



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

October 31, 2014

Mr. Bruce Kelley
Emcasco Insurance Company
717 Mulberry Street
Des Moines, IA 50309-3872

Re: Emcasco Insurance Company NAIC# 21407
Employers Mutual Casualty Company NAIC #21415
Illinois Emcasco Insurance Company NAIC#32808
Market Conduct Examination Report Closing letter

Dear Mr. Kelley:

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 blue ink, 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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EMCASCOS Insurance Company
Employers Mutual Casualty Company
Illinois EMCASCOS Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: April 28, 2014 through June 27, 2014

EXAMINATION OF: EMCASCO Insurance Company
(P & C Foreign) NAIC #21407
Employers Mutual Casualty Company
(P & C Foreign) NAIC #21415
Illinois EMCASCO Insurance Company
(P & C Foreign) NAIC #32808

LOCATION: 1815 S. Myers Rd, Suite 500
Oakbrook Terrace, IL 60181

717 Mulberry Street
Des Moines, IA 50309

PERIOD COVERED BY EXAMINATION: January 1, 2013 through December 31, 2013

EXAMINERS: Jack Engle
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Examiner-in-Charge

INDEX

	Page #
I. BACKGROUND	1-4
II. METHODOLOGY	5-6
III. SELECTION OF SAMPLE	7-8
IV. FINDINGS	9-25
A. Risk Selection	
1. Private Passenger Automobile Nonrenewals	
2. Homeowner Cancellations	
3. Homeowner Nonrenewals	
4. Residential Fire Cancellations	
5. Residential Fire Nonrenewals	
6. Commercial Cancellations	
7. Commercial Nonrenewals	
8. Package Cancellations	
9. Package Nonrenewals	
10. Producer Licensing	
B. Underwriting	
1. Private Passenger Automobile New Business	
2. Homeowner New Business	
3. Residential Fire New Business	
4. Commercial Renewals	
5. Workers' Compensation New Business	
C. Claims	
1. Private Passenger Automobile First Party Paid & Median Claims	
2. Commercial Automobile First Party Paid Claims	
3. Private Passenger Automobile First Party Closed without Payment Claims	
4. Commercial Automobile First Party Closed without Payment Claims	
5. Private Passenger Automobile Third Party Paid & Median Claims	
6. Commercial Automobile Third Party Paid Claims	
7. Private Passenger Automobile Third Party Closed without Payment Claims	
8. Commercial Automobile Third Party Closed without Payment Claims	
9. Private Passenger Automobile Subrogation Claims	
10. Commercial Automobile Subrogation Claims	
11. Private Passenger Automobile Total Loss Claims	
12. Commercial Automobile Total Loss Claims	
13. Homeowner Paid & Median Claims	
14. Commercial Property Paid Claims	

15. Homeowner Closed without Payment Claims
16. Commercial Property Closed without Payment Claims
17. Residential Fire Paid & Median Claims
18. Residential Fire Closed without Payment Claims

V. TECHNICAL APPENDICES 26
VI. INTER-RELATED FINDINGS 26

I. BACKGROUND:

EMCASCOS Insurance Company

This company was incorporated on December 9, 1958 under the laws of Iowa and began business on April 1, 1959.

A controlling interest has always been held directly or indirectly by Employers Mutual Casualty Company, Des Moines, Iowa. Direct control since 1981 has been held by EMC Insurance Group Inc., a downstream holding company.

Management is the same as that directing the affairs of Employers Mutual Casualty Company, which also heads the EMC Insurance Companies. Bruce G. Kelley also serves as president and chief executive officer of the parent organization.

Company's 2013 NAIC Annual Statement Page 19 (Illinois) reflects the following: NAIC #21407

	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
01	Fire	\$142,083	\$131,862	\$11,493	\$-7,644
02.1	Allied Lines	\$271,443	\$234,469	\$2,200	\$-18,840
04	Homeowners Multi Peril	\$85,856	\$88,573	\$67,469	\$143,783
05.1	Commercial Multi Peril (non-liability portion)	\$193,306	\$173,589	\$106,022	\$109,209
05.2	Commercial Multi Peril (liability portion)	\$86,011	\$74,099	\$9,167	\$7,648
09	Inland Marine	\$2,000	\$2,021	\$0	\$-92
12	Earthquake	\$8,081	\$6,577	\$0	\$0
16	Workers' Compensation	\$12,760,301	\$12,707,398	\$6,454,966	\$5,769,523
17.1	Other liability - occurrence	\$415,440	\$428,153	\$22,258	\$170,087
17.2	Other liability – claims made	\$25,948	\$21,869	\$0	\$481
18	Product liability	\$163,599	\$179,455	\$400	\$80,326
19.2	Other private passenger auto liability	\$90,841	\$94,831	\$18,338	\$3,350
19.4	Other commercial auto liability	\$460,560	\$390,506	\$172,580	\$8,645
21.1	Private passenger auto physical damage	\$77,179	\$79,267	\$5,820	\$7,958

21.2	Commercial auto physical damage	\$87,133	\$73,145	\$84,330	\$85,541
24	Surety	\$161	\$161	\$0	\$17
27	Boiler and machinery	\$113,564	\$105,116	\$13,838	\$14,336
35	Totals	\$14,983,506	\$14,791,091	\$6,968,881	\$6,374,328

Employers Mutual Casualty Company

Employers Mutual Casualty Company (EMCC) is the parent company of EMC Insurance Group Inc. (EMCI), an insurance holding company that was incorporated in Iowa in 1974 by EMCC and became a public company in 1982 following the initial public offering of its common stock. EMCI is 61 percent owned by EMCC and trades on the NASDAQ National Market under the ticker symbol "EMCI." EMCI is the direct parent of EMC Reinsurance and three primary property/casualty companies: Dakota Fire Insurance Company; EMCASCO Insurance Company and Illinois EMCASCO Insurance Company. EMCC is also the 100% parent of Union Insurance Company of Providence and EMC Property & Casualty Company and maintains a controlling interest in an affiliate, Hamilton Mutual Insurance Company.

EMC conducts operations in property and casualty insurance and reinsurance directly and through its subsidiaries. EMCC, its five primary property/casualty subsidiaries and Hamilton Mutual participate in reinsurance pooling agreements under which each company cedes to EMCC all of its insurance business (with the exception of voluntary reinsurance business assumed from non-affiliates) and in return assumes from EMCC an amount equal to its participation in the pool. The Company primarily focuses on the sale of commercial lines of property and casualty insurance to small and medium-sized businesses. These products are sold through independent insurance agents who are supported by a decentralized network of branch offices. Although the Company actively markets its insurance products in 41 states, the majority of its business is marketed and generated in the Midwest.

Company's 2013 NAIC Annual Statement Page 19 (Illinois) reflects the following: NAIC #21415

	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
01	Fire	\$446,458	\$447,289	\$724,195	\$142,716
02.1	Allied Lines	\$662,478	\$642,418	\$455,470	\$424,445
04	Homeowners Multi Peril	\$150,402	\$163,135	\$102,583	\$283,096
05.1	Commercial Multi Peril (non-liability portion)	\$1,645,189	\$1,524,717	\$495,865	\$571,279
05.2	Commercial Multi Peril (liability portion)	\$869,732	\$790,185	\$163,369	\$402,535
09	Inland Marine	\$569,312	\$589,081	\$162,410	\$28,355
12	Earthquake	\$19,164	\$21,977	\$0	\$0

16	Workers' Compensation	\$5,286,559	\$5,270,648	\$2,360,340	\$2,466,594
17.1	Other liability - occurrence	\$2,025,875	\$1,849,054	\$170,443	\$512,114
17.2	Other liability – claims made	\$104,672	\$98,449	\$154,069	\$19,154
18	Product liability	\$392,314	\$370,153	\$875	\$-198,267
19.2	Other private passenger auto liability	\$52,573	\$54,430	\$76,578	\$47,039
19.4	Other commercial auto liability	\$1,728,824	\$1,682,950	\$1,186,468	\$586,634
21.1	Private passenger auto physical damage	\$43,054	\$45,344	\$13,476	\$12,250
21.2	Commercial auto physical damage	\$350,005	\$340,886	\$321,313	\$394,639
23	Fidelity	\$70,233	\$69,926	\$-300	\$-9,016
24	Surety	\$2,282,792	\$2,183,943	\$-6,500	\$688,747
26	Burglary and theft	\$2,468	\$2,278	\$0	\$42
27	Boiler and machinery	\$338,107	\$327,528	\$25,238	\$25,052
35	Totals	\$17,040,211	\$16,474,391	\$6,405,892	\$6,397,408

Illinois EMCASCO Insurance Company

The company was incorporated on February 4, 1976 under the laws of Illinois and began business on May 1, 1976. On December 24, 2001, the company was re-domesticated from Illinois to Iowa.

A controlling interest has always been held directly or indirectly by Employers Mutual Casualty Company, Des Moines, Iowa. Ownership since 1981 has been held by EMC Insurance Group Inc., a downstream holding company.

Management is the same as that directing the affairs of Employers Mutual Casualty Company, which also heads the EMC Insurance Companies. Bruce G. Kelley also serves as president and chief executive officer of the parent organization. General management is under the supervision of Gary A. Kohnke, president.

Company's 2013 NAIC Annual Statement Page 19 (Illinois) reflects the following: NAIC #32808

	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
01	Fire	\$1,663,850	\$1,582,289	\$4,106,649	\$4,162,140
02.1	Allied Lines	\$2,405,885	\$2,238,578	\$1,411,729	\$1,461,491
04	Homeowners Multi Peril	\$1,945,356	\$1,931,327	\$1,332,686	\$1,172,205
05.1	Commercial Multi Peril (non-liability portion)	\$774,660	\$763,867	\$324,850	\$261,693
05.2	Commercial Multi Peril (liability portion)	\$307,250	\$285,999	\$540,941	\$549,864
09	Inland Marine	\$1,101,808	\$1,135,480	\$414,991	\$324,337
12	Earthquake	\$25,098	\$30,497	\$0	\$0
16	Workers' Compensation	\$3,252,198	\$3,325,799	\$1,477,526	\$1,581,185
17.1	Other liability - occurrence	\$6,575,565	\$6,535,141	\$2,878,672	\$559,061
17.2	Other liability – claims made	\$121,300	\$120,042	\$0	\$-9,834
18	Product liability	\$572,818	\$568,297	\$420,673	\$155,985
19.2	Other private passenger auto liability	\$1,311,883	\$1,266,654	\$551,669	\$653,687
19.4	Other commercial auto liability	\$3,712,940	\$3,708,450	\$1,272,078	\$375,247
21.1	Private passenger auto physical damage	\$1,081,727	\$1,029,033	\$606,509	\$654,762
21.2	Commercial auto physical damage	\$677,682	\$680,948	\$303,125	\$324,187
23	Fidelity	\$53,860	\$57,127	\$19,435	\$13,305
24	Surety	\$24,544	\$25,909	\$0	\$9,103
26	Burglary and theft	\$12,210	\$12,491	\$0	\$19
27	Boiler and machinery	\$493,432	\$498,141	\$97,084	\$89,412
35	Totals	\$26,114,066	\$25,796,069	\$15,758,617	\$12,340,849

II. 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 and Producer Review
2. Underwriting
3. Claims

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 printout reports were generated by the examiners and presented to the Company for retrieval.

Risk Selection

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).

Producer Review

Producer licensing was reviewed for compliance with statutory and licensing requirements.

III. SELECTION OF SAMPLE:

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Private Passenger Automobile Nonrenewals	10	10	100.00%
Homeowner Cancellations	26	26	100.00%
Homeowner Nonrenewals	27	27	100.00%
Residential Fire Cancellations	1	1	100.00%
Residential Fire Nonrenewals	8	8	100.00%
Commercial Cancellations	32	32	100.00%
Commercial Nonrenewals	227	135	59.47%
Package Cancellations	4	4	100.00%
Package Nonrenewals	23	23	100.00%
Producer Licensing	660	110	16.66%

Underwriting:

Private Passenger Automobile New Business	374	50	13.36%
Homeowner New Business	384	99	25.78%
Residential Fire New Business	56	56	100.00%
Commercial Renewals	8798	155	1.76%
Workers' Compensation New Business	1120	90	8.03%

Claims:

Private Passenger First Party Paid & Median	88	88	100.00%
Commercial Automobile First Party Paid	99	99	100.00%
Private Passenger First Party Closed without Payment	37	37	100.00%
Commercial Automobile First Party Closed without Payment	35	35	100.00%
Private Passenger Third Party Paid & Median	123	123	100.00%
Commercial Automobile Third Party Paid	179	116	64.80%
Private Passenger Third Party Closed without Payment	23	23	100.00%
Commercial Automobile Third Party Closed without Payment	48	48	100.00%
Private Passenger Subrogation	3	3	100.00%
Commercial Automobile Subrogation	9	9	100.00%
Private Passenger Total Losses	23	23	100.00%
Commercial Automobile Total Losses	13	13	100.00%
Homeowner Paid & Median	192	104	54.16%

Commercial Property Paid	168	101	60.12%
Homeowner Closed without Payment	79	79	100.00%
Commercial Property Closed without Payment	61	46	75.40%
Residential Fire Paid & Median	8	8	100.00%
Residential Fire Closed without Payment	1	1	100.00%

V. TECHNICAL APPENDICES:

VI. INTER-RELATED FINDINGS:

IV. FINDINGS:

A. Risk Selections:

1. Automobile Nonrenewals

In one (1) automobile nonrenewal (10.00% of the 10 files reviewed) the company failed to provide a specific reason for nonrenewal as required by 215 ILCS 5/143.17.

In nine (9) automobile nonrenewals (90.00% of the 10 files reviewed) the company failed to notify the insured of the possible eligibility for insurance through the Illinois Automobile Insurance Plan as required by 215 ILCS 5/143.20.

Policy Number	Effective Date	Mailing Date	Cancellation Date	Criticism
	02/18/12	11/28/12	02/18/13	Illinois insurance plan information not provided
	02/01/12	11/08/12	02/01/13	Illinois insurance plan information not provided
	01/19/13	11/13/13	01/19/14	Illinois insurance plan information not provided
	02/18/13	12/04/13	02/18/14	Illinois insurance plan information not provided
	05/15/12	02/21/13	05/15/13	Illinois insurance plan information not provided
	06/09/12	04/028/13	06/09/13	Illinois insurance plan information not provided
	01/26/13	12/18/13	01/26/14	Illinois insurance plan information not provided
	11/30/12	09/17/13	11/30/13	Illinois insurance plan information not provided
	06/27/12	04/12/13	06/27/13	Illinois insurance plan information not provided

2. Homeowner Cancellations

In one (1) homeowner cancellation (3.84% of the 26 files reviewed) the company failed to provide a specific reason for cancellation as required by 215 ILCS 5/143.15.

In one (1) homeowner cancellation (3.84% of the 26 files reviewed) the company failed to provide a notice of rehabilitation with a reasonable time for repair as required by 215 ILCS 5/143.27.

3. Homeowner Nonrenewals

In three (3) homeowner cancellations (11.11% of the 27 files reviewed) the company failed to provide a notice of rehabilitation with a reasonable time for repair as required by 215 ILCS 5/143.27.

Policy Number	Effective Date	Mailing Date	Nonrenewal Date	Criticism
	03/14/01	01/07/13	3/14/14	no rehabilitation notice provided
	09/01/81	06/13/13	09/01/13	no rehabilitation notice provided
	04/30/10	02/21/13	04/30/13	no rehabilitation notice provided

4. Residential Fire Cancellations

There were no criticisms in this survey.

5. Residential Fire Nonrenewals

There were no criticisms in this survey.

6. Commercial Cancellations

In three (3) commercial cancellations (9.37% of the 32 files reviewed) the company failed to maintain the proof of mailing of the notice as required by 215 ILCS 5/143.14.

Policy Number	Effective Date	Mailing Date	Cancellation Date	Criticism
	02/01/13	07/10/13	08/01/13	proof of mailing not maintained
	02/01/13	07/10/13	08/01/13	proof of mailing not maintained
	02/01/13	07/10/13	08/01/13	proof of mailing not maintained

In four (4) commercial cancellations (12.50% of the 32 files reviewed) the company failed to provide a notice of rehabilitation with a reasonable time for repair as required by 215 ILCS 5/143.27.

Policy Number	Effective Date	Mailing Date	Cancellation Date	Criticism
	04/29/13	10/04/13	12/09/13	no rehabilitation notice provided
	06/23/13	07/29/13	10/03/13	no rehabilitation notice provided
	04/29/13	10/04/13	12/09/13	no rehabilitation notice provided
	06/29/13	07/29/13	10/03/13	no rehabilitation notice provided

7. Commercial Nonrenewals

In one (1) commercial nonrenewal (.74% of the 135 files reviewed) the company failed to provide a notice of rehabilitation with a reasonable time for repair as required by 215 ILCS 5/143.27.

In two (2) commercial nonrenewals (1.48% of the 135 files reviewed) the reason provided for nonrenewal was the termination of the producer in violation of 215 ILCS 5/141.01.

Policy Number	Effective Date	Mailing Date	Cancellation Date	Criticism
	12/01/06	09/23/13	12/01/13	agent contract termination no reason
	12/01/12	09/23/13	12/01/13	agent contract termination no reason

In six (6) commercial nonrenewals (4.44% of the 135 files reviewed) the company failed to provide the previous three years loss runs as required by 215 ILCS 5/143.10a.

Policy Number	Effective Date	Mailing Date	Cancellation Date	Criticism
	12/01/06	09/23/13	12/01/13	loss runs for previous three years not provided
	10/04/02	10/23/13	01/19/14	loss runs for previous three years not provided
	01/12/11	11/07/13	01/12/14	loss runs for previous three years not provided
	01/10/11	10/23/13	01/10/14	loss runs for previous three years not provided
	12/19/11	10/03/13	12/19/13	loss runs for previous three years not provided
	02/27/13	11/20/13	02/27/14	loss runs for previous three years not provided

In nine commercial nonrenewals (6.66% of the 135 files reviewed) the company failed to provide a specific reason or reasons for nonrenewal as required by 215 ILCS 5/143.17a.

Policy Number	Effective Date	Mailing Date	Cancellation Date	Criticism
	12/19/11	10/03/13	12/19/13	reason provided not specific
	02/27/13	11/20/13	02/27/14	reason provided not specific
	07/10/07	04/30/13	07/10/13	reason provided not specific
	02/01/11	11/28/12	02/01/13	reason provided not specific
	07/10/11	04/30/13	07/10/13	reason provided not specific
	07/10/07	04/30/13	07/10/13	reason provided not specific
	06/20/12	04/23/13	06/20/13	reason provided not specific
	01/01/13	10/25/13	01/01/14	reason provided not specific
	12/22/12	10/15/13	12/22/13	reason provided not specific

8. Package Cancellations

There were no criticisms in this survey.

9. Package Nonrenewals

In two (2) package nonrenewals (8.69% of the 23 files reviewed) the Company failed to provide the insured with a notice of rehabilitation as required by 215 ILCS 5/143.27.

Policy Number	Effective Date	Mailing Date	Nonrenewal Date	Criticism
	12/31/11	10/01/13	12/31/13	no rehabilitation notice provided
	05/06/12	01/24/13	05/06/13	no rehabilitation notice provided

In two (2) package nonrenewals (8.69% of the 23 files reviewed) the Company either failed to provide a specific reason or reasons for nonrenewal (1 file) or failed to maintain the proof of mailing (1 file) as required by 215 ILCS 5/143.17a.

Policy Number	Effective Date	Mailing Date	Nonrenewal Date	Criticism
	03/04/01	01/03/13	03/04/13	proof of mailing not maintained
	12/19/11	10/03/13	12/19/13	reason provided not specific

10. Producer Licensing

There were no criticisms in this survey.

B. Underwriting:

1. Private Passenger Automobile New Business

There were no criticisms in this survey.

2. Homeowner New Business

There were no criticisms in this survey.

3. Residential Fire New Business

In eight residential fire new business policies (14.28% of the 56 files reviewed) the Company failed to use rates filed with the Department of Insurance resulting in four (4) undercharges totaling \$886.00 and four (4) overcharges totaling \$6.00. These are in violation of 50 Ill. Adm. Code 754.10(b)(1) and/or 50 Ill. Adm. Code 754.10(b)(2).

Policy Number	Effective Date	Amount of rating error	Criticism
	08/02/13	\$2.00 undercharge	rounding error
	09/30/13	\$1.00 undercharge	rounding error
	08/13/13	\$881.00 undercharge	premium not charged for coverage over \$1,000,000
	01/05/13	\$1.00 overcharge	rounding error
	01/05/13	\$2.00 overcharge	rounding error
	07/31/13	\$2.00 overcharge	rounding error
	07/08/13	\$2.00 undercharge	rounding error
	08/26/13	\$1.00 overcharge	rounding error

4. Commercial Renewals

There were no criticisms in this survey.

5. Workers' Compensation New Business

In two (2) workers compensation new business files (2.22% of the 90 files reviewed) the Company failed to correctly rate based on 2013 filed rates resulting in an undercharge. The Company used 2012 rates in these calculations. This is in violation of 215 ILCS 5/462b as referenced in 50 Ill. Adm. Code 754.10(b)(2).

Policy Number	Effective Date	Amount of rating error	Criticism
	06/06/13	undercharge	incorrect rates used, rates changed on 6/1/13, prior rates used
	07/01/13	\$0	incorrect rates used, rates changed on 6/1/13, prior rates used

C. Claims

1. Private Passenger Automobile First Party Paid & Median

The median breakdown is distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	75	85.23%
31-60	3	3.41%
61-90	0	0.00%
91-180	3	3.41%
181-365	0	0.00%
<u>Over 365</u>	<u>7</u>	<u>7.95%</u>
Total	88	100.00%

In one (1) first party paid claim (1.14% of the 88 files reviewed) the company failed to conduct a prompt investigation as defined by 50 Ill. Adm. Code 919.40.

In one (1) first party paid claim (1.14% of the 88 files reviewed) the company failed to pay the appropriate amount of sales tax as required by 50 Ill. Adm. Code 919.80(c)(3)(A)(i) resulting in a \$134.81 overpayment.

In three (3) first party paid claims (3.41% of the 88 files reviewed) the company failed to document their work product in a detailed manner to permit reconstruction of the company activities relating to the claims as required by 50 Ill. Adm. Code 919.30(c).

Claim Number	Report Date	Closed Date	Criticism
	04/25/13	04/30/13	re-adjustment of estimate not documented
	11/04/13	11/12/13	estimate difference, rental rate vs. rental incurred and supplement not documented
	11/08/13	11/20/13	documentation and communication with insured non-existent

In three (3) first party paid claims (3.41% of the 88 files reviewed) the company failed to provide a reasonable written explanation of delay when the claims remained unresolved more than 40 days from the date of report to the date of final payment as required by 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Report Date	Closed Date	Criticism
	10/09/12	01/21/13	no written explanation of delay found,

		claim unresolved for 104 days
01/22/13	03/18/13	no written explanation of delay found, claim unresolved for 55 days
03/07/13	06/25/13	no written explanation of delay found, claim unresolved for 110 days

In eight (8) first party paid claims (9.09% of the 88 files reviewed) the company failed to provide a reasonable written explanation in regards to a settlement offer lower than the amount presented or claimed as required by 50 Ill. Adm. Code 919.50(a)(1).

Claim Number	Report Date	Closed Date	Criticism
	02/11/13	02/15/13	failed to provide written explanation of difference in payment
	04/25/13	04/30/13	failed to provide written explanation of difference in payment
	06/17/13	06/18/13	failed to provide written explanation of difference in payment
	09/05/13	09/10/13	failed to provide written explanation of difference in payment
	09/20/13	10/16/13	failed to provide written explanation of difference in payment
	10/28/13	11/11/13	failed to provide written explanation of difference in payment
	11/04/13	11/12/13	failed to provide written explanation of difference in payment
	12/09/13	12/13/13	failed to provide written explanation of difference in payment

2. Commercial Automobile First Party Paid

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	77	77.78%
31-60	8	8.08%
61-90	4	4.04%
91-180	6	6.06%
181-365	2	2.02%
<u>Over 365</u>	<u>2</u>	<u>2.02%</u>
Total	99	100.00%

In one (1) commercial first party paid claim (1.01% of the 99 files reviewed) the company failed to affirm or deny liability within 30 days as required by 50 Ill. Adm. Code 919.50(a)

3. Private Passenger Automobile First Party Closed without Payment

In four (4) first party closed without payment claims (10.81% of the 37 files reviewed) the company failed to provide a reasonable written explanation of delay as required by 919.80(b)(2).

Claim Number	Report Date	Closed Date	Criticism
	01/28/13	08/06/13	no explanation of reason for delay provided
	06/07/13	08/19/13	required Department wording not provided with letter of explanation
	08/13/13	10/09/13	required Department wording not provided with letter of explanation
	09/14/13	11/15/13	required Department wording not provided with letter of explanation

4. Commercial Automobile First Party Closed without Payment

In two (2) commercial first party closed without payment claims (5.26% of the 38 files reviewed) the company failed to conduct a proper and timely investigation in regard to the first party claims handling in violation of 215 ILCS 5/154.6(c).

Claim Number	Report Date	Closed Date	Criticism
	07/11/13	12/17/13	communication and follow-up communication not timely or non-existent
	10/23/13	12/12/13	communication and follow-up communication not timely or non-existent

5. Private Passenger Automobile Third Party Paid & Median

The median breakdown is distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	73	59.34%
31-60	15	12.20%
61-90	11	8.94%
91-180	14	11.38%
181-365	7	5.70%
<u>Over 365</u>	<u>3</u>	<u>2.44%</u>
Total	123	100.00%

In two (2) third party paid claims (1.62% of the 123 files reviewed) the company failed to meet the expectations regarding prompt settlement as outlined in 50 Ill. Adm. Code 919.40.

Claim Number	Report Date	Closed Date	Criticism
	07/05/13	09/18/13	settlement for paint blending was not addressed for over 56 days
	08/17/13	10/31/13	independent adjuster material received 9/17/13, total loss acv not submitted until 10/24/13

In three (3) third party paid claims (2.44% of the 123 files reviewed) the company failed to address or pay sales taxes in the same manner as all other claimants in violation of 215 ILCS 5/154.6(d).

Claim Number	Report Date	Closed Date	Criticism
	01/15/13	01/29/13	paid taxes on claimant total loss when not done for others
	08/09/13	08/21/13	paid 6.0% taxes when 8.75% was correct rate, underpaid \$18.00, company provided a refund during the examination
	09/04/13	09/16/13	paid taxes on claimant total loss when not done for others

In seven (7) third party paid claims (5.69% of the 123 files reviewed) the company failed to provide a reasonable written explanation of delay when the claim remained unresolved in excess of 60 days as required by 50 Ill. Adm. Code 919.80(b)(3).

Claim Number	Report Date	Closed Date	Criticism
	09/26/12	01/14/13	no written explanation of delay found, claim unresolved for 110 days
	03/13/12	03/18/13	no written explanation of delay found, claim unresolved for 370 days
	03/13/12	02/07/13	no written explanation of delay found, claim unresolved for 331 days
	10/08/12	01/14/13	no written explanation of delay found, claim unresolved for 98 days
	06/03/13	12/16/13	no written explanation of delay found, claim unresolved for 196 days
	06/12/13	08/29/13	no written explanation of delay found, claim unresolved for 78 days
	08/17/13	10/31/13	no written explanation of delay found, claim unresolved for 75 days

6. Commercial Automobile Third Party Paid

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	80	68.96%
31-60	12	10.35%
61-90	4	3.45%
91-180	9	7.76%
181-365	7	6.03%
<u>Over 365</u>	<u>4</u>	<u>3.45%</u>
Total	116	100.00%

There were no criticisms in this survey

7. Private Passenger Automobile Third Party Closed without Payment

In one (1) claim file (4.76% of the 23 files reviewed) the company failed to attempt contact with a claimant as required by 919.40.

8. Commercial Automobile Third Party Closed without Payment

In one (1) commercial third party closed without payment claim (2.08% of the 48 files reviewed) the company failed to provide a reasonable written explanation of delay when the claim remained unresolved in excess of 60 days as required by 50 Ill. Adm. Code 919.80(b)(3).

9. Private Passenger Automobile Subrogation

There were no criticisms in this survey.

10. Commercial Automobile Subrogation

There were no criticisms in this survey.

11. Private Passenger Automobile Total Losses

The median breakdown is distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	13	56.52%
31-60	3	13.04%
61-90	0	0.00%
91-180	0	0.00%
181-365	1	4.44%
<u>Over 365</u>	<u>6</u>	<u>26.00%</u>
Total	23	100.00%

In one (1) total loss paid claim (4.34% of the 23 files reviewed) the company failed to maintain documentation on the total loss evaluation as required by 50 Ill. Adm. Code 919.30(c).

In one (1) total loss paid claim (4.34% of the 23 files reviewed) the company averaged two evaluation sources in violation of 50 Ill. Adm. Code 919.80(c)(2).

In one (1) total loss paid claim (4.34% of the 23 files reviewed) the company failed to provide the insured with the right of recourse letter (commonly known as "Exhibit A") within seven days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c).

In thirteen total loss paid claim (56.52% of the 23 files reviewed) the company failed to pay the appropriate amount of sales tax and transfer fee as required by 50 Ill. Adm. Code 919.80(c)(3)(A)(i) resulting in three (3) underpayments totaling \$63.67 and ten overpayments totaling \$1,100.71

Claim Number	Report Date	Closed Date	Criticism
	12/06/12	01/08/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$53.22 overpaid
	12/10/12	01/09/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$11.74 underpaid
	01/04/13	01/28/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$80.78 overpaid
	01/29/13	02/18/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$26.93 underpaid
	02/25/13	03/05/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$344.28 overpaid
	03/07/13	03/26/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$240.00 overpaid
	05/28/13	06/07/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$10.23 overpaid
	06/03/13	06/20/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$174.72 overpaid
	06/01/13	06/21/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$10.81 overpaid

06/17/13	07/08/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$111.48 overpaid
08/15/13	08/28/13	incorrect sales tax % used in calculation, incorrect title & transfer fees paid, \$26.23 overpaid
10/08/13	11/21/13	incorrect sales tax % used in calculation, \$48.96 overpaid
12/07/13	12/31/13	transfer fee not paid, \$25.00 overpaid

12. Commercial Automobile Total Losses

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	4	30.77%
31-60	3	23.08%
61-90	0	0.00%
91-180	0	0.00%
181-365	0	0.00%
<u>Over 365</u>	<u>6</u>	<u>46.15%</u>
Total	13	100.00%

In one (1) commercial total loss claim file (7.14% of the 13 files reviewed) the company failed to use one of the acceptable evaluation sources outlined in 919.80(c)(2).

In two (2) commercial total loss claim files (14.29% of the 13 files reviewed) the company failed to pay the appropriate sales tax, title and transfer fees in violation of 919.80(c)(3)(A)(i) resulting in overpayments totaling \$271.77.

Claim Number	Report Date	Closed Date	Criticism
	4/22/13	05/09/13	overpaid \$172.71
	5/21/13	06/13/13	overpaid \$99.06

In two (2) commercial total loss claim files (14.29% of the 13 files reviewed) the company failed to issue the proper amount of sales tax, title and transfer fees in violation of 215 ILCS 5/154.6(d) resulting in underpayments totaling \$115.62.

Claim Number	Report Date	Closed Date	Criticism
	04/05/13	04/24/13	underpaid \$90.62
	06/20/13	07/19/13	underpaid \$25.00

13. Homeowners Paid & Median

The median breakdown is distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	52	50.00%
31-60	26	25.00%
61-90	16	15.38%
91-180	8	7.69%
181-365	2	1.93%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	104	100.00%

In eleven homeowner paid claims (10.57% of the 104 files reviewed) the company failed to provide a reasonable written explanation of delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

Claim Number	Report Date	Closed Date	Criticism
	08/21/12	02/06/13	no written explanation of delay found, claim unresolved for 169 days
	12/29/12	03/18/13	no written explanation of delay found, claim unresolved for 79 days
	03/15/13	08/13/13	no written explanation of delay found, claim unresolved for 151 days
	04/16/13	08/09/13	no written explanation of delay found, claim unresolved for 115 days
	04/25/13	11/04/13	no written explanation of delay found, claim unresolved for 193 days
	06/14/13	09/16/13	no written explanation of delay found, claim unresolved for 94 days
	06/17/13	10/18/13	no written explanation of delay found, claim unresolved for 123 days
	07/29/13	10/28/13	no written explanation of delay found, claim unresolved for 91 days
	02/11/13	08/22/13	no written explanation of delay found, claim unresolved for 192 days
	04/08/13	07/03/13	no written explanation of delay found, claim unresolved for 86 days
	05/26/13	08/16/13	no written explanation of delay found, claim unresolved for 82 days

14. Commercial Property Paid

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	51	52.05%
31-60	17	17.35%
61-90	13	13.26%
91-180	12	12.24%
181-365	4	4.08%
<u>Over 365</u>	<u>1</u>	<u>1.02%</u>
Total	98	100.00%

In seventeen commercial property paid claims (17.34% of the 98 files reviewed) the company failed to provide a reasonable written explanation of delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

<u>Claim Number</u>	<u>Report Date</u>	<u>Closed Date</u>	<u>Criticism</u>
	12/13/12	04/09/13	no written explanation of delay found, claim unresolved for 117 days
	06/20/13	09/24/13	no written explanation of delay found, claim unresolved for 96 days
	05/08/12	06/26/13	no written explanation of delay found, claim unresolved for 414 days
	07/09/12	02/04/13	no written explanation of delay found, claim unresolved for 210 days
	07/10/12	02/27/13	no written explanation of delay found, claim unresolved for 232 days
	12/26/12	05/15/13	no written explanation of delay found, claim unresolved for 140 days
	03/13/13	07/08/13	no written explanation of delay found, claim unresolved for 117 days
	05/20/13	11/18/13	no written explanation of delay found, claim unresolved for 182 days
	05/30/13	09/05/13	no written explanation of delay found, claim unresolved for 98 days
	05/31/13	09/19/13	no written explanation of delay found, claim unresolved for 111 days
	06/25/13	09/16/13	no written explanation of delay found, claim unresolved for 83 days
	07/01/13	10/14/13	no written explanation of delay found, claim unresolved for 105 days
	03/12/12	08/28/13	no written explanation of delay found, claim unresolved for 169 days
	05/23/12	08/28/13	no written explanation of delay found, claim unresolved for 97 days
	06/12/12	04/01/13	no written explanation of delay found, claim unresolved for 293 days

	07/02/12	09/17/13	no written explanation of delay found, claim unresolved for 77 days
	10/10/12	02/15/13	no written explanation of delay found, claim unresolved for 128 days

15. Homeowners Closed without Payment

In one (1) homeowner closed without payment claim (1.26% of the 79 files reviewed) the company failed to acknowledge pertinent communication with reasonable promptness in violation of 215 ILCS 5/154.6(b).

In two (2) homeowner closed without payment claims (2.53% of the 79 files reviewed) the company failed to provide a reasonable written explanation of denial as required by 50 Ill. Adm. Code 919.50(a)(1).

Claim Number	Report Date	Closed Date	Criticism
	08/27/13	09/17/13	no written denial provided
	05/14/13	11/18/13	no written denial provided

In two (2) homeowner closed without payment claims (2.53% of the 79 files reviewed) the company failed to provide a reasonable written explanation of delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

Claim Number	Report Date	Closed Date	Criticism
	05/14/13	11/18/13	no written explanation of delay found, claim unresolved for 188 days
	07/31/13	12/31/13	no written explanation of delay found, claim unresolved for 153 days

In two (2) homeowner closed without payment claims (2.53% of the 79 files reviewed) the company failed to document all communication as required by 50 Ill. Adm. Code 919.30(c).

Claim Number	Report Date	Closed Date	Criticism
	04/23/13	05/28/13	copies of correspondence not in file
	06/25/13	07/29/13	copies of correspondence not in file

16. Commercial Property Closed without Payment

In one (1) commercial property closed without payment claim (2.17% of the 46 files reviewed) the company failed to document all communication as required by 50 Ill. Adm. Code 919.30(c).

In two (2) commercial property closed without payment claims (4.35% of the 46 files reviewed) the company failed to provide a reasonable written explanation of denial as required by 50 Ill. Adm. Code 919.50(a)(1).

Claim Number	Report Date	Closed Date	Criticism
	06/24/13	08/30/13	no written denial provided
	06/24/13	07/05/13	no written denial provided

In three (3) commercial property closed without payment claims (6.52% of the 46 files reviewed) the company failed to provide a reasonable written explanation of delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

Claim Number	Report Date	Closed Date	Criticism
	03/07/13	07/30/13	no written explanation of delay found, claim unresolved for 145 days
	04/02/13	07/29/13	no written explanation of delay found, claim unresolved for 118 days
	06/26/13	10/23/13	no written explanation of delay found, claim unresolved for 119 days

17. Residential Fire Paid & Median

The median breakdown is distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	2	25.00%
31-60	2	25.00%
61-90	1	12.50%
91-180	1	12.50%
181-365	2	25.00%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	8	100.00%

In one (1) claim file (12.50% of the 8 files reviewed) the company failed to provide a reasonable written explanation of delay as required by 919.80(d)(7)(B).

18. Residential Fire Closed without Payment

There were no criticisms in this survey.

STATE OF TEXAS

COUNTY OF DALLAS, CITY OF ADDISON

)
) ss
)

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 the following:

EMCASCO INSURANCE COMPANY, NAIC #21407;
ILLINOIS EMCASCO INSURANCE COMPANY, NAIC #32808; and
EMPLOYERS MUTUAL CASUALTY COMPANY, NAIC #21415
(Collectively referred to as the "Companies")

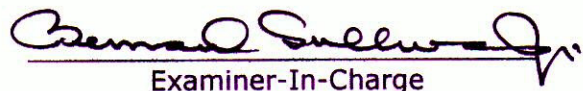
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Companies with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Companies' business and affairs and the manner in which the Companies 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 Companies nor any of the Companies' 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 Companies 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 Companies for the period covered by the Report as determined by the examiners;

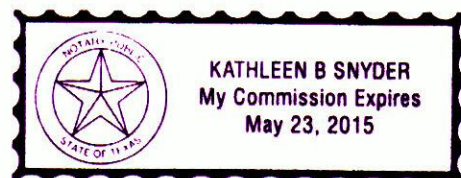
That the report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance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


Examiner-In-Charge

Subscribed and sworn to before me

this 11th day of July, 2014.


Notary Public



STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

EMCASCO INSURANCE COMPANY, NAIC #21407
ILLINOIS EMCASCO INSURANCE COMPANY, NAIC #32808
EMPLOYERS MUTUAL CASUALTY COMPANY, NAIC #21415

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, EMCASCO INSURANCE COMPANY, NAIC #21407, ILLINOIS EMCASCO INSURANCE COMPANY, NAIC #32808, EMPLOYERS MUTUAL CASUALTY COMPANY, NAIC #21415 (collectively referred to as the "Companies") are authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by 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 Companies were 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 Companies 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 Companies; and

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

WHEREAS, the Companies understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Companies 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 Companies and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Companies were not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Companies 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 consistent with 215 ILCS 5/143.17a whereby policyholders are provided a specific explanation of the reason(s) for nonrenewal, are given proper advance notice, and the company maintain proof of mailing of the notice.
2. Institute and maintain policies and procedures consistent with 215 ILCS 5/143.27 where policyholders are allowed a reasonable amount of time to rehabilitate a defect in the property before a cancellation or non-renewal takes place.
3. Institute and maintain policies and procedures consistent with 215 ILCS 5/141.01 where the termination of an agent will not impact the renewal of a policy.
4. Institute and maintain policies and procedures consistent with 215 ILCS 5/143.10a which requires that the Company provide loss information to the first named insured at the same time as any notice of cancellation or nonrenewal, except where the policy has been cancelled for nonpayment of premium, material misrepresentations or fraud on the part of the insured.
5. Institute and maintain policies and procedures consistent with 215 ILCS 143.14 subsection (a) which requires that Companies maintain proofs of mailing for all notices of cancellation.
6. Institute and maintain policies and procedures consistent with 215 ILCS 5/143.15, which require that all notices of cancellation include a specific explanation of the reason or reasons for cancellation.
7. Institute and maintain policies and procedures consistent with 215 ILCS 143.20 which requires that the Company provide the insured with notice of possible eligibility with Illinois Automobile Insurance Plan in the event of a cancellation for any reason other than non-payment of premium.
8. Institute and maintain policies and procedures whereby the filed rates, and rating plans are applied as filed with the Department in accordance with 50 Ill. Adm. Code 754.10

9. Institute and maintain policies and procedures whereby the company applies the correct classifications, payrolls and other factors to compute premiums when rating and issuing workers' compensation policies as required by 215 ILCS 5/462b.
10. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.30(c) which requires that detailed documentation be contained in each claim file in order to permit reconstruction of the company's activities relative to each claim file.
11. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.40 which requires that prompt investigation shall be evidenced by a bonafide effort to communicate with all insureds and claimants where liability is reasonably clear within 21 working days after a notification of loss. Evidence of such bonafide effort to communicate with insureds and claimants shall be maintained in the company's claim files. Reasonable promptness shall mean a maximum of 15 working days from receipt of communication from a claimant or insured.
12. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.50 (a) which requires that all undisputed settlement amounts be issued within 30 days of affirmation of liability.
13. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.50 (a)(1) which requires that the company shall provide the insured a written explanation of the basis for a lower offer or denial within 30 days after the investigation and determination of liability is completed. Notice of Availability of the Department of Insurance shall accompany this explanation.
14. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.80(b)(2) which provides that if the first party physical damage automobile claim remains unresolved for more than 40 calendar days from the date it is reported, the insurer 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.
15. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.80(b)(3) which provides that if an automobile property damage liability claim remains unresolved in excess of 60 calendar days from the date it is reported, the insurer shall provide a reasonable written explanation for the delay to the third party claimant. Notice of Availability of the Department of Insurance shall accompany the written explanation.
16. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.80(c) in which policy holders suffering a total loss of the insured vehicle are provided with the information contained in Exhibit A within seven (7) days of the vehicle being determined a total loss.
17. Institute and implement policies and procedures consistent with 50 Ill. Adm. Code 919.80 (c)(2) which requires that the company use one methodology to determine the value of the vehicle. It is not acceptable to average more than one source to establish the vehicle value.
18. Institute and maintain policies and procedures whereby the companies fully comply with 50 Ill. Adm. Code 919.80(c)(3)(A)(i) in that all total loss claims involving a replacement

vehicle or a cash settlement which results, within 30 days after the receipt of the settlement in the insured's purchase or lease of a vehicle, are resolved in a manner so that similarly situated claimants shall be treated fairly and equitably with regard to reimbursement for the applicable sales taxes, transfer and title fees as referenced in the regulation. The companies will attempt in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear pursuant to 215 ILCS 5/154.6(d)

19. Institute and maintain policies and procedures consistent with 50 Ill. Adm. Code 919.80(d)(7)(B) which provides that if a claim on a policy of fire and extended coverage insurance, as defined in 215 ILCS 5/143.13, remains unresolved for more than 75 calendar days from the date it is reported, or 25 calendar days after receipt of proof of loss, whichever is less, the insurer shall provide a reasonable written explanation for the delay of payment to the insured. Notice of Availability of the Department of Insurance shall accompany the written explanation.
20. Institute and implement policies and procedures consistent with 215 ILCS 5/154.6(b) which requires that all pertinent communications be acknowledged with reasonable promptness.
21. Institute and maintain policies and procedures consistent with 215 ILCS 5/154.6(c) which requires that reasonable standards be adopted to insure prompt investigations and settlements. Timely communication with insureds and claimants is required.
22. Institute and maintain policies and procedures consistent with 215 ILCS 5/154.6(d) which requires that all claims be settled fairly and equitably.
23. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above twenty-two (22) Orders within 30 days of receipt of these Orders.
24. Pay to the Director of Insurance, State of Illinois, a civil forfeiture of \$90,500 payable within 30 days of receipt of these Orders.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Companies 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
EMCASCO INSURANCE COMPANY
ILLINOIS EMCASCO INSURANCE COMPANY
EMPLOYERS MUTUAL CASUALTY COMPANY

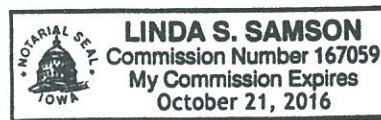
Michael Free
Signature

Michael Free
Name

Assistant Vice President
Title

Subscribed and sworn to before me this
29 day of September 2014.

Linda S. Samson
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 9-29-14

Andrew Boron 10-22-14
Director