Illinois Department of Insurance

BRUCE RAUNER
Governor

JAMES A. STEPHENS
Acting Director

April 10, 2015

Ms. Christine Palmieri
Travelers Insurance
One Tower Square, 0000-MS21A
Hartford, CT 06183

Re: Travelers Insurance
Market Conduct Examination Report Closing letter

Dear Ms. Palmieri:

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,

Michael P. Rohan
Deputy Director
Consumer Education and Protection
Illinois Department of Insurance
122 S. Michigan Avenue, 19th Floor
Chicago, IL 60603
Phone: 312-814-8206
E-mail: Michael.Rohan@illinois.gov

Farmington Casualty Company
Northland Casualty Company
Northland Insurance Company
The Automobile Insurance Company of Hartford, Connecticut
The Charter Oak Fire Insurance Company
The Phoenix Insurance Company
The Standard Fire Insurance Company
The Travelers Indemnity Company
The Travelers Indemnity Company of America
The Travelers Indemnity Company of Connecticut
Travelers Casualty and Surety Company
Travelers Casualty Insurance Company of America
Travelers Commercial Insurance Company
The Travelers Home and Marine Insurance Company
Travelers Personal Insurance Company
Travelers Property Casualty Company of America
Travelers Property Casualty Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: December 11, 2012 through October 8, 2013

EXAMINATION OF:

Farmington Casualty Company
(P&C Foreign) NAIC #41483

Northland Casualty Company
(P&C Foreign) NAIC #24031

Northland Insurance Company
(P&C Foreign) NAIC #24015

The Automobile Insurance Company of Hartford, Connecticut
(P&C Foreign) NAIC #19062

The Charter Oak Fire Insurance Company
(P&C Foreign) NAIC #25615

The Phoenix Insurance Company
(P&C Foreign) NAIC #25623

The Standard Fire Insurance Company
(P&C Foreign) NAIC #19070

The Travelers Indemnity Company
(P&C Foreign) NAIC #25658

The Travelers Indemnity Company of America
(P&C Foreign) NAIC #25666

The Travelers Indemnity Company of Connecticut
(P&C Foreign) NAIC #25682

Travelers Casualty and Surety Company
(P&C Foreign) NAIC #19038

Travelers Casualty Insurance Company of America
(P&C Foreign) NAIC #19046

Travelers Commercial Insurance Company
(P&C Foreign) NAIC #36137

	The Travelers Home and Marine Insurance Company (P&C Foreign) NAIC #27998
	Travelers Personal Insurance Company (P&C Foreign) NAIC # 38130
	Travelers Property Casualty Company of America (P&C Foreign) NAIC #25674
	Travelers Property Casualty Insurance Company (P&C Foreign) NAIC #36161
LOCATION OF EXAM:	One Tower Square Hartford, CT 06183
	215 Shuman Blvd, Suite 201 Naperville, IL 60563
PERIOD COVERED BY EXAMINATION:	July 1, 2011 through June 30, 2012
EXAMINERS:	Larry J. Nelson Roger O. Henschen, Examiner-in-Charge

INDEX

		Page #
I.	SUMMARY	1-7
II.	BACKGROUND	8-22
III.	METHODOLOGY	22-25
IV.	FINDINGS	26-39

A. Risk Selection

1. Private Passenger Auto Cancellations
2. Private Passenger Auto Nonrenewals
3. Homeowner Cancellations
4. Homeowner Nonrenewals
5. Dwelling Fire Cancellations
6. Dwelling Fire Nonrenewals
7. Commercial Auto Cancellations
8. Commercial Auto Nonrenewals
9. Farm/Ranch Cancellations (Commercial)
10. Farm/Ranch Nonrenewals (Commercial)
11. Commercial Fire Cancellations
12. Commercial Fire Nonrenewals
13. Workers' Compensations Cancellations
14. Workers' Compensation Nonrenewals
15. Producer Terminations

B. Underwriting

1. Private Passenger Auto New Business
2. Homeowner New Business
3. Dwelling Fire New Business
4. Workers' Compensation New Business
5. Commercial Auto Renewals
6. Farm/Ranch Renewals
7. Commercial Fire Renewals
8. Workers' Compensation Renewals

C. Producer Licensing – New Business

D. Claims

1. Private Passenger Auto First Party Median & Paid
2. Private Passenger Auto First Party Closed Without Payment
3. Private Passenger Auto Third Party Median & Paid
4. Private Passenger Auto Third Party Closed Without Payment
5. Private Passenger Auto First Party Total Losses
6. Private Passenger Auto Subrogation
7. Homeowner Median and Paid
8. Homeowner Closed Without Payment
9. Dwelling Fire Median and Paid
10. Dwelling Fire Closed Without Payment

E. Complaints

1. Department of Insurance Complaints
2. Consumer Complaints

V. INTERRELATED and ADDITIONAL FINDINGS 39-41

VI. TECHNICAL APPENDICES 41-44

I. SUMMARY

1. Travelers was criticized under 215 ILCS 5/143.15 for failing to provide the proper amount of notice.

   A General Trend Criticism was issued in the Private Passenger Auto Cancellation Survey.

2 Travelers was criticized under 215 ILCS 5/143.21 for canceling policies which had been in effect 60 days, or if such policy was a renewal policy, with reasons other than those permitted by statute.

   A General Trend Criticism was issued in the Homeowner Cancellation Survey.

3. Travelers was criticized under 215 ILCS 5/143.27 for failing to send the named insured a notice of need to repair and allow a reasonable period of time in which to make those repairs prior to nonrenewing the homeowner policy due to defects in the property.

   A General Trend Criticism is applicable in the Homeowner Nonrenewal Survey.

4. Travelers was criticized under 215 ILCS 5/143.17 for failing to maintain proof of mailing of the notice of nonrenewal, failing to provide at least 30 days advance notice or failing to either renew the policy or to nonrenew the policy.

   A General Trend Criticism was issued in the Homeowner Nonrenewal Survey.

5. Travelers was criticized under 215 ILCS 5/143.27 for failing to send the named insured a notice of need to repair and allow a reasonable period of time in which to make those repairs prior to canceling the dwelling fire policy due to defects in the property.

   A General Trend Criticism is applicable in the Dwelling Fire Cancellation Survey

6. Travelers was criticized under 215 ILCS 5/143.27 for failing to provide the named insured a notice of need to repair and allow a reasonable period of time in which to make those repairs prior to nonrenewing the dwelling fire policy.

   A General Trend Criticism is applicable in the Dwelling Fire Nonrenewal Survey.

7. Travelers was criticized under 215 ILCS 5/143.17 for failing to maintain proof of mailing the notice of nonrenewal or failing to either renew the policy or to nonrenew the policy.

   A General Trend Criticism was issued in the Dwelling Fire Nonrenewal Survey.

8. Travelers was criticized under 215 ILCS 5/143.16 for failing to provide the insured the required amount of notice or failing to include a specific explanation of the reason or reasons for cancellation.

   A General Trend Criticism was issued in the Commercial Auto Cancellation Survey.

9. Travelers was criticized under 215 ILCS 5/143.10a for failing to provide loss information to the first named insured at the same time as the notice of cancellation.

   A General Trend Criticism was issued in the Commercial Auto Cancellation Survey.

10. Travelers was criticized under 215 ILCS 5/143.16a for canceling policies which had been in effect 60 days with reasons other than those permitted by statute.

    A General Trend Criticism is applicable in the Commercial Auto Cancellation Survey.

11. Travelers was criticized under 215 ILCS 5/143.10a for failing to provide loss information to the first named insured at the same time as the notice of nonrenewal.

    A Class Criticism was issued in the Commercial Auto Nonrenewal Survey.

12. Travelers was criticized under 215 ILCS 5/143.17a for failing to provide the insured a specific explanation of the reasons for nonrenewal and/or failing to maintain proof of mailing and/or failing to provide the required number of days notice.

    A General Trend Criticism was issued in the Commercial Auto Nonrenewal Survey.

13. Travelers was criticized under 215 ILCS 5/143.17a for failing to provide the named insured a specific explanation of the reasons for nonrenewal.

14. Travelers was criticized under 215 ILCS 5/141.01 for nonrenewing the policy on the grounds that the contract between the company and the producer through whom such policy was obtained had been terminated.

    A General Trend Criticism was issued in the Farm/Ranch Nonrenewal Survey.

15. Travelers was criticized under 215 ILCS 5/143.10a for failing to provide loss information to the first named insured at the same time as the notice of nonrenewal.

A Class Criticism was issued in the Commercial Fire Nonrenewal Survey.

16. Travelers was criticized under 215 ILCS 5/143.16 for failing to provide the named insured a specific explanation of the reason or reasons for cancellation.

A General Trend Criticism is applicable in the Workers' Compensation Cancellation Survey.

17. Travelers was criticized under 215 ILCS 5/143.17a for failing to provide the named insured a specific explanation of the reasons for nonrenewal.

A General Trend Criticism was issued in the Workers' Compensation Nonrenewal Survey.

18. Travelers was criticized under 215 ILCS 5/805.1 for failing to provide mine subsidence coverage in those counties requiring the coverage.

A General Trend Criticism is applicable in the Homeowner New Business Survey

19. Travelers was criticized under 215 ILCS 5/132(2) for failing to provide applications as requested.

A General Trend Criticism is applicable in the Homeowner New Business Survey.

20. Travelers was criticized under 215 ILCS 5/132(2) for failing to provide applications as requested.

A General Trend Criticism was issued in the Dwelling Fire New Business Survey.

21. Travelers was criticized under 215 ILCS 5/805.1 for failing to provide mine subsidence coverage in those counties requiring the coverage.

A General Trend Criticism is applicable in the Dwelling Fire New Business Survey.

22. Travelers was in violation of and in conflict with 215 ILCS 5/143.17a when failing to provide the insured at least 60 days prior notice when the renewal premium increased 30% or more.

A Class Criticism was issued in the Commercial Auto Renewal Survey.

23. Travelers was in violation of and in conflict with 215 ILCS 5/143.17a when failing to provide the insured at least 60 days prior notice when the renewal premium increased 30% or more.

A General Trend Criticism was issued in the Farm/Ranch Renewal Survey.

24. Travelers was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to provide the insured with a written explanation for the delay when the claim remained unresolved in excess of 40 calendar days and/or failing to provide an explanation that was reasonable and/or failing to include the Availability of the Department of Insurance on the explanation.

A Class Criticism was issued in the Private Passenger Auto First Party Paid Survey.

25. Travelers was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to provide the insured with a written explanation for the delay when the claim remained unresolved in excess of 40 calendar days and/or failing to provide that explanation in a timely manner and/or failing to include the Availability of the Department of Insurance on the explanation.

A Class Criticism is applicable in the Private Passenger Auto First Party Closed without Payment Survey.

26. Travelers was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failing to include the Availability of the Department of Insurance on denial letters provided the insured.

A Class Criticism is applicable in the Private Passenger Auto First Party Closed without Payment Survey.

27. Travelers was criticized under 50 Ill. Adm. Code 919.80(b)(3) for failing to provide the third party with a reasonable written explanation for the delay when the claim remained unresolved for more than 60 days and/or failing to provide that explanation in a timely manner and/or failing to include the Availability of the Department of Insurance on the explanation.

A Class Criticism was issued in the Private Passenger Auto Third Party Paid Survey.

28. Travelers was criticized under 50 Ill. Adm. Code 919.80(b)(3) for failing to provide the third party with a reasonable written explanation for the delay when the claim remained unresolved for more than 60 days and/or failing to provide that explanation in a timely manner and/or failing to include the Availability of the Department of Insurance on the explanation.

A Class Criticism was issued in the Private Passenger Auto Third Party Closed Without Payment Survey.

29. Travelers was criticized under 50 Ill. Adm. Code 919.50(a)(2) for failing to provide the third party a reasonable written explanation for the denial.

A General Trend Criticism was issued in the Private Passenger Auto Third Party Closed Without Payment Survey.

30. Travelers was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to provide the insured with a written explanation for the delay when the claim remained unresolved in excess of 40 calendar days.

A Class Criticism was issued in the Private Passenger Auto First Party Total Loss Survey.

31. Travelers was criticized under 50 Ill. Adm. Code 919.30(c) for failing to have documentation of the salvage value for the total loss vehicle.
A Class Criticism was issued in the Private Passenger Auto First Party Total Loss Survey.

32. Travelers was criticized under 50 Ill. Adm. Code 919.80(c)(3)(A)(i) for paying incorrect transfer and title fees on the insured total loss vehicle.

A Class Criticism was issued in the Private Passenger Auto First Party Total Loss Survey.

33. Travelers was criticized under 50 Ill. Adm. Code 919.80(c) for failing to provide insureds who had experienced a total loss to their vehicle, the information contained in Exhibit A.

A General Trend Criticism was issued in the Private Passenger Auto First Party Total Loss Survey.

34. Travelers was criticized under 215 ILCS 5/154.6(d) and/or 5/154.6(r) for being inconsistent when determining when transfer and title fees are paid to insureds who retained their vehicle.

A General Trend Criticism was applicable in the Private Passenger Auto First Party Total Loss Survey.

35. Travelers was criticized under 50 Ill. Adm. Code 919.80(d)(7)(B) for failing to provide the insured with a written explanation for the delay when the claim remained unresolved in excess of 75 calendar days from the date the loss was reported.

A Class Criticism is applicable in the Homeowner Paid Survey.

36. Travelers was criticized under 50 Ill. Adm. Code 919.80(d)(7)(B) for failing to provide the insured with a written explanation for the delay when the claim remained unresolved in excess of 75 calendar days from the date the loss was reported and/or failing to provide that explanation in a timely fashion and/or failing to provide an explanation that was reasonable and understandable and/or failing to include the Availability of the Department of Insurance on the explanation.

37. A Class Criticism was issued in the Homeowner Closed Without Payment Survey. Travelers was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failing to send denial letters and/or failing to send timely denial letters within 30 days after the investigation and determination of liability and/or failing to include the Availability of the Department of Insurance on the denial.

A General Trend Criticism was issued in the Homeowner Closed Without Payment Survey.

38. Travelers was criticized under 50 Ill. Adm. Code 919.80(d)(7)(B) for failing to provide the insured with a written explanation for the delay when the claim remained unresolved in excess of 75 calendar days from the date the loss was reported and/or the explanation was not timely and/or the explanation was left blank.

A Class Criticism was issued in the Dwelling Fire Paid Survey.

39. Travelers was criticized under 50 Ill. Adm. Code 919.80(d)(7)(B) for failing to provide the insured with a written explanation for the delay when the claim remained unresolved in excess of 75 calendar days from the date the loss was reported.

A Class Criticism is applicable in the Dwelling Fire Closed Without Payment Survey.

40. Travelers was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failing to provide the insured with a denial letter and/or failing to include the Availability of the Department of Insurance on the letter when provided.

A General Trend Criticism was issued in the Dwelling Fire Closed Without Payment Survey.

41. Travelers was criticized under 820 ILCS 305/8.2(d) for failing to pay interest on provider bills not paid in 30 days. They paid interest instead on provider bills not paid in 60 days.

A Class Criticism is applicable in Workers' Compensation Claims.

42. Travelers is criticized under 215 ILCS 5/132(2) for failing to provide free access to all books, records, documents and any or all papers relating to the business, performance, operations and affairs of the company. The Company made some records available in electronic format, other records available in hard copy, however, failed to provide some records in isolated instances where documents could not be located.

A Class Criticism is applicable.

II. BACKGROUND

The following companies were reviewed:

FARMINGTON CASUALTY COMPANY

Farmington Casualty Company was incorporated on August 24, 1982, and commenced business on October 1, 1982, under the laws of Connecticut. The company is wholly owned by Travelers Casualty and Surety Company which is a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Workers' Compensation	16,783,415	16,485,440	6,551,433	14,629,207

NORTHLAND CASUALTY COMPANY

Northland Casualty Company ("NCC") is a Connecticut property and casualty insurer. Currently, NCC is wholly-owned by Northland Insurance Company, which is a wholly-owned subsidiary of Jupiter Holdings, Inc., which is a wholly-owned subsidiary of The Travelers Indemnity Company, which is a wholly-owned subsidiary of Travelers Insurance Group Holdings, Inc., which is a wholly-owned subsidiary of Travelers Property Casualty Corp., which is a wholly-owned subsidiary of the Travelers Companies, Inc.

NCC was incorporated in the State of California on May 18, 1959, as Transamerica Insurance Company. On November 12, 1963, the Company's name changed to Transamerica Indemnity Company. On August 8, 1966, its name became Countrywide Insurance Company. On January 22, 1968, the Company was acquired by Northland Insurance Company ("NIC"), and on February 14, 1968, its name became Coastal Casualty Company. The current name, Northland Casualty Company, was adopted on April 1, 1981. On December 21, 1994, the company was redomesticated from the State of California to the State of Minnesota.

On December 15, 1993, NIC became directly owned by Northland Insurance Holding Company (n/k/a Jupiter Holdings, Inc.).

Prior to December 15, 1998, The Northland Company ("TNC") and its insurer-subsidiaries were privately held.

On December 15, 1998, Associates First Capital Corporation ("AFCC") of Dallas, Texas, purchased all of the outstanding shares of stock of TNC. As a result of the sale, the Northland Insurers became indirect subsidiaries of AFCC.

On November 30, 2000, AFCC was acquired by Citigroup, Inc. ("Citigroup"). As a result, all subsidiaries of AFCC, including the Northland Insurers, became subsidiaries of Citigroup.

On October 1, 2001, Citigroup transferred all of the shares of its property and casualty insurance companies to its subsidiary, The Travelers Indemnity Company ("TIC"). Since this date, the Northland Insurers have been indirect subsidiaries of TIC.

On August 20, 2002, Citigroup completed the spin-off of The Travelers Property Casualty Corporation ("TPCC").

On April 1, 2004, TPCC merged with the St. Paul Companies. The combined company was originally known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

On December 15, 2010, NCC was redomesticated to the State of Connecticut.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Other commercial auto liability	168,790	186,619	136,665	112,171
Commercial auto physical damage	95,877	91,995	31,989	44,372

NORTHLAND INSURANCE COMPANY

Northland Insurance Company ("NIC") is a Connecticut property and casualty insurer. Currently, NIC is wholly-owned by Jupiter Holdings, Inc., which is a wholly-owned subsidiary of The Travelers Indemnity Company, which is a wholly-owned subsidiary of Travelers Insurance Group Holdings, Inc., which is a wholly-owned subsidiary of Travelers Property Casualty Corp., which is a wholly-owned subsidiary of the Travelers Companies, Inc.

NIC was incorporated in the State of Minnesota on January 16, 1948. Upon incorporation, NIC was directly owned by The Northland Company ("TNC"), a Minnesota holding company.

On December 15, 1993, NIC became directly owned by Northland Insurance Holding Company (n/k/a Jupiter Holdings, Inc.).

Prior to December 15, 1998, TNC and its insurer-subsidiaries were privately held.

On December 15, 1998, Associates First Capital Corporation ("AFCC") of Dallas, Texas, purchased all of the outstanding shares of stock of TNC. As a result of the sale, the Northland Insurers became indirect subsidiaries of AFCC.

On November 30, 2000, AFCC was acquired by Citigroup, Inc. ("Citigroup"). As a result, all subsidiaries of AFCC, including the Northland Insurers, became subsidiaries of Citigroup.

On October 1, 2001, Citigroup transferred all of the shares of its property and casualty insurance companies to its subsidiary, The Travelers Indemnity Company ("TIC"). Since this date, the Northland Insurers have been indirect subsidiaries of TIC.

On August 20, 2002, Citigroup completed the spin-off of The Travelers Property Casualty Corporation ("TPCC").

On April 1, 2004, TPCC merged with the St. Paul Companies. The combined company was originally known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

On December 15, 2010, NIC was redomesticated to the State of Connecticut.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Other commercial auto liability	17,488,611	17,091,016	13,292,395	11,590,269
Commercial auto physical damage	8,651,451	8,392,571	5,100,306	4,483,542

THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

The Automobile Insurance Company of Hartford, Connecticut was incorporated on June 25, 1965, and commenced business on August 9, 1968, under the laws of Connecticut. The company is wholly owned by The Standard Fire Insurance Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Homeowners multiple peril	1,717,707	1,817,423	1,165,348	925,360

THE CHARTER OAK FIRE INSURANCE COMPANY

The Charter Oak Fire Insurance Company was incorporated on April 29, 1931, and commenced business on October 14, 1935, under the laws of Connecticut. The company is wholly owned by The Travelers Indemnity Company which is a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.
On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	580,008	571,953	915,323	1,004,083
Farmowners multiple peril	493,570	428,730	281,227	223,646
Workers' compensation	14,359,526	12,732,138	6,082,207	7,518,961
Other commercial auto liability	8,869,806	8,244,425	3,876,661	7,204,205
Commercial auto physical damage	2,859,297	2,595,626	2,292,394	2,534,378

THE PHOENIX INSURANCE COMPANY

The Phoenix Insurance Company was incorporated in June, 1850, and commenced business in July, 1850, under the laws of Connecticut. The company is wholly owned by The Travelers Indemnity Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	443,093	404,496	27,779	-172,623
Workers' Compensation	7,973,616	6,953,886	1,442,614	3,712,510
Other commercial auto liability	841,710	1,084,091	173,904	1,228,830
Commercial auto physical damage	303,364	398,008	306,615	342,666

THE STANDARD FIRE INSURANCE COMPANY

The Standard Fire Insurance Company was incorporated on July 6, 1905, and commenced business on March 26, 1910, under the laws of Connecticut. The company is wholly owned by Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	3,201,656	3,015,372	1,364,520	1,166,515
Homeowner multiple peril	160,986	147,466	121,966	113,427
Workers' Compensation	12,340,162	12,906,335	5,970,183	9,646,750

THE TRAVELERS INDEMNITY COMPANY

The Travelers Indemnity Company was incorporated on March 25, 1903, and commenced business on May 12, 1906, under the laws of Connecticut. The company is wholly owned by Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	8,222,373	7,850,667	2,643,347	-47,359
Farmowners multiple peril	915,133	959,455	1,178,713	1,285,939
Workers' Compensation	5,675,959	15,947,502	23,718,137	10,976,387
Other commercial auto liability	5,586,159	5,436,248	1,073,330	2,401,378
Commercial auto physical damage	1,233,302	1,316,198	1,060,760	1,151,256

THE TRAVELERS INDEMNITY COMPANY OF AMERICA

The Travelers Indemnity Company of America was incorporated on January 2, 1946, and commenced business on May 1, 1946, under the laws of Georgia. The company redomesticated to the State of Connecticut effective July 1, 1997. The company is wholly owned by The Phoenix Insurance Company, a wholly-owned subsidiary of The Travelers Indemnity Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	379,854	361,448	245,262	478,483
Farmowners multiple peril	810,078	703,845	750,036	971,805
Homeowners multiple peril	635,069	643,109	247,254	244,645
Workers' Compensation	35,982,226	34,682,049	15,955,927	29,705,696
Other commercial auto liability	1,032,787	1,002,791	576,533	863,879
Commercial auto physical damage	407,444	389,768	82,510	123,432

THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

The Travelers Indemnity Company of Connecticut was incorporated in May, 1859, and commenced business in September, 1860, under the laws of Rhode Island. The company redomesticated to the State of Connecticut effective December 31, 1994, and was formerly known as The Travelers Indemnity Company of Rhode Island. The company is wholly owned by The Phoenix Insurance Company, a wholly-owned subsidiary of The Travelers Indemnity Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	129,868	164,149	68,599	92,985
Farmowners multiple peril	227,447	214,121	95,612	101,604
Workers' Compensation	6,650,235	7,457,452	4,204,380	5,325,397
Other commercial auto liability	4,063,233	3,485,671	532,152	1,513,214
Commercial auto physical damage	1,088,000	1,083,476	514,625	666,971

TRAVELERS CASUALTY AND SURETY COMPANY

Travelers Casualty and Surety Company was incorporated in May, 1883, and commenced business in May, 1907, under the laws of Connecticut. The company was formerly known as The Aetna Casualty and Surety Company. The company is wholly owned by Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	35,598	34,885	49,922	51,728
Homeowners multiple peril	147,712	138,778	109,734	93,242
Workers' Compensation	5,600,072	5,277,783	3,146,514	787,675

TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA

Travelers Casualty Insurance Company of America was incorporated on August 12, 1971, and commenced business on October 18, 1971, under the laws of Illinois. The company redomesticated to the State of Connecticut effective January 1, 2004, and was formerly known as Travelers Casualty and Surety Company of Illinois and, prior to that, Aetna Casualty & Surety Company of Illinois. The company is wholly owned by Travelers Casualty and Surety Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Workers' Compensation	16,456,980	16,021,507	7,320,830	12,597,738
Other commercial auto liability	2,557,226	2,140,258	604,972	1,535,302
Commercial auto physical damage	963,837	837,630	743,822	815,386

TRAVELERS COMMERCIAL INSURANCE COMPANY

Travelers Commercial Insurance Company was incorporated on January 3, 1990, and commenced business on January 12, 1990, under the laws of Connecticut. The company was formerly known as Aetna Commercial Insurance Company. The company is wholly owned by Travelers Casualty and Surety Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Homeowners multiple peril	2,507,406	2,318,439	1,234,592	1,331,576
Other private passenger auto liability	3,387,019	3,334,557	1,399,770	2,194,543
Private passenger auto physical damage	2,532,966	2,503,799	1,664,951	1,758,586

THE TRAVELERS HOME AND MARINE INSURANCE COMPANY

The Travelers Home and Marine Insurance Company was incorporated on July 24, 1991, and commenced business on June 2, 1992, under the laws of Indiana. The company redomesticated to the State of Connecticut effective January 1, 1999. The company is wholly owned by The Travelers Indemnity Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Homeowners multiple peril	64,615917	59,406,788	47,353,800	52,562,113
Other private passenger auto liability	56,835,667	56,199,992	30,815,702	40,128,871
Private passenger auto physical damage	40,698,807	40,246,234	24,116,245	24,570,768

TRAVELERS PERSONAL INSURANCE COMPANY

Travelers Personal Insurance Company was incorporated on April 10, 1990, and commenced business on April 26, 1990, under the laws of Illinois. The company redomesticated to the State of Connecticut effective January 1, 2004, and was formerly known as Travelers Property Casualty Insurance Company of Illinois and, prior to that, Aetna Insurance Company of Illinois. The company is wholly owned by The Standard Fire Insurance Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	1,590,099	1,525,326	1,103,317	670,977
Homeowner multiple peril	16,783,921	17,666,113	9,644,836	8,449,214

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Travelers Property Casualty Company of America was incorporated on July 29, 1971, and commenced business on August 4, 1971, under the laws of Illinois. The company redomesticated to the State of Connecticut effective January 1, 2004, and was formerly known as The Travelers Indemnity Company of Illinois. The company is wholly owned by The Phoenix Insurance Company, a wholly-owned subsidiary of The Travelers Indemnity Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Fire	7,997,601	7,652,386	4,254,445	1,356,147
Workers' compensation	82,259,877	65,920,043	34,064,911	68,805,663
Other commercial auto liability	11,439,261	11,142,893	3,945,880	1,758,586
Commercial auto physical damage	3,085,465	2,971,434	2,450,250	2,433,086

TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY

Travelers Property Casualty Insurance Company was incorporated on January 3, 1990, and commenced business on January 12, 1990, under the laws of Connecticut. The company was formerly known as Aetna Insurance Company. The company is wholly owned by The Standard Fire Insurance Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

Travelers Property Casualty Corp., a direct, wholly-owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.
On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

2011 State Page Exhibit – 019

	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
Homeowners multiple peril	19,599,262	20,565,064	19,691,080	18,184,902

III. METHODOLOGY

The Market Conduct examination places emphasis on evaluating an insurer's systems and procedures in dealing with insureds and claimants.

The following categories are the general areas examined:

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

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

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

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

Risk Selection

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

Underwriting

New files were selected based on the inception date falling within the period under examination. New policies were reviewed for rating accuracy, use of filed rates, use of filed forms, compliance with company underwriting guidelines and to insure that the protection provided was as requested.

Commercial Renewals were selected based upon those policies that renewed during the experience period.

Producer Licensing

Licensing was checked on the agent/producer of record for the new business files that were under examination.

Claims

Claims were requested based on the settlement occurring within the period under examination. All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq.) and Part 919 (50 Ill. Adm. Code 919).

Complaints

Complaints requested were those received by the Company during the experience period.

Selection of Samples

			Total Files	# Reviewed	% Reviewed
A.	Risk Selection				
	1.	Private Passenger Auto Cancellations	99	72	72.73
	2.	Private Passenger Auto Nonrenewals	458	82	17.90
	3.	Homeowner Cancellations	566	99	17.49
	4.	Homeowner Nonrenewals	838	93	11.10
	5.	Dwelling Fire Cancellations	126	68	53.97
	6.	Dwelling Fire Nonrenewals	122	67	54.92
	7.	Commercial Auto Cancellations	17	17	100.00
	8.	Commercial Auto Nonrenewals	149	83	55.70
	9.	Farm/Ranch Cancellations	0	0	N/A
	10.	Farm/Ranch Nonrenewals	19	19	100.00
	11.	Commercial Fire Cancellations	0	0	N/A
	12.	Commercial Fire Nonrenewals	7	7	100.00
	13.	Workers' Compensation Cancellations	9	9	100.00
	14.	Workers' Compensation Nonrenewals	21	21	100.00
	15.	Producer Terminations	49	49	100.00
B.	Underwriting				
	1.	Private Passenger Auto New Business	9618	116	1.21
	2.	Homeowner New Business	20,770	116	5.58
	3.	Dwelling Fire New Business	2,793	112	4.00
	4.	Work Comp New Business	4,649	114	2.45
	5.	Commercial Auto Renewals	5442	103	1.89
	6.	Farm/Ranch Renewals	794	42	5.29
	7.	Commercial Fire Renewals	480	26	5.42
	8.	Workers' Compensation Renewals	2,435	55	2.26
C.	Producer Licensing		294	294	100.00

D. Claims

1.	Private Passenger Auto First Party Median & Paid	5,120	114	2.23
2.	Private Passenger Auto First Party Closed Without Payment	3,440	95	2.76
3.	Private Passenger Auto Third Party Median & Paid	3,466	113	3.26
4.	Private Passenger Auto Third Party Closed Without Payment	3,025	86	2.84
5.	Private Passenger Auto Total Losses – First Party	952	99	10.40
6.	Private Passenger Auto Subrogation	1,370	108	7.88
7.	Homeowner Median & Paid	8,585	115	1.34
8.	Homeowner Closed Without Payment	2,949	112	3.80
9.	Dwelling Fire Median & Paid	5,666	98	1.73
10.	Dwelling Fire Closed Without Payment	278	84	30.22

E. Complaints

1.	Department of Insurance Complaints	91	91	100.00
2.	Consumer Complaints	88	88	100.00

IV. FINDINGS

A. Risk Selection

1. Private Passenger Auto Cancellations

A total of 72 policy cancellations were examined. In one (1) of those files (1.39%) the company was in violation of 215 ILCS 5/143.15. In one (1) file the company failed to provide at least 30 days notice.

2. Private Passenger Auto Nonrenewals

The examiner asked for the notice of nonrenewal and proof of mailing for 85 files. The company failed to provide the notice and proof of mailing for three (3) files (3.53% of the 85 requested) and were in violation of 215 ILCS 5/132(2).

3. Homeowner Cancellations

Seventy-three homeowner policies were in effect 60 days or more when the notice of cancellation was mailed to the insured. When a policy of fire and extended coverage has been effective 60 days or if such policy is a renewal policy, the company shall not exercise its right to cancel except for one or more reasons described in 215 ILCS 5/143.21. In 12 files (16.44% of the 73) the reason for cancellation was not one of those described and a General Trend Criticism was issued.

The examiner requested the cancellation notice and proof of mailing for 115 files. The company failed to provide the notice and proof of mailing for two (2) files (1.74% of the 115 requested) and were in violation of 215 ILCS 5/132(2).

Ninety-seven notices and/or proofs of mailing were examined. In one (1) of these 97 files (1.03%), the company was in violation of 215 ILCS 5/143.14 for failing to maintain the proof of mailing. In one (1) file, there was no postmark.

4. Homeowner Nonrenewals

Fifteen policies were nonrenewed in part or entirely due to the condition of the insured property. As outlined in 215 ILCS 5/143.27, no insurance company may give to any named insured any notice of cancellation or nonrenewal covering property which is capable of being rehabilitated without allowing the named insured a reasonable period of time in which to repair defects in the insured property or relevant portion thereof, to an extent reasonably sufficient to facilitate continued coverage thereon. The time reasonably allowable shall not exceed 90 days. A notice of the need for the repairs shall be from the insurance company. In three (3) files (20.00% of the 15 files requiring the notice) the company failed to provide a notice to the named insured. In two (2) files the notice was sent to the agent but not sent to the insured. In the third file, there was no rehab letter sent at all. The company was in violation of 215 ILCS 5/143.27 and a General Trend Criticism is applicable for the error percentage of 20.00%.

Twelve files (12.90% of the 93 nonrenewals reviewed) were in violation of 215 ILCS 5/143.17. In five (5) files there was no type of post office proof of mailing. In three (3) files the policy was neither renewed or nonrenewed. In three (3) files the company indicated the policy was nonrenewed but there was no notice or proof of mailing and in one (1) file the company failed to provide at least 30 days advance notice of nonrenewal. A General Trend Criticism was issued.

In four (4) files (4.30% of the 93 examined) the company was in violation of 215 ILCS 5/141.01 for sending a"NOTICE OF NONRENEWAL HOMEOWNERS INSURANCE" to the insured indicating in the letter that the agent no longer represents the company and "…we regret that we will not be able to renew you current policy." The letter also reads "Your coverage will end on the EXPIRATION DATE show above." This was a violation of 215 ILCS 5/141.01 for terminating policies on the grounds that the agent through whom such policy was obtained has been terminated notwithstanding the fact that the company indicated it would provide assistance to the insured in locating an agent through whom the policy could be renewed. There were other notices that read the company will renew the policy if the insured does not contact them but in these four (4), there was no such verbiage.

5. Dwelling Fire Cancellations

Five policies were canceled in part or entirely due to the condition of the insured property. As outlined in 215 ILCS 5/143.27, no insurance company may give to any named insured any notice of cancellation or nonrenewal covering property which is capable of being rehabilitated without allowing the named insured a reasonable period of time in which to repair defects in the insured property or relevant portion thereof, to an extent reasonably sufficient to facilitate continued coverage thereon. The time reasonably allowable shall not exceed 90 days. A notice of the need for the repairs shall be from the insurance company. In one (1) file (20.00% of the five (5) files requiring the notice) the company failed to provide a notice to the named insured. The company was in violation of 215 ILCS 5/143.27 and a General Trend Criticism is applicable for the error percentage of 20.00%.

A total of 68 policy cancellations were examined. In three (3) of those files (4.41%) the company was in violation of 215 ILCS 5/143.15 for failing to include on the notice of cancellation a specific explanation of the reason or reasons for cancellation. The explanations were not specific, clear, complete and easily understood.

6. Dwelling Fire Nonrenewals

Twenty-four policies were nonrenewed in part or entirely due to the condition of the insured property. As outlined in 215 ILCS 5/143.27, no insurance company may give to any named insured any notice of cancellation or nonrenewal covering property which is capable of being rehabilitated without allowing the named insured a reasonable period of time in which to repair defects in the insured property or relevant portion thereof, to an extent reasonably sufficient to facilitate continued coverage thereon. The time reasonably allowable shall not exceed 90 days. A notice of the need for the repairs shall be from the insurance company. In four (4) files (16.67% of the 24 files requiring the notice) the company failed to provide a notice to the named insured. A General Trend Criticism is applicable for the error percentage of 16.67%.

Sixty-seven dwelling fire nonrenewal files were reviewed. Five files (7.46% of the 67 reviewed) were in violation of 215 ILCS 5/143.17. In four (4) files the company could provide no proof of mailing at all and in one (1) file the policy was neither renewed or nonrenewed.

7. Commercial Auto Cancellations

Seventeen commercial auto cancellations were reviewed and seven (7) cancellations (41.18%) were in violation of 215 ILCS 5/143.16. Three (3) notices provided neither the correct number of days advance notice of cancellation nor a specific explanation of the reason or reasons for cancellation. Three notices failed to provide the correct number of days advance notice of cancellation and one (1) notice failed to provide a specific explanation of the reason or reasons for cancellation. A General Trend Criticism was issued.

The company failed to send loss information to the first named insured at the same time as the notice of cancellation in five (5) of the 17 files examined (29.41%). A General Trend Criticism was issued for violation of 215 ILCS 5/143.10a.

Thirteen polices had been in effect for 60 days or more when the notice of cancellation was mailed to the named insured. As outlined in 215 ILCS 5/143.16a, when a commercial policy has been effective for 60 days, the company shall not exercise its right to cancel except for one (1) of six (6) reasons. Three policies (23.08% of the 13 reviewed) were canceled for reasons not permitted. A General Trend Criticism was issued.

8. Commercial Auto Nonrenewals

Eighty-three commercial auto nonrenewals were examined. The company failed to send loss information to the first named insured at the same time as the notice of nonrenewal in 7 files (8.43% of the 83 examined) in violation of 215 ILCS 5/143.10a .

A Class Trend Criticism was issued in the Commercial Auto Cancellation Survey.

Ten (10) nonrenewals (12.04% of the 83 examined) were in violation of 215 ILCS 5/143.17a. Five (5) nonrenewal notices failed to provide a specific explanation of the reasons for nonrenewal. In three (3) nonrenewal files the company failed to provide a proof of mailing. In two (2) files the company gave less than the required 60 days notice. (Three of the files had multiple errors).

A General Trend Criticism was issued.

9. Farm/Ranch Cancellations (Commercial)

There were no Farm/Ranch cancellations.

10. Farm/Ranch Nonrenewals (Commercial)

One (1) file (5.26% of the 19 examined) were in violation of 215 5/143.17a. In the one file, the company provided 35 days notice instead of the required 60 days notice.

Three (3) nonrenewals (15.78% of the 19 examined) were due to the agent no longer represents the company. The company was in violation of 215 ILCS 5/141.01 and a General Trend Criticism was issued.

11. Commercial Fire Cancellations

There were no cancellations.

12. Commercial Fire Nonrenewals

Seven Commercial Fire nonrenewals were reviewed. In six (6) of those files (85.71% of the seven (7) reviewed) there was no evidence the company provided the named insured loss information at the same time the notice of nonrenewal was sent. The company was in violation of 215 ILCS 5/143.10a and a Class Criticism was issued.

13. Workers' Compensation Cancellations

Nine cancellations were reviewed. Two (2) policies (22.22% of the nine (9) files reviewed) were canceled in violation of 215 ILCS 5/143.16. The notices failed to include a specific explanation of the reason or reasons for cancellation. A General Trend Criticism was issued for an error percentage of 22.22%.

14. Workers' Compensation Nonrenewals

Twenty-one nonrenewal files were reviewed. In two (2) files (9.52% of the 21 reviewed), the company was criticized under 215 ILCS 5/143.17a for failing to provide a specific explanation of the reasons for nonrenewal on the notice mailed to the named insured. The company failed to maintain proof of mailing for one (1) of those two (2) nonrenewals.

15. Producer Terminations

There were no trends or areas of concern.

B. Underwriting

1. Private Passenger Auto New Business

One hundred sixteen files were reviewed. For seven (7) policies (6.03%), the company failed to follow the rules and/or rating plans filed with the Illinois Department of Insurance pursuant to 50 Ill. Adm. Code 754.10 resulting in annual undercharges of $1,287.00.

2. Homeowner New Business

Eight properties reviewed were in counties where mine subsidence coverage was required unless waived in writing by the insured. Two (2) of the properties (25.00% of the eight (8)) were covered under homeowner policies that had no mine subsidence coverage and the file lacked a signed waiver. The company was in violation of 215 ILCS 5/805.1 and a General Trend Criticism is applicable for the 25.00% error percentage.

The examiners requested the application for 116 files. The company failed to provide the application in 15 files (12.93%) and was in violation of 215 ILCS 5/132(2). A General Trend Criticism was issued.

In four (4) files (3.45% of the 116 files rated using applications and/or original declarations pages), the company was in conflict with 50 Ill. Adm. Code 754.10 for failing to follow the rates, rating plans, classifications and/or rules filed with the Illinois Department of Insurance. Miscellaneous rating errors were created resulting in annual undercharges of $321.00.

3. Dwelling Fire New Business

The examiners requested the application for 112 files. The company failed to provide the application in 30 files (26.79%) and was in violation of 215 ILCS 5/132(2). A General Trend Criticism was issued.

Ten properties reviewed were in counties where mine subsidence coverage was required unless waived in writing by the insured. Three of the properties (30.00% of the 10) were covered under policies that had no mine subsidence coverage and the file lacked a signed waiver. The company was in violation of 215 ILCS 5/805.1 and a General Trend Criticism is applicable for the 30.00% error percentage.

4. Workers' Compensation New Business

In 15 files an experience modifier was applied in the rate calculation. There was no documentation found to support that modifier in one (1) file (6.67%) creating an annual undercharge of $110.00. The company was in violation of 215 ILCS 5/462b.

5. Commercial Auto Renewals

One hundred three files were examined. Fifteen files had a renewal premium which increased 30% or more and required the company to mail or deliver to the named insured written notice of such increase at least 60 days prior to the renewal or anniversary date. The company failed to do so in eight (8) of these 15 files (53.33%) and was in violation of 215 ILCS 5/143.17a. The company made refunds totaling $8,673.00.

A Class Criticism was issued in the Commercial Auto Nonrenewal Survey

Farm/Ranch Renewals

Forty-two renewal files were examined. Twenty files had a renewal premium which increased 30% or more and required the company to mail or deliver to the named insured written notice of such increase at least 60 days prior to the renewal or anniversary date. The company failed to do so in seven (7) of these 20 files (35.00%) and was in violation of 215 ILCS 5/143.17a. The company made refunds totaling $13,972.00. A General Trend Criticism was issued.

6. Commercial Fire Renewals

There were no criticisms.

7. Workers' Compensation Renewals

Fifty five renewals were examined. Thirty-seven files had an increase in renewal premium of 30% or more. As required by and outlined in 215 ILCS 5/143.17a the company must mail or deliver to the named insured written notice of such increase at least 60 days in advance. The company failed to do so in one (1) file (2.70%) and was in violation of 215 ILCS 5/143.17a. The company refunded the insured $14,675.00.

C. Producer Licensing – New Business

Three hundred seventy-eight new business policies were selected in order to confirm that the producer was properly licensed at the time of application. The 378 applications were submitted by 294 different producers. Eight (8) of those producers (2.72% of the 294) were not properly licensed on the date of application in violation of 215 ILCS 5/500-15.

D. Claims

1. Private Passenger Auto First Party Median & Paid

The median payment period was 4 days distributed as follows:

Days	Number	Percent
0-30	107	93.86
31-60	4	3.51
61-90	2	1.75
91-180	1	0.88
181-365	0	0.00
over 365	0	0.00
Total	114	100.00

Seven files remained unresolved for more than 40 calendar days from the date the loss was reported requiring a reasonable written explanation for the delay to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(b)(2). In six (6) files (85.72% of seven (7)) the company was in violation of 50 Ill. Adm. Code 919.80(b)(2). The company failed to send a delay letter in five (5) files and in the sixth (6^{th}) file the delay letter failed to include the Notice of Availability of the Department of Insurance. A Class Criticism was issued for the error percentage of 85.72%.

In one (1) file (0.88% of the 114 examined) the company was in violation of 215 ILCS 5/143b. The company failed to return the insured pro rata share of the deductible creating an underpayment of $40.00. The company made payment.

In one (1) file (0.88% of the 114 examined) the company paid the insured using the claimant's estimate instead of the insured's estimate creating an overpayment of $630.99.

2. Private Passenger Auto First Party Closed Without Payment

One hundred fourteen files were examined. Sixty-five of those files remained unresolved for more than 40 calendar days from the date the loss was reported requiring a reasonable written explanation for the delay to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(b)(2). In 50 files (76.92% of the 65) the company was in violation of 50 Ill. Adm. Code 919.80(b)(2). The company failed to send a timely delay letter in 44 files and in six (6) files a timely letter was sent but failed to include the Notice of Availability of the Department of Insurance. A Class Criticism was issued.

Three files were closed without payment when the company sent the insured a denial letter. In two (2) of those files (66.67% of the three (3)) the company failed to include the Notice of Availability of the Department of Insurance on the denial letter in violation of 50 Ill. Adm. Code 919.50(a)(1). A Class Criticism was issued due to the 66.67% error percentage.

3. Private Passenger Auto Third Party Median & Paid

The median payment period was seven (7) days with arbitration, subrogation and litigation files included and five (5) days when excluded and distributed as follows:

With arbitration, subrogation and litigation files

Days	Number	Percent
0-30	96	84.96
31-60	8	7.08
61-90	2	1.77
91-180	4	3.54
181-365	3	2.65
over 365	0	0.00
Total	113	100.00

Without arbitration, subrogation and litigation files

Days	Number	Percent
0-30	94	93.07
31-60	4	3.96
61-90	1	0.99
91-180	2	1.98
181-365	0	0.00
over 365	0	0.00
Total	101	100.00

One hundred thirteen files were examined. Ten of those files remained unresolved in excess of 60 calendar days from the date the loss was reported. A reasonable written explanation for the delay was to be provided the third party claimant as required by and as outlined in 50 Ill. Adm. Code 919.80(b)(3). In eight (8) files (80% of the 10), the company was in violation of 50 Ill. Adm. Code 919.80(b)(3). In six (6) files a delay letter was not sent. In two (2) files the delay letter was sent late and in one (1) of those late delay letters the company failed to include the Availability of the Department of Insurance. A Class Criticism was issued for an error percentage of 80%.

4. Private Passenger Auto Third Party Closed Without Payment

Eighty-six files were examined. Twenty-one of those files remained unresolved in excess of 60 calendar days from the date the loss was reported. A reasonable written explanation for the delay was to be provided the third party claimant as required by and as outlined in 50 Ill. Adm. Code 919.80(b)(3). In 19 files (90.48% of the 21), the company was in violation of 50 Ill. Adm. Code 919.80(b)(3). In thirteen (13) files there was no evidence that a delay letter was sent by day 60. In six (6) files delay letters were sent by day 60 but failed to include the Availability of the Department of Insurance. A Class Criticism was issued.

In 25 files a denial letter was due the third party. In two (2) of those files (8% of the 25) the company failed to send the denial letter and was in violation of 50 Ill. Adm. Code 919.50(a)(2). An 8% error percentage of applicable files is indicative of a General Trend.

5. Private Passenger Auto First Party Total Losses

Twenty-three files remained unresolved in excess of 40 calendar days from the date the loss was reported requiring a reasonable written explanation for the delay to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(b)(2). In twenty-three files (100.00%) the company was in violation of 50 Ill. Adm. Code 919.80(b)(2). A Class Criticism was issued.

There were 12 owner retained vehicles. The company reduced payment to the insured by the salvage value. There was no documentation of that salvage value in any of the claim files (100%). The company was in violation of 50 Ill. Adm. Code 919.30(c) and a Class Criticism was issued for the 100.00% error percentage.

Ninety-nine total loss files were examined. The company paid sales tax on all 99 files. The company paid transfer and title fees on 90 files. In 74 of those 90 files (82.22%) the company paid the fees incorrectly and was in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i) creating underpayments totaling $1850.00. The company made payments to these insureds. A Class Criticism was issued.

In 21 files (21.21% of the 99 examined) the company was in violation of 50 Ill. Adm. Code 919.80(c) for failing to send the insured the information contained in Exhibit A. A General Trend Criticism was issued.

Twelve total loss vehicles were owner retained. Company practice is to pay sales taxes on all total losses but not to pay transfer and title fees on owner retained vehicles. The company did pay transfer and title fees on three (3) of the 12 owner retained vehicles (25.00%) creating three (3) overpayments totaling $270.00. These three overpayments were random errors and do not reflect the company's business practice. The company is to treat all insureds equally and fairly in the settlement of their claims in order not to be in conflict with 215 ILCS 5/154.6(d) and/or 5/154.6(r). A General Trend Criticism applies.

6. Homeowner Median & Paid

The median payment period was 10 days distributed as follows:

Days	Number	Percent
0-30	94	81.74
31-60	12	10.43
61-90	4	3.48
91-180	4	3.48
181-365	1	0.87
over 365	0	0.00
Total	115	100.00

Four files remained unresolved for more than 75 calendar days from the date the loss was reported requiring a reasonable written explanation for the delay to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(d)(7)(B). The company failed to provide that explanation in four (4) files (100.00%). A Class Criticism is applicable for the error percentage.

In one (1) file (0.87% of the 115 reviewed) the company created a claims underpayment of $79.56. The claim notes indicated that this payment would be made but there was no record that it was. The company made the payment.

7. Homeowner Closed Without Payment

Forty-five files remained unresolved for more than 75 calendar days from the date the loss was reported requiring a reasonable written explanation for the delay to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(d)(7)(B). The company was in violation in thirty-eight (38) of those forty-five (45) files (84.44%). In 27 files there was no explanation sent. In nine (9) files there was an explanation sent but that explanation failed to include the Availability of the Department of Insurance. Four (4) written explanations were sent late and one (1) written explanation failed to be reasonable and understandable. Three of the files were criticized twice. A Class Criticism was issued.

Claims were denied in 34 files. In eight (8) of those 34 files (23.53%) the company was in violation of 50 Ill. Adm. Code 919.50(a)(1). The company failed to send a denial letter in three (3) files. In two (2) files, denial letters were not timely. They were not sent within 30 days after the investigation and determination of liability was completed. In three (3) files a denial letter was sent the insured but failed to include the Notice of Availability of the Department of Insurance. A General Trend Criticism was issued.

During the examination, the examiner discovered that a claim check was issued for $23,712.00 but returned to the company uncashed. After this was brought to the attention of the company, the company did some research, tracked down an insured and reissued the payment which was cashed.

8. Dwelling Fire Median & Paid

The median payment period was 11 days distributed as follows:

Days	Number	Percent
0-30	83	84.69
31-60	12	12.25
61-90	1	1.02
91-180	1	1.02
181-365	1	1.02
over 365	0	0.00
Total	98	100.00

Seven files remained unresolved for more than 75 calendar days from the date the loss was reported requiring a reasonable written explanation for the delay to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(d)(7)(B). In six (6) of those files (85.71%) the company was in violation of 50 Ill. Adm. Code 919.80(d)(7)(B). The company failed to send the explanation and/or the explanation was sent late and/or the explanation was left blank. A Class Criticism was issued.

In three (3) of the 98 files examined (3.06%) the company committed policy contract violations resulting in two (2) underpayments totaling $3,845.60 and one (1) overpayment of $1500.00. The overpayment was due to using a $1,000 deductible instead of the correct $2,500 deductible. One underpayment was due to the failure of the company to pay the replacement cost holdback amount. The other was due to the failure to pay a supplement submitted. The insureds have been issued checks for the underpayments.

9. Dwelling Fire Closed Without Payment

Two files remained unresolved for more than 75 calendar days from the date the loss was reported requiring a reasonable written explanation for the delay to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(d)(7)(B). The company failed to provide that explanation in both of those files (100.00%). A Class Criticism is applicable because of the error percentage of 100.00%.

Claims were denied in 32 files. In three (3) of those files (9.38%) the company was in violation of 50 Ill. Adm. Code 919.50(a)(1). In one (1) file the company failed to provide the insured with the denial letter and in two (2) files a denial letter was provided but the company failed to include the Availability of the Department of Insurance. A General Trend Criticism is applicable for the error ratio.

E. Complaints

1. Department Complaints

Ninety-one Department Complaints were reviewed. In three (3) files (3.30% of the 91) the company was in violation of 50 Ill. Adm. Code 926.40. The company response to the complaint was late in one (1) file and the response to the complaint failed to address all the issues brought up by the complainant in two (2) files.

2. Consumer Complaints

Eighty-eight Consumer Complaints were reviewed. Sixty-eight of those complaints were written complaints from the policyholder and the company was required to provide a written response within 21 days of receipt of the Complaint. The company was in violation of 215 ILCS 5/143d(b) in three (3) files (4.41% of the 68). In one (1) file the response failed to be in written format and in two (2) files the written response failed to be timely.

V. INTERRELATED and/or ADDITIONAL FINDINGS

1. When delay letters were due or were sent to private passenger auto insureds or third party claimants and homeowner or dwelling fire insureds, the company failed to provide the reasonable written explanation for the delay as required by and as outlined in 50 Ill. Adm. Code 919.80(b)(2) and 50 Ill. Adm. Code 919.80(b)(3) and 50 Ill. Adm. Code 919.80(d)(7)(B) in 156 of 184 instances (84.80%). A Class Criticism is applicable in each of these surveys: Private Passenger Auto Paid, Private Passenger Auto Closed Without Payment, Private Passenger Auto Third Party Paid, Private Passenger Auto Third Party Closed Without Payment, Private Passenger Auto Total Losses, Homeowner Paid, Homeowner Closed Without Payment, Dwelling Fire Paid and Dwelling Fire Closed Without Payment.

Survey	# of times delay letter was due	# of times not sent or sent incorrectly
First Party Auto Paid	7	6
First Party Auto C.W.P.	65	50
Third Party Auto Paid	10	8
Third Party Auto C.W.P	21	19
Total Losses	23	23
Homeowner Median & Paid	4	4
Homeowner C.W.P.	45	38
Dwelling Fire Median & Paid	7	6
Dwelling Fire C.W.P.	2	2
	184	156

2. When denial letters were due or were sent to private passenger auto insureds or third party claimants and homeowner or dwelling fire insureds, the company failed to provide the reasonable written explanation for the denial as required by and as outlined in 50 Ill. Adm. Code 919.50(a)(1) and/or 50 Ill. Adm. Code 919.50(a)(2) in fifteen (15) of 94 instances (16%). A Class Criticism or General Trend Criticism is applicable for these surveys: Private Passenger Auto Closed Without Payment, Private Passenger Auto Third Party Closed Without Payment, Homeowner Closed Without Payment and Dwelling Fire Closed Without Payment.

Survey	# of times denial letter was due	# of times not sent or sent incorrectly
First Party Auto C.W.P.	3	2
Third Party Auto C.W.P	25	2
Homeowner C.W.P.	34	8
Dwelling Fire C.W.P.	32	3
	94	15

3. When policies covering property were canceled or nonrenewed due to rehab issues, the company failed to offer time to repair defects in the property, or did so improperly, prior to sending the termination notice. The company was in violation of 215 ILCS 5/143.27 in eight (8) of 44 instances (18.2%) in the Homeowner and Dwelling Fire cancellation and/or nonrenewal surveys and General Trend Criticisms were applicable.

Survey	# times policies terminated due to rehab	# times in violation of 215 ILCS 5/143.27
Homeowner Nonrenewals	15	3
Dwelling Fire Cancellations	5	1
Dwelling Fire Nonrenewals	24	4
	44	8

4. When issuing homeowner or dwelling fire policies in which the property was located in a mine subsidence county, the company is required by 215 ILCS 5/805.1 to issue the policy with mine subsidence coverage unless waived in writing by the insured. The company failed to do so in five (5) of 18 instances (27.78%) and General Trends were applicable.

Survey	# mine subsidence counties	issued without mine subsidence
Homeowner New Business	8	2
Dwelling Fire New Business	10	3
	18	5

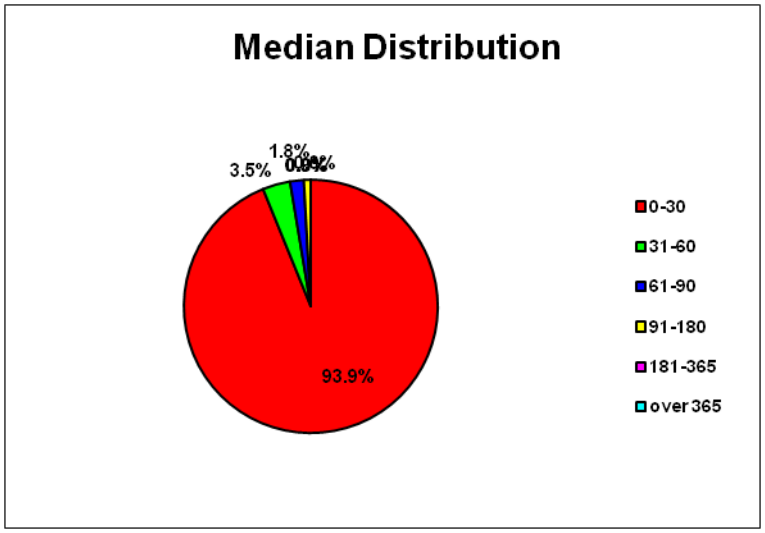
5. From the response to Interrogatory #10 regarding the payment of Workers' Compensation claims, the company is criticized for violation of 820 ILCS 305/8.2(d). The company had a procedure to pay interest on provider bills not paid in 60 days but failed to pay interest to providers on bills that took in excess of 30 days to pay after receipt of the bill which contained substantially all of the required data elements necessary to adjudicate the bill. The company created underpayments totaling $13,858.29 on 4,803 provider bills. The company is making interest payments and verifying their procedure has been corrected. A Class Criticism is applicable.

6. The examiners were not given free read-only access to all books, records, documents and any or all papers relating to the business, performance, operations and affairs of the company in violation of 215 ILCS 5/132(2). The Company contends that although there were isolated instances where documents could not be located despite good faith efforts, the company complied with 215 ILCS 5/132(2) in providing free access in hard copy and in electronic form to all books, records, documents and any or all papers relating to the business, performance, operations and affairs of the company, as requested by the examiners. A Class Criticism is applicable.

VI. TECHNICAL APPENDICES

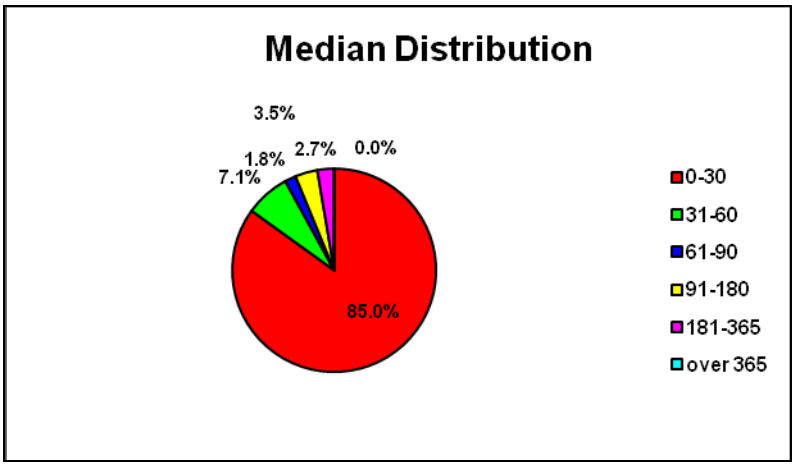
A. Private Passenger Auto First Party Median - 4 days

	MEDIAN DISTRIBUTION	
No. Days Category	Number	Percent
0-30	107	93.86%
31-60	4	3.51%
61-90	2	1.75%
91-180	1	0.88%
181-365	0	0.00%
over 365	0	0.00%
Total	114	100.00%



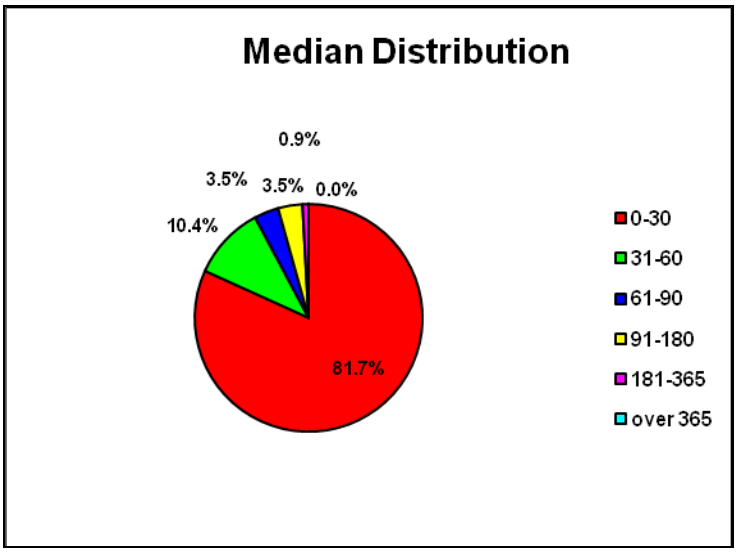
B. Private Passenger Auto Third Party Median - 7 days

	MEDIAN DISTRIBUTION	
No. Days Category	Number	Percent
0-30	96	84.96%
31-60	8	7.08%
61-90	2	1.77%
91-180	4	3.54%
181-365	3	2.65%
over 365	0	0.00%
Total	113	100.00%



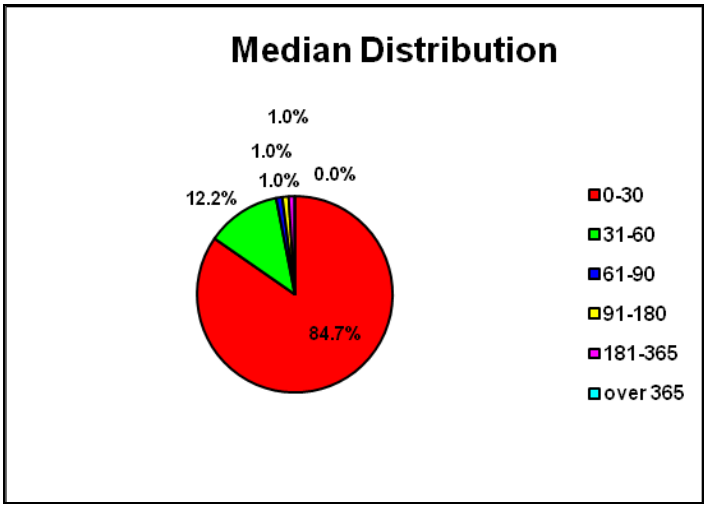
C. Homeowner Median – 10 days

	MEDIAN DISTRIBUTION	
No. Days Category	Number	Percent
0-30	94	81.74%
31-60	12	10.43%
61-90	4	3.48%
91-180	4	3.48%
181-365	1	0.87%
over 365	0	0.00%
Total	115	100.00%



D. Dwelling Fire Median - 11 days

MEDIAN DISTRIBUTION		
# Days	Number	Percent
0-30	83	84.69%
31-60	12	12.25%
61-90	1	1.02%
91-180	1	1.02%
181-365	1	1.02
over 365	0	0.00%
Total	98	100.00%



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Roger Henschen, 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 Farmington Casualty Company, NAIC # 41483, Northland Casualty Company, NAIC # 24031, Northland Insurance Company, NAIC # 24015, The Automobile Insurance Company of Hartford, Connecticut, NAIC # 19062, The Charter Oak Fire Insurance Company, NAIC # 25615, The Phoenix Insurance Company, NAIC # 25623, The Standard Fire Insurance Company, NAIC # 19070, The Travelers Indemnity Company, NAIC # 25658, The Travelers Indemnity Company of America, NAIC # 25666, The Travelers Indemnity Company of Connecticut, NAIC # 25682, Travelers Casualty and Surety Company, NAIC # 19038, Travelers Casualty Insurance Company of America, NAIC # 19046, Travelers Commercial Insurance Company, NAIC # 36137, The Travelers Home and Marine Insurance Company, NAIC # 27998, Travelers Personal Insurance Company, NAIC # 38130, Travelers Property Casualty Company of America, NAIC # 25674, Travelers Property Casualty Insurance Company, NAIC # 36161, collectively (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 conduct 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 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 14th day of March, 2014.

Notary Public

OFFICIAL SEAL
GEORGE B. HEINTZ
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 3-24-2014

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE

IN THE MATTER OF:

Farmington Casualty Company
Northland Casualty Company
Northland Insurance Company
The Automobile Insurance Company of Hartford, Connecticut
The Charter Oak Fire Insurance Company
The Phoenix Insurance Company
The Standard Fire Insurance Company
The Travelers Indemnity Company
The Travelers Indemnity Company of America
The Travelers Indemnity Company of Connecticut
Travelers Casualty and Surety Company
Travelers Casualty Insurance Company of America
Travelers Commercial Insurance Company
The Travelers Home and Marine Insurance Company
Travelers Personal Insurance Company
Travelers Property Casualty Company of America
Travelers Property Casualty Insurance Company
One Tower Square
Hartford, CT 06183

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, Farmington Casualty Company, NAIC #41483, ("FCC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Northland Casualty Company, NAIC ##24031, ("NCC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Northland Insurance Company, NAIC ##24015, ("NIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Automobile Insurance Company of Hartford, Connecticut, NAIC #19062, ("TAICHC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Charter Oak Fire Insurance Company, NAIC #25615, ("TCOFIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Phoenix Insurance Company, NAIC #25623, ("TPIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Standard Fire Insurance Company, NAIC # 19070, ("TSFIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Travelers Indemnity Company, NAIC # 25658, ("TTIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Travelers Indemnity Company of America, NAIC # 25666, ("TTICOA") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Travelers Indemnity Company of Connecticut, NAIC # 25682, ("TTICOC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Travelers Casualty and Surety Company, NAIC # 19038, ("TC&SC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Travelers Casualty Insurance Company of America, NAIC # 19046, ("TCICOA") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Travelers Commercial Insurance Company, NAIC # 36137, ("TCIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, The Travelers Home and Marine Insurance Company, NAIC # 27998, ("TH&MIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Travelers Personal Insurance Company , NAIC # 38130, ("TPIC") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Travelers Property Casualty Company of America, NAIC #25674 , ("TPCCOA") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Travelers Property Casualty Insurance Company, NAIC #36161, ("TPCIC") (FCC, NCC, NIC, TAICHC, TCOFIC, TPIC, TSFIC, TTIC, TTICOA, TTICOC, TC&SC, TCICOA, TCIC, TH&MIC, TPIC, TPCCOA, and TPCIC are hereinafter individually and collectively referred to as "Travelers" or "Company") is authorized under the insurance laws of this State and by the Director as a foreign property casualty insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of Travelers was conducted by duly qualified examiners appointed by the Director 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, the appointed examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

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

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

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

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

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

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

1. That the Market Conduct Examination indicated various areas in which the company was not in compliance with provisions of the Illinois Insurance Laws, and/or Department Regulations; and

2. That the Director and the Company consent to this order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Laws, and/or Department Regulations.

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

1. Institute and maintain procedures to provide at least 30 days advance notice as required by 215 ILCS 5/143.15.

2. Institute and maintain procedures to ensure that the company shall not exercise its right to cancel a homeowners policy which has been effective for 60 days, or if such policy is a renewal policy, except for one or more of the reasons specified in 215 ILCS 5/143.21.

3. Institute and maintain procedures to ensure that prior to nonrenewing a homeowner policy due to defects in the property and which is capable of being rehabilitated, the company send the named insured a notice of need to repair and allow a reasonable period of time in which to make those repairs as required by 215 ILCS 5/143.27.

4. Institute and maintain procedures to maintain proof of mailing of the notice of nonrenewal of homeowner policies and provide at least 30 days advance notice and either renew the policy or nonrenew the policy as required by 215 ILCS 5/143.17.

5. Institute and maintain procedures to ensure that prior to cancelling a dwelling fire policy covering property which is capable of being rehabilitated, the company shall send the named insured a notice of need to repair and allow a reasonable period of time in which to make repairs as required by 215 ILCS 5/143.27.

6. Institute and maintain procedures to ensure that prior to nonrenewing a dwelling fire policy covering property which is capable of being rehabilitated, the company shall send the named insured a notice of need to repair and allow a reasonable period of time in which to make repairs as required by 215 ILCS 5/143.27.

7. Institute and maintain procedures to maintain proof of mailing of notices of nonrenewal of dwelling fire policies and either renew or nonrenew the policy as required by 215 ILCS 5/143.17.

8. Institute and maintain procedures to provide the named insured a specific explanation of the reason or reasons for cancellation of commercial auto policies and the number of days advance notice as required by 215 ILCS 5/143.16.

9. Institute and maintain procedures to provide to the first named insured the loss information required by 215 ILCS 5/143.10a when canceling a commercial auto policy.

10. Institute and maintain procedures to ensure that the company shall not exercise its right to cancel a commercial auto policy which has been effective for 60 days, except for one or more of the reasons specified in 215 ILCS 5/143.16a.

11. Institute and maintain procedures to provide to the first named insured the loss information required by 215 ILCS 5/143.10a when nonrenewing a commercial auto policy.

12. Institute and maintain procedures to provide a specific explanation of the reasons for nonrenewal of commercial auto policies, provide 60 days advance notice and maintain the proof of mailing as required by 215 ILCS 5/143.17a.

13. Institute and maintain procedures to provide the named insured a specific explanation of the reasons for nonrenewal of Farm/Ranch policies, and provide 60 days advance notice as required by 215 ILCS 5/143.17a.

14. Institute and maintain procedures consistent with 215 ILCS 5/141.01 and cease nonrenewing Farm/Ranch policies on the grounds that the contract between the company and the producer through whom such policy was obtained has been terminated.

15. Institute and maintain procedures to provide to the first named insured the loss information required by 215 ILCS 5/143.10a when nonrenewing a commercial fire policy.

16. Institute and maintain procedures to provide the named insured a specific explanation of the reason or reasons for cancellation of workers' compensation policies as required by 215 ILCS 5/143.16.

17. Institute and maintain procedures to provide the named insured a specific explanation of the reasons for nonrenewal of workers' compensation policies and maintain proof of mailing of the notice of nonrenewal as required by 215 ILCS 5/143.17a.

18. Institute and maintain procedures to include mine subsidence coverage at a separately stated premium, unless waived in writing by the insured, when issuing homeowners policies as required by 215 ILCS 5/805.1 except for policies insuring property in counties exempt from this requirement pursuant to 215 ILCS 5/807.

19. Institute and maintain procedures to provide to the Director, when requesting homeowner applications, convenient and free access, to include "read only" computer access when possible, at all reasonable hours at its office or location to all books, records, documents, and any or all papers relating to the business, performance, operations, and affairs of the company as required by 215 ILCS 5/132(2). In those instances in which "read only" access cannot be granted, the company will make available hard copy records in a timely manner such that unreasonable delays in conducting the examination does not exist.

20. Institute and maintain procedures to provide to the Director, when requesting dwelling fire applications, convenient and free access, to include "read only" computer access when possible, at all reasonable hours at its office or location to all books, records, documents, and any or all papers relating to the business, performance, operations, and affairs of the company as required by 215 ILCS 5/132(2). In those instances in which "read only" access cannot be granted, the company will make available hard copy records in a timely manner such that unreasonable delays in conducting the examination does not exist.

21. Institute and maintain procedures to include mine subsidence coverage at a separately stated premium, unless waived in writing by the insured, when issuing dwelling fire policies as required by 215 ILCS 5/805.1 except for policies insuring property in counties exempt from this requirement pursuant to 215 ILCS 5/807.

22. Institute and maintain procedures to mail or deliver to the named insured, at least 60 days prior to the renewal or anniversary date, written notice of any increase in premium of 30% or more or any changes in deductibles or coverage that materially alters a commercial auto policy as required by 215 ILCS 5/143.17a.

23. Institute and maintain procedures to mail or deliver to the named insured, at least 60 days prior to the renewal or anniversary date, written notice of any increase in premium of 30% or more or any changes in deductibles or coverage that materially alters a Farm/Ranch policy as required by 215 ILCS 5/143.17a.

24. Institute and maintain procedures to provide the insured, in private passenger auto first party collision paid claims, with a reasonable written explanation for the delay when the collision claim remains unresolved in excess of 40 calendar days and include the Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.80(b)(2).

25. Institute and maintain procedures to provide the insured, in private passenger auto first party collision claims closed without payment, with a reasonable written explanation for the delay when the collision claim remains unresolved in excess of 40 calendar days and include the Availability of the Department of Insurance on the explanation as required by 50 Ill. Adm. Code 919.80(b)(2).

26. Institute and maintain procedures to accompany the reasonable written explanation for the denial of a first party private passenger auto claim with a Notice of Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.50(a)(1).

27. Institute and maintain procedures to provide the third party private passenger auto claimant, whose claim will be paid under the insureds property damage liability coverage, with a timely and reasonable written explanation for the delay when the claim remains unresolved in excess of 60 calendar days from the date it is reported and include the Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.80(b)(3).

28. Institute and maintain procedures to provide the third party private passenger auto claimant, whose property damage liability claim will eventually be closed without payment, with a timely and reasonable written explanation for the delay when the claim remains unresolved in excess of 60 calendar days from the date it is reported and include the Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.80(b)(3).

29. Institute and maintain procedures whereby the third party private passenger auto claimant whose property damage claim is denied is provided a reasonable written explanation for the denial as required by 50 Ill. Adm. Code 919.50(a)(2).

30. Institute and maintain procedures to provide insureds who has experienced a total loss to his or her vehicle, with a written explanation for the delay when the collision claim remains unresolved in excess of 40 calendar days as required by 50 Ill. Adm. Code 919.80(b)(2).

31. Institute and maintain procedures whereby documentation of the salvage value of the insured vehicle is maintained as required by 50 Ill. Adm. Code 919.30(c).

32. Institute and maintain procedures whereby the applicable title and transfer fees are paid as required by 50 Ill. Code 919.80(c)(3)(A)(i).

33. Institute and maintain procedures whereby the information contained in Exhibit A is provided to the insured when the insured vehicle is determined to be a total loss as outlined in 50 Ill. Adm. Code 919.80(c).

34. Institute and maintain procedures to be consistent in paying title and transfer fees to insureds who have retained the total loss vehicle as is required by 215 ILCS 5/154.6(d) and/or 5/154.6(r).

35. Institute and maintain procedures consistent with 50 Ill. Adm. Code 919.80(d)(7)(B) to ensure that a homeowner insured is provided a written explanation for the delay when the final payment for the claim is not made within 75 days from the date the loss was reported.

36. Institute and maintain procedures to provide to the insured a timely and reasonable written explanation for the delay when the homeowners claim is closed without payment in excess of 75 calendar days from the date it is reported and include the Availability of the Department of Insurance on the explanation as is required by 50 Ill. Adm. Code 919.80(d)(7)(B).

37. Institute and maintain procedures to ensure that when a homeowner claim is denied a reasonable written explanation of the basis of the denial is provided to insured in a timely manner and include the Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.50(a)(1).

38. Institute and maintain procedures consistent with 50 Ill. Adm. Code 919.80(d)(7)(B) to ensure that a dwelling fire insured is provided a timely written explanation for the delay when the final payment for the claim is not made within 75 calendar days from the date the loss is reported.

39. Institute and maintain procedures that in dwelling fire claims that will be closed without payment, the insured is provided a reasonable written explanation for the delay if the claim is not closed within 75 calendar days from the date the loss is reported as is required by 50 Ill. Adm. Code 919.80(d)(7)(b).

40. Institute and maintain procedures to ensure that when the dwelling fire claim is denied a reasonable written explanation of the basis of the denial is provided the insured as required by 50 Ill. Adm. Code 919.50(a)(1).

41. Institute and maintain procedures to ensure that workers' compensation claims submitted by providers are paid within thirty (30) days of receipt of the bill which contains substantially all of the required data elements necessary to adjudicate the bill and to pay interest at a rate of one percent (1%) per month on any bill or portion thereof not paid within such thirty day period as required by 820 ILCS 305/8.2(d)(3).

42. Institute and maintain procedures to provide to the Director, convenient and free access to include "read-only" computer access when possible, at all reasonable hours at its office or location to all books, records, documents, and any or all papers relating to the business, performance, operations, and affairs of the company as required by 215 ILCS 5/132(2). In those instances in which "read only" access cannot be granted, the company will make available hard copy records in a timely manner such that unreasonable delays in conducting the examination does not exist.

43. Submit to the Director proof of compliance within thirty (30) days of the date on which this Stipulation and Consent Order is executed by the Director.

44. The Company shall pay to the Director a civil forfeiture of seventy five thousand dollars ($75,000) within thirty days of the date of these Orders.

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

On behalf of:

Farmington Casualty Company
Northland Casualty Company
Northland Insurance Company
The Automobile Insurance Company of Hartford, Connecticut
The Charter Oak Fire Insurance Company
The Phoenix Insurance Company
The Standard Fire Insurance Company
The Travelers Indemnity Company
The Travelers Indemnity Company of America
The Travelers Indemnity Company of Connecticut
Travelers Casualty and Surety Company
Travelers Casualty Insurance Company of America
Travelers Commercial Insurance Company
The Travelers Home and Marine Insurance Company
Travelers Personal Insurance Company
Travelers Property Casualty Company of America
Travelers Property Casualty Insurance Company

Signature

Christine Palmieri

Name

Vice President

Title

Subscribed and sworn to before me this
27th day of January 2015.

BEVERLY A. RIPPLE
Notary Public
My Commission Expires March 31, 2016

Notary Public

DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 1-30-15

James Stephens
Acting Director