



Illinois Department of Insurance

Bruce Rauner
Governor

Anne Melissa Dowling
Acting Director

November 22, 2016

John Amimendola, President
Grange Insurance Group
671 South High Street
Columbus, OH 43206-1014

**Re: Grange Indemnity Insurance Company, NAIC 10322
Grange Mutual Casualty Company, NAIC 14060
Trustgard Insurance Company, NAIC 40118
*Market Conduct Examination Report Closing Letter***

Dear Mr. Amimendola:

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

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Jack Engle".

Jack Engle, MCM
Assistant Deputy Director-Market Conduct and Analysis
Illinois Department of Insurance
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Springfield, IL 62767
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**MARKET CONDUCT EXAMINATION
OF
GRANGE INDEMNITY INSURANCE COMPANY
GRANGE MUTUAL CASUALTY COMPANY
TRUSTGARD INSURANCE COMPANY**

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: February 22, 2016 through July 15, 2016

EXAMINATION OF: Grange Indemnity Insurance Company
NAIC Number: 10322

Grange Mutual Casualty Company
NAIC Number: 14060

Trustgard Insurance Company
NAIC Number: 40118

LOCATION OF EXAMINATION: 671 South High Street
Columbus, Ohio 43206

320 West Washington Street
Springfield, Illinois 62767

PERIOD COVERED BY
EXAMINATION: December 1, 2014 through November 30, 2015

EXAMINERS: Sara Moler
Ron Cochran
Roger O. Henschen, Examiner-in-Charge

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I. SUMMARY

A comprehensive market conduct examination of the Grange Group (the “Company”) was performed to determine compliance with Illinois statutes and the Illinois Administrative Code.

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

| TABLE OF TOTAL VIOLATIONS | | | | | | |
|----------------------------------|--------------------------------------|---|-----------------|-----------------------|------------------------|----------------|
| Crit # | Statute/Rule | Description of Violation | Universe | Files Reviewed | # of Violations | Error % |
| 1 | 50 Ill. Adm. Code 926.50 | DOI Complaints: failed to maintain log as outlined in Exhibit A and as defined in Exhibit B | - | - | - | - |
| 2 | 50 Ill. Adm. Code 926.40(b)(1) | DOI Complaints: failed to respond to all of the complaint issues | 16 | 16 | 1 | 6.25% |
| 3 | 215 ILCS 5/462b | Work Comp New Business: incorrect classification (undercharge of \$2,121.00) | 48 | 48 | 1 | 2.08% |
| 4 | 50 Ill. Adm. Code 919.80(b)(2) | PPA Total Losses: failed to send delay letter | 184 | 79 | 13 | 16.46% |
| 5 | 50 Ill. Adm. Code 919.80(c) | PPA Total Losses: failed to send Exhibit A | 184 | 79 | 44 | 55.70% |
| 6 | 50 Ill. Adm. Code 919.80(c)(3)(A)(i) | PPA Total Losses: paid incorrect sales tax and/or fees (7 underpayments of \$1,139.27 paid and 18 overpayments of \$1,192.92) | 184 | 79 | 25 | 31.65% |
| 7 | 50 Ill. Adm. Code 919.30(c) | PPA Total Losses: detailed documentation missing | 184 | 79 | 16 | 20.25% |
| 8 | 50 Ill. Adm. Code 919.80(c)(2) | PPA Total Losses: failed to follow the methodologies of source used to determine value of the total loss | 184 | 79 | 1 | 1.27% |
| 12 | 50 Ill. Adm. Code 919.80(b)(2) | PPA First Party Collision Paid: failed to send delay letter | 409 | 83 | 5 | 6.02% |
| 13 | 50 Ill. Adm. Code 919.80(c) | PPA First Party Collision Paid: failed to send Exhibit A | 409 | 83 | 1 | 1.20% |
| 14 | 50 Ill. Adm. Code 919.30(c) | PPA First Party Collision Paid: detailed documentation missing | 409 | 83 | 21 | 25.30% |

TABLE OF TOTAL VIOLATIONS

| Crit # | Statute/Rule | Description of Violation | Universe | Files Reviewed | # of Violations | Error % |
|--------|--------------------------------|---|----------|----------------|-----------------|---------|
| 16 | 215 ILCS 5/154.6(j) | PPA First Party Collision Paid: paint capping | 409 | 83 | 2 | 2.41% |
| 18 | 50 Ill. Adm. Code 919.50(a) | PPA First Party Collision Paid: payment not within 30 days | 409 | 83 | 1 | 1.20% |
| 19 | 215 ILCS 5/805.1(a) | Homeowner/Tenant New Business: no mine subsidence coverage when no waiver | 1936 | 114 | 5 | 4.39% |
| 20 | 215 ILCS 5/805.1(a) | Dwelling Fire New Business: no mine subsidence coverage when no waiver | 105 | 79 | 1 | 1.27% |
| 21 | 50 Ill. Adm. Code 754.10 | Dwelling Fire New Business: failed to follow filed rules (17 undercharges of \$3,065.00) | 105 | 79 | 20 | 25.32% |
| 23 | 50 Ill. Adm. Code 919.80(b)(2) | PPA First Party Collision Closed Without Payment: failed to send delay letter | 260 | 82 | 9 | 10.98% |
| 24 | 50 Ill. Adm. Code 919.50(a)(1) | PPA First Party Collision Closed Without Payment: no Notice of Availability of the DOI on the denial letter | 260 | 82 | 1 | 1.22% |
| 26 | 50 Ill. Adm. Code 919.80(b)(3) | PPA Third Party Property Damage Paid: failed to send delay letter | 560 | 105 | 3 | 2.86% |
| 29 | 50 Ill. Adm. Code 919.30(c) | PPA Third Party Property Damage Paid: detailed documentation missing | 560 | 105 | 16 | 15.24% |
| 31 | 215 ILCS 5/143.19 | PPA Company Initiated Cancellations: in effect 60 days and not one of valid reasons to cancel | 60 | 60 | 7 | 11.67% |
| 33 | 215 ILCS 5/143.17a(a) | Homeowner Nonrenewals: nonspecific reason on the notice of nonrenewal | 98 | 71 | 2 | 2.82% |
| 34 | 215 ILCS 5/143.10a(1) | Commercial Auto Monoline Company Initiated Cancellations: failed to send loss information | 318 | 84 | 69 | 82.14% |
| 35 | 215 ILCS 5/143.23 | Commercial Auto Monoline Company Initiated Cancellations: failed to advise named insured of right to appeal and procedure to follow | 318 | 84 | 55 | 65.48% |
| 36 | 215 ILCS 5/143.16 | Commercial Auto Monoline Company Initiated Cancellations: nonspecific reason on the notice of cancellation | 318 | 84 | 56 | 66.67% |

TABLE OF TOTAL VIOLATIONS

| Crit # | Statute/Rule | Description of Violation | Universe | Files Reviewed | # of Violations | Error % |
|--------|--------------------------------------|---|----------|----------------|-----------------|---------|
| 37 | 215 ILCS 5/143.16a | Commercial Auto Monoline Company Initiated Cancellations: not one of the reasons allowed for a mid-term cancellation | 318 | 84 | 63 | 75.00% |
| 39 | 215 ILCS 5/143.10a(1) | Commercial Auto Monoline Nonrenewals: failed to send loss information | 152 | 79 | 78 | 98.73% |
| 40 | 215 ILCS 5/143.17a(a) | Commercial Auto Monoline Nonrenewals: nonspecific reason on the notice of nonrenewal | 152 | 79 | 59 | 74.68% |
| 41 | 50 Ill. Adm. Code 919.30(c) | Homeowner Paid: detailed documentation missing | 599 | 105 | 5 | 4.76% |
| 42 | 50 Ill. Adm. Code 919.50(a)(1) | Homeowner Paid: failed to provide insured an explanation of lower offer or denial | 599 | 105 | 10 | 9.52% |
| 44 | 50 Ill. Adm. Code 919.50(a)(1) | Homeowner Closed Without Payment: no denial letter | 244 | 82 | 10 | 12.20% |
| 45 | 50 Ill. Adm. Code 919.80(d)(7)(B) | Homeowner Closed Without Payment: failed to send delay letter | 244 | 82 | 3 | 3.66% |
| 46 | 50 Ill. Adm. Code 919.30(c) | Homeowner Closed Without Payment: detailed documentation missing | 244 | 82 | 14 | 17.07% |
| 47 | 50 Ill. Adm. Code 919.80(b)(3) | PPA Third Party Property Damage Closed Without Payment: failed to send delay letter | 137 | 76 | 5 | 6.58% |
| 50 | 215 ILCS 5/143.17a(a) | Commercial Auto Package Nonrenewals: nonspecific reason on the notice of nonrenewal | 43 | 43 | 35 | 81.40% |
| 51 | 215 ILCS 5/143.10a(1) | Commercial Auto Package Nonrenewals: failed to send loss information | 43 | 43 | 43 | 100.00% |
| 52 | 50 Ill. Adm. Code 919.50(a)(2) | PPA Third Party Property Damage Closed Without Payment: no denial letter | 137 | 76 | 2 | 2.63% |
| 56 | 50 Ill. Adm. Code 919.50(a)(1) | Dwelling Fire Paid: no explanation to insured of denial or lower offer | 44 | 44 | 8 | 18.18% |
| 57 | 50 Ill. Adm. Code 919.30(c) | Dwelling Fire Paid: detailed documentation missing | 44 | 44 | 4 | 9.09% |

TABLE OF TOTAL VIOLATIONS

| Crit # | Statute/Rule | Description of Violation | Universe | Files Reviewed | # of Violations | Error % |
|--------|-----------------------------------|--|----------|----------------|-----------------|---------|
| 58 | 50 Ill. Adm. Code 919.50(a) | Dwelling Fire Paid: payment not offered/made in 30 days | 44 | 44 | 3 | 6.82% |
| 59 | 50 Ill. Adm. Code 919.80(d)(7)(B) | Dwelling Fire Paid: failed to send delay letter | 44 | 44 | 1 | 2.27% |
| 61 | 215 ILCS 5/397.1 | Dwelling Fire Paid: failed to obtain a completed Tax and Demolition Form | 44 | 44 | 4 | 9.09% |
| 62 | 215 ILCS 5/397.1 | Homeowner Paid: failed to obtain a completed Tax and Demolition Form | 599 | 105 | 1 | 0.95% |
| 63 | 50 Ill. Adm. Code 919.30(c) | Commercial Auto First Party Paid: detailed documentation missing | 227 | 82 | 1 | 1.22% |
| 64 | 215 ILCS 5/154.6(j) | Commercial Auto First Party Paid: paint capping | 227 | 82 | 4 | 4.88% |
| 66 | 215 ILCS 5/143.16 | Commercial Auto Package Company Initiated Cancellations: nonspecific reason on the notice of cancellation | 6 | 6 | 6 | 100.00% |
| 67 | 215 ILCS 5/143.16a | Commercial Auto Package Company Initiated Cancellations: in effect 60 days and not one of valid reasons to cancel | 6 | 6 | 5 | 83.33% |
| 68 | 215 ILCS 5/143.10a(1) | Commercial Auto Package Company Initiated Cancellations: failed to send loss information | 6 | 6 | 6 | 100.00% |
| 69 | 215 ILCS 5/143.23 | Commercial Auto Package Company Initiated Cancellations: failed to advise the named insured of right to appeal and procedure to follow | 6 | 6 | 6 | 100.00% |
| 70 | 215 ILCS 5/154.6(j) | Commercial Auto Third Party Property Damage Paid: paint capping | 527 | 90 | 1 | 1.11% |
| 71 | 215 ILCS 5/143b | Commercial Auto Subrogation: failed to return pro rata share of deductible (\$115.86 payment to insured) | 33 | 33 | 1 | 3.03% |
| 72 | 50 Ill. Adm. Code 919.30(c) | Dwelling Fire Closed Without Payment: detailed documentation missing | 18 | 18 | 1 | 5.55% |
| 74 | 215 ILCS 5/143.17a(a) | Commercial Work Comp Nonrenewals: nonspecific reason on the notice of nonrenewal | 13 | 13 | 9 | 69.23% |

TABLE OF TOTAL VIOLATIONS

| Crit # | Statute/Rule | Description of Violation | Universe | Files Reviewed | # of Violations | Error % |
|-----------|------------------------------------|--|---------------|----------------|-----------------|---------|
| 78 | 215 ILCS 5/143.27 | Homeowner Company Initiated Cancellations: no rehab letter to insured | 78 | 78 | 6 | 7.69% |
| 79 | 215 ILCS 5/143.17a(b) | Commercial Auto Monoline Renewals: no 60 day notice when 30% premium increase or change in coverages | 978 | 113 | 2 | 1.77% |
| 80 | 50 Ill. Adm. Code 9110.70(a)(2) | Work Comp Paid: no denial letter for lost time | 154 | 99 | 1 | 1.01% |
| 81 | 50 Ill. Adm. Code 9110.70(a)(3) | Work Comp Paid: failed to provide written explanation of info needed for determination of liability and why needed | 154 | 99 | 3 | 3.03% |
| 82 | 50 Ill. Adm. Code 919.30(c) | Commercial Auto Total Losses: detailed documentation missing (1 overpayment of \$23.00 and 6 underpayments totaling \$3,235.00. Payments have been made) | 76 | 76 | 8 | 10.53% |
| 83 | 50 Ill. Adm. Code 9110.70(a)(2) | Workers' Compensation Closed Without Payment: no denial letter sent | 12 | 12 | 1 | 8.33% |
| Inter. #8 | 820 ILCS 305/19(o) | Workers' Compensation: failed to provide the insured employer loss information as required (from Company response to Interrogatory #8) | All Claims | All | All | 100.00% |

II. BACKGROUND

The following was the subject of the Market Conduct Exam:

GRANGE INSURANCE GROUP

Grange Mutual Casualty Company (GMCC) was incorporated under the laws of Ohio on March 25, 1935, and began business on April 20, 1935.

GMCC and its 100% owned property/casualty subsidiaries which include Trustgard Insurance Company (TIC) and Grange Indemnity Insurance Company (GIIC), participate in an intercompany pooling reinsurance arrangement whereby all transactions and balances in the underwriting accounts of the companies are pooled. GMCC specializes in private passenger automobile and homeowners multi-peril business. Approximately 50% of the Company's direct written premium represents private passenger automobile. A tiered pricing structure is utilized for automobile lines, which are written at ultra-preferred, preferred and standard rates. The group operates in ten states with approximately 44% of all direct written business written in the state of Ohio, particularly in suburban regions. Customer service and claims offices are maintained in Georgia, Illinois, Indiana, Kentucky, Michigan, Ohio, Pennsylvania, Tennessee and Virginia.

Trustgard Insurance Company (TIC) writes in Georgia, Indiana, Tennessee, Ohio, Illinois, Kentucky, Pennsylvania, South Carolina and Virginia. The Company's management team uses TIC to expand its personal and commercial lines business.

Grange Indemnity Insurance Company (GIIC) writes non-standard auto through GMCC's existing independent agency base in Ohio, Kentucky, Tennessee, Indiana, Illinois, Georgia and Pennsylvania. GIIC was created to facilitate the parent's strategic plan to expand its product lines and to provide greater pricing flexibility.

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| Grange Mutual Casualty Company (GMCC) | | | | |
|---|-------------------------|------------------------|--------------------|------------------------|
| Line | Direct Premiums Written | Direct Premiums Earned | Direct Losses Paid | Direct Losses Incurred |
| 01-Fire | 67,212 | 74,445 | 0 | -1,928 |
| 02.1-Allied lines | 16,786 | 50,260 | 336,840 | -118,963 |
| 03-Farmowners multi-peril | 278,335 | 292,620 | 42,458 | 43,683 |
| 04-Homeowners multi-peril | 544,063 | 585,029 | 174,531 | 174,005 |
| 05.1-Commercial multi-peril (non-liability portion) | 8,220,505 | 8,510,933 | 2,209,009 | 1,993,824 |
| 05.2-Commercial multi-peril (liability portion) | 7,942,539 | 8,107,768 | 4,061,830 | 6,158,506 |
| 09-Inland marine | 125,400 | 133,653 | 84,064 | 86,622 |
| 12-Earthquake | 5,059 | 6,661 | 0 | 0 |
| 16-Workers' compensation | 2,755,114 | 3,123,170 | 1,320,091 | 641,568 |
| 17.1-Other liability-occurrence | 1,483,026 | 1,620,909 | 10,635 | 1,145,812 |

| | | | | |
|---|------------|------------|------------|------------|
| 17.2-Other liability-claims made | 41,123 | 39,559 | 0 | 2,628 |
| 18-Products liability | 3,701 | 3,499 | 0 | 128 |
| 19.2-Other private passenger auto liability | 183,496 | 197,182 | 114,352 | 39,973 |
| 19.4-Other commercial auto liability | 2,259,948 | 2,579,482 | 1,612,654 | 2,827,356 |
| 21.1-Private passenger auto physical damage | 176,645 | 191,393 | 64,348 | 71,796 |
| 21.2-Commercial auto physical damage | 650,685 | 747,010 | 431,663 | 418,734 |
| 26-Burglary and theft | -160 | 200 | 0 | -30 |
| Totals | 24,753,477 | 26,263,773 | 10,462,475 | 13,483,714 |

| Trustgard Insurance Company | | | | |
|---|-------------------------|------------------------|--------------------|------------------------|
| Line | Direct Premiums Written | Direct Premiums Earned | Direct Losses Paid | Direct Losses Incurred |
| 01-Fire | 490,496 | 503,451 | 466,961 | 419,819 |
| 02.1-Allied lines | 351,068 | 363,790 | 120,697 | 114,537 |
| 04-Homeowners multi-peril | 7,822,572 | 8,233,196 | 5,853,744 | 5,167,845 |
| 09-Inland marine | 151,339 | 174,443 | 64,408 | 53,257 |
| 12-Earthquake | 37,476 | 42,504 | 0 | 0 |
| 16-Workers' compensation | 447,535 | 743,078 | 355,976 | -58,437 |
| 17.1-Other liability-occurrence | 185,814 | 197,804 | 0 | 35,976 |
| 19.2-Other private passenger auto liability | 5,854,196 | 5,718,946 | 3,164,108 | 4,221,830 |
| 21.1-Private passenger auto physical damage | 4,633,351 | 4,464,894 | 2,390,300 | 2,436,896 |
| Totals | 19,973,847 | 20,442,106 | 12,416,194 | 12,391,723 |

| Grange Indemnity Insurance Company | | | | |
|---|-------------------------|------------------------|--------------------|------------------------|
| Line | Direct Premiums Written | Direct Premiums Earned | Direct Losses Paid | Direct Losses Incurred |
| 19.2-Other private passenger auto liability | 749,105 | 757,685 | 904,329 | 580,568 |
| 19.4-Other commercial auto liability | 9,426,186 | 12,332,357 | 4,827,500 | 10,153,696 |
| 21.1-Private passenger auto physical damage | 451,237 | 448,709 | 319,664 | 300,751 |
| 21.2-Commercial auto physical damage | 3,146,089 | 3,936,497 | 2,170,430 | 2,129,948 |
| Totals | 13,772,617 | 17,475,248 | 8,221,923 | 13,164,963 |

III. METHODOLOGY

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

1. Risk Selection
2. Underwriting
3. Claims
4. Complaints

The review of these categories is accomplished through examination of individual underwriting and claim files, written interrogatories, and interviews with Company personnel. Each of these categories is examined for compliance with Department of Insurance rules and regulations and applicable state laws.

The following method was used to obtain the required samples and to assure a statistically sound selection. Surveys were developed from Company generated Excel spreadsheets.

Risk Selection

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

Underwriting

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

Claims

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

All claims were reviewed for compliance with policy contracts and endorsements, and applicable sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*), and Title 50 of the Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*). Workers' compensation claims were also reviewed for compliance with the Worker's Compensation Act (820 ILCS 305/1 *et seq.*).

Complaints

Complaints were requested based on those received by the Company during the period under examination, and were reviewed for completion, accuracy and validity of the complaint. Complaints received by the Department of Insurance during the examination period and those received directly from the consumer were reviewed.

IV. SELECTION OF SAMPLE

| | <u>Total Files</u> | <u># Reviewed</u> | <u>% Reviewed</u> |
|---|--------------------|-------------------|-------------------|
| A. Risk Selection | | | |
| 1. Private Passenger Auto Company Initiated Cancellations | 60 | 60 | 100.00 |
| 2. Private Passenger Auto Non-Pay Cancellations | 400 | 85 | 21.25 |
| 3. Private Passenger Auto Nonrenewals | 20 | 20 | 100.00 |
| 4. Commercial Auto Monoline Company Initiated Cancellations | 318 | 84 | 26.42 |
| 5. Commercial Auto Monoline Non-Pay Cancellations | 499 | 40 | 8.02 |
| 6. Commercial Auto Monoline Nonrenewals | 152 | 79 | 51.97 |
| 7. Commercial Auto Package Company Initiated Cancellations | 6 | 6 | 100.00 |
| 8. Commercial Auto Package Non-Pay Cancellations | 154 | 40 | 25.97 |
| 9. Commercial Auto Package Nonrenewals | 43 | 43 | 100.00 |
| 10. Homeowner Company Initiated Cancellations | 133 | 78 | 58.65 |
| 11. Homeowner Non-Pay Cancellations | 724 | 50 | 6.91 |
| 12. Homeowner Nonrenewals | 98 | 71 | 72.45 |
| 13. Dwelling Fire Company Initiated Cancellations | 16 | 16 | 100.00 |
| 14. Dwelling Fire Non-Pay Cancellations | 39 | 39 | 100.00 |
| 15. Dwelling Fire Nonrenewals | 9 | 9 | 100.00 |
| 16. Work Comp Company Initiated Cancellations | 1 | 1 | 100.00 |
| 17. Workers' Compensation Non-Pay Cancellations | 17 | 17 | 100.00 |
| 18. Worker's Compensation Nonrenewals | 13 | 13 | 100.00 |
| 19. Farmowner Cancellations | None | N/A | N/A |
| 20. Farmowner Nonrenewals | None | N/A | N/A |
| 21. Rescissions | None | N/A | N/A |

| | | | | |
|-----------------|--|--------|-----|--------|
| B. Underwriting | | | | |
| 1. | Private Passenger Auto New Business | 2463 | 110 | 4.47 |
| 2. | Homeowner New Business | 1936 | 114 | 5.89 |
| 3. | Dwelling Fire New Business | 105 | 79 | 75.24 |
| 4. | Workers' Compensation New Business | 48 | 48 | 100.00 |
| 5. | Commercial Auto Monoline Renewals | 978 | 113 | 11.55 |
| 6. | Commercial Auto Package Renewals | 955 | 113 | 11.83 |
| 7. | Workers' Compensation Renewals | 191 | 79 | 41.36 |
| 8. | Farmowner Renewals | 74 | 40 | 54.05 |
| 9. | Producer Licensing-Commissions Paid | 11,736 | 116 | 0.99 |
| C. Claims | | | | |
| 1. | Private Passenger Auto First Party Median & Paid | 409 | 83 | 20.29 |
| 2. | Private Passenger Auto First Party Closed Without Payment | 260 | 82 | 31.54 |
| 3. | Private Passenger Auto Third Party Property Damage Median & Paid | 560 | 105 | 18.75 |
| 4. | Private Passenger Auto Third Party Property Damage Closed Without Payment | 137 | 76 | 55.47 |
| 5. | Private Passenger Auto Total Losses - First Party | 184 | 79 | 42.93 |
| 6. | Private Passenger Auto First Party Subrogation | 93 | 76 | 73.79 |
| 7. | Commercial Auto First Party Paid | 227 | 82 | 36.12 |
| 8. | Commercial Auto First Party Closed Without Payment | 117 | 76 | 64.96 |
| 9. | Commercial Auto Third Party Property Damage Paid | 527 | 90 | 17.08 |
| 10. | Commercial Auto Third Party Property Damage Closed Without Payment | 206 | 82 | 39.81 |
| 11. | Commercial Auto Total Losses - First Party | 76 | 76 | 100.00 |
| 12. | Commercial Auto Subrogation | 33 | 33 | 100.00 |
| 13. | Homeowner Paid | 599 | 105 | 17.53 |
| 14. | Homeowner Closed Without Payment | 244 | 82 | 33.61 |
| 15. | Dwelling Fire Paid | 44 | 44 | 100.00 |
| 16. | Dwelling Fire Closed Without Payment | 18 | 18 | 100.00 |
| 17. | Workers' Compensation Paid | 128 | 76 | 59.38 |
| 18. | Workers' Compensation Closed Without Payment | 12 | 12 | 100.00 |
| D. Complaints | | | | |
| 1. | Department of Insurance Complaints | 16 | 16 | 100.00 |
| 2. | Consumer Complaints | NONE | N/A | N/A |

V. FINDINGS

A. Risk Selection

1. Private Passenger Auto Company Initiated Cancellations

In seven (7) files (11.67% of the 60 reviewed), the Company canceled the policy for reasons other than specified in 215 ILCS 5/143.19 when the policy had been in effect for 60 days or more.

2. Private Passenger Auto Non-Pay Cancellations

There were no criticisms.

3. Private Passenger Auto Nonrenewals

There were no criticisms.

4. Commercial Auto Monoline Company Initiated Cancellations

In 69 files (82.14% of the 84 examined) the Company failed to provide loss information in violation of 215 ILCS 5/143.10a(1).

In 63 files (75.00% of the 84 examined), the Company was in violation of 215 ILCS 5/143.16a for canceling the policy for reasons other than specified when the policy had been in effect 60 days or more.

In 56 files (66.67% of the 84 examined) the Company was in violation of 215 ILCS 5/143.16 for failing to provide a specific explanation of the reason or reasons for cancellation.

In 55 files (65.48% of the 84 examined) the Company failed to advise the named insured of the right to appeal and the procedure to follow for such appeal when canceling the policy in violation of 215 ILCS 5/143.23.

5. Commercial Auto Monoline Non-Pay Cancellations

There were no criticisms.

6. Commercial Auto Monoline Nonrenewals

In 78 files (98.73% of the 79 examined) the Company failed to provide loss information to the named insured at the same time as the notice of cancellation in violation of 215 ILCS 5/143.10a(1).

In 59 files (74.68% of the 79 examined) the Company was in violation of 215 ILCS 5/143.17a(a) for failing to provide a specific explanation of the reason or reasons for nonrenewal.

7. Commercial Auto Package Company Initiated Cancellations

In six (6) files (100.00% of the six (6) examined) the Company failed to provide loss information to the named insured at the same time as the notice of cancellation in violation of 215 ILCS 5/143.10a(1).

In six (6) files (100.00% of the six (6) examined) the Company was in violation of 215 ILCS 5/143.16 for failing to provide a specific explanation of the reason or reasons for cancellation.

In six (6) files (100.00% of the six (6) examined) the Company failed to advise the named insured of the right to appeal and the procedure to follow for such appeal when canceling the policy in violation of 215 ILCS 5/143.23.

In five (5) files (83.33% of the six (6) examined), the Company was in violation of 215 ILCS 5/143.16a for canceling the policy for reasons other than permitted when the policy had been in effect 60 days or more.

8. Commercial Auto Package Non-Pay Cancellations

There were no criticisms.

9. Commercial Auto Package Nonrenewals

In 43 files (100.00% of the 43 examined) the Company failed to provide loss information to the named insured at the same time as the notice of cancellation in violation of 215 ILCS 5/143.10a(1).

In 35 files (81.40% of the 43 examined) the Company was in violation of 215 ILCS 5/143.17a(a) for failing to provide a specific explanation of the reason or reasons for nonrenewal.

10. Homeowner Company Initiated Cancellations

In six (6) files (7.69% of the 78 examined) the Company was in violation of 215 ILCS 5/143.27 for failing to provide the named insured with a notice of rehabilitation prior to canceling the policy.

11. Homeowner Non-Pay Cancellations

There were no criticisms.

12. Homeowner Nonrenewals

In two (2) files (2.82% of the 71 examined) the Company was in violation of 215 ILCS 5/143.17a(a) for failing to provide a specific explanation of the reason or reasons for nonrenewal.
13. Dwelling Fire Company Initiated Cancellations

There were no criticisms.
14. Dwelling Fire Non-Pay Cancellations

There were no criticisms.
15. Dwelling Fire Nonrenewals

There were no criticisms.
16. Workers' Compensation Company Initiated Cancellations

There were no criticisms.
17. Workers' Compensation Non-Pay Cancellations

There were no criticisms.
18. Workers' Compensation Nonrenewals

In nine (9) files (69.23% of the 13 examined) the Company was in violation of 215 ILCS 5/143.17a(a) for failing to provide a specific explanation of the reason or reasons for nonrenewal.
19. Farmowner Cancellations

There were no Farmowner Cancellations
20. Farmowner Nonrenewals

There were no Farmowner Nonrenewals.
21. Rescissions

There were no Rescissions.

B. Underwriting

1. Private Passenger Auto New Business

There were no criticisms

2. Homeowner New Business

In five (5) files (4.39% of the 114 examined) the Company failed to provide mine subsidence coverage in violation of 215 ILCS 5/805.1(a).

3. Dwelling Fire New Business

In one (1) file (1.27% of the 79 examined) the Company failed to provide mine subsidence coverage in violation of 215 ILCS 5/805.1(a).

In 20 files (25.32% of the 79 files examined) the Company was in violation of 50 Ill. Adm. Code 754.10 for failing to follow the rules that were filed with the Illinois Department of Insurance for applying the rates, rating plans, classifications and/or other schedules as per underwriting guidelines resulting in 17 undercharges totaling \$3,065.00.

4. Workers' Compensation New Business

In one (1) file (2.08% of the 48 examined) the Company failed to properly classify one (1) policy in violation of 215 ILCS 5/462b creating an annual undercharge of \$2,121.00.

5. Commercial Auto Monoline Renewals

In two (2) files (1.77% of the 113 examined), the Company was criticized under 215 ILCS 5/143.17a(b) for failing to provide the insured at least 60 days notice prior to the renewal or anniversary date when there was an increase in premium of 30% or more or with changes in deductibles or coverage that materially altered the policy.

6. Commercial Auto Package Renewals

There were no criticisms.

7. Workers' Compensation Renewals

There were no criticisms.

8. Farmowner Renewals

There were no criticisms.

9. Producer Licensing - Commissions Paid

There were no criticisms.

C. Claims

1. Private Passenger Auto First Party Median & Paid

The median payment period was nine (9) days distributed as follows:

| <u>Days</u> | <u>Number</u> | <u>Percent</u> |
|-----------------|---------------|----------------|
| 0-30 | 71 | 85.5 |
| 31-60 | 11 | 13.3 |
| 61-90 | 0 | 0.0 |
| 91-180 | 0 | 0.0 |
| 181-365 | 1 | 1.2 |
| <u>over 365</u> | <u>0</u> | <u>0.00</u> |
| Total | 83 | 100.00 |

In five (5) files (6.02% of the 83 examined) the claim remained unresolved for more than 40 calendar days from the date the loss was reported, requiring a reasonable written explanation for the delay to be provided to the insured. In those five (5) files, the Company failed to provide a delay letter in violation of 50 Ill. Adm. Code 919.80(b)(2).

In 21 files (25.30% of the 83 examined) the Company was in violation of 50 Ill. Adm. Code 919.30(c) for failing to have detailed documentation in the claim file preventing reconstruction of the Company's activities.

In two (2) files (2.41% of the 83 examined) the Company was in violation of 215 ILCS 5/154.6(j) for establishing unreasonable caps or limits on paint or materials.

In the one (1) file that was a total loss (1.20% of the 83 examined), the Company failed to send Exhibit A to the insured in violation of 50 Ill. Adm. Code 919.80(c).

In one (1) file (1.20% of the 83 examined) the Company was in violation of 50 Ill. Adm. Code 919.50(a) for failing to make the claim payment promptly, within 30 days, when the amount was determined and not in dispute.

2. Private Passenger Auto First Party Closed Without Payment

In nine (9) files (10.98% of the 82 examined) the claim remained unresolved for more than 40 calendar days from the date the loss was reported, requiring a reasonable written explanation for the delay to be provided to the insured. In those nine (9) files, the Company failed to provide a delay letter in violation of 50 Ill. Adm. Code 919.80(b)(2).

In one (1) file (1.22% of the 82 examined) the Company was in violation of 50 Ill. Adm. Code 919.50(a)(1) for failing to include the Notice of Availability of the Department of Insurance on the letter of denial.

3. Private Passenger Auto Third Party Property Damage Median & Paid

105 files were used to compute the median. The median payment period was 15 days and distributed as follows:

| <u>Days</u> | <u>Number</u> | <u>Percent</u> |
|-----------------|---------------|----------------|
| 0-30 | 71 | 67.6 |
| 31-60 | 15 | 14.3 |
| 61-90 | 4 | 3.8 |
| 91-180 | 8 | 7.6 |
| 181-365 | 5 | 4.8 |
| <u>over 365</u> | <u>2</u> | <u>1.9</u> |
| Total | 105 | 100.00 |

(When taking out arbitration, litigation and subrogation files, the median was 11 days with 79 files.)

In three (3) files (2.86% of the 105 examined) the claim remained unresolved for more than 60 calendar days from the date the loss was reported, requiring a reasonable written explanation for the delay to be provided to the third party. In those three (3) files, the Company failed to provide a delay letter as outlined in 50 Ill. Adm. Code 919.80(b)(3).

In 16 files (15.24% of the 105 examined), the claim file failed to contain detailed documentation preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c).

4. Private Passenger Auto Third Party Property Damage Closed Without Payment

In five (5) files (6.58% of the 76 examined) the claim remained unresolved for more than 60 calendar days from the date the loss was reported, requiring a reasonable written explanation for the delay to be provided to the third party.

In those five (5) files, the Company failed to provide a delay letter as outlined in 50 Ill. Adm. Code 919.80(b)(3).

In two (2) files (2.63% of the 76 files examined), the Company failed to send the third party a denial letter in violation of 50 Ill. Adm. Code 919.50(a)(2).

5. Private Passenger Auto Total Losses - First Party

In 13 files (16.46% of the 79 examined) the claim remained unresolved for more than 40 calendar days from the date the loss was reported, requiring a reasonable written explanation for the delay to be provided to the insured. In those 13 files, the Company failed to provide a delay letter in violation of 50 Ill. Adm. Code 919.80(b)(2).

In 44 files (55.70% of the 79 examined) the Company failed to provide the insured with, at a minimum, the information contained in Exhibit A and provide that information within seven (7) days of the insured vehicle being determined a total loss as required by 50 Ill. Adm. Code 919.80(c).

In 25 files (31.65% of the 79 examined) the Company failed to pay the correct title and transfer fees or failed to pay sales tax and/or title and transfer fees when due. The Company was in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i) creating seven (7) underpayments totaling \$1,192.92 and 18 overpayments totaling \$1,139.27. The Company made payment on the seven (7) underpayments.

In 16 files (20.25% of the 79 examined), detailed documentation was missing in the claim file preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c).

In one (1) file (1.27% of the 79 examined), the company failed to correctly use methodologies of the source which determines the market value of the total loss vehicle in violation of 50 Ill. Adm. Code 919.80(c)(2).

6. Private Passenger Auto First Party Subrogation

There were no criticisms.

7. Commercial Auto First Party Paid

In one (1) file (1.22% of the 82 examined), detailed documentation was missing in the claim file preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c).

In four (4) files (4.88% of the 82 examined), the Company was in violation of 215 ILCS 5/154.6(j) for establishing unreasonable caps or limits on paint or materials.

8. Commercial Auto First Party Closed Without Payment

There were no criticisms.

9. Commercial Auto Third Party Property Damage Paid

In one (1) file (1.11% of the 90 examined), the Company was in violation of 215 ILCS 5/154.6(j) for establishing unreasonable caps or limits on paint or materials.

10. Commercial Auto Third Party Property Damage Closed Without Payment

There were no criticisms.

11. Commercial Auto Total Losses - First Party

In eight (8) files (10.53% of the 76 examined), detailed documentation was missing in the claim file preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c). The violation created six (6) underpayments totaling \$3,235.00 and one (1) overpayment of \$23.00. The Company has made the payments.

12. Commercial Auto Subrogation

In one (1) file (3.03% of the 33 examined), the Company was in violation of 215 ILCS 5/143b for failing to return to the insured pro rata share of the deductible after recovering from the third party carrier, creating an underpayment of \$115.86. The Company made payment to the insured.

13. Homeowner Paid

In 10 files (9.52% of the 105 examined), the Company failed to provide an explanation of the basis of the lower offer or denial to the first party within 30 days after determination of liability was completed in violation of 50 Ill. Adm. Code 919.50(a)(1).

In five (5) files (4.76% of the 105 examined), detailed documentation was missing in the claim file preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c).

In one (1) file (0.95% of the 105 examined), the structure loss exceeded \$25,000 and required the Company, prior to making payment, to receive a certificate from the insured that there were no delinquent property taxes and no unpaid demolition expenses, or a certificate indicating the amount of delinquent property taxes and unpaid incurred demolition expenses. The Company was in violation of 215 ILCS 5/397.1.

14. Homeowner Closed Without Payment

In three (3) files (3.66% of the 82 examined) the claim remained unresolved for more than 75 calendar days from the date the loss was reported, requiring a reasonable written explanation for the delay to be provided to the insured. In those three (3) files, the Company failed to provide a delay letter in violation of 50 Ill. Adm. Code 919.80(d)(7)(B).

In 10 files (12.20% of the 82 examined), the Company failed to provide an explanation of the basis of the lower offer or denial or partial denial to the first party within 30 days after determination of liability was completed which is a violation of 50 Ill. Adm. Code 919.50(a)(1).

In 14 files (17.07% of the 82 examined), detailed documentation was missing in the claim file preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c).

15. Dwelling Fire Paid

In one (1) file (2.27% of the 44 examined) the claim remained unresolved for more than 75 calendar days from the date the loss was reported, requiring a reasonable written explanation for the delay to be provided to the insured. In the one (1) file, the Company failed to provide a delay letter in violation of 50 Ill. Adm. Code 919.80(d)(7)(B).

In eight (8) files (18.18% of the 44 examined), the Company failed to provide an explanation of the basis of the lower offer or denial or partial denial to the first party within 30 days after determination of liability was completed which is a violation of 50 Ill. Adm. Code 919.50(a)(1).

In four (4) files (9.09% of the 44 examined), the structure loss exceeded \$25,000 and required the Company, prior to making payment, to receive a certificate from the insured that there were no delinquent property taxes and no unpaid demolition expenses, or a certificate indicating the amount of delinquent property taxes and unpaid incurred demolition expenses. The Company was in violation of 215 ILCS 5/397.1.

In four (4) files (9.09% of the 44 examined), detailed documentation was missing in the claim file preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c).

In three (3) files (6.82% of the 44 examined), the Company failed to offer payment within 30 days after affirmation of liability when the amount of the claim was determined and not in dispute. The Company was in violation of 50 Ill. Adm. Code 919.50(a).

16. Dwelling Fire Closed Without Payment

In one (1) file (5.55% of the 18 examined), detailed documentation was missing in the claim file preventing reconstruction of the Company's activities in violation of 50 Ill. Adm. Code 919.30(c).

17. Workers' Compensation Paid

In one (1) file (1.01% of the 99 examined), the Company failed to send the injured employee a denial letter for lost time. This was a violation of 50 Ill. Adm. Code 9110.70(a)(2).

In three (3) files (3.03% of the 99 examined), the Company failed to provide the injured employee a written explanation of information needed to make a determination on liability and why such information was needed. The Company was in violation of 50 Ill. Adm. Code 9110.70(a)(3).

18. Worker's Compensation Closed Without Payment

In one (1) file (8.33% of the 12 examined), the company failed to provide a written explanation of denial of payment for TTD benefits. The company was in violation of 50 Ill. Adm. Code 9110.70(a)(2).

D. Complaints

1. Department of Insurance Complaints

16 complaints were examined. The Company was in violation of 50 Ill. Adm. Code 926.50, as it failed to maintain the complaint log as outlined in Exhibit A and as defined in Exhibit B.

In one (1) file (6.25% of the 16 examined), the Company was in violation of 50 Ill. Adm. Code 926.40(b)(1). The Company failed to address all of the issues and concerns in the complaint.

2. Consumer Complaints

There were no Consumer Complaints.

VI. INTERRELATED FINDINGS

1. From the response to Interrogatory #8, the Company was in violation of 820 ILCS 305/19(o) for failing to notify each 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 on the claim, including a summary of the claim and a brief statement of the reasons for compensability. The Company also failed to 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 calendar year. The Company provided loss information only upon request.
2. During the course of the examination, the examiners discovered that during the relevant period there were computer errors that affected Workers' Compensation and Commercial Auto Package Renewals. In Workers' Compensation Renewals, 48 of 79 files indicated on the declarations page incorrect Work Comp Fund Fees, however, the total premiums charged were correct. The Company notified their IT Department in order to fix the calculation issues. In the Commercial Auto Package Renewals, 15 of 113 files reviewed did not have Underinsured and Uninsured liability limits listed on the declarations page, but did have premiums charged for the coverage. The Company informed the examiners there was a computer glitch. The Company addressed these two (2) issues with programming and their IT Department while the examiners were on site.

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Roger Henschen, being first duly sworn upon his/her oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Grange Indemnity Insurance Company NAIC 10322, Grange Mutual Casualty Company NAIC 14060 and Trustgard Insurance Company NAIC 40118.

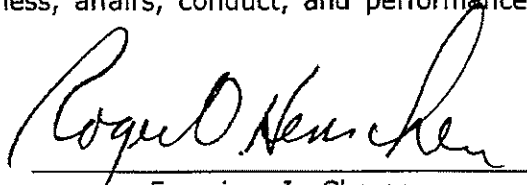
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Companies with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish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

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

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

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

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


Examiner-In-Charge

Subscribed and sworn to before me
this 22nd day of July, 2016


Notary Public



STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

GRANGE INDEMNITY INSURANCE COMPANY
GRANGE MUTUAL CASUALTY COMPANY
TRUSTGARD INSURANCE COMPANY
671 SOUTH HIGH STREET
COLUMBUS, OH 43206

STIPULATION AND CONSENT ORDER

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

WHEREAS, Grange Indemnity Insurance Company, NAIC 10322, Grange Mutual Casualty Company, NAIC 14060, and Trustgard Insurance Company, NAIC 40118, collectively referred to as "the Company", are authorized under the insurance laws of this State and by the Acting Director to engage in the business of soliciting, selling and issuing insurance policies; and

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

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

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 et seq.), 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 its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

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

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

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

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

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

1. Institute and maintain policies and procedures whereby the Company shall provide loss information for the three (3) previous policy years to the insured with the notice of cancellation or nonrenewal as required by and outlined in 215 ILCS 5/143.10a(1).
2. Institute and maintain policies and procedures whereby the Company shall cancel a casualty policy that has been in effect for 60 days or more only for reasons specified in 215 ILCS 5/143.16a.
3. Institute and maintain policies and procedures whereby the Company shall provide the insured a specific explanation of the reason or reasons for cancellation on the notice of cancellation as required by 215 ILCS 5/143.16.
4. Institute and maintain policies and procedures whereby the Company shall provide the insured a specific explanation of the reason or reasons for nonrenewal on the notice of nonrenewal as required by 215 ILCS 5/143.17a(a).
5. Institute and maintain policies and procedures whereby the Company shall cancel an automobile insurance policy that has been in effect for 60 days or more only for reasons specified in 215 ILCS 5/143.19.
6. Institute and maintain policies and procedures whereby the Company shall advise the insured of the right to appeal and the procedure to follow for such appeal when canceling the policy as required by and outlined in 215 ILCS 5/143.23.

7. Institute and maintain policies and procedures whereby the Company shall ensure claims are settled for a reasonable amount by not placing unreasonable thresholds, caps or limits on paint materials, as required by 215 ILCS 5/154.6(j).
8. Institute and maintain policies and procedures whereby the Company shall obtain the required certificate prior to paying a claim for loss by fire when the structure loss exceeds \$25,000 as required by 215 ILCS 5/397.1.
9. Institute and maintain policies and procedures whereby the Company shall follow the rules filed with the Illinois Department of Insurance when issuing a Dwelling Fire policy as required by 50 Ill. Adm. Code 754.10.
10. Institute and maintain policies and procedures whereby the Company shall ensure a written explanation of the basis for denial is provided to the employee in workers' compensation claims as required by 50 Ill. Adm. Code 9110.70(a)(2).
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 an explanation of the basis of the lower offer or denial within 30 days after determination of liability as required 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 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. 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. Submit to the Acting Director of Insurance, State of Illinois, proof of compliance with the above sixteen (16) orders within 30 days of execution of this Order.
18. Pay to the Acting Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$59,100.00 to be paid within 30 days of execution of this Order.

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

On behalf of

GRANGE INDEMNITY INSURANCE COMPANY, GRANGE MUTUAL CASUALTY COMPANY and TRUSTGARD INSURANCE COMPANY

Lavawn D. Coleman
Signature

Lavawn D. Coleman
Name

EVP, Secretary & General Counsel
Title

Subscribed and sworn to before me this
26 day of October 2016.



BETH WILLIAMS MURPHY
Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

[Signature]
Notary Public

DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 10/27/16

Anne Melissa Dowling
Anne Melissa Dowling
Acting Director

