



Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Acting Director

VIA ELECTRONIC MAIL

February 23, 2021

Mr. Michael John Cok
President
Foremost Property and Casualty Insurance Company
P.O. Box 2450
Grand Rapids, MI 49501

Re: Foremost Property and Casualty Insurance Company, NAIC 11800
Foremost Insurance Company Grand Rapids Michigan, NAIC 11185
Market Conduct Examination Report Closing Letter

Dear Mr. Cok:

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

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

Please contact me if you have any questions.

Sincerely,

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

Foremost Property and Casualty Insurance Company
Foremost Insurance Company Grand Rapids Michigan

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: February 3, 2020 through, October 10, 2020

EXAMINATION OF: Foremost Property & Casualty
(P & C) NAIC #11800
Foremost Insurance Co – Grand Rapids
(P & C) NAIC #11185

LOCATION: 5600 Beech Tree Ln. Caledonia, MI 49316-0050

PERIOD COVERED BY EXAMINATION: November 1, 2018 through November 1, 2019
Complaints: May 17, 2017 through November 2019

EXAMINERS: Aubrey Powell, MCM
John Watts, MCM
Sara Welch, MCM
Matt David, Examiner

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I. SUMMARY

A targeted market conduct examination of Foremost Property and Casualty Insurance Company and Foremost Insurance Company Grand Rapids Michigan was performed to determine compliance with Illinois Statutes and Illinois Administrative Code.

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

Foremost Property and Casualty Insurance Company - Table of Total Violations						
Crit #	Statute/Rule	Survey / Description	Population	Files Reviewed	Number of Violations	Error %
5	50 IL Adm. Code 919.50 (a)(1)	PPA – Motorcycle – 1st Party Paid Claims – provide Insured a written explanation for lower offer	4	4	1	25.00%
7	50 Ill. Adm. Code 919.50 (a)(1)	Mobile Home Paid Claims – provide Insured a written explanation for lower offer	143	76	1	1.31%

Foremost Insurance Company Grand Rapids Michigan - Table of Total Violations						
Crit #	Statute/Rule	Survey / Description	Population	Files Reviewed	Number of Violations	Error %
2	215 -ILCS 5/143.27	Homeowners – 1st 60 Days Cancellations – provide property rehabilitation letter prior to notice of cancellation	163	79	15	18.99%
4	215 ILCS 5/397.1	Mobile home – Paid Claims – failure to secure the tax & demo certificate for structure losses over \$25,000 caused by fire before payment	583	105	1	0.95%
6	50 Ill Admin Code 754.10	Homeowners - New Business – failure to follow the filed underwriting and rating guidelines	1,952	114	4	3.51%
7	50 IL Admin Code 919.50 (a)(1)	Homeowners - Claims Closed without Payment – provide Insured a written explanation for denial	290	82	1	1.21%
8	215 ILCS – 5/143d (b)	Non DOI Complaints – Failure to provide written response to written complaints	18	18	3	16.67%
9	50 IL Admin Code 926.40	DOI Complaints – Complaint Handling Procedure	29	29	1	3.44%
10	215 ILCS – 5/805.1	Homeowners - New Business – Mine Subsidence Waivers	1,952	114	6	5.26%
11	50 IL Admin Code 754	Dwelling Fire–New Business Miscellaneous Rating Errors	14,115	116	17	14.66%
12	215 ILCS – 5/805.1	Dwelling Fire-New Business Mine Subsidence Waiver	14,115	116	4	3.44%

II. BACKGROUND:

Foremost Property and Casualty Insurance Company was incorporated in Indiana on April 27, 1984, as the American Signature Insurance Company and commenced business on that date. Effective February 1, 1988, the articles of incorporation were amended to change the name of the Company to its present name, Foremost Property and Casualty Insurance Company. Foremost Life Insurance Company (FLIC) was the incorporator of the Company and, prior to July 1, 1992, was the Company's sole shareholder. On October 28, 1998, the Company re-domesticated to Michigan.

Foremost Insurance Company Grand Rapids Michigan articles of incorporation were approved by the Attorney General of Michigan on May 20, 1952, and a certificate of authority was issued by the Commissioner on June 12, 1952, authorizing the Company to transact any and all kinds of insurance permitted under provisions of Section 1, Chapter 1, part four of Act 256 of Public Acts of 1917. In 1963, the articles of incorporation were amended to permit the Company to operate under provisions of Chapter 6 of the Michigan Insurance Code. The Company is authorized to write the following kinds of insurance as defined in Chapter 6 of the Insurance Code: disability, property, marine, auto, casualty, and surety.

In October 1999, Spartan Acquisition Company, a wholly owned subsidiary of Farmers Insurance Exchange (FIE), Fire Insurance Exchange (FIREIE), and Truck Insurance Exchange (TIE), collectively known as the Exchanges, entered into an agreement to acquire Foremost Corporation of America (FCOA). The Exchanges are organized under the laws of California and are managed by attorneys-in-fact. FCOA was an insurance holding company based in Caledonia Township, Michigan, which was the Company's parent. In March 2000, the acquisition was finalized.

The reorganization was effectuated through the merger of FCOA with and into FCOA, LLC, a subsidiary of the Company. Subsequent to the merger, FCOA ceased to exist as a separate entity.

Foremost Property and Casualty Insurance Company
2016, 2017 and 2018 NAIC Annual Statement (Illinois) reflects the following: NAIC # 11800

Foremost Property and Casualty Insurance Company					
	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
2016	PPA	\$168,471	\$167,498	\$111,935	\$119,327
2016	Homeowners	\$1,707,916	\$1,733,721	\$992,831	\$392,528
2017	PPA	\$150,809	\$157,771	\$118,254	\$113,485
2017	Homeowners	\$1,724,281	\$1,719,313	\$1,097,577	\$1,216,117
2018	PPA	\$130,162	\$138,934	\$41,326	\$38,266
2018	Homeowners	\$1,665,242	\$1,701,464	\$858,396	\$900,526

Foremost Insurance Company Grand Rapids Michigan
 2016, 2017 and 2018 NAIC Annual Statement (Illinois) reflects the following: NAIC # 11185

Foremost Insurance Company Grand Rapids Michigan					
	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
2016	PPA	\$4,009,250	\$3,953,981	\$1,864,017	\$1,899,406
2016	Homeowners	\$20,776,271	\$21,194,134	\$9,507,557	\$8,493,610
2017	PPA	\$4,002,254	\$3,986,080	\$2,053,422	\$2,099,795
2017	Homeowners	\$20,845,019	\$20,914,381	\$12,014,788	\$12,345,267
2018	PPA	\$4,102,076	\$4,059,723	\$2,346,762	\$2,259,865
2018	Homeowners	\$20,832,275	\$20,939,946	\$11,583,389	\$11,621,401

III. METHODOLOGY

Risk Selection

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

Underwriting

The underwriting of new applicants for coverage with the company was selected based on the inception date of the policy falling within the period under examination. New policies were reviewed for rating accuracy, use of filed rates, use of filed forms, for compliance with company underwriting guidelines and to ensure that the coverage provided was as requested by the applicant.

Claims

Claims were requested based on the settlement occurring or the claim file being closed without payment within the period under examination.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq. and 820 ILCS 305/1 et seq.) and Part 919 (Ill. Adm. Code Title 50: Part 919).

Complaints

Complaints were reviewed for completion, accuracy and validity of the complaint based on complaints received by the Department of Insurance during the examination experience period and the accuracy and completeness of the Company complaint log.

IV. SELECTION OF SAMPLE

Foremost Property & Casualty Insurance Company			
Survey	Population	# Reviewed	% Reviewed
FPC - Risk Selection			
PPA-Motorcycle - Cancellations	309	85	27.50%
Mobile Home - Cancellations	276	86	31.15%
PPA-Motorcycle – Non-Renewals	2	2	100.00%
Mobile Home – Non-Renewals	8	8	100.00%
FPC - Underwriting:			
PPA-Motorcycle - New Business	180	79	43.88%
Mobile Home – New Business	255	84	32.94%
PPA-Motorcycle – Renewals	1034	114	11.02%
Mobile Home Renewals	2047	115	5.61%
FPC - Claims:			
PPA-Motorcycle–1st Party-Paid	4	16	100.00%
PPA-Motorcycle-1st Party Paid (Median = 22 days)			
PPA-Motorcycle–1st Party-CWP	2	2	100.00%
PPA–Motorcycle-3rd Party-Paid	4	4	100.00%
PPA-Motorcycle-3rd Party-Paid (Median = 48 days)			
PPA-Motorcycle-3rd Party-CWP	1	1	100.00%
PPA-Motorcycle-Subrogation	1	1	100.00%
PPA-Motorcycle-1st Party Total Loss-Paid	7	7	100.00%
PPA-Motorcycle-1st Party Total Loss Paid (Median = 30 days)			
Mobile Home – 1st Party Paid	143	76	53.14%
Mobile Home – 1st Party Paid (Median = 8 days)			
Mobile Home - CWP	116	76	65.51%
FPC – Policyholder Service			
Department Complaints	1	1	100.00%
Consumer Complaints	0	0	0.00%

Foremost Insurance Company Grand Rapids Michigan			
Survey	Population	# Reviewed	% Reviewed
FGR - Risk Selection:			
PPA-Motorcycle - Cancellations	3,728	176	4.72%
Mobile Home - Cancellations	276	86	31.15%
Homeowners – Cancellations	2,535	278	10.97%
Dwelling Fire – Cancellations	14,878	230	1.55%
PPA-Motorcycle – Non-Renewals	5	5	100.00%
Mobile Home – Non-Renewals	17	17	100.00%
Homeowners – Non-Renewals	154	79	51.30%
Dwelling Fire – Non-Renewals	437	86	19.70%
PPA – Motorcycle Rescissions	1	1	100.00%
Dwelling Fire – Rescissions	1	1	100.00%
FGR - Underwriting:			
PPA–Motorcycle– New Business	2,830	115	4.10%
Homeowners – New Business	1,952	114	5.85%
Dwelling Fire – New Business	14,115	116	0.82%
Mobile Home – New Business	2,324	115	4.95%
PPA-Motorcycle-Renewals	9,109	116	1.30%
Homeowners - Renewals	6,598	116	1.76%
Mobile Home Renewals	12,419	116	0.93%
Dwelling Fire – Renewals	33,738	116	0.34%
FGR – Claims			
PPA-Motorcycle-1st Party Paid	136	136	100.00%
PPA-Motorcycle-1st Party Paid (Median = 22 days)			
PPA-Motorcycle-1st Party CWP	57	57	100.00%
PPA-Motorcycle-3rd Party Paid	18	18	100.00%
PPA-Motorcycle-3rd Party Paid (Median = 33 days)			
PPA-Motorcycle-3rd Party CWP	57	57	100.00%
PPA-Motorcycle-Subrogation	19	19	100.00%
PPA-Motorcycle-1st Party Total Loss-Paid	64	64	100.00%
PPA-Motorcycle-1st Party Total Loss-Paid (Median = 27 days)			
PPA-Motorcycle-3rd Party Total Loss-Paid	3	3	100.00%
PPA-Motorcycle-3rd Party Total Loss-Paid (Median = 51 days)			
Homeowners – 1st Party Paid	494	83	16.80%
Homeowners – 1st Party Paid (Median = 13 days)			
Homeowners – CWP	290	82	28.28%
Dwelling Fire – 1st Party Paid	1,363	107	7.85%
Dwelling Fire – 1st Party Paid (Median = 12 days)			
Dwelling Fire – CWP	987	105	10.64%
Mobile Home – 1st Party Paid	583	105	18.01%
Mobile Home – 1st Party Paid (Median = 12 days)			
Mobile Home CWP	364	82	22.53%
Policyholder Service			
DOI Complaints	18	18	100.00%
Consumer Complaints	18	18	100.00%
Producer Licensing	21,221	20	0.05%

V. FINDINGS: Foremost Property and Casualty Insurance Company

a. Risk Selection:

FPC - Cancellations

No criticisms were found in the following surveys:
PPA–Motorcycle - Cancellations in the 1st 60 days
PPA–Motorcycle - Insured Requested and Non-Pay Cancellations
Mobile Home – Cancellations in the 1st 60 days
Mobile Home - Mid Term Cancellations (After 1st 60 days)
Mobile Home - Insured Requested and Non-Pay Cancellations

FPC - Non-renewals:

No criticisms were found in the following surveys:
PPA–Motorcycle Non-Renewals
Mobile Home Non-Renewals

b. Underwriting:

FPC - New Business & Rating

No criticisms were found in the following surveys:
PPA - Motorcycle New Business
Mobile Home New Business

FPC – Renewals

No criticisms were found in the following surveys:
PPA – Motorcycle Renewals
Mobile Home Renewals

c. Claims:

Foremost Property & Casualty - Motorcycle 1st Party Paid Claims Median:
The median payment period was 22 days distributed as follows:

Days	Number	Percentage
0-30	3	75%
31-60	0	0%
61-90	1	25%
91-180	0	0%
181-365	0	0%
Over 365	0	0%
Total	4	100%

Foremost Property & Casualty - Motorcycle 1st Party Total Loss Paid Claims Median:
The median payment period was 30 days distributed as follows:

Days	Number	Percentage
0-30	4	57.14%
31-60	1	14.29%
61-90	1	14.29%
91-180	1	14.29%
181-365	0	0%
Over 365	0	0%
Total	7	100%

Foremost Property & Casualty - Motorcycle 3rd Party Paid Claims Median:
The median payment period was 48 days distributed as follows:

Days	Number	Percentage
0-30	1	25%
31-60	2	50%
61-90	0	0%
91-180	0	0%
181-365	1	25%
Over 365	0	0%
Total	4	100.00%

Foremost Property & Casualty – Mobile Home 1st Party Paid Claims Median:
The median payment period was 8 days distributed as follows:

Days	Number	Percentage
0-30	73	96.05%
31-60	2	2.63%
61-90	1	1.32%
91-180	0	0%
181-365	0	0%
Over 365	0	0%
Total	76	100.00%

Foremost Property & Casualty - Paid Claims
No criticisms were found in the following surveys:
Motorcycle (PPA) – Subrogation
Motorcycle (PPA) – Total Losses – 1st Party Paid

In one (1) PPA Motorcycle 1st Party Paid claim file (25% of the 4 claim files reviewed) the Company failed to provide a written explanation of the basis for the lower offer to the insured in violation of Illinois Administration Code Section 919.50 (a)(1)

In one (1) Mobile Home Paid Claim file (1.31% of the 76 claim files reviewed) the Company failed to provide a written explanation of the basis for the lower offer to the insured in violation of Illinois Administration Code Section 919.50 (a)(1)

Foremost Property & Casualty – Claims closed without Payment
No criticisms were found in the following surveys:
PPA – Motorcycle – 1st Party Claims made without payment
PPA – Motorcycle – 3rd Party Claims made without payment
Mobile Home – Claims closed without Payment

d. Policyholder service

Department Complaints
There were no criticisms in the DOI Complaints survey

Consumer Complaints
There were no criticisms in the Consumer Complaints survey

VI. FINDINGS: Foremost Insurance Company Grand Rapids Michigan:

a. Risk Selection

FGR – Cancellations

No criticisms were found in the following surveys:

PPA – Motorcycle - Cancellations in the First 60 days

PPA – Motorcycle - Insured Requested and Non-Pay Cancellations

Homeowners – Cancellations Mid-Term (After 60 Days)

Homeowners – Insured Requested and Non-Pay Cancellations

Dwelling Fire – Cancellations in the First 60 days

Dwelling Fire - Cancellations Mid-Term (After 60 Days)

Dwelling Fire - Insured Requested and Non-Pay Cancellations

Mobile Home – Cancellations in the First 60 days

Mobile Home - Cancellations Mid-Term (After 60 Days)

Mobile Home - Insured Requested and Non-Pay Cancellations

In fifteen (15) Homeowner - 1st 60 Days Cancellation policy files (18.99% of the 79 policy files reviewed) the Company failed to provide the Insured a rehabilitation notice prior to the notice of cancellation of the policy in violation of 215 ILCS 5/143.27

FGR- Non-Renewals & Rescissions

No criticisms were found in the following surveys:

PPA – Motorcycle Non-Renewals

PPA – Motorcycle Rescissions

Homeowners Non-Renewals

Dwelling Fire Non-Renewals

Dwelling Fire Rescissions

Mobile Home Non-Renewals

b. Underwriting:

FGR - New Business

No criticisms were found for the following surveys:

PPA – Motorcycle – New Business

Mobile Home – New Business

In four (4) Homeowner - New Business policy files (3.51% of the 114 files reviewed) the Company applied a 2-Family surcharge to its Classic CL policies which was not included in the company's filed rates and rules with the Illinois Dept. of Insurance in violation of Illinois Administrative Code 754.10.

In six (6) Homeowner - New Business policy files (5.26% of the 114 policy files reviewed) the Company or its representatives failed to obtain a written waiver for mine subsidence coverage from the Insured at the time the policy was issued as required based on the counties in which the properties were located. In four (4) files, no signed written waiver was obtained, and in two (2) files, the written waiver provided by the Company did not apply to the policy at the time it was issued, all in violation of 215 ILCS 5/805.1.

In seventeen (17) Dwelling Fire New Business policy files (14.65% of the 116 policy files reviewed) the Company applied a rate for its other structures Additional Amount Endorsement to DF-3 Landlord policies that was not included in the Company’s rates and rules filed with the Illinois Dept. of Insurance during the specified examination period in violation of Illinois Administrative Code 754.10.

In four (4) Dwelling Fire New Business policy files (3.44% of the 116 policy files reviewed) the Company or its representatives failed to obtain a written waiver for mine subsidence coverage from the Insured at the time the policy was issued, as required based on the counties in which the properties were located. In three (3) files, no signed written waiver was obtained, and in one (1) file, the written waiver provided by the Company did not apply to the policy at the time it was originally issued, all in violation of 215 ILCS 5/805.1.

FGR – Renewals

No criticisms were found for the following surveys:

- PPA – Motorcycle - Renewals
- Homeowners – Renewals
- Dwelling Fire – Renewals
- Mobile Home – Renewals

c. Claims:

Foremost Insurance Company Grand Rapids Michigan - Motorcycle 1st Party Paid Claims Median:

The median payment period was 22 days distributed as follows:

Days	Number	Percentage
0-30	28	82.35%
31-60	4	11.77%
61-90	2	5.88%
91-180	0	0%
181-365	0	0%
Over 365	0	0%
Total	34	100.00%

Foremost Insurance Company Grand Rapids Michigan - Motorcycle 1st Party Total Loss Paid Claims Median:

The median payment period was 27 days distributed as follows:

Days	Number	Percentage
0-30	40	62.50%
31-60	15	23.44%
61-90	6	9.38%
91-180	3	4.69%
181-365	0	0%
Over 365	0	0%
Total	64	100%

Foremost Insurance Company Grand Rapids Michigan - Motorcycle 3rd Party Paid Claims Median:

The median payment period was 33 days distributed as follows:

Days	Number	Percentage
0-30	8	44.44%
31-60	3	16.67%
61-90	3	16.67%
91-180	4	22.22%
181-365	0	0%
Over 365	0	0%
Total	18	100.00%

Foremost Insurance Company Grand Rapids Michigan – Motorcycle 3rd Party Total Loss Paid Claims Median:

The median payment period was 51 days distributed as follows:

Days	Number	Percentage
0-30	1	50.00%
31-60	0	0%
61-90	1	50.00%
91-180	0	0%
181-365	0	0%
Over 365	0	0%
Total	2	100.00%

Foremost Insurance Company Grand Rapids Michigan– Homeowner 1st Party Paid Claims Median:

The median payment period was 13 days distributed as follows:

Days	Number	Percentage
0-30	70	84.34%
31-60	4	4.82%
61-90	3	3.61%
91-180	3	3.61%
181-365	3	3.61%
Over 365	0	0%
Total	83	100.00%

Foremost Insurance Company Grand Rapids Michigan – Dwelling Fire 1st Party Paid Claims Median:

The median payment period was 12 days distributed as follows:

Days	Number	Percentage
0-30	95	88.79%
31-60	10	9.35%
61-90	2	1.87%
91-180	0	0%
181-365	0	0%
Over 365	0	0%
Total	107	100.00%

Foremost Insurance Company Grand Rapids Michigan – Mobile Home 1st Party Paid Claims Median:

The median payment period was 12 days distributed as follows:

Days	Number	Percentage
0-30	85	80.95%
31-60	7	6.67%
61-90	3	2.86%
91-180	4	3.81%
181-365	5	4.76%
Over 365	1	0.95%
Total	105	100.00%

Foremost Grand Rapids - Paid Claims

No criticisms were found in the following surveys:

- PPA – Motorcycle – 1st Party Paid
- PPA – Motorcycle – 3rd Party Paid
- PPA – Motorcycle – Subrogation
- PPA – Motorcycle Total Loss – 1st Party Paid
- PPA – Motorcycle – Total Loss – 3rd Party Paid
- Homeowners - Paid
- Dwelling Fire – Paid

In one (1) Mobile Home Paid claims (0.95% of the 105 claim files reviewed) the Company failed to secure a certificate regarding property taxes and demolition expenses for a structure damaged by fire or explosion that exceeds \$25,000 prior to issuing payment for the structure loss in violation of 215 ILCS 5/397.1.

Foremost Grand Rapids - Closed Without Payment Claims

No criticisms were found in the following surveys:

- PPA – Motorcycle 1st Party Closed Without Payment Claims
- PPA – Motorcycle 3rd Party Closed Without Payment Claims
- Dwelling Fire Closed Without Payment Claims
- Mobile Home Closed Without Payment Claims

In one (1) Homeowner Closed Without Payment claim (1.21% of the eighty-two (82) claim files reviewed) the Company failed to provide a reasonable written explanation of the basis of the denial to the Insured in violation of Illinois Administrative Code Section 919.50 (a)(1).

d. Foremost Grand Rapids - Policyholder service

Department Complaints

In one (1) DOI Complaint file (3.44% of the twenty-nine (29) Complaint files reviewed) the Company failed to explain all actions taken or not taken and that were the basis for the complaint in violation of Illinois Administrative Code Section 926.40b)1).

Consumer Complaints

In three (3) Consumer Complaint files (16.67% of the eighteen (18) Non-DOI complaint files reviewed) the Company failed to provide a written response to written inquiries and complaints within 21 days of receipt in violation of 215 ILCS 5/143d(b).

Producer Licensing

No criticisms were found in the Producer Licensing survey

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY
FOREMOST INSURANCE COMPANY GRAND RAPIDS MICHIGAN
P.O. BOX 2450
GRAND RAPIDS, MI. 49501**

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, Foremost Property and Casualty Insurance Company, NAIC 11800, and Foremost Insurance Company Grand Rapids Michigan, NAIC 11185 (“the Company”) is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

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

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

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

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

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

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

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

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

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

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

1. Institute and maintain policies and procedures whereby the Company shall provide Insured a written explanation of lower offer. 50 IAC 919.50 (a)(1)
2. Institute and maintain policies and procedures whereby the Company shall provide a property rehabilitation letter prior to notice of cancellation. 215 ILCS 5.143.27
3. Institute and maintain policies and procedures whereby the Company shall provide written response to written complaints. 215 ILCS 5/143d(b)
4. Institute and maintain policies and procedures whereby the Company shall use the rules, rates, rating plans, classifications or other schedules filed with the Illinois Department of Insurance when issuing policies as required by 50 Ill. Adm. Code 754.10.
5. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above four (4) orders within 30 days of execution of this Order.
6. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$8,000.00 to be paid within 10 days of execution of this Order.

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

On behalf of FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY and FOREMOST INSURANCE COMPANY GRAND RAPIDS MICHIGAN



Signature

Michael J Cok

Name

President

Title

Subscribed and sworn to before me this
5 day of February 2021.

Amy Cornils

Notary Public

AMY CORNILS
Notary Public, State of Michigan
County Of Kent
My Commission Expires 04-22-2025
Acting in the County of _____

DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE _____

Dana Popish Severinghaus

Dana Popish Severinghaus
Acting Director



STATE OF ILLINOIS)
) ss
COUNTY OF SANGAMON)

Aubrey Powell being first duly sworn upon his/her oath, deposes and says:

That she/he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Foremost Property and Casualty Insurance Company, NAIC 11800, and Foremost Insurance Company Grand Rapids Michigan, NAIC 11185 (collectively the "Company").

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

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

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

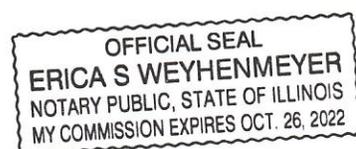
That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

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

Aubrey Powell Digitally signed by Aubrey Powell
Date: 2021.02.26 10:31:45
-06'00'
Examiner-In-Charge

Subscribed and sworn to before me
this 26th day of February 2021

Erica S Weyhenmeyer
Notary Public



STATE OF ILLINOIS)
) ss
COUNTY OF SANGAMON)

Ron Cochran being first duly sworn upon his/her oath, deposes and says:

That she/he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Foremost Property and Casualty Insurance Company, NAIC 11800, and Foremost Insurance Company Grand Rapids Michigan, NAIC 11185 (collectively the "Company").

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

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

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

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

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

Digitally signed by Ron Cochran
Date: 2021.02.26 10:12:20 -06'00'
Examiner-In-Charge

Subscribed and sworn to before me
this 26th day of February 2021

Erica Weyhenmeyer
Notary Public

