



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

August 5, 2014

Mr. Daniel Adelman
President
Stonegate Insurance Company
4245 N. Knox
Chicago, IL 60641

Re: *Stonegate Insurance Company NAIC #14012*
Market Conduct Examination Report Closing letter

Dear Mr. Adelman:

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 available for public inspection as authorized by 215 ILCS 5/132.

If you have any questions, my contact information is listed below.

Sincerely,

A handwritten signature in cursive script that reads "Lysa Saran".

Lysa Saran
Deputy Director
Consumer Outreach and Protection
Illinois Department of Insurance
122 S. Michigan Avenue, 19th Floor
Chicago, IL 60603
Phone: 312-814-1767
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Stonegate Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: September 16, 2013 through October 24, 2013

EXAMINATION OF: Stonegate Insurance Company
(P & C Domestic) NAIC #14012

LOCATION: 4245 N. Knox
Chicago, IL 60641

PERIOD COVERED BY
EXAMINATION: January 1, 2012, through December 31, 2012

EXAMINERS: Zachary D. Budden, attorney
Bernie Sullivan Jr. LUTCF
Examiner-in-Charge

INDEX

	Page #
I. SUMMARY	i
II. BACKGROUND	2-3
III. METHODOLOGY	4-5
IV. SELECTION OF SAMPLE	6
V. FINDINGS	7-15
A. Complaints & Producer Terminations	
1. Complaints	
2. Producer Terminations	
B. Risk Selection	
1. Automobile Cancellations	
2. Automobile Nonrenewals	
3. Homeowner Cancellations	
4. Homeowner Nonrenewals	
5. Commercial Auto Cancellations	
6. Commercial Auto Nonrenewals	
B. Underwriting	
1. Automobile New Business	
2. Homeowner New Business	
3. Commercial Renewals	
C. Claims	
1. First Party Paid & Median Claims	
2. First Party Closed without Payment Claims	
3. Third Party Paid & Median Claims	
4. Third Party Closed without Payment Claims	
5. Subrogation Claims	
6. Total Loss Claims	
7. Homeowner Paid & Median Claims	
8. Homeowner Closed without Payment	
VI. TECHNICAL APPENDICES	15-17

I. SUMMARY

1. The Company was criticized under 215 ILCS 5/141.02(3) for failing to provide the required 180 day advance notice of termination.

A general trend criticism was issued in the producer review survey.

2. The Company was criticized under 215 ILCS 5/141.02(3) for failing to maintain proof of mailing for producer termination notices.

A general trend criticism was issued in the producer review survey.

3. The Company was criticized under 215 ILCS 5/143.15 for failing to provide a 30 day advance notice of cancellation for homeowner policies.

A general trend criticism was issued.

4. The Company was criticized under 215 ILCS 5/143.27 for failing to provide homeowner insureds advance notice of the need for rehabilitation and a reasonable period of time to rehabilitate the property.

A general trend criticism was issued in the homeowner nonrenewal survey.

5. The Company was criticized under 50 Ill. Adm. Code 919.80(b) for failing to maintain a median payment period measured from the date of notification of loss to the date of final payment or the rendering of the repaired automobile to the third party claimant at or below 60 days.

A class trend criticism was issued in the third party paid and median survey. The median calculation was 91 days with subrogation files included and 56 days with subrogation files removed.

6. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(2), (b)(3), (d)(7)(B) for failing to provide written explanations for delays in paying claims on private passenger automobile third party property claims.

A criticism was issued.

7. The Company was criticized under 50 Ill. Adm. Code 919.60(a) for stating the word "release" from further liability on the claim settlement draft which is prohibited.

A criticism was issued.

II. BACKGROUND:

Stonegate Insurance Company

Stonegate Insurance Company is a property and casualty insurance company that was incorporated on January 7, 2011 and began operations on January 10, 2011. It was capitalized with a \$2,000,000 investment by Producer's National Corporation, its holding company. The Company is domiciled in Illinois. It writes various lines of insurance including personal lines including private passenger automobile and homeowners. The commercial lines written include general liability, liquor liability, commercial property, contractors, commercial auto and tow trucks.

Company's 2012 NAIC Annual Statement Page 19 (Illinois) reflects the following: NAIC #14012

	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
01	Fire	\$196,519	\$148,114	\$71,828	\$70,328
04	Homeowners multiple peril	\$2,761,210	\$2,507,012	\$2,431,618	\$2,617,546
05.1	Commercial multiple peril (non-liability portion)	\$398,671	\$190,633	\$227,002	\$282,502
05.2	Commercial multiple peril (liability portion)	\$262,086	\$141,285	\$0	\$10,000
09	Inland marine	\$20,746	\$20,298	\$28,746	\$27,746
12	Earthquake	\$18,774	\$15,451	\$0	\$0
17.1	Other liability - occurrence	\$265,498	\$163,143	\$0	\$21,000
18	Products Liability	\$78,521	\$45,773	\$0	\$0
19.2	Other Private passenger auto liability	\$3,036,652	\$2,790,270	\$480,821	\$1,243,285
19.4	Other commercial auto liability	\$1,622,832	\$1,354,296	\$59,041	\$238,945
21.1	Private passenger auto physical damage	\$2,690,472	\$2,434,783	\$1,432,698	\$1,343,010

21.2	Commercial auto physical damage	\$244,514	\$202,240	\$106,150	\$114,625
35	Total	\$11,596,495	\$10,013,298	\$4,837,904	\$5,968,987

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 & Producer Terminations
2. Risk Selection
3. Underwriting
4. 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 report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated with the insurer, but not cited in the report if not indicative of a general trend, except to the extent that there were underpayments and/or overpayments.

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. Random statistical printout reports were generated by the examiners and presented to the Company for retrieval.

Complaints & Producer Terminations

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. Producer terminations were reviewed for their compliance with statutory requirements.

Risk Selection

Cancellations and nonrenewals of existing policy holders 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 selection of new applicants for coverage with Stonegate was 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, and 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 Part 919 (50 Ill. Adm. Code 919).

IV. SELECTION OF SAMPLE:

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Complaints & Producer Terminations			
Complaints	11	11	100.00%
Producer Terminations	18	18	100.00%
Risk Selection:			
Automobile Cancellations	6144	98	1.59%
Automobile Nonrenewals	34	34	100.00%
Homeowner Cancellations	789	115	14.57%
Homeowner Nonrenewals	33	33	100.00%
Commercial Auto Cancellations	18	18	100.00%
Commercial Auto Nonrenewals	0	0	0.00%
Underwriting:			
Automobile New Business	5287	50	.94%
Homeowner New Business	2391	50	2.09%
Commercial Renewals	35	35	100.00%
Claims:			
First Party Paid & Median	462	80	17.31%
First Party Closed without Payment	74	74	100.00%
Third Party Paid & Median	241	82	34.02%
Third Party Closed without Payment	106	75	70.75%
Subrogation	19	19	100.00%
Total Losses	77	77	100.00%
Homeowner Paid & Median	350	101	28.85%
Homeowner Closed without Payment	111	111	100.00%

V. FINDINGS:

A. Complaints and Producer Terminations

1. Complaints

There were no criticisms in this survey.

2. Producer Terminations

A review of 18 terminated producer files produced two individual criticisms and one general trend criticism under 215 ILCS 5/141.02(3).

Two individual criticisms were for failure to provide 180 days advance written notice any independent insurance agent whose contract is being terminated, except by signed mutual agreement, as required by 215 ILCS 5/141.02(3).

Seven (7) producer termination files (38.89% of the 18 files reviewed) failed to contain the proof of mailing for the notice as required by 215 ILCS 5/141.02(3). A general trend criticism was issued.

Agency Name	Contract Number	Date notice mailed	Termination Date	Criticism
	5054	07/31/12	02/01/13	only 179 days provided
	2636	08/07/12	08/01/12	notice mailed 6 days after the termination
	2601 / 4505	07/31/12	02/01/13	no proof of mailing, only the receipt for delivery
	2704	07/31/12	02/01/13	no proof of mailing, only the receipt for delivery
	5066	07/31/12	02/01/13	no proof of mailing, only the receipt for delivery
	5022	07/31/12	02/01/13	no proof of mailing, only the receipt for delivery
	5073	07/31/12	02/01/13	no proof of mailing, only the receipt for delivery

Total Insurance Solutions	2919	07/31/12	02/01/13	no proof of mailing, only the receipt for delivery
	5011	07/31/12	02/01/13	no proof of mailing, only the receipt for delivery

B. Risk Selections:

1. Automobile Cancellations

There were no trends or areas of concern

2. Automobile Nonrenewals

There were no criticisms in this survey

3. Homeowner Cancellations

Two (2) homeowner cancellation files (1.73% of the 115 files reviewed) failed to provide the insured with advance notice of the need for rehabilitation and a reasonable period of time to rehabilitate the property as required by 215 ILCS 5/143.27.

Policy Number	Effective Date	Mail Date	Cancellation Date	Criticism
	02/18/12	04/06/12	05/10/12	no notice of rehabilitation need provided
	05/07/12	07/05/12	08/08/12	no notice of rehabilitation need provided

While the company provided a reasonable written explanation for homeowner cancellations, the company failed to mail notice of cancellation at least 30 days prior to the effective date of cancellation to the named insured and mortgagee or lien holder on twelve homeowner policy cancellations (10.43% of the 115 files reviewed) as mandated by 215 ILCS 5/143.15. A general trend criticism was issued.

Policy Number	Effective Date	Mail Date	Cancellation Date	Number of Days
	05/30/12	07/05/12	07/28/12	13
	06/22/11	05/22/12	06/05/12	14
	02/20/12	02/06/12	02/21/12	15

	12/21/11	02/09/12	02/22/12	13
	04/16/12	05/09/12	05/25/12	16
	04/27/12	09/26/12	10/25/12	29
	06/05/12	09/26/12	10/25/12	29
	06/18/12	08/16/12	08/31/12	15
	07/31/12	08/10/12	08/24/12	14
	06/27/12	08/02/12	08/15/12	13
	07/10/12	08/16/12	08/31/12	15
	08/24/12	10/31/12	11/14/12	14

4. Homeowner Nonrenewals

Five (5) homeowner nonrenewal files (15.15% of the 33 files reviewed) failed to provide the insured with advance notice of the need for rehabilitation and a reasonable period of time to rehabilitation the property as required by 215 ILCS 5/143.27. A general trend criticism was issued.

Policy Number	Effective Date	Nonrenewal Date	Criticism
	01/27/11	01/27/12	no notice of rehabilitation need provided
	01/11/11	01/11/12	no notice of rehabilitation need provided
	02/20/11	02/20/12	no notice of rehabilitation need provided
	05/02/11	05/02/12	no notice of rehabilitation need provided
	05/19/11	05/19/12	no notice of rehabilitation need provided

5. Commercial Cancellations

There were no criticisms in this survey

6. Commercial Nonrenewals

There were no criticisms in this survey

B. Underwriting:

1. Automobile New Business

There were no criticisms in this survey

2. Homeowner New Business

There were no criticisms in this survey

3. Commercial Renewals

There were no criticisms in this survey

C. Claims

1. First Party Paid & Median

The median payment period was 30 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	41	51.25%
31-60	18	22.50%
61-90	14	17.50%
91-180	6	7.50%
181-365	0	0.00%
<u>Over 365</u>	1	<u>1.25%</u>
Total	80	100.00%

There were no trends or areas of concern

2. First Party Closed without Payment

Three (3) first party closed without payment claims (3.84% of the 80 files reviewed) failed to provide the insureds with a reasonable written explanation of delay when the claim remained unresolved for more than 40 days from the date of report to the date of final payment or rendering of the repaired vehicle as required by 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Date Reported	Date Closed without Payment	Criticism
	12/24/11	02/06/12	the claim remained unresolved for 44 days without a reasonable written explanation provided
	03/13/12	05/22/12	the claim remained unresolved for 70 days without a reasonable written explanation provided

	10/01/12	11/21/12	the claim remained unresolved for 51 days without a reasonable written explanation provided
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A criticism was issued.

3. Third Party Paid & Median

The median payment period with subrogation files was 91 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	7	8.54%
31-60	24	29.27%
61-90	11	23.41%
91-180	21	25.61%
181-365	16	19.51%
<u>Over 365</u>	<u>3</u>	<u>3.66%</u>
Total	82	100.00%

The median payment period without subrogation files was 56 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	7	11.86%
31-60	24	40.68%
61-90	10	16.95%
91-180	13	22.03%
181-365	5	8.47%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	59	100.00%

Five (5) third party paid claims (6.10% of the 82 files reviewed) were criticized for failure to provide the claimants with a reasonable written explanation of delay when the claim remained unresolved in excess of 60 days from the date of report to the date of final payment or rendering of the repaired vehicle as required by 50 Ill. Adm. Code 919.80(b)(3).

Claim Number	Date Reported	Date Paid	Criticism
	08/29/11	02/16/12	the claim remained unresolved for 171 days without a reasonable written explanation provided
	10/10/11	01/25/12	the claim remained unresolved for 107 days without a reasonable written explanation provided
	10/26/11	02/02/12	the claim remained unresolved for 98 days, a reasonable written explanation was provided on day 76
	04/04/12	08/02/12	the claim remained unresolved for 119 days without a reasonable written explanation provided
	04/14/12	11/08/12	the claim remained unresolved for 208 days without a reasonable written explanation provided
	05/01/12	08/24/12	the claim remained unresolved for 114 days without a reasonable written explanation provided
	05/29/12	11/12/12	the claim remained unresolved for 166 days without a reasonable written explanation provided

The Company was criticized under 50 Ill. Adm. Code 919.80(b) for failing to maintain a median payment period measured from the date of notification of loss to the date of final payment or the rendering of the repaired automobile to the third party claimant at or below 60 days. The median was 91 days with subrogation files included and 56 days with subrogation files removed. A class trend criticism was issued.

4. Third Party Closed without Payment

Four (4) third party closed without payment claims (5.30% of the 75 files reviewed) failed to provide the claimant with a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(b)(3).

Claim Number	Date Reported	Date Paid	Criticism
	03/30/11	09/14/11	the claim remained unresolved for 166 days, a reasonable written explanation was provided on day 89

	09/23/11	03/12/12	the claim remained unresolved for 171 days, a reasonable written explanation was provided on day 104
	12/22/11	06/19/12	the claim remained unresolved for 180 days, a reasonable written explanation was provided on day 77
	08/28/12	12/21/12	the claim remained unresolved for 115 days, a reasonable written explanation was provided on day 72

A criticism was issued.

5. Subrogation

There were no criticisms in this survey

6. Total Losses

The median payment period was 31 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	36	48.00%
31-60	31	41.33%
61-90	6	8.00%
91-180	1	1.33%
181-365	1	1.33%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	75	100.00%

There were no trends or areas of concern

7. Homeowner Paid & Median

The median payment period was 41 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	35	34.65%
31-60	29	28.71%
61-90	14	13.86%
91-180	10	9.90%

181-365	10	9.90%
<u>Over 365</u>	3	<u>2.97%</u>
Total	101	100.00%

Two (2) homeowner paid claims (1.98% of the 101 files reviewed) contained proof of loss documents to the insured that stated the wording "release" in violation of 50 Ill. Adm. Code 919.60(a).

Three (3) homeowner paid claims (2.97% of the 101 files reviewed) failed to provide the claimant with a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

Claim Number	Date Reported	Date Paid	Criticism
	02/08/12	08/24/12	the claim remained unresolved for 198 days, a reasonable written explanation was provided on day 83
	03/20/12	08/19/13	the claim remained unresolved for 517 days without a reasonable written explanation provided
	04/17/12	08/08/12	the claim remained unresolved for 113 days, a reasonable written explanation was provided on day 98

A criticism was issued.

8. Homeowner Closed without Payment

Seven (7) homeowner Closed without Payment claims (6.30% of the 111 files reviewed) failed to provide the claimant with a reasonable written explanation for delay as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

Claim Number	Date Reported	Date Paid	Criticism
	07/19/11	03/20/12	the claim remained unresolved for 245 days without a reasonable written explanation provided
	07/28/11	01/25/12	the claim remained unresolved for 181 days without a reasonable written explanation provided

	10/07/11	04/09/12	the claim remained unresolved for 185 days, a reasonable written explanation was provided on day 143
	10/17/11	03/21/12	the claim remained unresolved for 156 days, a reasonable written explanation was provided on day 133
	10/23/11	01/16/12	the claim remained unresolved for 85 days, a reasonable written explanation was provided on day 85
	01/18/12	04/10/12	the claim remained unresolved for 152 days, a reasonable written explanation was provided on day 83
	02/13/12	06/18/12	the claim remained unresolved for 126 days, a reasonable written explanation was provided on day 78

A criticism was issued.

VI. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	41	51.25%
31-60	18	22.50%
61-90	14	17.50%
91-180	6	7.50%
181-365	0	0.00%
over 365	1	1.25%
Total	80	100.00%

THIRD PARTY PAID & MEDIAN with Subrogation included

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	7	8.54%
31-60	24	29.27%
61-90	11	13.41%
91-180	21	25.61%
181-365	16	19.51%
over 365	3	3.66%
Total	82	100.00%

VI. TECHNICAL APPENDICES continued:

THIRD PARTY PAID & MEDIAN without Subrogation included

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	7	11.86%
31-60	24	40.68%
61-90	10	16.95%
91-180	13	22.03%
181-365	5	8.47%
over 365	0	0.00%
Total	59	100.00%

TOTAL LOSSES

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	36	48.00%
31-60	31	41.33%
61-90	6	8.00%
91-180	1	1.33%
181-365	1	1.33%
over 365	0	0.00%
Total	75	100.00%

VI. TECHNICAL APPENDICES continued:

HOMEOWNER PAID & MEDIAN

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	35	34.65%
31-60	29	28.71%
61-90	14	13.86%
91-180	10	9.90%
181-365	10	9.90%
over 365	3	2.97%
Total	101	100.00%

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Bernie Sullivan, 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 Stonegate Insurance Company (the "Company"), NAIC # 14012,

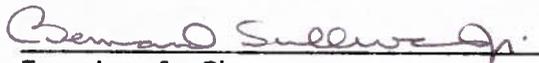
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish 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 24th day of February, 2014.



Notary Public

THOMAS J. KING, Atty.
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Section 147.03 O.R.C.

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Stonegate Insurance Company
4245 North Knox Avenue
Chicago, Illinois 60641

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (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, Stonegate Insurance Company, NAIC Number 14012, ("Company") is authorized under the insurance laws of this State and by the Director as a domestic stock property casualty insurance company 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 appointed by the Director pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425); and

WHEREAS, the appointed examiner has filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

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

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

WHEREAS, the Company is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 401.5, 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 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. That the Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code, and/or Department Regulations; and
2. That 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/or Department Regulations.

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

1. Institute and maintain procedures whereby 180 days advance written notice is provided to any independent insurance agent whose contract is being terminated, except by signed mutual agreement, as required by 215 ILCS 5/141.02(3).
2. Institute and maintain procedures whereby it shall maintain proof of mailing of all producer termination notices as required by 215 ILCS 5/141.02(3).
3. Institute and maintain procedures whereby it shall send by mail to all homeowner named insureds and mortgagee at least 30 days advance notice of nonrenewal as required by 215 ILCS 5/143.17.
4. Institute and maintain procedures whereby it will provide to homeowner insureds advance notice of the need for rehabilitation and a reasonable period of time to rehabilitate the property as required by 215 ILCS 5/143.27.
5. Institute and maintain procedures whereby the company maintains a median payment period which does not exceed 60 days on private passenger automobile third party property damage claims as required by 50 Ill. Adm. Code 919.80(b)(3).
6. Institute and maintain procedures whereby the company provides written explanations for delays in paying claims on private passenger automobile third party property damage claims as required by 50 Ill. Adm. Code 919.80(b)(2), (b)(3), (d)(7)(B).

7. Institute and maintain procedures whereby the claims settlement drafts do not include the statement alleging the company is released from further liability as required by 50 Ill. Adm. Code 919.60(a).
8. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above seven Orders within 30 days after the date on which this Stipulation and Consent Order is signed by the Director of Insurance.
9. Submit to the Director of Insurance, State of Illinois, a civil forfeiture of twelve thousand dollars (\$12,000) within 30 days after the date on which this Stipulation and Consent Order is signed by the Director of Insurance.

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:
Stonegate Insurance Company

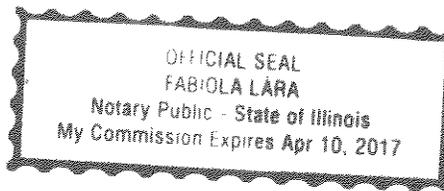
Daniel L. Adelman
Signature

DANIEL L. ADELMAN
Name

PRESIDENT
Title

Subscribed and sworn to before me this
6 day of May 2014.

Fabiola Lara
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE 5/15/14

Andrew Boron
Andrew Boron
Director