



Illinois Department of Insurance

JB PRITZKER
Governor

KEVIN FRY
Acting Director

VIA ELECTRONIC MAIL
VIA USPS

February 15, 2019

Ms. Alicia Crenshaw
Director, Compliance
First Acceptance Insurance Company
3813 Green Hills Village Dr
Nashville, TN 37215

**Re: First Acceptance Insurance Company, Inc., NAIC 10336
Market Conduct Examination Report Closing Letter**

Dear Ms. Crenshaw:

The Department has reviewed your Company's proof of compliance and deems it adequate and sufficient. Therefore, the Department is closing its file on this exam.

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

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer
Assistant Deputy Director - Market Conduct
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
E-mail: Erica.Weyhenmeyer@Illinois.gov

**ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION OF**

FIRST ACCEPTANCE INSURANCE COMPANY, INC.

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: April 16, 2018 through July 20, 2018

EXAMINATION OF: First Acceptance Insurance Company, Inc.
NAIC Number: 10336

LOCATION: 3813 Green Hills Village Drive
Nashville, TN 37202

122 S. Michigan Ave., 19th floor
Chicago, Illinois 60603

320 West Washington Street
Springfield, Illinois 62767

PERIOD COVERED: February 1, 2017 through January 31, 2018 – Claims
August 1, 2016 through January 31, 2018 – Complaints

EXAMINERS: Jashay Fisher-Fowler
Aubrey M. Powell
John C. Watts
Roger O. Henschen, Examiner-in-Charge

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I. SUMMARY

A targeted market conduct examination of the Private Passenger Auto business of First Acceptance Insurance Company, Inc. (“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	Population	Files Reviewed	# of Violations	Error %
1	215 ILCS 5/143.15	PPA Cancels (60 days): nonspecific reason for cancellation	10	10	10	100%
22	215 ILCS 5/143.17(e)	PPA Nonrenewals (renewed less than 5 years): nonspecific explanation of reasons for nonrenewal	24	24	15	62.50%
24	215 ILCS 5/143.17(e)	PPA Nonrenewals (renewed 5 years or more): nonspecific explanation of reasons for nonrenewal	11	11	8	72.73%
25	215 ILCS 5/154	PPA Rescissions: rescinded in 2 nd policy term	6	6	2	33.33%
7	215 ILCS 5/143.17(b-5)	PPA Renewals: failure to give named insured 60 days advance notice of changes in coverage	6279	116	54	46.55%
15	50 Ill. Adm. Code 919.80(b)(2)	PPA 1 st Party Paid: fail to provide proper delay letter; (12-no letter, 3-late, 3-no Notice of Availability, 5-no reasonable explanation, 1-late and no reasonable explanation)	572	105	24	22.86%
14	50 Ill. Adm. Code 919.80(c)	PPA 1 st Party Paid: failure to provide insured Exhibit A or deliver within 7 days; (2-none sent, 7-delivered late)	572	105	9	8.57%
18	50 Ill. Adm. Code 919.50(a)	PPA 1 st Party Paid: failed to tender payment within 30 days	572	105	6	5.71%
8	50 Ill. Adm. Code 919.80(b)(2)	PPA 1 st Party CWP: failure to provide proper delay letter; (16-none sent, 19-no reasonable explanation for delay)	549	105	35	33.33%
26	50 Ill. Adm. Code 919.80(b)(3)	PPA 3 rd Party Paid: failure to provide proper delay letter; (10-none sent, 9-no reasonable explanation for delay, 3-sent late, 2-no Notice of Availability,	1113	107	26	24.30%

TABLE OF TOTAL VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	# of Violations	Error %
		1-sent late and no Notice of Availability, 1-sent late and no reasonable explanation for delay				
27	50 Ill. Adm. Code 919.50(a)	PPA 3 rd Party Paid: failed to tender payment within 30 days	1113	107	8	7.48%
19	50 Ill. Adm. Code 919.80(b)(3)	PPA 3 rd Party CWP: failure to provide proper delay letter; (9- no reasonable explanation for delay, 2-no Notice of Availability, 2-none sent, 1-letter late, no Notice of Availability & no reasonable explanation for delay, 1-letter late & no reasonable explanation for delay)	1113	107	15	14.02%
20	50 Ill. Adm. Code 919.50(a)(2)	PPA 3 rd Party CWP: failure to send denial letter to the 3 rd party	1113	107	1	0.93%
10	50 Ill. Adm. Code 919.80(b)(2)	PPA Total Losses: failed to send proper delay letter in 19 files; (11- none sent, 3-late, 3-no Notice of Availability, 1-late and no Notice of Availability, 1-late and no reasonable explanation for delay)	205	82	19	23.17%
11	50 Ill. Adm. Code 919.80(c)	PPA Total Losses: failure to provide insured Exhibit A (1 file) and Exhibit A sent late (9 files)	205	82	10	12.20%
12	50 Ill. Adm. Code 919.80(d)(3)	PPA Total Losses: failure to pay reasonable storage/towing (\$616.00 payment made)	205	82	1	1.22%
13	50 Ill. Adm. Code 919.80(c)(3)(A)(i)	PPA Total Losses: fail to pay transfer and title fees (\$120.00 payment made)	205	82	1	1.22%
5	50 Ill. Adm. Code 919.50(a)	PPA Subrogation: fail to tender payment within 30 days	136	75	19	25.33%
4	215 ILCS 5/143b	PPA Subrogation: fail to pay pro rata share of deductible (\$3,251.09 payments to insureds)	136	75	8	10.67%

II. BACKGROUND

First Acceptance Insurance Company is a subsidiary of First Acceptance Corporation (“FAC”). First Acceptance Corporation (FAC) is principally a retailer, servicer, and underwriter of non-standard personal automobile insurance.

As of December 31, 2017, FAC leased and operated 350 retail locations (or “stores”) and a call center staffed by employee-agents who primarily sold non-standard personal automobile insurance products underwritten by FAC as well as certain commissionable ancillary products. In most states, the employee-agents also sold a complementary insurance product providing personal property and liability coverage for renters underwritten by FAC. In addition, retail locations in some markets offered non-standard personal automobile insurance serviced and underwritten by other third-party insurance carriers for which FAC received a commission.

Insurance operations generate revenue from selling non-standard personal automobile insurance products and related products in 16 states. FAC currently conducts insurance servicing and underwriting operations in 13 states and operates only as an insurance agency in three states.

2016 State Page Exhibit – 019 (Illinois) First Acceptance Insurance Company

Line	Premium Written	Premium Earned	Losses Paid	Losses Incurred
Other private passenger auto liability	12,852,000	14,086,700	12,784,300	14,439,700
Private passenger auto physical damage	5,637,800	6,551,100	4,367,400	4,327,400
Totals	17,645,660	17,679,036	7,650,768	10,491,818

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. Complaints
2. Risk Selection
3. Underwriting
4. Producer Licensing
5. Claims

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

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 based on complaints received by the Department of Insurance during the examination experience period and those received directly from the consumer.

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.

Producer Licensing

Commissions paid to producers during the experience were requested. Licensing of those producers was reviewed and verified.

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 Department regulations (50 Ill. Adm. Code 101 *et seq.*).

IV. SELECTION OF SAMPLES

	<u>Total Files</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Complaints			
Department of Insurance	31	31	100%
Consumer Complaints	0	0	N/A
Risk Selection			
PPA Cancels (60 day)	10	10	100%
PPA Cancels (midterms)	0	0	N/A
PPA Non-Pay Cancels	9,330	116	1.24%
PPA Nonrenewals (under 5 years)	24	24	100%
PPA Nonrenewals (5 or more years)	11	11	100%
PPA Rescissions	6	6	100%
Producer Terminations	0	0	N/A
Underwriting			
PPA Auto New Business	5,505	116	2.11%
PPA Renewals	6,279	116	1.85%
Producer Licensing-Commissions Paid	845	113	13.37%
Claims			
PPA First Party Paid	572	105	18.36%
PPA First Party CWP	549	105	19.13%
PPA Third Party Property Damage Paid	1113	107	9.61%
PPA Third Party Property Damage CWP	1113	107	9.61%
PPA Total Losses-First Party	205	82	78.10%
PPA Subrogation	136	75	55.15%

V. FINDINGS

A. Complaints

1. Department of Insurance Complaints

There were no criticisms.

2. Consumer Complaints

There were no consumer complaints.

B. Risk Selection

1. Private Passenger Auto Company Initiated Cancellations (60 day)

In 10 files (100%% of the 10 examined), the Company was in violation of 215 ILCS 5/143.15 for failing to include a specific explanation of the reasons for cancellation on the notice provided to the insured. (Crit 1) The Company agreed and will provide the following additional information on notices going forward:

- MVR violations will note specific insured with violation and date of violation.
- Claims history will note date of loss, specific insured, claim number, and type of coverage implicated.

2. Private Passenger Auto Company Initiated Cancellations (midterms)

There were no criticisms.

3. Private Passenger Auto Non-Pay Cancellations.

There were no criticisms.

4. Private Passenger Auto Nonrenewals (renewed less than 5 years)

In 15 files (62.50% of the 24 examined), the Company was in violation of 215 ILCS 5/143.17(e) for failing to provide a specific explanation of the reasons for nonrenewal on the notice provided to the insured. (Crit 22) The Company agreed and will provide the following additional information on notices going forward:

- MVR violations will note specific insured with violation and date of violation.
- Claims history will note date of loss, specific insured, claim number, and type of coverage implicated.

5. Private Passenger Auto Nonrenewals (renewed 5 or more years)

In eight (8) files (72.73% of the 11 examined), the Company was in violation of 215 ILCS 5/143.17(e) for failing to provide a specific explanation of the reasons for nonrenewal on the notice provided to the insured. (Crit 24) The Company agreed and will provide the following additional information on notices going forward:

- MVR violations will note specific insured with violation and date of violation.
- Claims history will note date of loss, specific insured, claim number, and type of coverage implicated.

6. Private Passenger Auto Rescissions

Twenty-two files were examined and 16 were disqualified leaving six (6) files in the survey. In two (2) files (33.33% of the six (6)), the Company was in violation of 215 ILCS 5/154 for rescinding the policy after the policy had been in effect more than one (1) policy term. (Crit 25)

7. Producer Terminations

There were no producer terminations.

C. Underwriting

1. Private Passenger Auto New Business

There were no criticisms.

2. Private Passenger Auto Renewals

In 54 files (46.55% of the 116 reviewed), the Company failed to notify the named insured of changes in coverage at least 60 days prior to the policy renewal. The Company was in violation of 215 ILCS 5/143.17(b-5). (Crit 7)

D. Producer Licensing – Commissions Paid

There were no criticisms.

E. Claims

1. Private Passenger Auto First Party Paid

One hundred seventeen files were used in computing the median. The median payment period was 30 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	61	52.14
31-60	29	24.79
61-90	14	11.97
91-180	9	7.69
181-365	3	2.56
<u>over 365</u>	<u>1</u>	<u>0.85</u>
Total	117	100.00

(There were 105 claim files selected in the First Party Median and Paid Survey. After sampling and reviewing, it was discovered that 12 of those files were total losses that were also selected in the total loss survey. To avoid criticizing a file twice, the examiner used those 12 files only in computing the median payment period and replaced each of the 12 files with a replacement file from the universe and examined and reviewed those replacement files. As a result, 117 files were used in computing the median instead of 105.)

When a first party physical damage claim remains unresolved for more than 40 calendar days from the date the loss is reported, a delay letter is to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(b)(2). The letter must include a reasonable written explanation for the delay, be sent within 40 days from the date the loss was reported and include Notice of Availability of the Department of Insurance as defined in 50 Ill. Adm. Code 919.40. The Company failed to be in compliance in 24 files (22.86% of the 105 examined). The Company failed to send a delay letter in 12 files. The Company sent the delay letter late in three (3) files. In three (3) files the Notice of Availability of the Department of Insurance was not included. In five (5) files a reasonable explanation for the delay was not provided, and in one (1) file the delay letter was late and failed to include a reasonable explanation for the delay. (Crit 15)

In nine (9) files (8.57% of the 105 examined), the Company was in violation of 50 Ill. Adm. Code 919.80(c). The Company failed to provide the insured with, at a minimum, the information contained in Exhibit A (2 files) or failed to provide Exhibit A within seven (7) days of the insured vehicle being determined a total loss (7 files). (Crit 14)

In six (6) files (5.71% of the 105 examined), the Company failed to tender payment within 30 days in violation of 50 Ill. Adm. Code 919.50(a). (Crit 18)

2. Private Passenger Auto First Party Closed Without Payment

When a first party physical damage claim remains unresolved for more than 40 calendar days from the date the loss was reported, a delay letter is to be provided the insured as outlined in 50 Ill. Adm. Code 919.80(b)(2). The letter must include a reasonable written explanation for the delay, be sent within 40 days from the date the loss was reported and include Notice of Availability of the Department of Insurance as defined in 50 Ill. Adm. Code 919.40. The Company failed to be in compliance in 35 files (33.33% of the 105 examined). The Company failed to send a delay letter in 16 files and failed to provide a reasonable explanation for the delay in 19 files. (Crit 8)

3. Private Passenger Auto Third-Party Property Damage Paid

One hundred seven files were used to compute the median. The median payment period was 34 days and distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percent</u>
0-30	53	49.53
31-60	12	11.21
61-90	10	9.35
91-180	21	19.63
181-365	9	8.41
<u>over 365</u>	<u>2</u>	<u>1.87</u>
Total	107	100

(When eliminating arbitration, litigation and subrogation files, the median was 17 days with 69 files.)

When a third party physical damage claim remains unresolved for more than 60 calendar days from the date the loss is reported, a delay letter is to be provided to the third-party claimant as outlined in 50 Ill. Adm. Code 919.80(b)(3). The letter must include a reasonable written explanation for the delay, be sent within 60 days from the date the loss was reported and include Notice of Availability of the Department of Insurance as defined in 50 Ill. Adm. Code 919.40. The Company failed to be in compliance in 26 files (24.30% of the 107 examined). The delay letter was not sent in 10 files. The delay letter failed to include a reasonable explanation for the delay in nine (9) files. In three (3) files the delay letter was sent late. In two (2) files the delay letter failed to include the Notice of Availability of the Department of Insurance. In one (1) file the delay letter was late and failed to include the Notice of Availability of the Department of Insurance, and in one (1) file the delay letter was late and failed to include a reasonable explanation for the delay. (Crit 26)

In eight (8) files (7.48% of the 107 examined), the Company was in violation of 50 Ill. Adm. Code 919.50(a). The Company failed to tender payment within 30 days when liability was clear, and the payee was known. (Crit 27)

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

When a property damage liability claim remains unresolved for more than 60 calendar days from the date the loss is reported, a delay letter is to be provided the third party claimant as outlined in 50 Ill. Adm. Code 919.80(b)(3). The letter must include a reasonable written explanation for the delay, be sent within 60 days from the date the loss was reported and include Notice of Availability of the Department of Insurance as defined in 50 Ill. Adm. Code 919.40. The Company failed to be in compliance in 15 files (14.02% of the 107 examined). In nine (9) files the delay letter failed to include a reasonable explanation for the delay. In two (2) files a delay letter was sent but failed to include the Notice of Availability of the Department of Insurance. In two (2) files a delay letter was required but not sent. In one (1) file the delay letter was sent late, failed to include the Notice of Availability of the Department of Insurance, and failed to include a reasonable explanation for the delay. In one (1) file the delay letter was sent late and failed to include the Notice of Availability of the Department of Insurance. (Crit 19)

In one (1) file (0.93% of the 107 examined), the Company failed to send a denial letter to the third-party claimant in violation of 50 Ill. Adm. Code 919.50(a)(2). (Crit 20)

5. Private Passenger Auto Total Losses-First Party

When a first party physical damage claim remains unresolved for more than 40 calendar days from the date the loss is reported, a delay letter is to be provided to the insured as outlined in 50 Ill. Adm. Code 919.80(b)(2). The letter must include a reasonable written explanation for the delay, be sent within 40 days from the date the loss was reported and include Notice of Availability of the Department of Insurance as defined in 50 Ill. Adm. Code 919.40. The Company failed to be in compliance in 19 files (23.17% of the 82 examined). The Company failed to send a delay letter in 11 files. The Company sent the delay letter late in three (3) files, and in three (3) files the letter failed to include the Notice of Availability of the Department of Insurance. In one (1) file the delay letter was late and failed to include the Notice of Availability of the Department of Insurance, and in one (1) file the Company sent the delay letter late and failed to include a reasonable explanation for the delay. (Crit 10)

In 10 files (12.20% of the 82 examined), the Company was in violation of 50 Ill. Adm. Code 919.80(c) for failing to provide the insured with, at a minimum, the information contained in Exhibit A (1 file) and for providing Exhibit A late (9 files). (Crit 11)

In one (1) file (1.22% of the 82 examined), the Company was in violation of 50 Ill. Adm. Code 919.80(d)(3) for failing to pay reasonable towing/storage charges to the insured when the insured did nothing to cause excessive towing or storage costs. The Company made a payment of \$616.00 to the insured during the examination. (Crit 12)

In one (1) file (1.22% of 82 examined), the Company was in violation of 50 Ill. Adm. Code 919.80(c)(3)(A)(i) for failing to pay the \$120.00 title and transfer fees after paying sales tax on the insured replacement vehicle. The Company made a \$120.00 payment to the insured during the examination. (Crit 13)

6. Private Passenger Auto Subrogation

In 19 files (25.33% of the 75 examined), the Company was in violation of 50 Ill. Adm. Code 919.50(a). The Company failed to tender payment within 30 days. (Crit 5)

In eight (8) files (10.67% of the 75 examined), the Company was in violation of 215 ILCS 5/143b for failing to pay the insured the pro rata share of the deductible. The Company made eight (8) payments to insureds totaling \$3,251.09 during the examination. (Crit 4)

STATE OF ILLINOIS)
) ss
COUNTY OF SANGAMON)

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 First Acceptance Insurance Company, (the "Company"), NAIC 10336.

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;

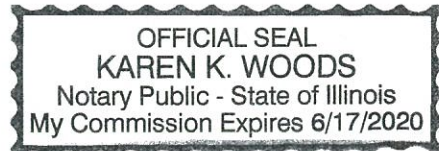
That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

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.


Examiner-In-Charge

Subscribed and sworn to before me
this 19 day of February, 2018


Notary Public



STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

FIRST ACCEPTANCE INSURANCE COMPANY, INC.
3813 GREEN HILLS VILLAGE DRIVE
NASHVILLE, TN 37202

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, First Acceptance Insurance Company, Inc. ("the Company"), NAIC 10336, 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 the insured a specific explanation of the reason or reasons for cancellation as required by 215 ILCS 5/143.15.
2. Institute and maintain policies and procedures whereby the Company shall provide on the notice of nonrenewal a specific explanation of the reasons for nonrenewal as required by 215 ILCS 5/143.17(e).
3. Institute and maintain policies and procedures whereby the Company shall not rescind policies of insurance which have been in effect for more than one year or one policy term, whichever is less as required by 215 ILCS 5/154.
4. 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 5/143.17(b-5)
5. 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).
6. Institute and maintain policies and procedures whereby the Company will provide the insured who experienced a total loss the information contained in Exhibit A and will provide that information within seven (7) days of the insured vehicle being determined a total loss as is required by 50 Ill. Adm. Code 919.80(c).
7. Institute and maintain policies and procedures whereby the Company shall provide the claimant with a reasonable written explanation for the delay when a third-party claim remains unresolved for more than 60 calendar days from the date it is reported as required by 50 Ill. Adm. Code 919.80(b)(3).
8. Institute and maintain policies and procedures whereby the Company shall affirm or deny liability on claims within a reasonable time and shall offer payment within 30 days after determination of liability as required by 50 Ill. Adm. Code 919.50(a).

9. Institute and maintain policies and procedures whereby the Company shall timely reimburse the pro rata amount of the insured's deductible after recovery from the adverse party as required by 215 ILCS 5/143b.
10. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above nine (9) orders within 30 days of execution of this Order.
11. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$30,000.00 to be paid within 30 days of execution of this Order.

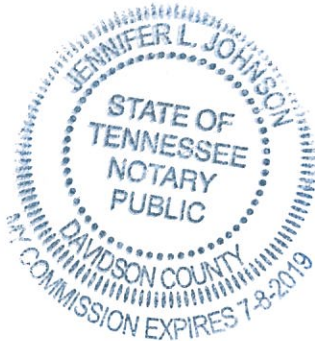
NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order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

On behalf of FIRST ACCEPTANCE INSURANCE COMPANY, INC.

April Savoy
Signature
April Savoy
Name
SVP, General Counsel
Title

Subscribed and sworn to before me this
20th day of Dec 2018.

Jennifer L Johnson
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 1/2/19

Karin Tilly Zosel
Karin Tilly Zosel
Acting Director

