



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Director

July 13, 2017

Mr. Mark A. Berven, President
Mr. Mark A. Pizzi, President
Nationwide Mutual Insurance Company & Affiliated Companies
1 Nationwide Plaza
Columbus OH, 43215

Re: *Market Conduct Examination Report Closing Letter for*
Allied P&C Insurance Company, NAIC 42579
AMCO Insurance Company, NAIC 19100
Depositors Insurance Company, NAIC 42587
Farmland Mutual Insurance Company, NAIC 13838
Harleysville Insurance Company, NAIC 23582
Harleysville Lake States Insurance Company, NAIC 14516
Harleysville Preferred Insurance Company, NAIC 35696
Nationwide Affinity Insurance Company of America, NAIC 26093
Nationwide Agribusiness Insurance Company, 28223
Nationwide Insurance Company of America, NAIC 25453
Nationwide Mutual Fire Insurance Company, NAIC 23779
Nationwide Mutual Insurance Company, NAIC 23787
Nationwide P&C Insurance Company, NAIC 37877
Victoria Select Insurance Company, NAIC 10105

Dear Mr. Berven and Mr. Pizzi:

The Department has reviewed your Companies' 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,

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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MARKET CONDUCT EXAMINATION OF

ALLIED P&C INSURANCE COMPANY

AMCO INSURANCE COMPANY

DEPOSITORS INSURANCE COMPANY

FARMLAND MUTUAL INSURANCE COMPANY

HARLEYSVILLE INSURANCE COMPANY

HARLEYSVILLE LAKE STATES INSURANCE COMPANY

HARLEYSVILLE PREFERRED INSURANCE COMPANY

NATIONWIDE AFFINITY INSURANCE COMPANY OF AMERICA

NATIONWIDE AGRIBUSINESS INSURANCE COMPANY

NATIONWIDE INSURANCE COMPANY OF AMERICA

NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

NATIONWIDE MUTUAL INSURANCE COMPANY

NATIONWIDE P&C INSURANCE COMPANY

VICTORIA SELECT INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: October 20, 2014 (This is a superseding Warrant originally issued September 5, 2014) through July 1, 2015

EXAMINATION OF:

- Allied P&C Insurance Company
(P&C Foreign) NAIC #42579
- AMCO Insurance Company
(P&C Foreign) NAIC #19100
- Depositors Insurance Company
(P&C Foreign) NAIC #42587
- Farmland Mutual Insurance Company
(P&C Foreign) NAIC #13838
- Harleysville Insurance Company
(P&C Foreign) NAIC #23582
- Harleysville Lake States Insurance Company
(P&C Foreign) NAIC #14516
- Harleysville Preferred Insurance Company
(P&C Foreign) NAIC #35696
- Nationwide Affinity Insurance Company of America
(P&C Foreign) NAIC #26093
- Nationwide Agribusiness Insurance Company
(P&C Foreign) NAIC #28223
- Nationwide Insurance Company of America
(P&C Foreign) NAIC #25453
- Nationwide Mutual Fire Insurance Company
(P&C Foreign) NAIC #23779
- Nationwide Mutual Insurance Company
(P&C Foreign) NAIC #23787
- Nationwide P&C Insurance Company
(P&C Foreign) NAIC #37877

Victoria Select Insurance Company
(P&C Foreign) NAIC #10105

LOCATION:

One Nationwide Plaza
Columbus, Ohio, 43215

PERIOD COVERED BY
EXAMINATION:

October 1, 2013 through September 30, 2014

EXAMINERS:

Roger Henschen
Ron Cochran
Sara Moler
Aubrey Powell
André J. Mumper-Ham
Delbert Knight
Donna Lee Williams
John McGinty
Mark Plesha
Ralph Romano
Rick Doran
June Coleman, Examiner-in-Charge

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I. SUMMARY

A comprehensive market conduct examination of Allied P&C Insurance Company, AMCO Insurance Company, Depositors Insurance Company, Farmland Mutual Insurance Company, Harleysville Insurance Company, Harleysville Lake States Insurance Company, Harleysville Preferred Insurance Company, Nationwide Affinity Insurance Company of America, Nationwide Agribusiness Insurance Company, Nationwide Insurance Company of America, Nationwide Mutual Fire Insurance Company, Nationwide Mutual Insurance Company, Nationwide P&C Insurance Company and Victoria Select Insurance Company (the companies were examined as a group and are hereinafter collectively referred to as “the Company”) was performed to determine compliance with Illinois statutes and the Illinois Administrative Code.

The eighteen lines of business reviewed were: Standard and Nonstandard Private Passenger Automobile, Homeowners, Renters, Dwelling Fire, Personal Inland Marine, Personal Umbrella, Personal Toys, Commercial Automobile, Commercial Agribusiness, Commercial Farmowner, Commercial Property Fire, Commercial Inland Marine, Commercial Umbrella, Commercial Business Owner, Commercial General Liability, Commercial HV Custom Pak Product, Commercial HV Package and Commercial Workers’ Compensation.

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

<u>Table of Total Violations</u>						
Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
1	215 ILCS 5/143d(b)	Failed to provide a written response to written inquiries or complaints from policyholders. (Consumer Complaints)	491	491	11	2.24%
2	215 ILCS 5/500-15(a)	Failed to use producers who were properly licensed. (Farmland Mutual Ins Co-Producer Licensing)	90	79	2	2.53%
3	215 ILCS 5/500-15(a)	Failed to use producers who were properly licensed. (Harleysville Ins Co-Producer Licensing)	2,965	115	5	4.35%
4	215 ILCS 5/500-15(a)	Failed to use producers who were properly licensed. (Harleysville Lake States Ins Co-Producer Licensing)	3,690	115	4	3.48%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
5	215 ILCS 5/500-15(a)	Failed to use producers who were properly licensed. (Harleysville Preferred Ins Co-Producer Licensing)	3,590	115	9	7.83%
6	215 ILCS 5/143.15	Failed to provide a specific explanation of the reason for cancellation. (Standard PPA Cancellations)	382	80	2	2.50%
7	215 ILCS 5/143.17(e)	Failed to provide specific explanation of the reason for nonrenewal. (Standard PPA Nonrenewals)	135	51	2	3.92%
8	215 ILCS 5/143.17(e)	Failed to provide specific explanation of the reason for nonrenewal. (Nonstandard PPA Nonrenewals)	53	53	6	11.32%
9	215 ILCS 5/143.19.1	Failed to nonrenew for one of the reasons listed in the statute and to give at least a 60 day notice. (Standard PPA Nonrenewals)	135	51	3	5.88%
10	215 ILCS 5/143.21.1	Failed to nonrenew for one of the reasons listed in the statute and to give at least 60 days advance notice. (Homeowner Nonrenewals)	221	63	2	3.17%
11	215 ILCS 5/143.15	Failed to provide a specific explanation of the reason for cancellation or failed to provide a cancellation notice. (Renter Cancellations)	61	61	10	16.39%
12	215 ILCS 5/143.21	Failed to cancel for reasons allowed by statute for policy in effect for 60 days or more. (Renter Cancellations)	61	61	1	1.64%

<u>Table of Total Violations</u>						
Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
15	215 ILCS 5/143.21.1	Failed to nonrenew for one of the reasons listed in the statute and to give at least 60 days advance notice. (Dwelling Fire Nonrenewals)	27	27	3	11.11%
16	215 ILCS 5/143.17(e)	Failed to provide specific explanation of the reason for nonrenewal. (Dwelling Fire Nonrenewals)	27	27	1	3.70%
17	215 ILCS 5/143.15	Failed to provide 30 days advance notice of cancellation. (Personal Umbrella Cancellations)	5	5	1	20%
18	215 ILCS 5/143.15	Failed to provide a specific explanation of the reason for cancellation. (Personal Toys Cancellations)	18	18	2	11.11%
19	215 ILCS 5/143.15	Failed to provide a specific explanation of the reason for cancellation. (Personal Toys Non Pay Cancellations)	1,968	114	1	0.88%
21	215 ILCS 5/143.16	Failed to provide a specific explanation of reason for cancellation or failed to provide a cancellation notice. (Commercial Automobile Cancellations)	13	13	5	38.46%
22	215 ILCS 5/143.16a	Failed to cancel for reasons allowed by statute for policy in effect for 60 days or more. (Commercial Automobile Cancellations)	13	13	1	7.69%
24	215 ILCS 5/143.10a(1)	Failed to provide loss information with notice of nonrenewal. (Commercial Automobile Nonrenewals)	21	21	9	42.86%

<u>Table of Total Violations</u>						
Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
25	215 ILCS 5/143.17a(a)	Failed to provide a specific explanation for nonrenewal. (Commercial Automobile Nonrenewals)	21	21	7	33.33%
27	215 ILCS 5/143.10a(1)	Failed to provide loss information with the notice of nonrenewal. (Commercial Agribusiness Nonrenewals)	16	16	15	93.75%
28	215 ILCS 5/143.17a(a)	Failed to provide specific explanation of the reason for nonrenewal. (Commercial Agribusiness Nonrenewals)	16	16	7	43.75%
29	215 ILCS 5/143.17a(d)	Failed to maintain the proof of mailing for the notice of nonrenewal. (Commercial Agribusiness Nonrenewals)	16	16	14	87.50%
30	215 ILCS 5/143.14(a)	Failed to maintain proof of mailing of the cancellation notice. (Farmowner Cancellations)	3	3	3	100%
31	215 ILCS 5/143.16	Failed to provide a specific explanation of the reason for cancellation. (Farmowner Cancellations)	3	3	2	66.67%
32	215 ILCS 5/143.14(a)	Failed to maintain proof of mailing of the cancellation notice. (Farmowner Non Pay Cancellations)	96	74	2	2.70%
33	215 ILCS 5/143.10a(1)	Failed to provide loss information with the notice of nonrenewal. (Farmowner Nonrenewals)	4	4	3	75%
34	215 ILCS 5/143.17a(d)	Failed to maintain proof of mailing for the notice of nonrenewal. (Farmowner Nonrenewals)	4	4	4	100%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
35	215 ILCS 5/143.10a(1)	Failed to provide loss information with the notice of cancellation. (Commercial Inland Marine Cancellations)	7	7	2	28.57%
36	215 ILCS 5/143.14(a)	Failed to maintain proof of mailing of the cancellation notice. (Commercial Inland Marine Cancellations)	7	7	1	14.29%
37	215 ILCS 5/143.16	Failed to provide a specific explanation of the reason for cancellation. (Commercial Inland Marine Cancellations)	7	7	2	28.57%
39	215 ILCS 5/143.10a(1)	Failed to provide loss information with the notice of nonrenewal. (Commercial Inland Marine Nonrenewals)	55	55	2	3.64%
40	215 ILCS 5/143.17a(a)	Failed to provide a specific explanation of the reasons for nonrenewal or no notice of nonrenewal was sent at least 60 days prior to the expiration date of the current policy. (Commercial Inland Marine Nonrenewals)	55	55	4	7.27%
42	215 ILCS 5/143.16	Failed to provide a specific explanation of the reason for cancellation. (Commercial Business Owner Cancellations)	14	14	5	35.71%
43	215 ILCS 5/143.16a	Failed to provide a reason for cancellation allowed by statute after the policy had been in effect longer than 60 days. (Commercial Business Owner Cancellations)	14	14	1	7.14%
44	215 ILCS 5/143.10a(1)	Failed to provide loss information with the notice of nonrenewal. (Commercial Business Owner Nonrenewals)	41	41	13	31.71%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
45	215 ILCS 5/143.17a(a)	Failed to provide specific explanation of the reason for nonrenewal. (Commercial Business Owner Nonrenewals)	41	41	1	2.44%
47	215 ILCS 5/143.14(a)	Failed to maintain proof of mailing of the cancellation notice. (Commercial General Liability Cancellations)	11	11	1	9.09%
48	215 ILCS 5/143.16	Failed to provide a specific explanation of the reason for cancellation. (Commercial General Liability Cancellations)	11	11	5	45.45%
49	215 ILCS 5/143.10a(1)	Failed to provide loss information with the notice of nonrenewal. (Commercial HV Custom Pak Nonrenewals)	19	19	11	57.89%
50	215 ILCS 5/143.17a(a)	Failed to provide specific explanation of the reason for nonrenewal or failed to provide a nonrenewal notice when there was no offer to renew. (Commercial HV Custom Pak Nonrenewals)	19	19	12	63.16%
52	215 ILCS 5/143.10a(1)	Failed to provide loss information with the notice of nonrenewal. (Commercial HV Package Product Nonrenewals)	9	9	9	100%
53	215 ILCS 5/143.17a(a)	Failed to provide evidence of 60 day nonrenewal notice and/or failed to provide specific explanation of nonrenewal. (Commercial HV Package Product Nonrenewals)	9	9	2	22.22%
54	215 ILCS 5/143.14(a)	Failed to maintain proof of mailing of the cancellation notice. (Workers' Compensation Cancellations)	9	9	1	11.11%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
55	215 ILCS 5/143.16	Failed to provide a specific explanation of the reason for cancellation. (Workers' Compensation Cancellations)	9	9	3	33.33%
56	215 ILCS 5/143.16a	Failed to provide reasons for cancellation allowed by statute after the policy had been in effect longer than 60 days. (Workers' Compensation Cancellations)	9	9	1	11.11%
57	215 ILCS 5/143.17a(a)	Failed to provide specific explanation of the reason for nonrenewal. (Workers' Compensation Nonrenewals)	19	19	3	15.79%
59	50 Ill. Adm. Code 754.10(b)(1)	Company charged a premium that was in conflict with its rates/rules filing resulting in overcharges of \$2.00. (Homeowner New Business)	3,367	88	2	2.27%
60	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage/policy language. (Commercial Automobile Renewals)	2,779	199	82	41.21%
61	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage/policy language. (Commercial Agribusiness Renewals)	191	75	71	94.67%
62	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage/policy language. (Farmowner Renewals)	1,253	114	91	79.82%

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Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
63	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage/policy language. (Commercial Property Fire Renewals)	870	113	64	56.64%
64	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage/policy language. (Commercial Inland Marine Renewals)	590	104	18	17.31%
65	215 ILCS 5/143.11b	Failed to deliver a notice of assignment or transfer at least 60 days prior to the renewal date. (Commercial Business Owner Renewals)	3,500	115	6	5.22%
66	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage/policy language. (Commercial Business Owner Renewals)	3,500	115	42	36.52%
67	215 ILCS 5/143.17a(d)	Failed to maintain proof of mailing for the notice of renewal. (Commercial Business Owner Renewals)	3,500	115	2	1.74%
68	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage. (Commercial General Liability Renewals)	1,608	114	114	100%
69	215 ILCS 5/143.11b	Failed to deliver a notice of assignment or transfer at least 60 days prior to the renewal date. (Commercial HV Custom Pak Renewals)	451	86	10	11.63%

<u>Table of Total Violations</u>						
Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
70	215 ILCS 5/143.17a(b)	Failed to provide a 60 day notice prior to renewal when there were changes in the coverage/policy language. (Commercial HV Custom Pak Renewals)	451	86	46	53.49%
71	215 ILCS 5/143.17a(d)	Failed to maintain proof of mailing for the notice of renewal. (Commercial HV Custom Pak Renewals)	451	86	24	27.91%
72	50 Ill. Adm. Code 919.30(c)	Failed to properly document the file for the amount of the total loss claim payment or failed to properly document the file to determine if claimant requested that the check be made to claimant and body shop. (PPA First Party Claims Paid)	2,907	184	10	5.43%
73	50 Ill. Adm. Code 919.80(b)(2)	Failed to provide a delay letter and the accompanied Notice of Availability in claims unresolved for greater than 40 days. (PPA First Party Claims Paid)	2,907	184	6	3.26%
74	50 Ill. Adm. Code 919.80(c)	Failed to provide the insured with the information contained in Exhibit A. (PPA First Party Claims Paid)	2,907	184	3	1.63%
75	50 Ill. Adm. Code 919.80(c)(3)(A)(i)	Failed to pay the correct title and transfer fees in total loss claim resulting in underpayment of \$25.00. (PPA First Party Claims Paid)	2,907	184	1	0.54%
77	215 ILCS 5/154.6(j)	Failed to settle claims for a reasonable amount by placing caps or limits on paint materials. (PPA First Party Claims Paid)	2,907	184	12	6.52%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
78	50 Ill. Adm. Code 919.80(b)(2)	Failed to provide a delay letter and the accompanying Notice of Availability in claims unresolved for greater than 40 days. (PPA First Party Claims CWOP)	2,106	181	21	11.60%
80	215 ILCS 5/154.6(j)	Failed to settle claims for a reasonable amount by placing caps/limits on paint materials. (PPA Third Party Claims Paid)	3,104	184	4	2.17%
81	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity resulting in an underpayment of \$10.00. (PPA Third Party Claims Paid)	3,104	184	4	2.17%
82	50 Ill. Adm. Code 919.50(a)	Failed to pay for the third party damages within 30 days as outlined in statute. (PPA Third Party Claims Paid)	3,104	184	1	0.54%
83	50 Ill. Adm. Code 919.80(b)(3)	Failed to provide a delay letter in claims unresolved for greater than 60 days. (PPA Third Party Claims Paid)	3,104	184	8	4.35%
85	50 Ill. Adm. Code 919.50(a)(2)	Failed to provide a denial letter as required by statute. (PPA Third Party Claims CWOP)	1,739	169	2	1.18%
86	50 Ill. Adm. Code 919.80(b)(3)	Failed to send the third party a delay letter/Notice of Availability when required. (PPA Third Party Claims CWOP)	1,739	169	10	5.92%
89	50 Ill. Adm. Code 919.30(c)	Failed to provide documentation to verify payment of total loss, resulting in overpayments of \$929.70 and an underpayment of \$8.11. (PPA Total Loss Claims)	753	164	3	1.83%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
90	50 Ill. Adm. Code 919.80(b)(2)	Failed to provide a delay letter in claims unresolved for greater than 40 days. (PPA Total Loss Claims)	753	164	20	12.20%
91	50 Ill. Adm. Code 919.80(c)	Failed to provide information contained in Exhibit A. (PPA Total Loss Claims)	753	164	86	52.44%
92	50 Ill. Adm. Code 919.80(c)(2)	Failed to use one of the methodologies listed in 919.80(c)(2) when determining the actual cash value, resulting in an overpayment of \$108.00 and an underpayment of \$990.00. (PPA Total Loss Claims)	753	164	2	1.22%
93	50 Ill. Adm. Code 919.80(c)(2)(E)	Failed to retain documentation of how the market value of the insured's automobile was determined. (PPA Total Loss Claims)	753	164	7	4.27%
94	50 Ill. Adm. Code 919.80(c)(3)(A)(i)	Failed to make the correct payment of sales taxes and transfer and title fees when due for total loss claim, resulting in overpayments of \$1,644.99 and underpayments of \$8,509.21 plus sales tax. (PPA Total Loss Claims)	753	164	131	79.88%
95	215 ILCS 5/154.6(j)	Failed to settle claims for a reasonable amount by placing caps or limits on paint materials. (PPA Subrogation Claims)	445	122	2	1.64%
96	215 ILCS 5/143b	Failed to pay insured the appropriate amount of deductible, resulting in underpayments of \$900.00. (PPA Subrogation Claims)	445	122	2	1.64%

<u>Table of Total Violations</u>						
Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
98	50 Ill. Adm. Code 919.50(a)	Failed to tender payment within 30 days. (PPA Medical Payment Paid Claims)	439	89	4	4.49%
102	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Homeowner Claims Paid)	3,695	108	15	13.89%
103	50 Ill. Adm. Code 919.50(a)	Failed to provide payment for the undisputed portion of the claim within 30 days after the amount of the claim was determined and not in dispute. (Homeowner Claims Paid)	3,695	108	2	1.85%
104	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide a reasonable written explanation of the basis for a lower offer to the insured. (Homeowner Claims Paid)	3,695	108	9	8.33%
105	50 Ill. Adm. Code 919.50 (a)(2)	Failed to provide a reasonable written explanation of the basis of the denial to the third party claimant. (Homeowner Claims Paid)	3,695	108	1	0.93%
106	50 Ill. Adm. Code 919.80(d)(7)(B)	Failed to provide a reasonable written explanation for the delay to the insured. (Homeowner Claims Paid)	3,695	108	5	4.63%
107	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Homeowner Claims CWOP)	1,044	107	25	23.36%
108	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide a reasonable written explanation of the basis for a lower offer or Notice of Availability. (Homeowner Claims CWOP)	1,044	107	8	7.48%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
109	50 Ill. Adm. Code 919.80(d)(7)(B)	Failed to provide a reasonable written explanation for the delay to the insured. (Homeowner Claims CWOP)	1,044	107	7	6.54%
110	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Renter Claims Paid)	27	27	14	51.85%
111	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide a reasonable written explanation of the basis for a lower offer or partial denial. (Renter Claims Paid)	27	27	8	29.63%
112	50 Ill. Adm. Code 919.80(d)(7)(B)	Failed to provide a reasonable written explanation for the delay to the insured. (Renter Claims Paid)	27	27	2	7.41%
113	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Dwelling Fire Claims Paid)	233	82	10	12.20%
115	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide a reasonable written explanation of the basis for a lower offer. (Dwelling Fire Claims Paid)	233	82	9	10.98%
116	50 Ill. Adm. Code 919.80(d)(7)(B)	Failed to provide a reasonable written explanation for a delay to insured. (Dwelling Fire Claims Paid)	233	82	2	2.44%
117	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Dwelling Fire Claims CWOP)	59	59	19	32.20%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
118	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide a reasonable written explanation of the basis for a lower offer or Notice of Availability. (Dwelling Fire Claims CWOP)	59	59	7	11.86%
119	50 Ill. Adm. Code 919.80(d)(7)(B)	Failed to provide a reasonable written explanation for a delay to insured. (Dwelling Fire Claims CWOP)	59	59	3	5.08%
120	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Personal Inland Marine Claims Paid)	49	49	2	4.08%
121	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide a reasonable written explanation of the basis for a lower offer. (Personal Inland Marine Claims Paid)	49	49	2	4.08%
122	50 Ill. Adm. Code 919.80(d)(7)(B)	Failed to provide a reasonable written explanation of the delay to the insured. (Personal Inland Marine Claims Paid)	49	49	1	2.04%
124	215 ILCS 5/154.6(j)	Failed to settle claims for a reasonable amount by placing caps or limits on paint materials. (Commercial Automobile First Party Claims Paid)	234	143	6	4.20%
125	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity, resulting in underpayments of \$50.00 plus sales tax. (Commercial Automobile First Party Claims Paid)	234	143	4	2.80%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
126	50 Ill. Adm. Code 919.50(a)	Failed to pay or deny claims within 30 days. (Commercial Automobile First Party Claims Paid)	234	143	3	2.10%
128	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Commercial Automobile First Party Claims CWOP)	292	156	3	1.92%
131	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity, resulting in underpayment of \$25.00. (Commercial Automobile Third Party Claims Paid)	365	158	1	0.63%
133	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Commercial Automobile Third Party Claims CWOP)	177	128	2	1.56%
134	50 Ill. Adm. Code 919.50(a)(2)	Failed to provide a reasonable written explanation of the basis for the denial. (Commercial Automobile Third Party Claims CWOP)	177	128	2	1.56%
135	215 ILCS 5/154.6(j)	Failed to settle claims for a reasonable amount by placing caps/limits on paint materials. (Commercial Automobile CSL Third Party Claims Paid)	67	53	1	1.89%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
138	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity, resulting in underpayments of \$10,160.36 plus sales tax and overpayments of \$2,804.00. (Commercial Automobile Total Loss Claims)	58	58	16	27.59%
140	50 Ill. Adm. Code 919.30(c)	Failed to maintain detailed documentation to permit reconstruction of the Company's claim activity. (Commercial First Party Claims Paid)	1,059	95	1	1.05%
141	50 Ill. Adm. Code 919.50(a)	Failed to provide payment to the insured within 30 days of affirming liability. (Commercial First Party Claims Paid)	1,059	95	2	2.11%
142	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide an explanation of the basis for the lower offer to the first party claimant within 30 days after determination of liability is completed. (Commercial First Party Claims Paid)	1,059	95	2	2.11%
143	50 Ill. Adm. Code 919.60(a)	Payment draft/check to insured stated "final" or "a release." (Commercial First Party Claims Paid)	1,059	95	4	4.21%
145	50 Ill. Adm. Code 919.50(a)(1)	Failed to provide a reasonable written explanation and Notice of Availability within 30 days of the claim being denied. (Commercial First Party Claims CWOP)	405	79	4	5.06%

<u>Table of Total Violations</u>						
Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
147	50 Ill. Adm. Code 919.50(a)	Failed to offer payment within 30 days after affirmation of liability. (Commercial Third Party Claims Paid)	625	88	1	1.14%
148	50 Ill. Adm. Code 919.50(a)(2)	Failed to provide the third party with a reasonable written explanation of the basis of the denial. (Commercial Third Party Claims CWOP)	914	105	1	0.95%
149	820 ILCS 305/8.2(d)(3)	Failed to pay interest of 1% per month to provider on late payments over 30 days, resulting in underpayments of \$860.10. (Workers' Compensation Claims Paid)	1,052	107	37	34.58%
150	820 ILCS 305/19(o)	Failed to notify each insured employer of any compensable claim incurred during the preceding month, and the amounts paid or reserved on the claim, including a summary of the claim and a brief statement of the reasons for compensability by the 15th of the month, and/or failed to provide to the insured employer a cumulative report of all claims incurred during a calendar year or continued from the previous year, within 30 days after the end of that calendar year. (Workers' Compensation Claims Paid)	1,052	107	107	100%

Table of Total Violations

Crit No.	Statute/Rule	Description of Violations	Population	Files Reviewed	No. of Violations	Error %
151	50 Ill. Adm. Code 9110.70(a)(3)	Failed to advise the employee in writing of the information needed to make a determination and provide in a written explanation why the requested information is necessary. (Workers' Compensation Claims Paid)	1,052	107	2	1.87%
152	50 Ill. Adm. Code 9110.70(c)	Failed to promptly seek the information regarding liability for additional payment of Temporary Total Compensation benefits to the claimant. (Workers' Compensation Claims Paid)	1,052	107	1	0.93%
153	50 Ill. Adm. Code 9110.70(a)(3)	Failed to advise the claimant, within 14 days after notification of the claimant's inability to work, of the information needed to make the determination to pay Temporary Total Compensation benefits and why it is necessary. (Workers' Compensation Claims CWOP)	162	71	10	14.08%
154	50 Ill. Adm. Code 9110.70(d)	Failed to provide a detailed denial letter to the claimant. (Workers' Compensation Claims CWOP)	162	71	2	2.82%

II. BACKGROUND

Allied Property and Casualty Insurance Company - NAIC #42579

Allied Property and Casualty Insurance Company was incorporated under the laws of Iowa as the AIDCO Insurance Company on April 29, 1983, and began business on April 30, 1984. The company's present title was adopted on March 4, 1986. Nationwide Mutual Insurance Company acquired ALLIED Group, Inc., which owns Allied Property and Casualty Insurance Company, on November 12, 1998.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
1	Fire	\$293,193	\$278,146	\$593,696	\$141,305
2.1	Allied lines	\$694,208	\$671,068	\$929,012	\$825,645
3	Farmowner multiple peril	\$3,478,951	\$4,265,742	\$2,352,486	\$2,231,486
4	Homeowner multiple peril	\$12,263,556	\$12,801,650	\$11,173,298	\$10,148,995
5.1	Commercial multiple peril (non-liability portion)	\$3,330,075	\$3,023,555	\$1,646,870	\$1,689,545
5.2	Commercial multiple peril (liability portion)	\$1,920,349	\$1,681,875	\$1,971,822	\$2,064,428
9	Inland marine	\$1,424,546	\$1,544,916	\$312,474	\$306,522
16	Workers' compensation	\$2,641,303	\$2,961,168	\$2,500,313	\$50,425
17.1	Other liability-occurrence	\$578,054	\$609,073	\$125,639	-\$150,779
18	Products liability	\$100,906	\$103,958	\$0	\$161,075
19.2	Other private passenger automobile liability	\$106,532	\$1,181,555	\$765,948	-\$8,595
19.4	Other commercial automobile liability	\$3,132,289	\$3,380,994	\$1,686,386	\$1,704,667
21.1	Private passenger automobile physical damage	\$71,778	\$763,697	\$453,587	\$367,416
21.2	Commercial automobile physical damage	\$964,234	\$1,040,639	\$667,053	\$636,020
	Totals for Lines 1, 2.1, 3, 4, 5.1, 5.2, 9, 16, 17.1, 18, 19.2, 19.4, 21.1, & 21.2	\$30,999,974	\$34,308,036	\$25,178,584	\$20,168,155
35	Totals all Lines	\$31,932,870	\$35,253,137	\$25,253,871	\$20,238,836

AMCO Insurance Company - NAIC #19100

AMCO Insurance Company was incorporated on December 31, 1958, under the laws of Iowa and began business on April 1, 1959. Nationwide Mutual Insurance acquired ALLIED Group, Inc., which owns AMCO Insurance Company, on November 12, 1998.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
1	Fire	\$751,784	\$765,921	-\$12,346	-\$1,870
2.1	Allied lines	\$1,030,544	\$934,749	\$870,548	\$682,527
4	Homeowner multiple peril	\$5,943,788	\$6,316,063	\$5,194,423	\$5,638,107
5.1	Commercial multiple peril (non-liability portion)	\$4,122,683	\$4,311,563	\$2,140,177	\$1,230,010
5.2	Commercial multiple peril (liability portion)	\$3,563,432	\$3,579,391	\$4,739,707	\$4,464,999
9	Inland marine	\$280,276	\$300,123	\$174,537	\$171,309
16	Workers' compensation	\$6,018,141	\$5,778,500	\$2,726,854	\$3,205,493
17.1	Other liability- occurrence	\$4,253,107	\$4,215,545	\$3,603,346	\$2,844,498
18	Products liability	\$178,131	\$209,015	\$10,723	\$19,511
19.2	Other private passenger automobile liability	\$11,170,110	\$12,140,846	\$7,571,765	\$6,523,149
19.4	Other commercial automobile liability	\$2,932,274	\$2,760,321	\$1,148,097	\$1,713,032
21.1	Private passenger automobile physical damage	\$8,101,756	\$8,732,828	\$6,031,622	\$5,910,039
21.2	Commercial automobile physical damage	\$588,383	\$540,866	\$427,716	\$393,759
	Totals for Lines 1, 2.1, 4, 5.1, 5.2, 9, 16, 17.1, 18, 19.2, 19.4, 21.1, & 21.2	\$48,934,409	\$50,585,731	\$34,627,169	\$32,794,563
35	Totals all Lines	\$49,964,149	\$51,646,598	\$34,695,614	\$33,355,256

Depositors Insurance Company - NAIC #42587

Depositors Insurance Company was incorporated on August 24, 1983, under the laws of Iowa and began business on April 10, 1984. Nationwide Mutual Insurance Company acquired ALLIED Group, Inc., which owns Depositors Insurance Company, on November 12, 1998.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
1	Fire	\$90,010	\$83,055	\$212,754	\$213,976
2.1	Allied lines	\$325,603	\$280,194	\$196,770	\$203,524
4	Homeowner multiple peril	\$3,074,137	\$3,245,682	\$2,513,844	\$2,506,138
5.1	Commercial multiple peril (non-liability portion)	\$1,715,426	\$1,692,673	\$918,461	\$941,388
5.2	Commercial multiple peril (liability portion)	\$1,114,244	\$1,098,954	\$511,040	\$1,439,202
16	Workers' compensation	\$1,318,502	\$1,288,363	\$488,172	\$948,407
17.1	Other liability-other occurrence	\$140,043	\$120,592	\$10,869	\$12,980
18	Products liability	\$133,162	\$147,126	\$1,200	\$50,490
19.4	Other commercial automobile liability	\$1,554,906	\$1,558,457	\$668,608	\$2,083,665
21.2	Commercial automobile physical damage	\$397,237	\$395,079	\$350,812	\$261,271
	Totals for Lines 1, 2.1, 4, 5.1, 5.2, 16, 17.1, 18, 19.4 & 21.2	\$9,863,270	\$9,910,175	\$5,872,530	\$8,661,041
35	Totals all Lines	\$15,995,679	\$13,553,371	\$7,114,018	\$10,479,791

Farmland Mutual Insurance Company - NAIC #13838

Farmland Mutual Insurance Company was incorporated and began business in 1909 as an assessment mutual company under the title Farmers Cooperative Elevator Mutual Insurance Association of Iowa. The name was changed in 1916 to The Farmers National Cooperative Elevator Cooperative Mutual Insurance Association of Iowa. On February 16, 1934, the name was changed to Farmers Elevator Mutual Insurance Association. In March 1945, the name was changed to Farmers Cooperative Mutual Insurance Company, and in September 1945, the name was changed to Farmers Elevator Mutual Insurance Company. On March 25, 1976, the present name was adopted. A former companion casualty carrier, Farmers Elevator Mutual Casualty Company, incorporated in 1945, was absorbed on December 31, 1956.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
5.1	Commercial multiple peril (non-liability portion)	\$1,522,345	\$1,664,894	\$847,144	\$901,814
5.2	Commercial multiple peril (liability portion)	\$154,585	\$576,407	\$106,630	\$215,647
16	Workers' compensation	\$4,049,387	\$3,105,155	\$1,327,494	\$1,969,391
17.1	Other liability-occurrence	\$960,553	\$1,028,048	\$5,390	\$264,561
19.4	Other commercial automobile liability	\$891,018	\$993,332	\$505,898	\$92,213
21.2	Commercial automobile physical damage	\$282,403	\$267,677	\$190,393	\$113,471
	Totals for Lines 5.1, 5.2, 16, 17.1, 19.4 & 21.2	\$7,860,291	\$7,635,513	\$2,982,949	\$3,557,097
35	Totals all Lines	\$8,529,213	\$8,128,324	\$2,997,557	\$3,562,903

Harleysville Insurance Company - NAIC #23582

Harleysville Insurance Company was incorporated under the laws of Minnesota and began business on June 9, 1930, under the title Minnesota Farmers Mutual Casualty Insurance Company. It was sponsored by the Minnesota Farmers Mutual Insurance Company and at commencement of operations reinsured all of the outstanding automobile business of that carrier. The company's name was changed to Minnesota Mutual Fire and Casualty Company on January 5, 1954, when charter powers were broadened to permit multiple line underwriting. Resources were enlarged as of January 1, 1959, when the company absorbed, through reinsurance, all of the fire, inland marine and crop hail business of the Minnesota Farmers Mutual Insurance Company, a former affiliate.

Effective December 31, 1993, the company converted from a mutual company to a stock company. Upon the conversion, the name was changed to Minnesota Fire and Casualty Company. On December 1, 1995, the company absorbed by merger a subsidiary, Viking Fire Insurance Company. On July 1, 2001, the present title was adopted.

On October 1, 1997, all of Harleysville Insurance Company's issued and outstanding shares of stock were purchased by Harleysville Group Inc., a regional property/casualty insurance organization. The company re-domesticated from Minnesota to Pennsylvania, effective January 1, 2007. In May of 2012, Harleysville Mutual Insurance Company and its subsidiaries were merged into Nationwide Mutual. The remaining subsidiaries were added to the Nationwide pooling agreement in January 2013.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
2.1	Allied lines	\$83,199	\$64,242	\$0	\$481
5.1	Commercial multiple peril (non-liability portion)	\$2,342,797	\$1,941,455	\$952,682	\$1,639,937
5.2	Commercial multiple peril (liability portion)	\$1,610,364	\$1,340,154	\$151,572	\$1,060,281
9	Inland marine	\$2,522,395	\$2,472,954	\$2,000,766	\$1,912,175
16	Workers' compensation	\$2,880,544	\$2,541,716	\$383,001	\$1,405,236
17.1	Other liability - occurrence	\$354,929	\$307,093	\$14,963	\$132,594
18	Products liability	\$14,978	\$13,777	\$0	\$1,741
19.4	Other commercial automobile liability	\$1,251,449	\$1,099,945	\$714,018	\$778,831
21.2	Commercial automobile physical damage	\$343,641	\$300,859	\$145,761	\$143,596
	Totals for Lines 2.1, 5.1, 5.2, 9, 16, 17.1, 18, 19.4, & 21.2	\$11,404,296	\$10,082,195	\$4,362,763	\$7,074,872
35	Totals all Lines	\$11,440,799	\$10,112,542	\$4,362,763	\$7,075,396

Harleysville Lake States Insurance Company - NAIC #14516

On August 23, 1985, Lake States Mutual Insurance Company converted from a mutual company to a domestic stock company under the title Lake States Insurance Company. The original company was incorporated on December 14, 1915, under the laws of Michigan and began writing policies on May 17, 1916. Charter powers were broadened in 1948 to permit the writing of general liability coverages in addition to automobile insurance and again in 1958 to authorize the handling of fire and allied lines of business. Affairs were conducted under the title Michigan Mutual Automobile Insurance Company from the date of organization until July 1, 1982. On July 1, 2001, the present title was adopted.

In November 1993, Harleysville Group Inc. (HGI) contributed \$10 million to surplus which was in conjunction with the change in control. In the first quarter of 1995, HGI contributed an additional \$5 million to the company.

In May of 2012, Harleysville Mutual Insurance Company and its subsidiaries were merged into Nationwide Mutual. The remaining subsidiaries were added to the Nationwide pooling agreement in January 2013.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
1	Fire	\$131,231	\$140,802	\$17,733	-\$408,381
2.1	Allied lines	\$298,488	\$258,142	\$650,644	\$6,816,617
4	Homeowner multiple peril	\$4,309,007	\$4,706,156	\$5,554,858	\$5,559,008
5.1	Commercial multiple peril (non-liability portion)	\$6,358,548	\$6,432,572	\$20,956,597	\$1,824,216
5.2	Commercial multiple peril (liability portion)	\$4,495,264	\$4,508,174	\$3,358,596	\$1,673,328
9	Inland marine	\$256,790	\$293,468	\$212,449	-\$4,641,047
16	Workers' compensation	\$5,008,693	\$5,097,377	\$2,113,833	\$1,565,881
17	Other liability- occurrence	\$2,007,043	\$2,027,226	\$5,122,990	\$4,833,662
18	Products liability	\$240,132	\$240,718	\$0	\$19,822
17.1	Other private passenger automobile liability	\$3,131,603	\$3,509,444	\$3,249,054	\$2,982,818
18	Other commercial automobile liability	\$3,934,082	\$3,786,872	\$3,777,422	\$351,968
19.2	Private passenger automobile physical damage	\$2,508,111	\$2,880,075	\$2,091,468	\$2,034,995
19.4	Commercial automobile physical damage	\$901,330	\$868,331	\$626,122	\$627,908
	Totals for Lines 1, 2.1, 4, 5.1, 5.2, 9, 16, 17.1, 18, 19.2, 19.4, 21.1, & 21.2	\$33,580,322	\$34,749,357	\$47,731,766	\$23,240,795
35	Totals all Lines	\$34,020,304	\$35,197,204	\$47,733,497	\$22,258,070

Harleysville Preferred Insurance Company - NAIC #35696

Harleysville Preferred Insurance Company was originally incorporated on May 24, 1977, under the laws of Indiana as the Great Lakes Insurance Company. It began business on May 4, 1978. The title, Huron Insurance Company, was adopted on August 15, 1978. To effect a re-domestication, the company was merged in February 1986, into Huron Insurance Company, a Pennsylvania domiciled company formed in October 1985. On July 1, 2001, the present title was adopted.

In May of 2012, Harleysville Mutual Insurance Company and its subsidiaries were merged into Nationwide Mutual. The remaining subsidiaries were added to the Nationwide pooling agreement in January 2013.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
2.1	Allied lines	\$123,141	\$133,641	\$200,399	\$192,555
5.1	Commercial multiple peril (non-liability portion)	\$3,850,079	\$3,726,942	\$597,975	\$802,478
5.2	Commercial multiple peril (liability portion)	\$1,808,862	\$1,754,059	\$703,371	\$867,306
16	Workers' compensation	\$1,056,351	\$1,173,785	\$370,092	\$495,717
17.1	Other liability-occurrence	\$407,503	\$368,586	\$8,391	\$389,505
18	Products liability	\$50,224	\$26,384	\$0	-\$383
19.4	Other commercial automobile liability	\$490,863	\$411,330	\$92,353	\$108,314
21.2	Commercial automobile physical damage	\$172,518	\$140,474	\$85,728	\$83,465
	Totals for Lines 2.1, 5.1, 5.2, 16, 17.1, 18, 19.4, & 21.2	\$7,959,541	\$7,735,201	\$2,058,309	\$2,938,957
35	Totals all Lines	\$8,146,899	\$7,935,127	\$2,289,760	\$2,960,172

Nationwide Affinity Insurance Company of America - NAIC #26093

Nationwide Affinity Insurance Company of America was organized on May 2, 1924, in the State of Kansas. Pursuant to a Stock Purchase Agreement, dated September 19, 2000, Nationwide Mutual Insurance Company acquired 100% of the outstanding capital stock of Waterford Insurance Company. Subsequent to the acquisition, the company changed its name from Waterford Insurance Company to Nationwide Affinity Insurance Company of America. The company re-domesticated to Ohio effective December 30, 2005.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
4	Homeowner multiple peril	\$3,971,388	\$2,724,825	\$2,673,673	\$2,114,636
35	Totals all Lines	\$4,193,428	\$2,885,683	\$2,675,356	\$2,126,967

Nationwide Agribusiness Insurance Company - NAIC #28223

Nationwide Agribusiness Insurance Company, together with Farmland Mutual Insurance (formed in 1909), have existed for over 100 years. Nationwide Agribusiness Insurance Company was incorporated December 10, 1973, as Farmland Insurance Company under the laws of Iowa. The present title was adopted June 1, 1986.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
3	Farmowner multiple peril	\$3,710,856	\$2,288,254	\$892,902	\$575,624
5.1	Commercial multiple peril (non-liability portion)	\$10,043,373	\$10,106,493	\$8,871,683	\$6,905,973
5.2	Commercial multiple peril (liability portion)	\$570,245	\$694,816	\$292,814	\$273,322
16	Workers' compensation	\$4,506,530	\$4,817,022	\$3,616,183	\$7,083,266
17.1	Other liability-occurrence	\$7,148,939	\$7,309,602	\$1,659,556	-\$1,705,746
18	Products liability	\$1,115,561	\$849,324	\$111,749	\$398,561
19.2	Other private passenger automobile liability	\$10,766,518	\$10,547,923	\$7,661,962	\$5,248,328
19.4	Other commercial automobile liability	\$4,669,071	\$4,483,170	\$1,821,721	\$1,882,292
21.1	Private passenger automobile physical damage	\$6,543,859	\$6,522,956	\$3,659,244	\$3,614,718
21.2	Commercial automobile physical damage	\$1,630,225	\$1,578,064	\$1,576,717	\$1,469,222
	Totals for Lines 3, 5.1, 5.2, 16, 17.1, 18, 19.2, 19.4, 21.1 & 21.2	\$50,705,177	\$49,197,624	\$30,164,531	\$25,745,560
35	Totals all Lines	\$50,995,136	\$49,423,993	\$30,178,760	\$25,758,660

Nationwide Insurance Company of America - NAIC #25453

Nationwide Insurance Company of America was incorporated on June 30, 1960, under the laws of California. Nationwide Mutual Insurance Company acquired 100% of the outstanding stock of Nationwide Insurance Company of America from TIG Insurance Company on December 31, 1997, in conjunction with Nationwide Mutual Insurance Company's acquisition of the personal lines independent agency business of TIG Insurance Company and its affiliates.

Effective January 1, 1999, Nationwide Insurance Company of America re-domesticated from California to Wisconsin. The name was changed from TIG Countrywide Insurance Company to Nationwide Insurance Company of America on January 2, 1999. In 1999, Nationwide Mutual Insurance Company contributed all of the issued and outstanding stock of Nationwide Insurance Company of America to ALLIED Group, Inc.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
19.2	Other private passenger automobile liability	\$9,177,956	\$9,407,537	\$5,924,219	\$5,380,688
21.1	Private passenger automobile physical damage	\$5,592,404	\$5,790,308	\$3,685,800	\$3,697,455
	Totals for Line 19.2 & 21.1	\$14,770,360	\$15,197,845	\$9,610,019	\$9,078,143
35	Totals all Lines	\$14,765,902	\$15,193,475	\$9,610,018	\$9,078,143

Nationwide Mutual Fire Insurance Company - NAIC #23779

Nationwide Mutual Fire Insurance Company, incorporated on December 27, 1933, under the laws of Ohio, began business on April 15, 1934. Operations were conducted under the title, Farm Bureau Mutual Fire Insurance Company from its inception until the present corporate name was adopted on September 1, 1955.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
1	Fire	\$669,341	\$644,154	\$510,369	\$503,033
2.1	Allied lines	\$364,890	\$347,048	\$914,073	\$1,220,119
4	Homeowner multiple peril	\$16,695,123	\$16,409,495	\$20,005,789	\$20,479,207
5.1	Commercial multiple peril (non-liability portion)	\$604,230	\$554,338	\$1,126,060	\$1,387,707
5.2	Commercial multiple peril (liability portion)	\$481,808	\$486,727	\$14,935	\$9,874
9	Inland marine	\$551,087	\$540,497	\$340,297	\$331,337
16	Workers' compensation	\$1,396,256	\$1,513,573	\$232,066	\$725,895

17.1	Other liability-occurrence	\$1,219,292	\$1,140,977	\$155,556	-\$32,905
18	Products liability	\$29,311	\$19,026	\$0	-\$7,836
19.2	Other private passenger automobile liability	\$6,652,440	\$5,895,714	\$2,598,011	\$4,276,988
21.1	Private passenger automobile physical damage	\$4,029,569	\$3,591,879	\$3,236,149	\$3,287,655
	Totals for Lines 1, 2.1, 4, 5.1, 5.2, 9, 16, 17.1, 18, 19.2 & 21.1	\$32,693,347	\$31,143,428	\$29,133,305	\$32,181,074
35	Totals all Lines	\$33,520,998	\$32,013,958	\$29,282,626	\$32,320,420

Nationwide Mutual Insurance Company - NAIC #23787

Nationwide Mutual Insurance Company, incorporated on December 17, 1925, under the laws of Ohio, began business on April 14, 1926, under the sponsorship of The Ohio Farm Bureau Federation to provide automobile insurance for Farm Bureau members at cost. Operations were conducted under the title, Farm Bureau Mutual Automobile Insurance Company, until September 1, 1955. On that date, the present corporate title was adopted.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
2.1	Allied lines	\$38,774	\$35,807	\$0	-\$2,471
5.1	Commercial multiple peril (non-liability portion)	\$1,677,321	\$1,566,301	\$2,267,307	\$1,027,796
5.2	Commercial multiple peril (liability portion)	\$1,768,149	\$1,722,705	\$664,494	\$538,345
16	Workers' compensation	\$1,683,265	\$1,510,079	\$1,215,943	-\$279,038
17.1	Other liability-occurrence	\$3,071,021	\$3,089,672	\$838,959	\$39,972
18	Products liability	\$102,686	\$94,484	\$27,250	-\$59,638
19.2	Other private passenger automobile liability	\$4,135,789	\$4,228,325	\$3,168,446	\$3,143,859
19.4	Other commercial automobile liability	\$1,202,798	\$1,616,575	\$1,542,060	\$840,494
21.1	Private passenger automobile physical damage	\$2,812,008	\$2,876,364	\$1,773,223	\$1,774,531

21.2	Commercial automobile physical damage	\$196,951	\$228,741	\$73,421	\$67,949
	Totals for Lines 2.1, 5.1, 5.2, 16, 17.1, 18, 19.2, 19.4, 21.1, & 21.2	\$16,688,762	\$16,969,053	\$11,571,103	\$7,091,799
35	Totals all Lines	\$17,706,952	\$17,950,824	\$12,486,616	\$8,016,365

Nationwide Property and Casualty Insurance Company - NAIC #37877

Nationwide Property and Casualty Insurance Company was incorporated on November 9, 1979, under the laws of Ohio and began business July 1, 1981.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
5.1	Commercial multiple peril (non-liability portion)	\$2,682,676	\$2,509,476	\$2,936,328	\$3,427,264
5.2	Commercial multiple peril (liability portion)	\$1,505,964	\$1,491,358	\$612,761	\$1,089,899
17.1	Other liability-occurrence	\$99,370	\$89,867	\$1,660	\$847
18	Products liability	\$9,876	\$8,387	\$0	-\$341
19.2	Other private passenger automobile liability	\$339,756	\$338,180	\$111,383	\$52,600
21.1	Private passenger automobile physical damage	\$378,151	\$364,399	\$279,603	\$272,004
	Totals for Lines 5.1, 5.2, 17.1, 18, 19.2 & 21.1	\$5,015,793	\$4,801,667	\$3,941,735	\$4,842,273
35	Totals all Lines	\$5,692,691	\$5,449,858	\$4,153,457	\$4,890,388

Victoria Select Insurance Company - NAIC #10105

Victoria Select Insurance Company was incorporated under the laws of Ohio on May 25, 1994, as a stock company. Nationwide Mutual Insurance acquired THI Holdings, Inc., which owns Victoria Select Insurance Company, on August 1, 2003.

The company's 2014 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
19.2	Other private passenger automobile liability	\$3,574,025	\$3,652,123	\$2,376,968	\$2,562,401
21.1	Private passenger automobile physical damage	\$1,516,137	\$1,574,163	\$979,564	\$967,398
	Totals for Lines 19.2 & 21.1	\$5,090,162	\$5,226,286	\$3,356,532	\$3,529,799
35	Totals all Lines	\$5,090,162	\$5,226,286	\$3,356,532	\$3,529,799

III. METHODOLOGY

The Market Conduct Examination process places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants. The eighteen lines of business reviewed in this examination are: Standard and Nonstandard Private Passenger Automobile, Homeowner, Renter, Dwelling Fire, Personal Inland Marine, Personal Umbrella, Personal Toys, Commercial Automobile, Commercial Agribusiness, Commercial Farmowner, Commercial Property Fire, Commercial Inland Marine, Commercial Umbrella, Commercial Business Owner, Commercial General Liability, Commercial HV Custom Pak Product, Commercial HV Package and Commercial Workers' Compensation. The report is a collective report with group samples that combine all companies. The group samples were made on a proportional basis between each individual company.

The scope of this examination was a comprehensive examination including a review of the following areas:

- A. Company Operations and Management
- B. Complaints
- C. Producer Licensing
- D. Risk Selection
- E. Underwriting
- F. Claims

The review of the categories was accomplished through examination of material related to the Company's operations and management, complaint files, producer lists, underwriting files, risk selection files and claim files, as well as interviews with various Company personnel and Company responses to the Coordinator's Handbook, Information Requests and Criticisms. Each of the categories listed above was examined for compliance with Illinois Department of Insurance (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. In some instances, the Company was requested to provide separate spreadsheets for commercial files and personal files in lines of business that included both. Random statistical file selections were generated by the examiners from these spreadsheets. In the event lines of business were combined for review, a random selection of files was made on a proportional basis. In the event the number of files was too low for a random sample, the sample consisted of the universe of files.

Company 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 (plus two years prior for trending purposes) and provide copies of the complaint logs. All complaint files and logs were received. The files were reviewed for compliance with Illinois statutes and the Illinois Administrative Code.

Producer Licensing

The Company was requested to provide a list of all producers licensed to do business in the State of Illinois and a list of those producers paid commission in Illinois during the examination period. The Company identified a universe of producers. A random sample of producers was requested, received and reviewed in comparison to the State of Illinois licensing database and for compliance with Illinois statutes and the Illinois Administrative Code. New issued business was also reviewed to determine if solicitations were made by duly licensed persons.

Risk Selection

The Company was requested to provide a list of all policies in the following categories during the examination period: company initiated cancellations, cancellations for non-payment of premium, and nonrenewals. The Company identified the universe of policies. Due to difficulties with the data provided, primarily due to the way the Company maintains the data, the examiners had to make several requests prior to receiving the appropriate universe. Random samples of the files were made by the examiners and submitted to the Company. The files were received and reviewed unless the small population of files required an examination of the entire universe. Also, due to disqualifying factors, some individual files in the samples were replaced when necessary. The files were reviewed to ensure that the policies were processed in compliance with Illinois statutes and the Illinois Administrative Code. The review examined compliance with statutory requirements, the accuracy and validity of reasons given and looked for any possible unfair discrimination.

Underwriting

The Company was requested to provide a list of all new business policies in the eighteen lines of business under review. The Company identified the universe of policies. Random samples of the files were made by the examiners and submitted to the Company. The files were received and reviewed. Also, due to disqualifying factors, some individual files in the samples were replaced when necessary. The files were reviewed to ensure that the policies were processed in compliance with Illinois statutes and the Illinois Administrative Code. The review included the premium rating of the sample policies for Standard and Nonstandard Private Passenger Automobile, Homeowner, Renter, Dwelling Fire and Workers' Compensation lines. New policies were also reviewed to determine the correct use of filed rates, use of filed forms, for compliance with company underwriting guidelines and to ensure that the coverage provided was as requested by the applicant.

Claims

The Company was requested to provide a list of all claims in various categories during the examination period, to include paid, denied, and closed without payment (CWP). The Company provided paid and CWP claims. Due to various disqualifying factors, some individual files in the samples were replaced with another file when necessary. The files were reviewed to ensure the claims were processed in compliance with the policy, Illinois statutes and the Illinois Administrative Code.

IV. SELECTION OF SAMPLES

Survey	Population	# Reviewed	% Reviewed
Complaints			
Complaints-DOI	112	112	100%
Complaints-Consumer	491	491	100%
Producer Licensing			
Allied Property and Casualty Insurance Company	12,310	116	0.94%
AMCO Insurance Company	12,326	116	0.94%
Depositors Insurance Company	12,295	116	0.94%
Farmland Mutual Insurance Company	90	79	87.78%
Harleysville Insurance Company	2,965	115	3.88%
Harleysville Lake States Insurance Company	3,690	115	3.12%
Harleysville Preferred Insurance Company	3,590	115	3.20%
Nationwide Agribusiness Insurance Company	12,047	116	0.96%
Nationwide Affinity Insurance Company of America	11,113	116	1.04%
Nationwide Insurance Company of America	1,641	114	6.95%
Nationwide Mutual Insurance Company	2,258	115	5.09%
Nationwide Mutual Fire Insurance Company	14,876	116	0.78%
Nationwide Property and Casualty Insurance Company	1,842	114	6.19%
Victoria Select Insurance Company	6,064	116	1.91%
Risk Selection			
Standard Private Passenger Automobile Cancellations	382	80	20.94%
Standard Private Passenger Automobile Non Pay/Insured Request Cancellations	6,782	78	1.15%
Standard Private Passenger Automobile Nonrenewals	135	51	37.78%
Standard Private Passenger Automobile Rescissions	2	2	100%
Nonstandard Private Passenger Automobile Cancellations	178	79	44.38%
Nonstandard Private Passenger Automobile Non Pay/Insured Request Cancellations	4,499	115	2.56%
Nonstandard Private Passenger Automobile Nonrenewals	53	53	100%
Nonstandard Private Passenger Automobile Rescissions	1	1	100%
Homeowner Cancellations	391	68	17.39%
Homeowner Non Pay/Insured Request Cancellations	5,089	78	1.53%
Homeowner Nonrenewals	221	63	28.51%
Renter Cancellations	61	61	100%
Renter Non Pay/Insured Request Cancellations	2,090	85	4.07%

Renter Nonrenewals	9	9	100%
Dwelling Fire Cancellations	58	58	100%
Dwelling Fire Non Pay/Insured Request Cancellations	254	55	21.65%
Dwelling Fire Nonrenewals	27	27	100%
Personal Inland Marine Cancellations	8	8	100%
Personal Inland Marine Non Pay/Insured Request Cancellations	279	84	30.11%
Personal Inland Marine Nonrenewals	10	10	100%
Personal Umbrella Cancellations	5	5	100%
Personal Umbrella Non Pay/Insured Request Cancellations	202	84	41.58%
Personal Umbrella Nonrenewals	29	29	100%
Personal Toys Cancellations	18	18	100%
Personal Toys Non Pay/Insured Request Cancellations	1,968	114	5.79%
Personal Toys Nonrenewals	16	16	100%
Commercial Automobile Cancellations	13	13	100%
Commercial Automobile Non Pay/Insured Request Cancellations	442	121	27.38%
Commercial Automobile Nonrenewals	21	21	100%
Commercial Automobile Rescissions	2	2	100%
Commercial Agribusiness Non Pay/Insured Request Cancellations	18	18	100%
Commercial Agribusiness Nonrenewals	16	16	100%
Farmowner Cancellations	3	3	100%
Farmowner Non Pay/Insured Request Cancellations	96	74	77.08%
Farmowner Nonrenewals	4	4	100%
Commercial Property Fire Cancellations	2	2	100%
Commercial Property Fire Non Pay/Insured Request Cancellations	133	79	59.40%
Commercial Property Fire Nonrenewals	2	2	100%
Commercial Inland Marine Cancellations	7	7	100%
Commercial Inland Marine Non Pay/Insured Request Cancellations	209	84	40.19%
Commercial Inland Marine Nonrenewals	55	55	100%
Commercial Umbrella Cancellations	3	3	100%
Commercial Umbrella Non Pay/Insured Request Cancellations	278	84	30.22%
Commercial Umbrella Nonrenewals	49	49	100%
Commercial Business Owner Cancellations	14	14	100%
Commercial Business Owner Non Pay/Insured Request Cancellations	572	113	19.76%
Commercial Business Owner Nonrenewals	41	41	100%

Commercial Business Owner Rescissions	2	2	100%
Commercial General Liability Cancellations	11	11	100%
Commercial General Liability Non Pay/Insured Request Cancellations	297	84	28.28%
Commercial General Liability Nonrenewals	1	1	100%
Commercial HV Custom Pak Cancellations	1	1	100%
Commercial HV Custom Pak Non Pay/Insured Request Cancellations	99	79	79.80%
Commercial HV Custom Pak Nonrenewals	19	19	100%
Commercial HV Package Non Pay/Insured Request Cancellations	26	26	100%
Commercial HV Package Nonrenewals	9	9	100%
Workers' Compensation Cancellations	9	9	100%
Workers' Compensation Non Pay/Insured Request Cancellations	195	79	40.51%
Workers' Compensation Nonrenewals	19	19	100%
Workers' Compensation Rescissions	2	2	100%

Underwriting

Standard Private Passenger Automobile New Business	4,353	95	2.18%
Nonstandard Private Passenger Automobile New Business	5,368	116	2.16%
Homeowner New Business	3,367	88	2.61%
Renter New Business	2,044	108	5.28%
Dwelling Fire New Business	267	84	31.46%
Workers' Compensation New Business	316	84	26.58%
Commercial Automobile Renewals	2,779	199	7.16%
Commercial Agribusiness Renewals	191	75	39.27%
Farmowner Renewals	1,253	114	9.10%
Commercial Property Fire Renewals	870	113	12.99%
Commercial Inland Marine Renewals	590	104	17.63%
Commercial Business Owner Renewals	3,500	115	3.29%
Commercial General Liability Renewals	1,608	114	7.09%
Commercial HV Custom Pak Renewals	451	86	19.07%
Commercial HV Package Renewals	206	79	38.35%
Workers' Compensation Renewals	1,113	114	10.24%

Claims

Private Passenger Automobile First Party Median & Paid	2,907	184	6.33%
Private Passenger Automobile First Party Closed Without Payment	2,106	181	8.59%

Private Passenger Automobile Third Party Median & Paid	3,104	184	5.93%
Private Passenger Automobile Third Party Closed Without Payment	1,739	169	9.72%
Private Passenger Automobile Total Losses First Party	753	164	21.78%
Private Passenger Automobile Subrogation	445	122	27.42%
Private Passenger Automobile Bodily Injury Paid	531	108	20.34%
Private Passenger Automobile Bodily Injury Closed Without Payment	108	81	75%
Private Passenger Automobile Medical Payment Paid	439	89	20.27%
Private Passenger Automobile Medical Payment Closed Without Payment	394	84	21.32%
Private Passenger Automobile Uninsured and Underinsured Paid	80	76	95%
Private Passenger Automobile Uninsured and Underinsured Closed Without Payment	48	48	100%
Toys First Party Paid	74	74	100%
Toys First Party Closed Without Payment	29	29	100%
Toys Third Party Paid	10	10	100%
Toys Third Party Closed Without Payment	11	11	100%
Toys Total Losses First Party	23	23	100%
Toys Total Losses Personal Effects	1	1	100%
Toys Subrogation	2	2	100%
Toys Guest Bodily Injury Paid	2	2	100%
Toys Guest Bodily Injury Closed Without Payment	2	2	100%
Toys Medical Payment Paid	18	18	100%
Toys Payment Closed Without Payment	7	7	100%
Toys Uninsured and Underinsured Closed Without Payment	1	1	100%
Toys Motor Home Contents Paid	2	2	100%
Toys RV Awning Paid	1	1	100%
Toys Safety Glass Paid	1	1	100%
Homeowner Median and Paid	3,695	108	2.92%
Homeowner Closed Without Payment	1,044	107	10.25%
Renter Median and Paid	27	27	100%
Renter Closed Without Payment	1	1	100%
Dwelling Fire Median and Paid	233	82	35.19%
Dwelling Fire Closed Without Payment	59	59	100%
Personal Inland Marine Median and Paid	49	49	100%
Personal Inland Marine Closed Without Payment	1	1	100%
Commercial Automobile First Party Paid	234	143	61.11%
Commercial Automobile First Party Closed Without Payment	292	156	53.42%

Commercial Automobile Third Party Paid	365	158	43.29%
Commercial Automobile Third Party Closed Without Payment	177	128	72.32%
Commercial Automobile Third Party CSL Paid	67	53	79.10%
Commercial Automobile Third Party CSL Closed Without Payment	28	28	100%
Commercial Automobile Total Losses	58	58	100%
Commercial Automobile Subrogation	44	44	100%
Commercial Automobile Bodily Injury Paid	64	64	100%
Commercial Automobile Bodily Injury Closed Without Payment	33	33	100%
Commercial Automobile Medical Payment Paid	7	7	100%
Commercial Automobile Medical Payment Closed Without Payment	27	27	100%
Commercial Automobile Uninsured/Underinsured Paid	2	2	100%
Commercial Automobile Uninsured/Underinsured Closed Without Payment	2	2	100%
Commercial First Party Paid	1,047	95	9.07%
Commercial First Party Closed Without Payment	405	79	19.51%
Commercial Third Party Paid	625	88	14.08%
Commercial Third Party Closed Without Payment	914	105	11.49%
Workers' Compensation Paid	1,052	107	10.17%
Workers' Compensation Closed Without Payment	162	71	43.83%

V. FINDINGS

A. COMPLAINTS

1. Department of Insurance Complaints

There were no criticisms in the Department of Insurance complaints survey.

2. Consumer Complaints

In 11 instances of the 491 consumer complaint files, for an error rate of 2.24%, the Company failed to provide a written response to the policyholder as required by 215 ILCS 5/143d(b).

B. PRODUCER LICENSING

A total of 79 producer files were reviewed for Farmland Mutual Insurance Company. In two (2) instances of the 79 files reviewed, for an error rate of 2.53%, the Company failed to use producers who were properly licensed. This is in violation of 215 ILCS 5/500-15(a).

A total of 115 producer files were reviewed for Harleysville Insurance Company. In five (5) instances of the 115 files reviewed, for an error rate of 4.35%, the Company failed to use producers who were properly licensed. This is in violation of 215 ILCS 5/500-15(a).

A total of 115 producer files were reviewed for Harleysville Lake States Insurance Company. In four (4) instances of the 115 files reviewed, for an error rate of 3.48%, the Company failed to use producers who were properly licensed. This is in violation of 215 ILCS 5/500-15(a).

A total of 115 producer files were reviewed for Harleysville Preferred Insurance Company. In nine (9) instances of the 115 files reviewed, for an error rate of 7.83%, the Company failed to use producers who were properly licensed. This is in violation of 215 ILCS 5/500-15(a).

C. RISK SELECTION

1. Private Passenger Automobile Cancellations (Standard and Nonstandard)

In two (2) instances of the 80 Standard Private Passenger Automobile Cancellation files reviewed, for an error rate of 2.50%, the Company failed to provide the insured with a specific reason for cancellation. This is in violation of 215 ILCS 5/143.15.

There were no criticisms in the Nonstandard Private Passenger Automobile Cancellation survey.

2. Private Passenger Automobile Non-Payment and Insured Request Cancellation (Standard and Nonstandard)

There were no criticisms in the Standard and Nonstandard Private Passenger Automobile Non-Payment and Insured Request Cancellation surveys.

3. Private Passenger Automobile Nonrenewals (Standard and Nonstandard)

In two (2) instances of the 51 Standard Private Passenger Automobile Nonrenewal files reviewed, for an error rate of 3.92%, the Company failed to provide a specific explanation of the reasons for the nonrenewal. This is in violation of 215 ILCS 5/143.17(e).

In six (6) instances of the 53 Nonstandard Private Passenger Automobile Nonrenewal files reviewed, for an error rate of 11.32%, the file contained a nonrenewal notice with the reason listed as "Lack of Underwriting." The reason did not provide a specific explanation of why the policy was being nonrenewed. This is in violation of 215 ILCS 5/143.17(e).

In three (3) instances of the 51 Standard Private Passenger Automobile Nonrenewal files reviewed, for an error rate of 5.88%, the Company nonrenewed without giving at least a 60 day notice and the reason for nonrenewal was not one of the reasons allowed by 215 ILCS 5/143.19.1.

4. Private Passenger Automobile Rescissions (Standard and Nonstandard)

There were no criticisms in the Standard and Nonstandard Private Passenger Automobile Rescissions surveys.

5. Homeowner Cancellations

There were no criticisms in the Homeowner Cancellations survey.

6. Homeowner Non-Payment and Insured Request Cancellations

There were no criticisms in the Homeowner Non-Payment and Insured Request Cancellation surveys.

7. Homeowner Nonrenewals

In two (2) instances of the 63 Homeowner Nonrenewal files that were reviewed, for an error rate of 3.17%, the Company nonrenewed the policy without providing 60 days advance notice as required by 215 ILCS 5/143.21.1.

8. Renter Cancellations

In 10 instances of the 61 Renter Cancellation files, for an error rate of 16.39%, the Company failed to provide the insured with a specific reason for cancellation or failed to provide a cancellation notice to the insured. This is in violation of 215 ILCS 5/143.15.

In one (1) instance of the 61 files reviewed, for an error rate of 1.64%, the Company failed to cancel a fire policy that had been in effect longer than 60 days for a valid cancellation reason allowed by statute. This is a violation of 215 ILCS 5/143.21.

9. Renter Non-Payment and Insured Request Cancellations

There were no criticisms in the Renter Non-Payment and Insured Request Cancellation surveys.

10. Renter Nonrenewals

There were no criticisms in the Renter Nonrenewals survey.

11. Dwelling Fire Cancellations

There were no criticisms in the Dwelling Fire Cancellation survey.

12. Dwelling Fire Non-Payment and Insured Request Cancellations

There were no criticisms in the Dwelling Fire Non-Payment and Insured Request Cancellation surveys.

13. Dwelling Fire Nonrenewals

In three (3) instances of the 27 Dwelling Fire Nonrenewal files reviewed, for an error rate of 11.11%, the Company nonrenewed the policy without providing a 60 day notice as required by 215 ILCS 5/143.21.1.

In one (1) instance of the 27 Dwelling Fire Nonrenewal files, for an error rate of 3.70%, the Company failed to provide a specific explanation of the reason for the nonrenewal. This is in violation of 215 ILCS 5/143.17(e).

14. Personal Inland Marine Cancellations

There were no criticisms in the Personal Inland Marine Cancellation Survey.

15. Personal Inland Marine Non-Payment and Insured Request Cancellations

There were no criticisms in the Personal Inland Marine Non-Payment and Insured Request Cancellation Surveys.

16. Personal Inland Marine Nonrenewals

There were no criticisms in the Personal Inland Marine Nonrenewal Survey.

17. Personal Umbrella Cancellations

In one (1) instance of the 5 Personal Umbrella Cancellation files, for an error rate of 20%, the Company failed to provide 30 days advance notice of cancellation, as required by 215 ILCS 5/143.15.

18. Personal Umbrella Non-Payment and Insured Request Cancellations

There were no criticisms in the Personal Umbrella Non-Payment and Insured Request Cancellation surveys.

19. Personal Umbrella Nonrenewals

There were no criticisms in the Personal Umbrella Nonrenewal survey.

20. Personal Toys Cancellations

In two (2) instances of the 18 Personal Toys Cancellation files, for an 11.11% error rate, the Company failed to provide a specific explanation of the reason(s) for cancellation. This is in violation of 215 ILCS 5/143.15.

21. Personal Toys Non Pay and Insured Request Cancellations

In one (1) instance of the 114 Personal Toys Non-Payment Cancellation files, for an error rate of 0.88%, the Company failed to provide a specific explanation of the reason for cancellation. This is in violation of 215 ILCS 5/143.15.

22. Personal Toys Nonrenewals

There were no criticisms in the Personal Toys Nonrenewal survey.

23. Commercial Automobile Cancellations

In five (5) instances of the 13 Commercial Automobile Cancellation files, for an error rate of 38.46%, the Company failed to provide a specific reason for the cancellation, or failed to provide the insured a 60 day notice prior to cancellation. This is in violation of 215 ILCS 5/143.16.

In one (1) instance of the 13 Commercial Automobile Cancellations files, for an error rate of 7.69%, the Company failed to cancel for reasons allowed by statute at the time of cancellation after the policy had been in effect longer than 60 days. This is in violation of 215 ILCS 5/143.16a.

24. Commercial Automobile Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial Automobile Non-Payment and Insured Request Cancellation surveys.

25. Commercial Automobile Nonrenewals

In nine (9) instances of the 21 Commercial Automobile Nonrenewal files, for an error rate of 42.86%, the Company failed to provide the loss information with the notice of nonrenewal. This is in violation of 215 ILCS 5/143.10a(1).

In seven (7) instances of the 21 Commercial Automobile Nonrenewal files, for an error rate of 33.33%, the Company failed to provide a specific explanation of the reason for nonrenewal. This is in violation of 215 ILCS 5/143.17a(a).

26. Commercial Automobile Rescissions

There were no criticisms in the Commercial Automobile Rescission survey.

27. Commercial Agribusiness Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial Agribusiness Non-Payment and Insured Request Cancellation surveys.

28. Commercial Agribusiness Nonrenewals

In 15 instances of the 16 Commercial Agribusiness Nonrenewal files, for an error rate of 93.75%, the Company failed to provide loss information for the three (3) previous policy years with the notice of nonrenewal as required by 215 ILCS 5/143.10a(1).

In seven (7) instances of the 16 Commercial Agribusiness Nonrenewal files, for an error rate of 43.75%, the Company failed to provide a specific explanation of the reason for nonrenewal and/or failed to provide the required notice 60 days in advance of the date of nonrenewal. This is in violation of 215 ILCS 5/143.17a(a).

In 14 instances of the 16 Commercial Agribusiness Nonrenewal files, for an error rate of 87.50%, the Company failed to maintain the proof of mailing for the notice of nonrenewal as required by 215 ILCS 5/143.17a(d).

29. Farmowner Cancellations

In three (3) instances of the three (3) Farmowner Cancellation files, for an error rate of 100%, the Company failed to maintain proof of mailing of the cancellation notice to insured. This is in violation of 215 ILCS 5/143.14(a).

In two (2) instances of the three (3) Farmowner Cancellation files, for an error rate of 66.67%, the Company failed to provide a specific reason to the insured at the time of cancellation. This is in violation of 215 ILCS 5/143.16.

30. Farmowner Non-Payment and Insured Request Cancellations

In two (2) instances of the 74 Farmowner Cancellation files, for an error rate of 2.70%, the Company failed to maintain proof of mailing for the non-payment of premium cancellation notice to insured. This is in violation of 215 ILCS 5/143.14(a).

31. Farmowner Nonrenewals

In three (3) instances of the four (4) Farmowner Nonrenewal files, for an error rate of 75%, the Company failed to provide a loss report to the insured at time of the nonrenewal notice. This is in violation of 215 ILCS 5/143.10a(1).

In four (4) instances of the four (4) Farmowner Nonrenewal files, for an error rate of 100%, the Company failed to maintain proof of mailing of the notice of intention not to renew. This is in violation of 215 ILCS 5/143.17a(d).

32. Commercial Property Fire Cancellations

There were no criticisms in the Commercial Property Fire Cancellation survey.

33. Commercial Property Fire Non Pay and Insured Request Cancellations

There were no criticisms in the Commercial Property Fire Non-Payment and Insured Request Cancellation surveys.

34. Commercial Property Fire Nonrenewals

There were no criticisms in the Commercial Property Fire Nonrenewal survey.

35. Commercial Inland Marine Cancellations

In two (2) instances of the seven (7) Commercial Inland Marine Cancellation files, for an error rate of 28.57%, the Company failed to provide a loss report to the insured at time of cancellation. This is in violation of 215 ILCS 5/143.10a(1).

In one (1) instance of the seven (7) Commercial Inland Marine Cancellation files, for an error rate of 14.29%, the Company failed to maintain proof of mailing of the cancellation notice to the insured. This is in violation of 215 ILCS 5/143.14(a).

In two (2) instances of the seven (7) Commercial Inland Marine Cancellation files, for an error rate of 28.57%, the Company failed to provide a specific reason for cancellation to the insured at time of cancellation. This is in violation of 215 ILCS 5/143.16.

36. Commercial Inland Marine Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial Inland Marine Non-Payment and Insured Request Cancellation surveys.

37. Commercial Inland Marine Nonrenewals

In two (2) instances of the 55 Commercial Inland Marine Nonrenewal files, for an error rate of 3.64%, the Company failed to provide loss history reports to the insured at the time the nonrenewal notification was forwarded. This is in violation of 215 ILCS 5/143.10a(1).

In four (4) instances of the 55 Commercial Inland Marine Nonrenewal files, for an error rate of 7.27%, the Company failed to provide a specific explanation of the reason for nonrenewal on the notice mailed to the insured, or failed to send a notice of nonrenewal to the named insured at least 60 days prior to the expiration date of the current policy. This is in violation of 215 ILCS 5/143.17a(a).

38. Commercial Umbrella Cancellations

There were no criticisms in the Commercial Umbrella Cancellation survey.

39. Commercial Umbrella Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial Umbrella Non-Payment and Insured Request Cancellation surveys.

40. Commercial Umbrella Nonrenewals

There were no criticisms in the Commercial Umbrella Nonrenewal survey.

41. Commercial Business Owner Cancellations

In five (5) instances of the 14 Commercial Business Owner Cancellation files, for an error rate of 35.71%, the Company failed to provide a specific reason for cancellation to the insured at time of cancellation. This is in violation of 215 ILCS 5/143.16.

In one (1) instance of the 14 Commercial Business Owner Cancellation files reviewed, for an error rate of 7.14%, the Company cancelled the policy but failed to provide a valid reason after it had been in effect longer than 60 days. This is in violation of 215 ILCS 5/143.16a.

42. Commercial Business Owner Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial Business Owner Non-Payment and Insured Request Cancellation surveys.

43. Commercial Business Owner Nonrenewals

In 13 instances of the 41 Commercial Business Owner Nonrenewal files, for an error rate of 31.71%, the Company failed to provide the three year loss history report that is required to accompany the nonrenewal notification. This is in violation of 215 ILCS 5/143.10a(1).

In one (1) instance of the 41 Commercial Business Owner Nonrenewal files, for an error rate of 2.44%, the Company failed to provide a specific explanation of the reason for nonrenewal. This is in violation of 215 ILCS 5/143.17a(a).

44. Commercial Business Owner Rescissions

There were no criticisms in the Commercial Business Owner Rescission survey.

45. Commercial General Liability Cancellations

In one (1) instance of the 11 Commercial General Liability Cancellation files, for an error rate of 9.09%, the Company failed to maintain proof of mailing of the cancellation notice to the insured. This is in violation of 215 ILCS 5/143.14(a).

In five (5) instances of the 11 Commercial General Liability Cancellation files, for an error rate of 45.45%, the Company failed to provide a specific reason for cancellation on the notice and/or failed to provide to the insured the notice 30 days prior to cancellation. This is in violation of 215 ILCS 5/143.16.

46. Commercial General Liability Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial General Liability Non-Payment and Insured Request Cancellation surveys.

47. Commercial General Liability Nonrenewals

There were no criticisms in the Commercial General Liability Nonrenewal survey.

48. Commercial HV Custom Pak Cancellations

There were no criticisms in the Commercial HV Custom Pak Cancellation survey.

49. Commercial HV Custom Pak Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial HV Custom Pak Non-Payment and Insured Request Cancellation surveys.

50. Commercial HV Custom Pak Nonrenewals

In 11 instances of the 19 Commercial HV Custom Pak Nonrenewal files, for an error rate of 57.89%, the Company failed to send loss information to the insured at the same time as the notice of nonrenewal was sent to the insured. This is in violation of 215 ILCS 5/143.10a(1).

In 12 instances of the 19 Commercial HV Custom Pak Nonrenewal files, for an error rate of 63.16%, the Company failed to provide a specific explanation of the reasons for nonrenewal on the notice mailed to the insured, or no notice of nonrenewal was sent to the named insured when the named insured was not offered a renewal. This is in violation of 215 ILCS 5/143.17a(a).

51. Commercial HV Package Non-Payment and Insured Request Cancellations

There were no criticisms in the Commercial HV Package Non-Payment and Insured Request Cancellation surveys.

52. Commercial HV Package Nonrenewals

In nine (9) instances of the nine (9) Commercial HV Package Product Nonrenewal files, for an error rate of 100%, the Company failed to provide loss information with the notice of nonrenewal. This is in violation of 215 ILCS 5/143.10a(1).

In two (2) instances of the nine (9) Commercial HV Package Product Nonrenewal files, for an error rate of 22.22%, the Company failed to provide a specific explanation of the reason for nonrenewal on the notice mailed to the insured. This is in violation of 215 ILCS 5/143.17a(a).

53. Workers' Compensation Cancellations

In one (1) instance of the nine (9) Workers' Compensation Cancellation files, for an error rate of 11.11%, the Company failed to maintain the proof of mailing of the cancellation notice. This is in violation of 215 ILCS 5/143.14(a).

In three (3) instances of the nine (9) Workers' Compensation Cancellation files, for an error rate of 33.33%, the Company failed to provide a specific reason for the cancellation. This is in violation of 215 ILCS 5/143.16.

In one (1) instance of the nine (9) Workers' Compensation Cancellation files, for an error rate of 11.11%, the Company failed to cancel the policy for a valid reason after the policy had been in effect for 60 days. This is in violation of 215 ILCS 5/143.16a.

54. Workers' Compensation Non-Payment and Insured Request Cancellations

There were no criticisms in the Workers' Compensation Non-Payment and Insured Request Cancellation surveys.

55. Workers' Compensation Nonrenewals

In three (3) instances of the 19 Workers' Compensation Nonrenewal files, for an error rate of 15.79%, the Company failed to provide a specific explanation of the reason for nonrenewal on the notice. This is in violation of 215 ILCS 5/143.17a(a).

56. Workers' Compensation Rescissions

There were no criticisms in the Workers' Compensation Rescission survey.

D. UNDERWRITING

1. Private Passenger Automobile New Business

There were no criticisms in the Private Passenger Automobile New Business survey.

2. Homeowner New Business

In two (2) instances of the 88 Homeowner New Business files, for an error rate of 2.27%, the Company charged a premium that is in conflict with its rates/rules filing. This is in violation of 50 Ill. Adm. Code 754.10(b)(1), resulting in overcharges of \$2.00. The Company provided proof of the \$2.00 additional compensation to the insureds.

3. Renter New Business

There were no criticisms in the Renter New Business survey.

4. Dwelling Fire New Business

There were no criticisms in the Dwelling Fire New Business survey.

5. Workers' Compensation New Business

There were no criticisms in the Workers' Compensation New Business survey.

6. Commercial Automobile Renewals

In 82 instances of the 199 Commercial Automobile Renewal files reviewed, for an error rate of 41.21%, the Company failed to send a notice to the insured 60 days prior to the renewal date when there were changes in coverage or policy language. This is in violation of 215 ILCS 5/143.17a(b).

7. Commercial Agribusiness Renewals

In 71 instances of the 75 Commercial Agribusiness Renewal files reviewed, for an error rate of 94.67%, the Company failed to send the renewal to the insured 60 days prior to the renewal date. This is in violation of 215 ILCS 5/143.17a(b).

8. Farmowner Renewals

In 91 instances of the 114 Farmowner Renewal files reviewed, for an error rate of 79.82%, the Company failed to send the renewal to the insured 60 days prior to the renewal date. This is in violation of 215 ILCS 5/143.17a(b).

9. Commercial Property Fire Renewals

In 64 instances of the 113 Commercial Property Fire Renewal files reviewed, for an error rate of 56.64%, the Company failed to send the renewal to the insured 60 days prior to the renewal date. This is in violation of 215 ILCS 5/143.17a(b).

10. Commercial Inland Marine Renewals

In 18 instances of the 104 Commercial Inland Marine Renewal files reviewed, for an error rate of 17.31%, the Company failed to send a notice to the insured 60 days prior to the renewal date when there were changes in coverage or policy language. This is in violation of 215 ILCS 5/143.17a(b).

11. Commercial Umbrella Renewals

There were no criticisms in the Commercial Umbrella Renewal survey.

12. Commercial Business Owner Renewals

In six (6) instances of the 115 Commercial Business Owner Renewal files, for an error rate of 5.22%, the Company failed to provide a 60 day notice. The Company is required to deliver to the named insured notice of an assignment or transfer at least 60 days prior to the renewal date as outlined in 215 ILCS 5/143.11b.

In 42 instances of the 115 Commercial Business Owner files, for an error rate of 36.52%, the Company failed to send a notice to the insured 60 days prior to the renewal date when there were changes in coverage or policy language. This is in violation of 215 ILCS 5/143.17a(b).

In two (2) instances of the 115 Commercial Business Owner Renewal files reviewed, for an error rate of 1.74%, the Company failed to maintain proof of mailing of the renewal notice. This is in violation of 215 ILCS 5/143.17a(d).

13. Commercial General Liability Renewals

In 114 instances of 114 Commercial General Liability Renewal files, for an error rate of 100%, the Company failed to send the renewal to the insured at least 60 days prior to the renewal date when there were changes in coverage. This is in violation of 215 ILCS 5/143.17a(b).

14. Commercial HV Custom Pak Renewals

In 10 instances of the 86 Commercial HV Custom Pak Renewal files reviewed, for an error rate of 11.63%, the Company failed to provide a 60 day notice. The Company is required to deliver to the named insured notice of an assignment or transfer at least 60 days prior to the renewal date. This is in violation of 215 ILCS 5/143.11b.

In 46 instances of the 86 Commercial HV Custom Pak Renewal files reviewed, for an error rate of 53.49%, the Company failed to provide at least a 60 day notice when there were material changes in coverage. This is in violation of 215 ILCS 5/143.17a(b).

In 24 instances of the 86 Commercial HV Custom Pak Renewal files reviewed, for an error rate of 27.91%, the Company failed to maintain proof of mailing of the renewal notice. This is in violation of 215 ILCS 5/143.17a(d).

15. Commercial HV Package Renewals

There were no criticisms in the Commercial HV Package Renewal survey.

16. Workers' Compensation Renewals

There were no criticisms in the Workers' Compensation Renewal survey.

E. CLAIMS

1. Private Passenger Automobile First Party Claims Paid (Collision) & Median Claims

There were no criticisms for the median of Private Passenger Automobile First Party Paid Claims.

In 10 instances of the 184 Private Passenger Automobile First Party Paid Claim files reviewed, for an error rate of 5.43%, detailed documentation was missing. This is in violation of 50 Ill. Adm. Code 919.30(c).

Nine (9) of the 184 Private Passenger Automobile First Party Paid Claims remained unresolved for more than 40 days. As such, a delay letter was due to the insured by or prior to day 40, as required by 50 Ill. Adm. Code 919.80(b)(2). In six (6) instances of the 184 claim files, for an error rate of 3.26%, the Company is in violation of 50 Ill. Adm. Code 919.80(b)(2). The Company failed to provide a delay letter in five (5) instances and failed to include the Notice of Availability of the Department of Insurance to the insured in one (1) instance.

In three (3) instances of the 184 Private Passenger Automobile First Party Collision Paid claim files reviewed, for an error rate of 1.63%, the Company failed to provide the insured with the information contained in Exhibit A as required by 50 Ill. Adm. Code 919.80(c).

In one (1) instance of the 184 Private Passenger Automobile First Party Collision Claim files reviewed, for an error rate of 0.54%, the Company failed to pay the correct title and transfer fees. This is in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i). This failure resulted in an underpayment of \$25.00. The Company will provide proof of additional compensation to the insured.

In 12 instances of the 184 Private Passenger Automobile First Party Collision Paid Claim files reviewed, for an error rate of 6.52%, the Company capped paint supplies on the estimate. The Company made payments based upon the capped amount. This is in violation of 215 ILCS 5/154.6(j).

2. Private Passenger Automobile First Party Claims Closed Without Payment (Collision)

27 of the 181 Private Passenger Automobile First Party Collision Closed Without Payment files remained unresolved for more than 40 days. As such, a delay letter was due to the insured by the 40th day from the date of notification of loss and Notice of the Availability of the Illinois Department of Insurance was to accompany that letter. The Company is in violation of 50 Ill. Adm. Code 919.80(b)(2) in 21 instances of the 181 claim files, for an error rate of 11.60%. The Company failed to provide a delay letter in 16 instances and failed to include the Notice of Availability of the Department of Insurance to the insured in five (5) instances.

3. Private Passenger Automobile Third Party Claims Paid (Property Damage) & Median Claims

There were no criticisms for the median of Private Passenger Automobile Third Party Claims Paid Claims.

In four (4) instances of the 184 Private Passenger Automobile Third Party Paid Claim files, for an error rate of 2.17%, the Company capped paint supplies on the estimate. The Company made payments based upon the capped amount. This is in violation of 215 ILCS 5/154.6(j).

In four (4) instances of 184 Private Passenger Automobile Third Party Paid Claim files, for an error rate of 2.17%, the Company failed to maintain adequate documentation. This is in violation of 50 Ill. Adm. Code 919.30(c). In one (1) of the files, the Company underpaid the third party by \$10.00. The Company provided proof of the \$10.00 additional compensation to the claimant.

In one (1) instance of the 184 Private Passenger Automobile Third Party Paid Claim files, for an error rate of 0.54%, the Company failed to pay the third party's damages within 30 days. This is in violation of 50 Ill. Adm. Code 919.50(a).

20 of the 184 Private Passenger Automobile Third Party Paid Claim files remained unresolved for more than 60 days. As such, a delay letter was due to the insured by or prior to day 60, as required by 50 Ill. Adm. Code 919.80(b)(3). In eight (8) instances of the 184 claim files, for an error rate of 4.35%, the Company is in violation of 50 Ill. Adm. Code 919.80(b)(3). The Company failed to send the third party a delay letter when required.

4. Private Passenger Automobile Third Party Claims Closed Without Payment (Property Damage)

In two (2) instances of the 169 Private Passenger Automobile Third Party Claims Closed Without Payment files reviewed, for an error rate of 1.18%, the Company failed to provide a denial letter. This is in violation of 50 Ill. Adm. Code 919.50(a)(2).

17 of the 169 Private Passenger Automobile Third Party Claims Closed Without Payment files remained unresolved for more than 60 days. As such, a delay letter was due by or prior to day 60 with a reasonable explanation for the delay and with Notice of the Availability of the Illinois Department of Insurance, as required by 50 Ill. Adm. Code 919.80(b)(3). In 10 instances of the 169 claim files reviewed, for an error rate of 5.92%, the Company is in violation of 50 Ill. Adm. Code 919.80(b)(3). The Company failed to provide a delay letter in four (4) instances and failed to include the Notice of Availability of the Department of Insurance to the third party in six (6) instances.

5. Private Passenger Automobile Total Loss Claims (First Party)

In three (3) instances of the 164 Private Passenger Automobile Total Loss Claim files, for an error rate of 1.83%, detailed documentation was missing, as required by 50 Ill. Adm. Code 919.30(c), resulting in overpayments of \$929.70 and an underpayment of \$8.11. The Company will provide proof of additional compensation for the \$8.11 underpayment.

36 of the 164 Private Passenger Automobile Total Loss Claim files remained unresolved for more than 40 days and a delay letter was due to the insured by or prior to day 40. A Notice of Availability of the Illinois Department of Insurance is to accompany that letter. In 20 instances of the 164 claim files reviewed, for an error rate of 12.20%, the Company failed to provide a delay letter to the insured. This is in violation of 50 Ill. Adm. Code 919.80(b)(2).

In 86 instances of the 164 Private Passenger Automobile Total Loss Claim files, for an error rate of 52.44%, the Company failed to provide the insured with information contained in Exhibit A. This is in violation of 50 Ill. Adm. Code 919.80(c).

In two (2) instances of the 164 Private Passenger Automobile Total Loss Claim files, for an error rate of 1.22%, the Company failed to correctly use a methodology listed in 50 Ill. Adm. Code 919.80(c)(2) when determining the market value of the insured vehicle, resulting in an overpayment of \$108.00 and an underpayment of \$990.00. The Company refunded the insured the underpayment of \$990.00. This is in violation of 50 Ill. Adm. Code 919.80(c)(2).

In seven (7) instances of the 164 Private Passenger Automobile Total Loss Claim files, for an error rate of 4.27%, the Company failed to maintain documentation of how the market value of the insured automobile was determined. This is in violation of 50 Ill. Adm. Code 919.80(c)(2)(E).

In 131 instances of the 164 Private Passenger Automobile Total Loss Claim files, for an error rate of 79.88%, the Company failed to make the correct payments of sales taxes and transfer and title fees when due, resulting in overpayments in 11 files of \$1,644.99 and underpayments in 120 files of \$8,509.21, plus applicable taxes. This is in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i). The Company paid additional compensation of \$1,423.92, of which \$157.92 was interest. The Company will provide the total amount of applicable sales tax and provide proof of additional compensation.

6. Private Passenger Automobile Subrogation Claims (First Party)

In two (2) instances of the 122 Private Passenger Automobile Subrogation Claim files, for an error rate of 1.64%, the Company based payment on caps or limits on paint or materials on the estimate. This is in violation of 215 ILCS 5/154.6(j).

In two (2) instances of the 122 Private Passenger Automobile Subrogation Claim files, for an error rate of 1.64%, the Company failed to pay the insured the appropriate deductible which resulted in \$900.00 of underpayments to the insureds. This is in violation of 215 ILCS 5/143b. The Company provided proof of the \$900.00 additional compensation to the insureds. The Company also refunded a deductible of \$250.00.

7. Private Passenger Automobile Bodily Injury Paid Claims

There were no criticisms for the Private Passenger Automobile Bodily Injury Paid Claims survey.

8. Private Passenger Automobile Bodily Injury Closed Without Payment Claims

There were no criticisms for the Private Passenger Automobile Bodily Injury Closed Without Payment Claims survey.

9. Private Passenger Automobile Medical Payment Paid Claims

In four (4) instances of the 89 Private Passenger Automobile Medical Payment Paid Claim files reviewed, for an error rate of 4.49%, the Company failed to make payment within 30 days, as required by 50 Ill. Adm. Code 919.50(a).

10. Private Passenger Automobile Medical Payment Closed without Payment Claims

There were no criticisms for the Private Passenger Automobile Medical Payment Closed without Payment Claims survey.

11. Private Passenger Automobile Uninsured/Underinsured Paid Claims

There were no criticisms for the Private Passenger Automobile Uninsured/Underinsured Paid Claims survey.

12. Private Passenger Automobile Uninsured/Underinsured Closed Without Payment Claims

There were no criticisms for the Private Passenger Automobile Uninsured/Underinsured Closed Without Payment Claims survey.

13. Personal Toys Claims

The following list of 15 surveys were reviewed during the examination. There were no criticisms in these surveys.

- a. Personal Toys First Party Paid
- b. Personal Toys First Party Closed Without Payment
- c. Personal Toys Third Party Paid
- d. Personal Toys Third Party Closed Without Payment
- e. Personal Toys Total Losses – First Party
- f. Personal Toys Total Losses – Personal Effects
- g. Personal Toys Subrogation
- h. Personal Toys Guest Bodily Injury Paid
- i. Personal Toys Guest Bodily Injury Closed Without Payment
- j. Personal Toys Medical Payment Paid
- k. Personal Toys Payment Closed Without Payment
- l. Personal Toys Uninsured/Underinsured Closed Without Payment
- m. Personal Toys Motor Home Contents Paid
- n. Personal Toys RV Awning Paid
- o. Personal Toys Safety Glass Paid

14. Homeowner Paid Claims

There were no criticisms for the median of Homeowner Paid Claims.

In 15 instances of the 108 Homeowner Paid Claim files, for an error rate of 13.89%, the Company failed to maintain detailed documentation necessary to reconstruct the Company's activities in each claim file. This is in violation of 50 Ill. Adm. Code 919.30(c).

In two (2) instances of the 108 Homeowner Paid Claim files, for an error rate of 1.85%, the Company failed to provide the payment for the undisputed portion of the claim within 30 days after the amount of the claim was determined and not in dispute. This is in violation of 50 Ill. Adm. Code 919.50(a).

In nine (9) instances of the 108 Homeowner Paid Claim files reviewed, for an error rate of 8.33%, the Company failed to provide an explanation for the basis of the lower offer or a denial letter to the first party claimant within 30 days after determination of liability is completed. Notice of Availability of the Department of Insurance shall also accompany this explanation. In eight (8) files, the Company failed to provide the denial letter and in one (1) file, the Notice of Availability was not included in the explanation. This is in violation of 50 Ill. Adm. Code 919.50(a)(1).

In one (1) instance of the 108 Homeowner Paid Claim files, for an error rate of 0.93%, the Company failed to provide, within 30 days after determination of liability, a reasonable written explanation of the basis of the denial to the third party claimant. This is in violation of 50 Ill. Adm. Code 919.50(a)(2).

Eight (8) of the 108 Homeowner Paid Claim files required a delay letter after 75 calendar days from the date it is reported or 25 calendar days after receipt of proof of loss. In five (5) instances of the 108 files for an error rate of 4.63%, the Company failed to provide a proper delay letter in violation of 50 Ill. Adm. Code 919.80(d)(7)(B).

15. Homeowner Closed Without Payment Claims

In 25 instances of the 107 Homeowner Closed Without Payment Claims, for an error rate of 23.36%, the files were missing detailed documentation, required to be retained by 50 Ill. Adm. Code 919.30(c).

In eight (8) instances of the 107 Homeowner Closed Without Payment Claim files reviewed for an error rate of 7.48%, the Company is in violation of 50 Ill. Adm. Code 919.50(a)(1). The Company failed to provide the basis of the lower offer or denial in six (6) instances and failed to include the Notice of Availability of the Department of Insurance in two (2) instances.

In seven (7) instances of the 107 Homeowner Closed Without Payment Claim files reviewed for an error rate of 6.54%, the Company failed to provide a proper delay letter in violation of 50 Ill. Adm. Code 919.80(d)(7)(B).

16. Renter Median and Paid Claims

There were no criticisms for the median of Renter Paid Claims.

In 14 instances of the 27 Renter Paid Claim files, for an error rate of 51.85%, the Company failed to provide detailed documentation to permit reconstruction of the Company's activities. This is in violation of 50 Ill. Adm. Code 919.30(c).

In eight (8) instances of the 27 Renter Paid Claim files, for an error rate of 29.63%, the Company failed to provide the basis of the lower offer or partial denial to the first party claimant within 30 days after determination of liability is completed. This explanation is required to clearly set forth the policy definition, limitation, exclusion, or condition upon which partial denial was based. This is in violation of 50 Ill. Adm. Code 919.50(a)(1).

Three (3) of the 27 Renter Paid Claim files required a delay letter after 75 calendar days from the date a claim was reported. In two (2) instances of the 27 claim files, for an error rate of 7.41%, the Company failed to provide a proper delay letter with reasonable explanation for the delay. This is in violation of 50 Ill. Adm. Code 919.80(d)(7)(B).

17. Renter Closed Without Payment Claims

There were no criticisms for the Renter Closed Without Payment Claims survey.

18. Dwelling Fire Median and Paid Claims

There were no criticisms for the median of Dwelling Fire Paid Claims.

In 10 instances of the 82 Dwelling Fire Paid Claim files, for an error rate of 12.20%, the file failed to contain detailed documentation necessary to reconstruct the Company's activities. This is in violation of 50 Ill. Adm. Code 919.30(c).

In nine (9) instances of the 82 Dwelling Fire Paid Claim files, for an error rate of 10.98%, the Company failed to provide a letter explaining the lower offer or partial denial within 30 days after determination of liability was completed. This is in violation of 50 Ill. Adm. Code 919.50(a)(1).

Three (3) of the 82 Dwelling Fire Paid Claim files required a delay letter after 75 calendar days from the date the claim was reported. In two (2) instances of the 82 claim files, for an error rate of 2.44%, the Company failed to provide a proper delay letter with explanation for the delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

19. Dwelling Fire Closed Without Payment Claims

In 19 instances of the 59 Dwelling Fire Closed Without Payment Claim files, for an error rate of 32.20%, the file failed to contain detailed documentation necessary to reconstruct the Company's claim handling activities. This is in violation of 50 Ill. Adm. Code 919.30(c).

In seven (7) instances of the 59 Dwelling Fire Closed Without Payment Claim files, for an error rate of 11.86%, the Company failed to provide the basis of the lower offer or partial denial in four (4) instances and failed to include the Notice of Availability of the Department of Insurance in three (3) instances. This is in violation of 50 Ill. Adm. Code 919.50(a)(1).

Three (3) of the 59 Dwelling Fire Closed without Payment Claim files required a delay letter after 75 calendar days from the date the claim is reported. In three (3) instances of the 59 claim files, for an error rate of 5.08%, the Company failed to provide a proper delay letter with an explanation for the delay. This is in violation of 50 Ill. Adm. Code 919.80(d)(7)(B).

20. Personal Inland Marine Paid Claims

In two (2) instances of the 49 Personal Inland Marine Paid Claims, for an error rate of 4.08%, the Company failed to maintain detailed documentation in each claim file in order to permit reconstruction of the Company's activities. This is in violation of 50 Ill. Adm. Code 919.30(c).

In two (2) instances of the 49 Personal Inland Marine Paid Claims, for an error rate of 4.08%, the Company failed to provide a reasonable written explanation of the basis of a lower offer. This is in violation of 50 Ill. Adm. Code 919.50(a)(1).

In one (1) instance of the 49 Personal Inland Marine Paid Claims, for an error rate of 2.04%, the Company failed to provide a reasonable written explanation for the delay to the insured. This is in violation of 50 Ill. Adm. Code 919.80(d)(7)(B).

21. Personal Inland Marine Closed Without Payment Claims

There were no criticisms for the Personal Inland Marine Closed Without Payment Claim survey.

22. Commercial Automobile First Party Paid Claims (Collision)

In six (6) instances of the 143 Commercial Automobile First Party Paid Claim files, for an error rate of 4.20%, the Company made payment based upon a capped amount on paint materials. This is in violation of 215 ILCS 5/154.6(j).

In four (4) instances of the 143 Commercial Automobile First Party Paid Claim files, for an error rate of 2.80%, detailed documentation was missing, as required by 50 Ill. Adm. Code 919.30(c). This resulted in underpayments of \$50.00 plus applicable sales tax. The Company will provide the total amount owed to the insured and the Company will provide proof of additional compensation.

In three (3) instances of the 143 Commercial Automobile First Party Paid Claim files, for an error rate of 2.10%, the Company failed to make payment within 30 days, as required by 50 Ill. Adm. Code 919.50(a).

23. Commercial Automobile First Party Closed Without Payment Claims (Collision)

In three (3) instances of the 156 Commercial Automobile First Party Closed Without Payment Claim files, for an error rate of 1.92%, the Company failed to maintain detailed documentation in the claim file, as required by 50 Ill. Adm. Code 919.30(c).

24. Commercial Automobile Third Party Paid Claims (Property Damage)

In one (1) instance of the 158 Commercial Automobile Third Party Paid Claim files, for an error rate of 0.63%, detailed documentation was missing from the claim file, as required by 50 Ill. Adm. Code 919.30(c). In the claim file which was a total loss claim, the Company paid sales tax/fees and there was no documentation of paying the transfer fee, resulting in an underpayment of \$25.00. The Company will provide proof of additional compensation to the claimant.

25. Commercial Automobile Third Party Closed Without Payment Claims (Property Damage)

In two (2) instances of the 128 Commercial Automobile Third Party Closed Without Payment Claim files, for an error rate of 1.56%, the Company failed to maintain detailed documentation in the file, as required by 50 Ill. Adm. Code 919.30(c).

In two (2) of the 128 Commercial Automobile Third Party Closed Without Payment Claim files, for an error rate of 1.56%, the Company failed to provide a reasonable written explanation of the basis of the denial. This is in violation of 50 Ill. Adm. Code 919.50(a)(2).

26. Commercial Automobile Third Party CSL Paid Claims

In one (1) file of the 53 Commercial Automobile Third Party CSL (Combined Single Limit) Paid Claims, for an error rate of 1.89%, the Company capped paint supplies at \$500.00 on the estimate. The Company made payment based upon the capped amount. This is in violation of 215 ILCS 5/154.6(j).

27. Commercial Automobile Third Party CSL Closed Without Payment Claims

There were no criticisms for the Commercial Automobile Third Party CSL (Combined Single Limit) Closed Without Payment Claims survey.

28. Commercial Automobile Total Losses Claims (First Party)

In 16 instances of the 58 Commercial Automobile Total Loss Claim files, for an error rate of 27.59%, the Company failed to maintain documentation to verify correct payments at the time of settlement or when the insured substantiated replacement of the vehicle, resulting in underpayments of \$10,160.36 plus applicable sales tax and overpayments of \$2,804.00. This is in violation of 50 Ill. Adm. Code 919.30(c). The Company will provide the total amount for sales tax. In addition, the Company will provide proof of additional compensation to the insureds.

29. Commercial Automobile Subrogation Claims (First Party)

There were no criticisms for the Commercial Automobile Subrogation Claims survey.

30. Commercial Automobile Bodily Injury Paid Claims

There were no criticisms for the Commercial Automobile Bodily Injury Paid Claims survey.

31. Commercial Automobile Bodily Injury Closed Without Payment Claims

There were no criticisms for the Commercial Automobile Bodily Injury Closed Without Payment Claims survey.

32. Commercial Automobile Medical Payment Paid Claims

There were no criticisms for the Commercial Automobile Medical Payment Paid Claims survey.

33. Commercial Automobile Medical Payment Closed Without Payment Claims

There were no criticisms for the Commercial Automobile Medical Payment Closed Without Payment Claims survey.

34. Commercial Automobile Uninsured/Underinsured Paid Claims

There were no criticisms for the Commercial Automobile Uninsured/Underinsured Paid Claims survey.

35. Commercial Automobile Uninsured/Underinsured Closed Without Payment Claims

There were no criticisms for the Commercial Automobile Uninsured/Underinsured Closed Without Payment Claims survey.

36. Commercial First Party Paid Claims

In one (1) instance of the 95 Commercial First Party Paid Claim files, for an error rate of 1.05%, the Company failed to maintain detailed documentation in each claim file in order to allow for reconstruction of the Company's claim handling activities. This is in violation of 50 Ill. Adm. Code 919.30(c).

In two (2) instances of the 95 Commercial First Party Paid Claim files, for an error rate of 2.11%, the Company failed to provide settlement and/or tender payment to the insured within 30 days of affirming liability on claims. This is in violation of 50 Ill. Adm. Code 919.50(a).

In two (2) instances of the 95 Commercial First Party Paid Claim files, for an error rate of 2.11%, the Company failed to provide the insured with a reasonable written explanation of the basis for the lower offer provided by the Company. This is in violation of 50 Ill. Adm. Code 919.50(a)(1).

In four (4) instances of the 95 Commercial First Party Paid Claim files, for an error rate of 4.21%, the Company issued to the named insured a payment draft, check, or an accompanying letter that stated payment is "final" or is "a release." This is in violation of 50 Ill. Adm. Code 919.60(a).

37. Commercial First Party Closed Without Payment Claims

In four (4) instances of the 79 Commercial First Party Closed Without Payment Claim files, for an error rate of 5.06%, the Company is in violation of 50 Ill. Adm. Code 919.50(a)(1). The Company failed to provide a reasonable written explanation within 30 days of the claim being denied in one (1) instance and failed to include the Notice of Availability of the Department of Insurance to the insured in three (3) instances.

38. Commercial Third Party Paid Claims

In one (1) instance of the 88 Commercial Third Party Paid Claim files, for an error rate of 1.14%, the Company failed to affirm or deny liability on claims within a reasonable time and the Company failed to offer payment within 30 days after affirmation of liability. This is in violation of 50 Ill. Adm. Code 919.50(a).

39. Commercial Third Party Closed Without Payment Claims

In one (1) instance of the 105 Commercial Third Party Closed Without Payment Claim files, for an error rate of 0.95%, the Company failed to provide the third party with a reasonable written explanation of the basis for the denial. This is in violation of 50 Ill. Adm. Code 919.50(a)(2).

40. Workers' Compensation Paid Claims

In 37 instances of the 107 Workers' Compensation Paid Claim files, for an error rate of 34.58%, the Company failed to complete payment to the provider within 30 days of receipt of the bill which contained substantially all of the required data elements to adjudicate the bill or non-payment to a provider of a portion of such a bill. The late payment to the provider results in interest incurring at a rate of 1% per month on the portion of the bill set by the Commission in the fee schedule established. Any required interest payments shall be made within 30 days after payment. This failure to pay interest is in violation of 820 ILCS 305/8.2(d)(3), resulting in underpayments of \$860.10. The Company provided proof of the \$860.10 additional compensation to the providers.

The Company responded to an Interrogatory pertaining to its compliance with 820 ILCS 305/19(o) (Workers' Compensation Act). In 21 instances out of the 107 Workers' Compensation files, for an error percentage of 20%, the Harleysville affiliated companies failed to notify each insured employer of any compensable claim incurred during the preceding month and the amounts paid or reserved on the claim, including a summary of the claim and a brief statement of the reasons for compensability, by the 15th of the month. In 107 instances of 107 Workers' Compensation files, for an error percentage of 100%, the companies failed to provide to the insured employer a cumulative report of all claims incurred during a calendar year or continued from the previous year within 30 days after the end of that calendar year. These are in violation of 820 ILCS 305/19(o).

In two (2) instances of the 107 Workers' Compensation Paid Claim files, for an error rate of 1.87%, the Company failed to advise the employee, in writing, of the information needed to make a determination and provide in a written explanation why the requested information is necessary, as required by 50 Ill. Adm. Code 9110.70(a)(3).

In one (1) instance of the 107 Workers' Compensation Paid Claims, for an error rate of 0.93%, the Company discontinued the payment of Temporary Total Compensation benefits to the claimant. The Company then failed to promptly seek the information regarding their liability for additional payment of Temporary Total Compensation benefits to the claimant. This is in violation of 50 Ill. Adm. Code 9110.70(c).

41. Workers' Compensation Closed Without Payment Claims

In 10 instances of the 71 Workers' Compensation Closed Without Payment Claim files reviewed, for an error rate of 14.08%, the Company failed to advise the claimant, within 14 days after notification of the claimant's inability to work, of the information needed to make the determination to pay Temporary Total Compensation benefits and why the requested information is necessary. This is in violation of 50 Ill. Adm. Code 9110.70(a)(3).

In two (2) of the 71 Workers' Compensation Closed Without Payment Claim files reviewed, for an error rate of 2.82%, the Company failed to provide a detailed denial letter to the claimant. This is in violation of 50 Ill. Adm. Code 9110.70(d).

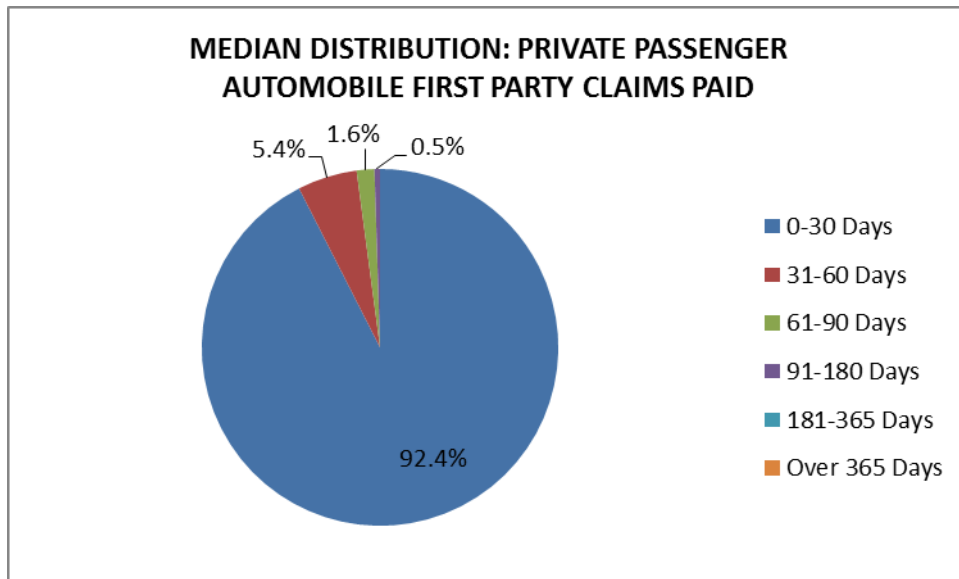
VI. INTERRELATED FINDINGS

1. In five (5) instances of 61 Renter Cancellation files, the examiners found through an examination and review of recorded calls and documentation that the Company and/or its representatives failed to provide fair and accurate information pertaining to the insured(s) records and/or application(s). The phone recordings revealed documentation was not truthful and factual as the recordings did not coincide with the files.
2. The Company paid sales tax and/or transfer and/or title fees with or without proof of a replacement vehicle for both commercial and private passenger auto total loss claims. This inconsistency affected 19 files of the 58 commercial auto claim files and affected 91 files of the 164 private passenger auto claim files. The Company should implement procedures to be consistent in how they pay sales tax on total loss claims.

VII. TECHNICAL APPENDICES

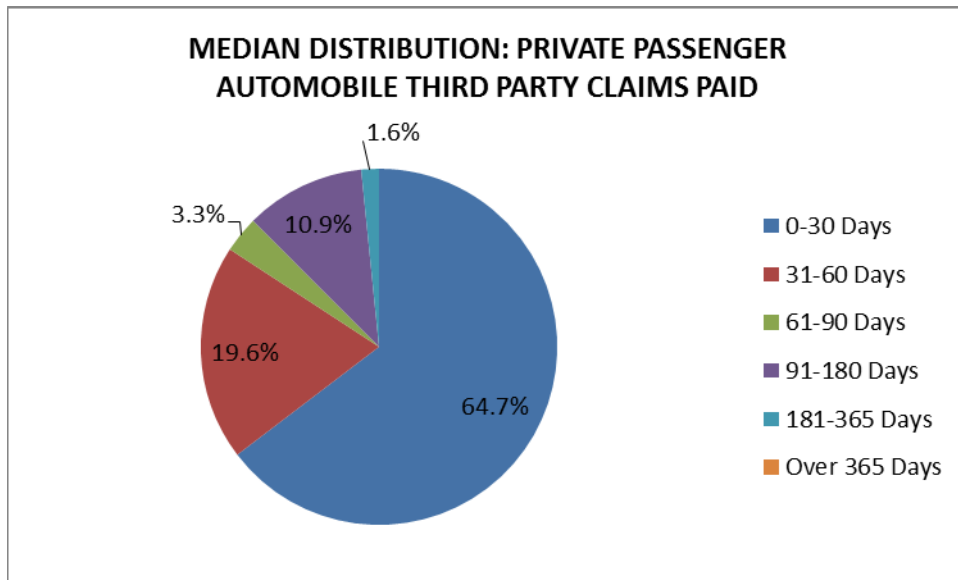
Private Passenger Automobile First Party Claims Paid and Median – 9 Days

MEDIAN DISTRIBUTION: PRIVATE PASSENGER AUTOMOBILE FIRST PARTY CLAIMS PAID		
Number of Days	Number	Percent
0-30 Days	170	92.4%
31-60 Days	10	5.4%
61-90 Days	3	1.6%
91-180 Days	1	0.5%
181-365 Days	0	0.0%
Over 365 Days	0	0.0%
Total	184	100.0%



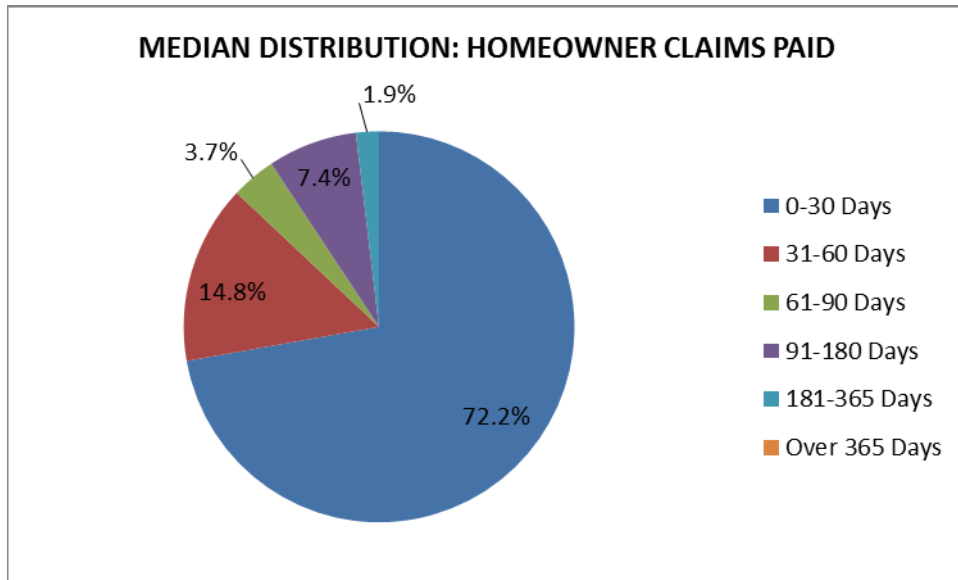
Private Passenger Automobile Third Party Claims Paid and Median – 17 Days

MEDIAN DISTRIBUTION: PRIVATE PASSENGER AUTOMOBILE THIRD PARTY CLAIMS PAID		
Number of Days	Number	Percent
0-30 Days	119	64.7%
31-60 Days	36	19.6%
61-90 Days	6	3.3%
91-180 Days	20	10.9%
181-365 Days	3	1.6%
Over 365 Days	0	0.0%
Total	184	100.0%



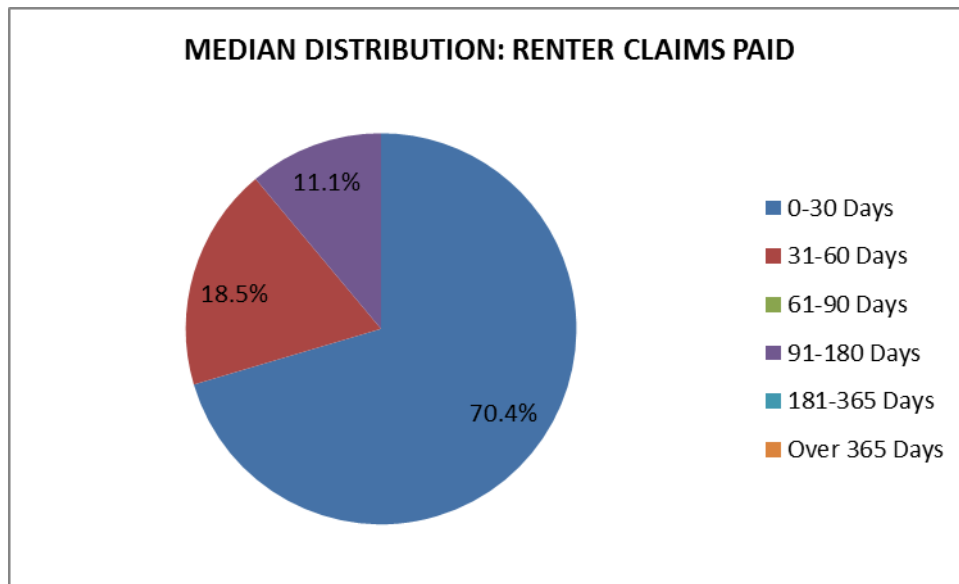
Homeowner Claims Paid and Median – 14 Days

MEDIAN DISTRIBUTION: HOMEOWNER CLAIMS PAID		
Number of Days	Number	Percent
0-30 Days	78	72.2%
31-60 Days	16	14.8%
61-90 Days	4	3.7%
91-180 Days	8	7.4%
181-365 Days	2	1.9%
Over 365 Days	0	0.0%
Total	184	100.0%



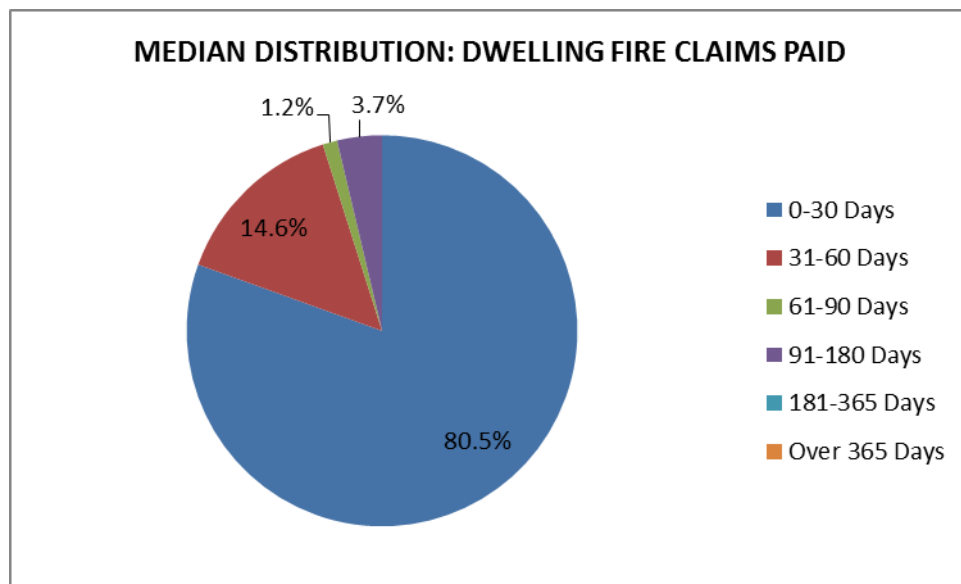
Renter Claims Paid and Median – 14 Days

MEDIAN DISTRIBUTION: RENTER CLAIMS PAID		
Number of Days	Number	Percent
0-30 Days	19	70.4%
31-60 Days	5	18.5%
61-90 Days	0	0.0%
91-180 Days	3	11.1%
181-365 Days	0	0.0%
Over 365 Days	0	0.0%
Total	27	100.0%



Dwelling Fire Claims Paid and Median – 18 Days

MEDIAN DISTRIBUTION: DWELLING FIRE CLAIMS PAID		
Number of Days	Number	Percent
0-30 Days	66	80.5%
31-60 Days	12	14.6%
61-90 Days	1	1.2%
91-180 Days	3	3.7%
181-365 Days	0	0.0%
Over 365 Days	0	0.0%
Total		100.0%



STATE OF PENNSYLVANIA)
COUNTY OF LANCASTER) ss

JUNE COLEMAN, being first duly sworn upon her oath, deposes and says:

That she 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 Allied Property and Casualty Insurance Company, NAIC #42579, AMCO Insurance Company, NAIC #19100, Depositors Insurance Company, NAIC #42587, Farmland Mutual Insurance Company, NAIC #13838, Harleystown Insurance Company, NAIC #23582, Harleystown Lake States Insurance Company, NAIC #14516, Harleystown Preferred Insurance Company, NAIC #35696, Nationwide Affinity Insurance Company of America, NAIC #26093, Nationwide Agribusiness Insurance Company, NAIC #28223, Nationwide Insurance Company of America, NAIC #25453, Nationwide Mutual Fire Insurance Company, NAIC #23779, Nationwide Mutual Insurance Company, NAIC #23787, Nationwide Property and Casualty Insurance Company, NAIC #37877 and Victoria Select Insurance Company, NAIC #10105, (the "Companies").

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

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

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

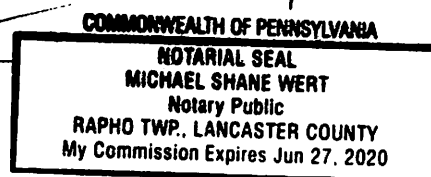
That she was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Companies for the period covered by the Report as determined by the examiners;

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.

James A. Coleman
Examiner-In-Charge

Subscribed and sworn to before me this 19 day of July, 2016.

Notary Public



STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**ALLIED P&C INSURANCE COMPANY
AMCO INSURANCE COMPANY
DEPOSITORS INSURANCE COMPANY
FARMLAND MUTUAL INSURANCE COMPANY
HARLEYSVILLE INSURANCE COMPANY
HARLEYSVILLE LAKE ESTATES INSURANCE COMPANY
HARLEYSVILLE PREFERRED INSURANCE COMPANY
NATIONWIDE AFFINITY INSURANCE COMPANY OF AMERICA
NATIONWIDE AGRIBUSINESS INSURANCE COMPANY
NATIONWIDE INSURANCE COMPANY OF AMERICA
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY
NATIONWIDE MUTUAL INSURANCE COMPANY
NATIONWIDE P&C INSURANCE COMPANY
VICTORIA SELECT INSURANCE COMPANY
ONE NATIONWIDE PLAZA
COLUMBUS, OH 43215**

STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance ("Department") is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Allied P&C Insurance Company, NAIC #42579, AMCO Insurance Company, NAIC #19100, Depositors Insurance Company, NAIC #42587, Farmland Mutual Insurance Company, NAIC #13838, Harleysville Insurance Company, NAIC #23582, Harleysville Lake States Insurance Company, NAIC #14516, Harleysville Preferred Insurance Company, NAIC #35696, Nationwide Affinity Insurance Company of America, NAIC #26093, Nationwide Agribusiness Insurance Company, NAIC #28223, Nationwide Insurance Company of America, NAIC #25453, Nationwide Mutual Fire Insurance Company, NAIC #23779, Nationwide Mutual Insurance Company, NAIC #23787, Nationwide P&C Insurance Company, NAIC #37877, and Victoria Select Insurance Company, NAIC #10105, collectively referred to as "the Company", are authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

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

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

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*), the Worker's Compensation Act (820 ILCS 305/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

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

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

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

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

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

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

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

1. Institute and maintain policies and procedures whereby the Company shall provide loss information for the three (3) previous policy years to the insured with the notice of cancellation or nonrenewal as required by 215 ILCS 5/143.10a(1).
2. Institute and maintain policies and procedures whereby the Company shall provide a notice of an assignment or transfer to the insured at least 60 days prior to the renewal date as required by 215 ILCS 5/143.11b.
3. Institute and maintain policies and procedures whereby the Company shall maintain proof of mailing the notice of cancellation to the insured as required by 215 ILCS 5/143.14(a).

4. Institute and maintain policies and procedures whereby the Company shall provide the insured a notice of cancellation as defined in Section 143.13 and shall include a specific explanation of the reason or reasons for cancellation on the notice as required by 215 ILCS 5/143.15.
5. Institute and maintain policies and procedures whereby the Company shall provide the insured a notice at cancellation as defined in Section 143.11 and shall provide a specific explanation of the reason or reasons for cancellation on the notice as required by 215 ILCS 5/143.16.
6. Institute and maintain policies and procedures whereby the Company shall provide the insured a notice of nonrenewal at least 60 days prior to the expiration date of the policy and shall provide a specific explanation of the reason or reasons for nonrenewal on the notice as required by 215 ILCS 5/143.17a(a).
7. Institute and maintain policies and procedures whereby the Company shall provide a notice to the insured at least 60 days prior to the renewal date when there is a material change in coverage as required by 215 ILCS 5/143.17a(b).
8. Institute and maintain policies and procedures whereby the Company shall maintain proof of mailing the notice of nonrenewal to the insured as required by 215 ILCS 5/143.17a(d).
9. Institute and maintain policies and procedures whereby the Company shall ensure claims are settled for a reasonable amount by not placing unreasonable caps or limits on paint materials as required by 215 ILCS 5/154.6(j).
10. Institute and maintain policies and procedures whereby the Company shall advise the employee in writing, within 14 calendar days after notification, of the information needed to make a determination on a workers' compensation claim and provide a written explanation why the requested information is necessary as required by 50 Ill. Adm. Code 9110.70(a)(3).
11. Institute and maintain policies and procedures whereby the Company shall maintain detailed documentation in a claim file in order to permit reconstruction of the Company's activities relative to the claim as required by 50 Ill. Adm. Code 919.30(c).
12. Institute and maintain policies and procedures whereby the Company shall provide the insured with a reasonable written explanation of the basis of the lower offer or denial within 30 days after determination of liability and Notice of Availability of the Department of Insurance shall accompany the explanation as required by 50 Ill. Adm. Code 919.50(a)(1).
13. Institute and maintain policies and procedures whereby the Company shall provide the insured with a reasonable written explanation for the delay when a claim remains unresolved for more than 40 days and Notice of Availability of the Department of Insurance shall accompany the explanation as required by 50 Ill. Adm. Code 919.80(b)(2).
14. 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).

15. Institute and maintain policies and procedures whereby the Company shall reimburse the insured the applicable sales tax and transfer and title fees as required by 50 Ill. Adm. Code 919.80(c)(3)(A)(i).
16. Institute and maintain policies and procedures whereby the Company shall notify the insured employer by the 15th day of each month of any workers' compensation compensable claim incurred during the preceding month and the amounts paid or reserved including a summary and brief statement of the reasons for compensability. The company shall also furnish the insured employer a cumulative report of all claims incurred during the calendar year or continued from the previous year within 30 days after the end of the year as required by 820 ILCS 305/19(o).
17. Institute and maintain policies and procedures whereby the Company shall ensure interest is paid at a rate of one percent (1%) per month on any bill or portion unpaid within such thirty (30) day period as required by 820 ILCS 305/8.2(d)(3).
18. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above 17 orders within 30 days of execution of this Order.
19. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$145,000 to be paid within 30 days of execution of this Order.

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

On behalf of **ALLIED P&C INSURANCE COMPANY, AMCO INSURANCE COMPANY, DEPOSITORS INSURANCE COMPANY, FARMLAND MUTUAL INSURANCE COMPANY, HARLEYSVILLE INSURANCE COMPANY, HARLEYSVILLE LAKE ESTATES INSURANCE COMPANY, HARLEYSVILLE PREFERRED INSURANCE COMPANY, NATIONWIDE AFFINITY INSURANCE COMPANY OF AMERICA, NATIONWIDE AGRIBUSINESS INSURANCE COMPANY, NATIONWIDE INSURANCE COMPANY OF AMERICA, NATIONWIDE MUTUAL FIRE INSURANCE COMPANY, NATIONWIDE MUTUAL INSURANCE COMPANY, NATIONWIDE P&C INSURANCE COMPANY, and VICTORIA SELECT INSURANCE COMPANY**

Mark A. Beven
Signature
MARK A. BEVEN
Name
PRESIDENT/COO, NATIONWIDE P+C
Title

Mark A. Pizzi
Signature
Mark A. Pizzi
Name
President/COO Direct & member solutions
Title

Subscribed and sworn to before me this
9 day of June 2017.
[Signature]
Notary Public



DAVID P. REYNOLDS
Notary Public, State of Ohio
My Commission Expires 11-15-2021

DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 6/12/17



Jennifer Hammer
Jennifer Hammer
Director