 107 examined) the Company was in violation of 50 Ill. Adm. Code 919.80(b)(2) for failing to provide delay letter for a first party physical damage automobile claim that remains unresolved for more than 40 calendar days from the date it is reported, the company shall provide a reasonable written explanation for the delay to the insured. Notice of Availability of the Department of Insurance shall accompany the written explanation. (Crit 28)

In one (1) file (4.17% of the 24 files that were total losses and 0.93% of the 107 examined), the Company failed to provide the insured with the information contained in Exhibit A of 919.80 within 7 days after total loss determination in violation of 50 Ill. Adm. Code 919.80(c). (Crit 26)

2. Private Passenger Auto First Party Closed Without Payment

There were no criticisms.

3. Private Passenger Auto Third-Party Property Damage Paid

In four (4) files (57.14% of the 7 files requiring a delay letter and 3.74% of the 107 examined), no delay letter was provided to the third-party claimant in violation of 50 Ill. Adm. Code 919.80(b)(3). (Crit 25)

4. Private Passenger Auto Third Party Property Damage Closed Without Payment

In two (2) files (14.29% of the 14 files requiring a delay letter and 2.44% of the 82 examined), no delay letter was provided to the third-party claimant in violation of 50 Ill. Adm. Code 919.80(b)(3). (Crit 40)

5. Private Passenger Auto Total Losses-First Party

In 81 files (98.78% of the 82), the Company was in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i) for paying only the sales tax and not paying the transfer and title fees on a total loss. (Crit 35)

In three (3) files (60.00% of the 5 files that required a delay letter and 3.66% of the 82 examined), the Company failed to send delay letter in violation of 50 Ill. Adm. Code 919.80(b)(2). (Crit 32)

In five (5) files (6.10% of the 82 examined), The Company was in violation of 50 Ill. Adm. Code 919.80(c) for failing to provide the insured with, at a minimum, the information contained in Exhibit A within 7 days after total loss determination has been made. (Crit 31)

In one (1) file (1.22% of the 82 examined), the Company was in violation of 50 Ill. Adm. Code 919.80(c)(2)(E) for failing to maintain documentation in the claim file of how the market value of the insured automobile was determined. A payment of \$6.00 was made to the insured. (Crit 34)

In one (1) file (1.22% of the 82 examined), detailed documentation was missing in the claim file in violation of 50 Ill. Adm. Code 919.30(c). Specifically, the salvage quote for the owner retained vehicle was missing. (Crit 33)

6. Private Passenger Auto Subrogation

In one (1) file (1.32% of the 76), the Company was in violation of 50 Ill. Adm. Code 919.50(a) failure to tender payment within 30 days. (Crit 38)

7. Homeowner Paid

In one (1) file (100% of fire losses exceeding \$25,000 and 0.93% of the 107 examined) the Company was in violation of 215 ILCS 5/397.1(a) for failing to ensure it had received a proper certificate regarding the payment of taxes and expenses prior to making payment. (Crit 43)

8. Homeowner Closed Without Payment

In nine (9) files (39.13% of the 23 files requiring denial letter and 10.98% of the 82 examined), the Company was in violation of 50 Ill. Adm. Code 919.50(a)(1). In eight (8) files the denial letter failed to include the Notice

of Availability of the Department of Insurance and in one (1) file the Notice of Availability included the incorrect address of the Department of Insurance as defined in Section 919.40. (Crit 39)

9. Commercial Auto/Package First Party Paid

There were no criticisms.

10. Commercial Auto/Package First Party Closed Without Payment

In one (1) file (1.32% of the 76), the Company was in violation of 50 Ill. Adm. Code 919.30(c) for failing to maintain detailed documentation in the claim file. (Crit 22)

11. Commercial Auto/Package Third Party Paid

In one (1) file (0.95% of the 105), the Company was in violation of 50 Ill. Adm. Code 919.30(c) for failing to maintain detailed documentation in the claim file. (Crit 41).

12. Commercial Auto/Package Third Party Closed Without Payment

In four (4) files (4.88% of the 82), the Company failed to maintain detailed documentation in the claim file in violation of 50 Ill. Adm. Code 919.30(c). (Crit 36)

In one (1) file (1.22% of the 82), the Company failed to provide the third-party claimant a denial letter within 30 days of the initial determination of liability in violation of 50 Ill. Adm. Code 919.50(a)(2). (Crit 37)

13. Commercial Auto/Package Total Losses

In one (1) file (2.78% of the 36), the Company was in violation of 50 Ill. Adm. Code 919.30(c) for failing to maintain detailed documentation in the claim file. Specifically, the salvage quote for the owner retained vehicle was missing. (Crit 42)

14. Commercial Auto/Package Subrogation

There were no criticisms.

15. Workers' Compensation Paid

The Company failed to provide the insured monthly and year end loss information in violation of 820 ILCS 305/19(o). (Crit 2)

16. Workers' Compensation Closed Without Payment

There were no criticisms.

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**WEST BEND MUTUAL INSURANCE COMPANY
1900 SOUTH 18TH AVENUE
WEST BEND, WI. 53095**

STIPULATION AND CONSENT ORDER

WHEREAS, the 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, West Bend Mutual Insurance Company ("the Company"), NAIC 15350, 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, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 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 their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive 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 shall maintain a consumer complaint record that shall be kept on a calendar year basis. The record shall be maintained for 7 years after the complaint has been closed. Complaints received from the Department, as well as those received directly from the consumer by the company shall apply. 50 ILC 926.50
2. Institute and maintain policies and procedures whereby the Company shall notify each insured employer of any compensable claim incurred during the preceding month, the amounts paid or reserved on the claim, a summary of the claim and statement of the reasons for compensability. A report of all claims incurred during a calendar year or continued from the previous year shall be furnished to the insured employer. 820 ILCS 305/19 (o)
3. Institute and maintain policies and procedures whereby the Company shall not give notice of cancellation or nonrenewal of a policy covering property which is capable of being rehabilitated, without allowing a reasonable period of time to repair defects in the property. 215 ILCS 5/143.27
4. Institute and maintain policies and procedures whereby the Company shall not option to cancel a policy of automobile insurance that has been effective for 60 days or is a renewal policy except for one or more of the reasons listed in 215 ILCS 5/143.19.
5. Institute and maintain policies and procedures whereby the Company shall provide insurance cards containing the disclaimer "Examine policy exclusions carefully. This form does not constitute any part of your insurance policy" 50 IAC 8010.20(d)(6)
6. Institute and maintain policies and procedures whereby the Company shall file with the Department of Insurance, all manuals and all rates. 50 IAC 2902.30(a) & (b)
7. Institute and maintain policies and procedures whereby the Company shall provide a reasonable written explanation for the delay to the third-party claimant if a claim remains unresolved in excess of 60 calendar days from the date it was reported. The company shall also provide the Notice of Availability of the Department of Insurance in the written explanation. 50 IAC 919.80(b)(3)
8. Institute and maintain policies and procedures whereby the Company shall, if within 30 days of settlement, the insured has purchased or leased a vehicle, the company shall reimburse the insured for applicable sales taxes, transfer, and title fees incurred in the purchase or lease of the vehicle. 50 IAC 919.80(c)(3)(A)(i)
9. Institute and maintain policies and procedures whereby the Company shall provide a reasonable written explanation for the delay to the insured if a first party physical damage automobile claim remains unresolved for more than 40 calendar days from the date it is reported. A Notice of Availability of the Department of Insurance shall accompany the written explanation. 50 IAC 919.80(b)(2)
10. Institute and maintain policies and procedures whereby the Company shall provide a Notice of Availability of the Department of Insurance with the written explanation when a settlement is less than the claim amount or a claim is denied. 50 IAC 919.50(a)(1)

11. Institute and maintain policies and procedures whereby the Company shall obtain the certificate from the Department of Insurance when the amount recoverable for loss to the structure under a policy exceeds \$25,000. 215 ILCS 5/397.1(a)
12. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above eleven (11) orders within 30 days of execution of this Order.
13. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$43,750.00 to be paid within 10 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 WEST BEND MUTUAL INSURANCE COMPANY

Christopher C. Zwygart
Signature

CHRISTOPHER C. ZWYGART
Name

VICE PRESIDENT - CHIEF LEGAL OFFICER
Title

Subscribed and sworn to before me this
13th day of MARCH 2020.

[Signature]
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 3-27-20

Robert H. Muriel
Robert H. Muriel
Director

