



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Acting Director

February 8, 2017

John J. Lupica, President
Bankers Standard Insurance Company
436 Walnut Street
Philadelphia, PA 19106-1484

Re: Bankers Standard Insurance Company, NAIC 18279
Market Conduct Examination Report Closing Letter

Dear Mr. Lupica:

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

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Engle".

Jack Engle, MCM
Assistant Deputy Director-Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington- 5th Floor
Springfield, IL 62767
217-558-1058
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BANKERS STANDARD INSURANCE COMPANY
EXAMINATION REPORT

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMIN/ATION: November 16, 2015 through August 15, 2016

EXAMIN/ATION OF: Bankers Standard Insurance Company
NAIC Number: 18279

LOCATION: 202 Halls Mill Road, Building A
Whitehouse Station, NJ 08889-1600

PERIOD COVERED BY
EXAMIN/ATION: November 1, 2014 to October 31, 2015
Complaints: April 1, 2014 to October 31, 2015

EXAMINERS: Linda Miller
Josephine Sitter
J. Joseph Cohen, Examiner-in-Charge

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I. SUMMARY

A comprehensive market conduct examination of two of the Company's personal lines of business - Homeowners (including Homeowners, Residential Fire and Renters) and Private Passenger Automobile - was performed to determine compliance with Illinois statutes and the Illinois Administrative Code.

The following table represents general findings, with specific details in each section of the report.

TABLE OF TOTAL VIOLATIONS						
Crit #	Statute/Rule	Description of Violations	Population	Files Reviewed	# of Violations	Error %
1	215 ILCS 5/141.01	The Company non-renewed a policy for an impermissible reason, that being the producer no longer represented the Company. (HO Nonrenewals)	18	18	1	5.55%
2	215 ILCS 5/141.01	The Company non-renewed a policy for an impermissible reason, that being the producer no longer represented the Company. (PPA Nonrenewals)	15	15	1	6.66%
4	50 Ill. Adm. Code 919.50(a)(2)	The Company failed to provide a written explanation of the basis for the denial. (PPA 3 rd Party Claims-CWP)	26	26	2	7.69%
5	50 Ill. Adm. Code 919.80(c)	The Company failed to provide Exhibit A information to the insured. (PPA Total Loss)	32	32	4	12.5%
6	50 Ill. Adm. Code 919.50(a)	The Company failed to pay a claim within 30 days of affirmation of liability. (PPA 3 rd Party Claims-Paid)	158	76	1	1.32%
7	50 Ill. Adm. Code 919.80(b)(3)	The Company failed to provide a delay letter for a claim unresolved for more than 60 days. (PPA 3 rd Party Claims-Paid)	158	76	1	1.32%
8	215 ILCS 5/500-15(a) and 215 ILCS 5/500-80(a) and (b)	The Company accepted business from and paid commission to an unlicensed person. (PPA New Business)	293	84	1	1.19%
9	50 Ill. Adm. Code 754.10	The Company failed to properly apply credits, discounts or surcharges, pursuant to its filings. All errors were in favor of the insured. (Renters New Business)	49	49	27	55.10%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violations	Population	Files Reviewed	# of Violations	Error %
10	215 ILCS 5/500-15(a) and 215 ILCS 5/500-80(a) and (b)	The Company accepted business from and paid commission to an unlicensed person. (Renters New Business)	49	49	1	2.04%
11	50 Ill. Adm. Code 919.50(a)(1)	The Company failed to include the Notice of Availability of the Department of Insurance language in a denial letter. (HO Claims-CWP)	24	24	3	12.5%
12	215 ILCS 5/500-15(a) and 215 ILCS 5/500-80(a) and (b)	The Company accepted business from and paid commission to an unlicensed person. (HO New Business)	412	86	1	1.16%
13	50 Ill. Adm. Code 754.10	The Company failed to properly apply credits, discounts or surcharges, pursuant to its filings. One error was not in the insured's favor and a refund was issued. (HO New Business)	412	86	27	31.40%
14	50 Ill. Adm. Code 754.10	The Company failed to properly apply credits, discounts or surcharges, pursuant to its filings. These errors were all in favor of the insured. (PPA New Business)	293	84	37	44.05%
15	50 Ill. Adm. Code 2303.40(a)	The Company failed to send the required PILR Loss Report Form. (HO Claims-Paid)	76	76	2	2.63%

II. BACKGROUND

Bankers Standard Insurance Company was incorporated May 15, 1962, under the laws of Florida, as All Risk Insurance Company. The Company's present name was adopted in 1971 and it redomesticated from Florida to Pennsylvania in 1995. The Company is authorized to provide property and casualty lines in all states. During the examination period, the Company was a wholly-owned, indirect subsidiary of ACE Limited, the ultimate controlling entity in the insurance holding company system. Since the examination period, the group acquired the Chubb Corporation and the group now operates under the Chubb name.

Bankers Standard Insurance Company's 2014 NAIC Annual Statement, Page 14 (Illinois) reports the following for the lines of business examined:

	Line	Direct premiums written	Direct premiums earned	Direct losses paid	Direct losses incurred
4	Homeowners Multiple Peril	\$8,045,909	\$8,033,019	\$9,498,918	\$8,038,854
19.2	Other Private Passenger Auto Liability	\$2,844,303	\$2,781,666	\$1,433,104	\$1,632,190
21.1	Private Passenger Auto Physical Damage	\$2,733,917	\$2,579,009	\$1,382,919	\$1,460,220
35	Totals	\$13,624,129	\$13,393,694	\$12,314,941	\$11,131,264

III. METHODOLOGY

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

1. Operations and Management
2. Complaints
3. Producer Licensing
4. Risk Selection
5. Underwriting
6. Claims

The review of the categories was accomplished through examination of material related to Company operations and management, complaint files, producer lists, risk selection files, underwriting files and claim files, as well as interviews and Company responses to the Coordinator's Handbook, Information Requests and Criticisms. Each of the categories was examined for compliance with ILDOI Regulations and applicable state laws.

The following method was used to obtain the required samples and to ensure a statistically sound selection. Surveys were developed from Company-generated Excel spreadsheets. Random statistical file selections were generated by the examiners from these spreadsheets. In the event the number of files was too low for a random sample, the sample consisted of the universe of files.

Two of the Company's personal lines of business were reviewed - Homeowners (including Homeowners, Residential Fire and Renters) and Private Passenger Automobile. The Company reports that it does not write residential fire policies.

The Company was a subsidiary of ACE Limited during the examination. Another company in this group, ACE American Insurance Company, was also examined in conjunction with Bankers Standard. Since they do not generally share the same platforms, separate reports have been prepared.

Operations and Management

A review was conducted of the Company's underwriting and claims guidelines and procedures, policy forms, third party vendor oversight, internal audits, certificates of authority, previous market conduct examinations and annual statements. These documents were reviewed for compliance with Illinois statutes and the Illinois Administrative Code.

There were no exceptions noted.

Complaints

The Company was requested to identify all consumer and ILDOI complaints received during the examination period and to provide copies of the complaint registers. One complaint was reported; the file and complaint register were provided. These documents were reviewed for compliance with Illinois statutes and the Illinois Administrative Code.

There were no exceptions noted.

Producer Licensing

The Company was requested to provide a list of all producers licensed to do business in Illinois and a list of those producers paid commission in Illinois during the examination period. The majority of producers placing business with the Company are brokers rather than agents of the Company. In addition, all of the producers identified as terminated were brokers not under contract and/or were part of name changes, mergers or acquisitions and Illinois notice provisions for terminations did not apply. A sample of the listed producers was reviewed in comparison to the State of Illinois licensing database and for compliance with Illinois statutes and the Illinois Administrative Code.

There were no exceptions noted.

Risk Selection

The Company was requested to provide a list of all policies in the following categories: Cancellations I (Company initiated cancellations), Cancellations II (cancellations for non-pay or at the insureds request), Nonrenewals and Rescissions. The sample files were reviewed to ensure that the policies were processed in compliance with Illinois statutes and the Illinois Administrative Code. The review included compliance with statutory requirements, the accuracy and validity of the reason(s) given for the action taken and for any possible unfair discrimination.

There were several exceptions noted.

Underwriting

The underwriting review of applicants for coverage with the Company was selected based on the inception dates of new policies falling within the period under examination. The policies furnished by the Company were reviewed for rating accuracy, use of filed rates, use of filed forms, compliance with Company underwriting guidelines and to ensure that the coverage provided was as requested by the applicant. This business was also reviewed to determine if solicitations were made by duly licensed producers.

The Company was requested to manually rate 20 files from the sample in each line of business. The examination of these files revealed no accuracy errors in the ratings.

It is noted the original New Business universes furnished by the Company contained policies absorbed from another Company with the permission of the ILDOI. However, while the policies were rated, no new underwriting standards were applied. At the request of the examiners, revised universes were furnished that did not contain the absorbed policies and samples were drawn so the remainder of the underwriting review could take place.

There were several exceptions noted.

Claims

Claims were requested based on the settlement occurring or the claim file being closed without payment during 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 Title 50 of the Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*).

There were several exceptions noted.

IV. SELECTION OF SAMPLES

<u>Surveys</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
COMPLAINTS			
ILDOI Complaints	1	1	100.00%
Consumer Complaints	0	0	N/A
PRODUCER LICENSING	1,696	114	6.72%
RISK SELECTION			
Risk Selection - PPA Cancellations I	0	0	N/A
Risk Selection - HO Cancellations I	0	0	N/A
Risk Selection - Fire Cancellations I	0	0	N/A
Risk Selection - Renters Cancellations I	0	0	N/A
Risk Selection - PPA Cancellations II	204	84	41.18%
Risk Selection - HO Cancellations II	256	84	32.81%
Risk Selection - Fire Cancellations II	0	0	N/A
Risk Selection - Renters Cancellations II	39	39	100.00%
Risk Selection - PPA Nonrenewals	15	15	100.00%
Risk Selection - HO Nonrenewals	18	18	100.00%
Risk Selection - Fire Nonrenewals	0	0	N/A
Risk Selection - Renters Nonrenewals	0	0	N/A
Risk Selection - PPA Rescissions	0	0	N/A
Risk Selection - HO Rescissions	0	0	N/A
Risk Selection - Fire Rescissions	0	0	N/A
Risk Selection - Renters Rescissions	0	0	N/A
UNDERWRITING			
UW- PPA New Business	293	84	28.67%
UW - HO New Business	412	86	20.87%
UW - Fire New Business	0	0	N/A
UW - Renters New Business	49	49	100.00%
CLAIMS			
PPA 1 st Party Median & Paid	209	82	39.23%
PPA 1 st Party Closed Without Payment	50	50	100.00%
PPA 3 rd Party Median & Paid	158	76	48.10%
PPA 3 rd Party Closed Without Payment	26	26	100.00%
PPA Total Losses	32	32	100.00%
PPA Subrogation	42	42	100.00%
HO Median & Paid	76	76	100.00%
HO Closed Without Payment	24	24	100.00%
Residential Fire Median & Paid	0	0	N/A
Residential Fire Closed Without Payment	0	0	N/A
Renters Median & Paid	0	0	N/A
Renters Closed Without Payment	0	0	N/A

V. FINDINGS

A. OPERATIONS AND MANAGEMENT

There were no criticisms in this survey.

B. COMPLAINTS

1. Complaints - ILDOI

There were no criticisms in this survey.

2. Complaints - Consumer

No complaints reported.

C. PRODUCER LICENSING

There were no criticisms in this survey.

D. RISK SELECTION

1. Private Passenger Automobile Cancellations I

No cancellations reported.

2. Homeowners Cancellations I

No cancellations reported.

3. Fire Cancellations I

No cancellations reported.

4. Renters Cancellations I

No cancellations reported.

5. Private Passenger Automobile Cancellations II

There were no criticisms in this survey.

6. Homeowners Cancellations II

There were no criticisms in this survey.

7. Fire Cancellations II

No cancellations reported.

8. Renters Cancellations II

There were no criticisms in this survey.

9. Private Passenger Automobile Nonrenewals

In one (1) instance of 15 files reviewed, for an error rate of 6.66%, the Company non-renewed a policy for an impermissible reason, that being the producer was no longer representing the Company. This is a violation of 215 ILCS 5/141.01.

Item #	Policy Number	Nonrenewal Reason
11		Agent no longer represents Company

10. Homeowners Nonrenewals

In one (1) instance of 18 files reviewed, for an error rate of 5.55%, the Company non-renewed a policy for an impermissible reason, that being the producer was no longer representing the Company. This is a violation of 215 ILCS 5/141.01.

Item #	Policy Number	Nonrenewal Reason
15		Agent no longer represents Company

11. Fire Nonrenewals

No nonrenewals reported.

12. Renters Nonrenewals

No nonrenewals reported.

13. Private Passenger Automobile Rescissions

No rescissions reported.

14. Homeowners Rescissions

No rescissions reported.

15. Fire Rescissions

No rescissions reported.

16. Renters Rescissions

No rescissions reported.

E. UNDERWRITING

1. Private Passenger Automobile New Business

In one (1) instance of 84 files reviewed, for an error rate of 1.19%, the Company accepted business from and paid commission to an unlicensed person. This is a violation of 215 ILCS 5/500-15(a) and 215 ILCS 5/500-80(a) and (b).

Survey #	Policy Number	Criticism
24		License required

In thirty-seven (37) instances of 84 files reviewed, for an error rate of 44.05%, the Company failed to properly apply credits, discounts or surcharges, as required in its filings. These errors were all in favor of the insured. This is a violation of 50 Ill. Adm. Code 754.10.

Item #	Policy Number	Effective Date	Violation
79		9-28-15	Company failed to surcharge for a 02-12-14 accident

The following files lacked proper documentation for support:

2		06-18-15	Continuous Credit, Good Student Credit
3		02-17-15	Continuous Credit
7		05-01-15	Continuous Credit
10		05-14-15	Good Student Credit
16		11-21-14	Continuous Credit
17		07-01-15	Continuous Credit, Good Student Credit
18		06-03-15	Continuous Credit
24		11-15-14	Continuous Credit
26		08-27-15	Continuous Credit
28		12-05-14	Good Student Credit
31		08-04-15	Continuous Credit
34		04-30-15	Continuous Credit
37		04-12-15	Continuous Credit
40		03-14-15	Continuous Credit
43		02-24-15	Continuous Credit
44		03-22-15	Good Student Credit
46		10-01-15	Continuous Credit
51		07-27-15	Good Student Credit
53		01-01-15	Continuous Credit
54		08-15-15	Continuous Credit
55		08-24-15	Continuous Credit

60			06-03-15	Continuous Credit
62			05-13-15	Continuous Credit
63			10-01-15	Continuous Credit
65			10-01-15	Continuous Credit, Good Student Credit
66			10-01-15	Continuous Credit
67			10-01-15	Continuous Credit
68			10-01-15	Continuous Credit
69			11-19-14	Continuous Credit
71			08-13-15	Continuous Credit
72			06-10-15	Continuous Credit, Good Student Credit
74			06-05-15	Good Student Credit
77			09-20-15	Continuous Credit
80			08-30-15	Continuous Credit
81			10-01-15	Continuous Credit
82			10-15-15	Good Student Credit

2. Homeowners New Business

In one (1) instance of 86 files reviewed, for an error rate of 1.16%, the Company accepted business from and paid commission to an unlicensed person. This is a violation of 215 ILCS 5/500-15(a) and 215 ILCS 5/500-80(a) and (b).

Survey #	Policy Number	Criticism
14		License required

In 27 instances of 86 files reviewed, for an error rate of 31.40%, the Company failed to properly apply credits, discounts or surcharges, as required in its filings. All errors were in the insureds favor except Item #43. The Company provided a premium refund in that case as a result of this review. This is a violation of 50 Ill. Adm. Code 754.10.

Item #	Policy Number	Effective Date	Violation
38		08-18-15	Manned Security Credit not warranted
43		09-24-15	Central Station Fire and Burglar Alarm Credit not provided but was warranted
74		06-23-15	Central Station Fire and Burglar Alarm Credit not warranted

The following files lacked documentation for support:

1		09-01-15	Central Station Fire and Burglar Alarm Credit, Power Back-up Credit
4		06-30-15	Central Station Fire and Burglar Alarm Credit
5		09-04-15	Central Station Fire and Burglar Alarm Credit, Sprinkler Excluding Bath Alarm Credit

17	████████	03-01-15	Central Station Fire and Burglar Alarm Credit, Sprinkler Excluding Bath Alarm Credit
22	████████	01-16-15	Central Station Fire and Burglar Alarm Credit
23	████████	06-08-15	Central Station Fire and Burglar Alarm Credit
27	████████	12-05-14	Central Station Fire and Burglar Alarm Credit
29	████████	08-26-15	Central Station Burglar Alarm Credit
31	████████	04-15-15	Central Station Fire and Burglar Alarm Credit
33	████████	09-03-15	Central Station Fire and Burglar Alarm Credit
35	████████	08-01-15	Central Station Fire and Burglar Alarm Credit
36	████████	09-15-15	Central Station Fire and Burglar Alarm Credit
37	████████	08-01-15	Central Station Fire and Burglar Alarm Credit
39	████████	05-01-15	Central Station Fire and Burglar Alarm Credit, Sprinkler Excluding Bath Alarm Credit
42	████████	08-26-15	Central Station Fire Alarm Credit
44	████████	03-21-15	Central Station Fire and Burglar Alarm Credit
46	████████	07-06-15	Central Station Fire and Burglar Alarm Credit
48	████████	03-21-15	Local Smoke Detector Credit
49	████████	10-11-15	Local Smoke Detector Credit
50	████████	07-01-15	Central Station Fire and Burglar Alarm Credit
55	████████	06-30-15	Central Station Fire and Burglar Alarm Credit, Gated Community Credit
84	████████	10-01-15	Central Station Fire and Burglar Alarm Credit, Sprinkler Excluding Bath Alarm Credit, Manned Security Credit
85	████████	10-08-15	Central Station Fire and Burglar Alarm Credit
86	████████	10-17-15	Central Station Fire and Burglar Alarm Credit, Power Back-up Credit

3. Fire New Business

No new business reported.

4. Renters New Business

In one (1) instance of 49 files reviewed, for an error rate of 2.04%, the Company accepted business from and paid commission to an unlicensed person. This is a violation of 215 ILCS 5/500-15 and 215 ILCS 5/500-80(a) and (b).

Survey #	Policy Number	Criticism
8	██████████	License required

In 27 instances of 49 files reviewed, for an error rate of 55.10%, the Company failed to properly apply credits or surcharges, as required in its filings. All errors were in favor of the insured. This is a violation of 50 Ill. Adm. Code 754.10.

Item #	Policy Number	Effective Date	Violation
2	██████████	06-10-15	Sprinkler Excluding Bath Alarm Credit, Manned Security Credit not warranted
29	██████████	07-01-15	Incorrect zip code resulting in an undercharge of \$4.00
43	██████████	09-06-15	Loss Free Credit applied but not warranted

The following files lacked documentation to support the credit applied:

4	██████████	01-01-15	Central Station Fire and Burglar Alarm Credit, Power Back-up Credit, Water Leak Detection and Master Valve Credit
6	██████████	02-01-15	Central Station Fire and Burglar Alarm Credit
7	██████████	01-20-15	Gated Community Credit, Central Station Fire and Burglar Alarm Credit, Sprinkler Excluding Bath Alarm Credit
8	██████████	02-17-15	Central Station Fire and Burglar Alarm Credit
10	██████████	03-06-15	Local Fire Alarm Credit
13	██████████	03-01-15	Central Station Fire and Burglar Alarm Credit
15	██████████	04-06-15	Central Station Fire and Burglar Alarm Credit, Gated Community Credit, Sprinkler Excluding Bath Alarm Credit
17	██████████	04-28-15	Central Station Fire and Burglar Alarm Credit
18	██████████	04-15-15	Central Station Fire and Burglar Alarm Credit
22	██████████	05-08-15	Manned Security Credit
23	██████████	05-11-15	Central Station Fire and Burglar Alarm Credit
24	██████████	05-20-15	Sprinkler Excluding Bath Alarm Credit

27	██████████	06-02-15	Central Station Fire and Burglar Alarm Credit
28	██████████	06-13-15	Central Station Fire and Burglar Alarm Credit
31	██████████	06-08-15	Local Burglar Alarm Credit, Central Fire Alarm Credit, Sprinkler Excluding Bath Alarm Credit, Manned Security Credit
32	██████████	06-04-15	Sprinkler Excluding Bath Alarm Credit, Manned Security Credit
34	██████████	06-12-15	Central Station Fire and Burglar Alarm Credit
37	██████████	07-01-15	Central Station Fire and Burglar Alarm Credit
38	██████████	07-21-15	Local Fire Alarm Credit
40	██████████	08-01-15	Sprinkler Excluding Bath Alarm Credit, Manned Security Credit
45	██████████	08-21-15	Central Station Fire and Burglar Alarm Credit
46	██████████	08-22-15	Manned Security Credit
47	██████████	09-29-15	Central Station Fire and Burglar Alarm Credit
48	██████████	10-11-15	Local Fire Alarm Credit

F. CLAIMS

1. Private Passenger Automobile 1st Party Median & Paid

The median payment period was 21 days distributed as follows:

Days for Pay	MEDIAN DISTRIBUTION	
	Number of Items	Percent
0-30	53	64.63%
31-60	13	15.85%
61-90	7	5.53%
91-180	9	10.98%
181-365	-	-
Over 365	-	-
Total Items	82	100.00%

There were no criticisms in this survey.

2. Private Passenger Automobile 1st Party Closed Without Payment

There were no criticisms in this survey.

3. Private Passenger Automobile 3rd Party Median & Paid

The median payment period was 19 days distributed as follows:

MEDIAN DISTRIBUTION		
Days for Pay	Number of Items	Percent
0-30	53	69.74%
31-60	9	11.84%
61-90	4	5.27%
91-180	9	11.84%
181-365	1	1.31%
Over 365	-	-
Total Items	76	100.00%

In one (1) instance of 76 files reviewed, for an error rate of 1.32%, the Company failed to pay a claim within 30 days of affirmation of liability. This is a violation of 50 Ill. Adm. Code 919.50(a).

Item #	Claim #	Date of Loss	Criticism
42		05/05/15	No pay within 30 days

In one (1) instance of 76 files reviewed, for an error rate of 1.32%, the Company failed to provide a delay letter for a claim unresolved for more than 60 days. This is a violation of 50 Ill. Adm. Code 919.80(b)(3).

Item #	Claim #	Date of Loss	Criticism
42		05/05/15	No delay letter

4. Private Passenger Automobile 3rd Party Closed Without Payment

In two (2) instances of 26 files reviewed, for an error rate of 7.69%, the Company failed to provide a written explanation of the basis for the denial. This is a violation of 50 Ill. Adm. Code 919.50(a)(2).

Item #	Claim #	Date of Loss	Criticism
3		11/02/14	Failed to provide written denial
24		09/25/15	Failed to provide written denial

5. Private Passenger Automobile Total Losses

In four (4) instances of 32 files reviewed, for an error rate of 12.5%, the Company failed to provide Exhibit A information to the insured. This is in violation of 50 Ill. Adm. Code 919.80(c).

Item #	Claim #	Date of Loss	Criticism
2		11/16/14	Exhibit A was not found
7		02/14/15	Exhibit A was not found
15		06/03/15	Exhibit A was not found
28		09/19/15	Exhibit A was not found

6. Private Passenger Automobile Subrogation

There were no criticisms in this survey.

7. Homeowners Median & Paid

The median payment period was 24 days distributed as follows:

MEDIAN DISTRIBUTION		
Days for Pay	Number of Items	Percent
0-30	50	65.84%
31-60	14	18.42%
61-90	9	11.84%
91-180	1	1.31%
181-365	2	2.62%
Over 365	-	-
Total Items	76	100.00%

In two (2) instances of 76 files reviewed, for an error rate of 2.63%, the Company failed to send the required PILR Loss Report Form. This is a violation of 50 Ill. Adm. Code 2303.40(a).

8. Homeowners Closed Without Payment

In three (3) instances of 24 files reviewed, for an error rate of 12.5%, the Company failed to include the Notice of Availability of the Department of Insurance language in a denial letter. This is a violation of 50 Ill. Adm. Code 919.50(a)(1).

Survey #	Policy Number	Criticism
32		Letter with no Notice of ILDOI Availability
33		Letter with no Notice of ILDOI Availability
55		Letter with no Notice of ILDOI Availability

9. Residential Fire Median & Paid

No claims reported.

10. Residential Fire Closed Without Payment

No claims reported.

11. Renters Median & Paid

No claims reported.

12. Renters Closed Without Payment

No claims reported.

STATE OF ~~KENTUCKY~~ ^{TEXAS})
COUNTY OF ~~JEFFERSON~~ ^{BELAR}) ss

J. Joseph Cohen, Examiner-in-Charge, 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 ACE American Insurance Company NAIC #22667 and Bankers Standard Insurance Company NAIC #18279.

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

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


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

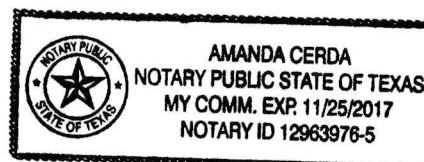
That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

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


Examiner-In-Charge

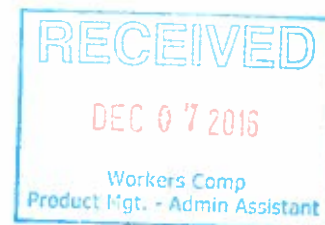
Subscribed and sworn to before me this 16th day of August, 2016.


Notary Public



STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**BANKERS STANDARD INSURANCE COMPANY
436 WALNUT STREET
PHILADELPHIA, PA 19106-1484**

STIPULATION AND CONSENT ORDER

WHEREAS, the Acting Director ("Acting 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, Bankers Standard Insurance Company ("Company"), NAIC 18279, is authorized under the insurance laws of this State and by the Acting Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

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

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

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

WHEREAS, the Company is aware of and understands 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

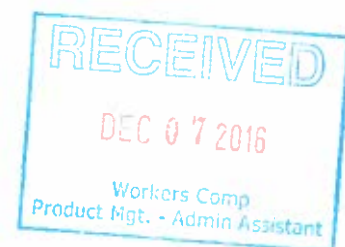
WHEREAS, the Company and the Acting Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

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

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

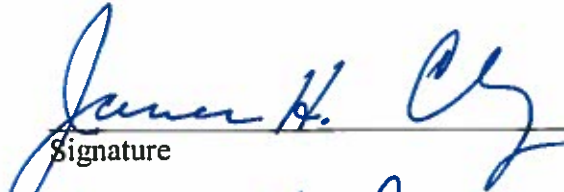
THEREFORE, IT IS HEREBY ORDERED by the undersigned Acting Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall provide the insured or insured's beneficiary a Notice of Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.50(a)(1).
2. Institute and maintain policies and procedures whereby the Company shall provide the third party a reasonable written explanation of the basis of a denial within 30 days after determination of liability as required by 50 Ill. Adm. Code 919.50(a)(2).
3. Institute and maintain policies and procedures whereby the Company shall provide the insured with, at a minimum, the information contained in Exhibit A, within seven (7) days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c).
4. Institute and maintain policies and procedures whereby the Company shall use the rules, rates, rating plans, classifications or other schedules, filed with the Illinois Department of Insurance when issuing policies as required by 50 Ill. Adm. Code 754.10.
5. Submit to the Acting Director of Insurance, State of Illinois, proof of compliance with the above four (4) orders within 30 days of execution of this Order.
6. Pay to the Acting Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$17,500 to be paid within 30 days of execution of this Order.

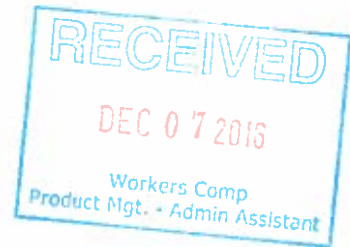


NOTHING contained herein shall prohibit the Acting Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent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


On behalf of BANKERS STANDARD INSURANCE COMPANY

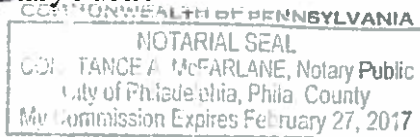

Signature
JAMES H. CLAY
Name

VICE PRESIDENT REGULATORY AFFAIRS
Title




Subscribed and sworn to before me this
22 day of Dec 2016.


Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 12-29-16


Anne Melissa Dowling
Acting Director

