



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

VIA USPS CERTIFIED MAIL
RETURN RECEIPT REQUESTED

July 24, 2014

Daniel Thomas Cummings
President
American Access Casualty Company
Suite 230
1S450 Summit Avenue
Oakbrook Terrace, IL 60181

Re: *American Access Casualty Company-NAIC #10730*
Market Conduct Examination Report Closing letter

Dear Mr. Cummings:

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 / MS".

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
Cell: 312-833-4396
E-mail: Lysa.Saran@Illinois.gov

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF THE EXAMINATION OF

AMERICAN ACCESS CASUALTY COMPANY
18450 SUMMIT AVENUE
SUITE 230
OAKBROOK TERRACE, IL 60181

MARKET CONDUCT EXAMINATION WARRANT

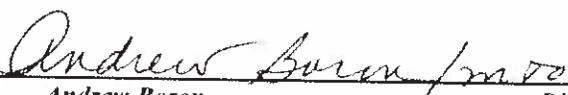
I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403, and 5/425) do hereby appoint Bernie Sullivan, of the Illinois Department of Insurance, as Examiner-In-Charge, and Scott Hanfling, Mark Wilson, Tim Kelly, and Meghan Welch, each of Kerns Frost & Pearlman LLC, as Examiners, to examine the insurance business and affairs of American Access Casualty Company, NAIC # 10730, and to make a full and true report to me of the examination made by them of the Company's underwriting, claim settlement and policy administration practices with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business. The costs of this examination shall be borne by the Company.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of American Access Casualty Company. This warrant supersedes the warrant dated December 18, 2012 that was previously issued by the Illinois Department of Insurance for American Access Casualty Company.



IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed this Seal.

Done at the City of Chicago, this 27th day of September, 2013.



Andrew Boron Director

American Access Casualty Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: October 29, 2013, through January 17, 2014

EXAMINATION OF: American Access Casualty Company
(P & C Domestic) NAIC #10730

LOCATION: 15450 Summit Avenue, Suite 230
Oakbrook Terrace, IL 60181

PERIOD COVERED BY
RE-EXAMINATION: December 1, 2011 through November 30, 2012

EXAMINERS: Meghan Welch, Kerns, Frost, & Pearlman, attorney
Bernie Sullivan Jr., LUTCF
Examiner-in-Charge

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I. SUMMARY

1. The Company was criticized under 215 ILCS 5/141.02(3) for failing to maintain the proof of mailing for the 180 day advance notice of termination of its contract with an independent insurance agent. A general trend criticism was issued in the producer termination survey.
2. The Company was criticized under 50 Ill. Adm. Code 919.80(d)(3) for making advance charge deductions that did not result from the insured's actions. This resulted in underpayments totaling \$220.00.
3. The Company was criticized under 215 ILCS 5/154.6(d) for failing to attempt in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear. This resulted in underpayments totaling \$4,097.23 in the first party paid surveys, the total loss survey and the arbitration survey. A general trend criticism was issued in the arbitration survey.
4. The Company was criticized under 50 Ill. Adm. Code 919.80(b) for failing to maintain a median payment period on third party private passenger automobile property damage liability claims below 60 days from the date of report to the date of final payment or rendering of the repaired vehicle. The median calculation was 69 days with subrogation files included and 34 days with subrogation files removed. A class trend criticism was issued in the third party paid survey.
5. The Company was criticized under 215 ILCS 5/143b for failing to refund the correct pro rata deductible on subrogation payments relating to first party collision claims. This resulted in underpayments of \$1,145.00.
6. The Company was criticized under 50 Ill. Adm. Code 919.80(c)(3)(A)(i) for failing to reimburse the insured the correct amount of tax, title and transfer fees when the insured has purchased or leased a replacement vehicle after a first party total loss vehicle claim. This resulted in underpayments of \$314.00.
7. The Company was criticized under 50 Ill. Adm. Code 919.60(a) for including the wording "full and final" on the checks issued to the insureds when the policy limit had not been paid or there was a *bona fide* dispute either over coverage or the amount payable under the policy. A general trend criticism was issued in the total loss survey.

II. BACKGROUND:

American Access Casualty Company

The Company is a wholly owned subsidiary of New AA Holdings, LLC. It is an Illinois-domiciled Property and Casualty Insurance Company. The Company was incorporated on December 20, 1999, and began operations on January 5, 2000. Business is written in five (5) states including Illinois (January 2000), Indiana (July 2003), Nevada (January 2007), Arizona (January 2008) and Texas (March 2009). The Company is further licensed in the states of Arkansas, Georgia, Iowa, Kentucky, Mississippi, Oklahoma, Oregon, Rhode Island, South Carolina and Utah, but has yet to commence operations in those states. The Company provides state minimum private passenger automobile liability and physical damage insurance. Products are marketed through a network of independent insurance agents.

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

NAIC #10730

	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
19.2	Private passenger auto liability	\$54,753,008	\$55,298,608	\$27,422,290	\$22,248,457
21.1	Private passenger auto physical damage	\$27,388,519	\$26,842,353	\$11,657,737	\$11,669,590
35	Total	\$82,141,527	\$82,140,961	\$39,080,027	\$33,918,047

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 and Producer Terminations and Licensing
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.

Risk Selection

Cancellations and nonrenewals of existing policy holders were requested on the basis of the effective date of the cancellation or nonrenewals falling within the period under examination. Cancellations and nonrenewals were reviewed for 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 American Access Casualty 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, with Department of Insurance rules and regulations and applicable state laws.

IV. SELECTION OF SAMPLE:

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Complaints, Producer Terminations and Licensing:			
Department Complaints	180	180	100.00%
BBB Complaints	20	20	100.00%
Producer Terminations	10	10	100.00%
Producer Licensing	250	30	12.00%
Risk Selection:			
Private Passenger Automobile Cancellations	1292	117	9.05%
Private Passenger Automobile Nonrenewals	1298	119	9.16%
Rescissions	81	81	100.00%
Underwriting:			
Private Passenger Automobile New Business	98760	52	.05%
Claims:			
First Party Paid & Median	3918	86	2.19%
First Party Closed without Payment	2323	80	3.44%
Third Party Paid & Median	670	111	16.56%
Third Party Closed without Payment	4495	80	1.77%
Subrogation	225	80	35.55%
Total Losses	490	116	23.67%
Arbitrations	127	127	100.00%

V. FINDINGS:

A. Complaints, Producer Termination and Licensing

1. Department Complaints

One hundred eighty (180) files were reviewed. There were no criticisms.

2. Better Business Bureau Complaints

Twenty (20) files were reviewed. There were no criticisms.

3. Producer Terminations

Ten (10) files were reviewed. In five (5) producer termination files (50.00% of the 10 files reviewed) the company failed to maintain the proof of mailing for the 180 day advance notice of termination of its contract with an independent insurance agent as required by 215 ILCS 5/141.02(3). A general trend criticism was issued.

Mail Date	Termination Date
09/20/12	03/19/13
04/14/12	10/11/12
07/05/12	01/01/13
05/09/12	11/05/12
09/06/12	03/05/13

4. Producer Licensing

Thirty (30) files were reviewed. There were no criticisms in this survey.

B. Risk Selections:

1. Private Passenger Automobile Cancellations

One hundred seventeen (117) files were reviewed. Two (2) private passenger automobile cancellations (1.71% of the 117 files reviewed) were for policies that had been in effect for 60 or more days or were renewal policies. Such policies may only be cancelled for a reason enumerated in 215 ILCS 5/143.19. The company was criticized for cancelling these two policies for a reason not enumerated in 215 ILCS 5/143.19.

Policy Number	Effective Date	Mail Date	Cancellation Date	Reason Provided
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08/21/11	12/30/11	02/20/12	substantial increase in risk
10/09/11	02/06/12	03/11/12	failure to disclose motor vehicle history

2. Private Passenger Automobile Nonrenewals

One hundred nineteen (119) files were reviewed. In two (2) private passenger automobile nonrenewal files (1.68% of the 119 files reviewed) the company failed to provide a specific explanation of the reasons for nonrenewal as required by 215 ILCS 5/143.17.

Effective Date	Mail Date	Nonrenewal Date	Reason Provided
12/01/10	10/16/12	12/01/12	circumstances surrounding the loss
12/06/11	10/18/12	12/06/12	circumstances surrounding the loss

3. Rescissions

Eighty one (81) files were reviewed. There were no criticisms in this survey.

C. Underwriting:

1. Private Passenger Automobile New Business

Fifty two (52) files were reviewed. There were no criticisms in this survey.

D. Claims

1. First Party Paid & Median

Eighty six (86) files were reviewed. The median payment period was 18 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	61	70.93%
31-60	21	24.42%
61-90	0	0.00%
91-180	2	2.33%
181-365	1	1.16%
<u>Over 365</u>	<u>1</u>	<u>1.16%</u>
Total	86	100.00%

In two (2) first party paid claims (2.32% of the 86 files reviewed) the company made advance charge deductions in violation of 50 Ill. Adm. Code 919.80(d)(3) resulting in underpayments totaling \$220.00. The Company disagreed with this criticism.

Claim Number	Date Reported	Date Paid	Criticism	Amount Under - paid
	10/22/12	11/26/12	Producer told claimant that company not open on Saturday or Sunday. Claimant contacted company on Monday and released vehicle on Monday. The company deducted storage charges for 2 days (Sat & Sun) from settlement.	\$130.00
	06/29/12	08/03/12	6/28/12 accident. 6/29/12 insured notified insurer. 7/3/12 insurer sent letter to insd regarding storage policy. 7/3/12 insd released vehicle from non approved lot; vehicle towed to approved lot. 7/5/12 insd retrieves vehicle. Company deducted 3 days storage from settlement.	\$90.00

In three (3) first party paid claims (3.49% of the 86 files reviewed) the company failed to attempt in good faith to effectuate prompt, fair and equitable settlement of claims in which liability has become reasonably clear as required by 215 ILCS 5/154.6(d). This resulted in underpayments totaling \$1,215.00. Reimbursements were processed and mailed during the examination.

Claim Number	Report Date	Date Paid	Criticism	Amount Under - paid
	12/29/11	01/24/12	the company took a \$500.00 deduction twice without justification	\$500.00
	05/16/12	06/28/12	company deducted \$116.00 for additional premium, voided the deduction check and reissued at \$46.00, no reimbursement to the insured was made	\$70.00

05/16/12	06/06/12	an invoice for towing and storage was received but never paid	\$645.00
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In four (4) first party paid claims (4.65% of the 86 files reviewed) the company indicated "full and final" on the settlement check when the policy limit had not been paid and there was no *bona fide* dispute either over coverage or the amount payable under the policy. This was a violation of 50 Ill. Adm. Code 919.60(a).

2. First Party Closed without Payment

Eighty (80) files were reviewed. There were no criticisms.

3. Third Party Property Damage Paid & Median

One hundred eleven (111) third party property damage claim files were reviewed. The median payment period was 69 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	33	29.73%
31-60	15	13.51%
61-90	15	13.51%
91-180	15	13.51%
181-365	17	15.32%
<u>Over 365</u>	<u>16</u>	<u>14.41%</u>
Total	111	100.00%

The median payment period without subrogation was 34 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	30	46.88%
31-60	14	21.88%
61-90	13	20.31%
91-180	4	6.25%
181-365	1	1.56%
<u>Over 365</u>	<u>2</u>	<u>3.13%</u>
Total	64	100.00%

The Company failed to maintain a median below 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). The median calculation was 69 days with subrogation files included and 34 days with subrogation files removed. A class trend criticism was issued.

In two (2) third party paid claims (1.80% of the 111 files reviewed) the company failed 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	Date Reported	Date Paid	Criticism
	06/11/12	10/11/12	no explanation found in file, subrogation received day 80
	09/26/12	12/20/12	no explanation found in file

rd party paid claims (2.70% of the 111 files reviewed) the d to acknowledge with reasonable promptness pertinent ns with respect to claims in violation of 215 ILCS 5/154.6(b) .dopt and implement reasonable standards for the prompt and settlement of claims arising under its policies as required by 54.6(c).

Date Reported	Date Paid	Criticism
12/06/10	01/23/12	no third party communication attempted prior to subrogation notice, no claim forms sent to claimant, subrogation demand received day 106.
01/18/11	10/24/12	no third party communication attempted prior to subrogation notice, no claim forms sent to claimant, subrogation demand received on day 77, denial sent to adverse carrier on day 83
06/11/12	10/11/12	no third party communication attempted, no claim forms sent to claimant, subrogation demand received on day 77.

In four (4) third party paid claims (3.60% of the 111 files reviewed) the company was criticized for not attempting in good faith to effectuate a fair, prompt and equitable settlement of claims in which liability has become reasonably clear in violation of 215 ILCS 5/154.6(d).

Date Reported	Date Paid	Criticism
2/06/10	01/23/12	police report received 12/23/10. After that, no third party communication attempted prior to subrogation notice,

		blank delay letter found in file dated 12/8/11, no explanation provided.
11/26/11	07/25/12	delay from 1/26/11 through 2/22/12 when adjuster forgot about claim, settled to avoid suit
09/26/11	02/02/12	insured admitted fault on 10/13/11, 4 subrogation notices found, adverse carrier sent 2 nd and 3 rd request for payment, offer not made until 1/19/12
09/26/12	12/20/12	estimate on property damage received on 10/10/12 but not paid until 12/20/12

4. Third Party Property Damage Claims Closed without Payment

Eighty (80) files were reviewed. In two (2) third party closed without payment claims (2.50% of the 80 files reviewed) the company's files failed to contain documentation to permit reconstruction of the company's activities relative to each claim file as required by 50 Ill. Adm. Code 919.30(c).

5. Subrogation

Eighty (80) files were reviewed in which the company sought subrogation from a third party for physical damage claim payments. In three claim files (3.75% of the 80 files reviewed) the company failed to refund the correct pro-rata share of the insured's deductible as required by 215 ILCS 5/143b. Refunds were processed and mailed during the examination.

Amount Demanded	Recovered Amount	Deductible Amount	Deductible Refunded	Amount Under Paid
\$944.00	\$850.00	\$500.00	\$0.00	\$450.00
\$5,678.00	\$3,407.00	\$500.00	\$0.00	\$320.00
\$5,677.00	\$4,618.00	\$1,000.00	\$375.00	\$375.00

Physical Damage Total Losses

One hundred sixteen (116) files were reviewed. Twenty (20) were determined to be either third party liability claims or first party claims that were not total losses. The remaining ninety six (96) files were reviewed. The median payment period was 38 days distributed as follows:

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent

0-30	36	37.50%
31-60	37	38.54%
61-90	14	14.58%
91-180	6	6.25%
181-365	3	3.13%
over 365	0	0.00%
Total	96	100.00%

In two (2) total loss claim files (1.72% of the 116 files reviewed but 2.08% of the 96 first party total losses) the company failed to follow the procedures for settling claims with replacement vehicles set forth in 50 Ill. Adm. Code 919.80(c)(1)(C). That regulation applies when the insurance policy provides for the adjustment and settlement of first party vehicle claims on the basis of actual cash value or replacement. If the insurer elects a cash settlement, the regulation sets forth acceptable methods of determining the actual cash value of the insured vehicle. If the insurer elects to settle the claim by providing a replacement vehicle, the regulation sets forth acceptable methods of determining whether the replacement vehicle is comparable. The regulation provides that the insured may reject the offered replacement vehicle and request a cash settlement. If the insured rejects the offered replacement vehicle and requests a cash settlement, the offer of the replacement vehicle and the insured's written rejection must be maintained in the claim file. The cash settlement is to be the amount for which the insurer could have purchased the rejected replacement vehicle. The insurer needs to document that the rejected vehicle could have been purchased for the amount of the cash settlement.

Claim Number	Report Date	NAB Value	CCC Value	Criticism
	06/14/12	\$6,200	\$6,625	no proof of offer or rejection of the replacement vehicle was found in the file. company paid NAB value. no documentation that replacement vehicle could have been purchased for cash settlement.
	06/19/12	\$9,900.	\$9,981.	no proof of offer or rejection of the replacement vehicle was found in the file. company paid NAB value. no documentation that replacement vehicle could have been purchased for cash settlement.

In two (2) total loss claim files (1.72% of the 116 files reviewed but 2.08% of the 96 first party total losses) the company failed to reimburse the insured the correct amount of tax, title and transfer fees when the insured purchased or leased a replacement vehicle within 30 days after the receipt of the settlement by the insured as required by 50 Ill. Adm. Code 919.80(c)(3)(A)(i). This resulted in underpayments totaling \$314.00. Payments for these two claims were processed and mailed during the examination.

Claim Number	Report Date	Required Reimbursement	Criticism
	03/22/12	\$194.00	failed to pay correct tax.
	08/02/12	\$120.00	failed to pay correct tax, title & transfer fees

In two (2) total loss claim files (1.72% of the 116 files reviewed but 2.08% of the 96 first party total losses) the company failed to attempt in good faith to effectuate a prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear as required by 215 ILCS 5/154.6(d) resulting in underpayments totaling \$185.00. A refund was processed and mailed during the examination.

Claim Number	Report Date	Date Paid	Underpayment	Criticism
	04/26/12	06/04/12	\$185.00	tow bill in file not paid
	05/22/12	06/29/12	n/a	failed to pay storage amount of \$225.00 until demanded by claimant

In six (6) total loss claim files (5.17% of the 116 files reviewed but 6.25% of the 96 first party total losses) the company failed to provide the insured with the information contained in Exhibit A to Part 919 as required by 50 Ill. Adm. Code 919.80(c).

Claim Number	Report Date	Date Determined Total Loss	Criticism
	11/02/11	11/18/11	no exhibit A found or noted in file
	05/01/12	05/10/12	no exhibit A found or noted in file
	07/16/12	07/18/12	no exhibit A found or noted in file
	07/23/12	07/30/12	no exhibit A found or noted in file

08/08/12	08/16/12	no exhibit A found or noted in file
11/27/12	12/05/12	no exhibit A found or noted in file

In seven (7) total loss claim files (6.03% of the 116 files reviewed but 7.29% of the 96 first party total losses) the company inserted the wording "full and final" on the checks processed to the insureds in violation of 50 Ill. Adm. Code 919.60(a). That provision permits the use of terms such as "final" or "release" only if the policy limit has been paid or there is a *bona fide* dispute either over coverage or the amount payable under the policy. A general trend criticism was issued.

Claim Number	Report Date	Payment Date	- Criticism
1100617	01/10/12	02/07/12	full & final on payment to insured
	04/30/12	05/24/12	full & final on payment to insured
	05/12/12	06/07/12	full & final on payment to insured
	05/31/12	06/29/12	full & final on payment to insured
	07/02/12	08/22/12	full & final on payment to insured
	08/03/12	10/23/12	full & final on payment to insured
	08/27/12	09/28/12	full & final on payment to insured

7. Arbitrations

One hundred twenty seven 127 files were reviewed. In ten arbitration files (7.87% of the 127 files reviewed) the company failed to effectuate prompt, fair and equitable settlements after receiving the arbitration decision as required by 215 ILCS 5/154.6(d). A general trend criticism was issued.

Claim Number	Date Award Rec'd	Date Award Paid	Amount Paid	# of Days	Criticism
	12/10/12	7/12/13	\$2540.38	214	denied payment as was in excess of statute, paid on threat of suit by adverse carrier
	11/29/12	n/a	\$0.00	n/a	denied payment as was in excess of statute, arbitration award for

					\$2697.23, company still has not paid award amount, owe adverse the limit of \$2697.23
	11/26/12	2/28/13	\$2500.00	94	denied payment as was in excess of statute, orig. arbitration demand was \$4331.96, adverse revised demand to \$2499.99, still denied payment, paid after negotiation with adverse carrier
	01/14/13	07/09/13	\$499.99 is the deductible	176	denied payment as was in excess of statute, paid on threat of suit by adverse carrier, paid limit of \$2500.00 on 05/01/13 day 107
	11/20/12	08/29/13	\$2636.44 includes deductible	282	denied payment as was in excess of statute, adverse called on 2/26/13 asking for award amount, paid on threat of chancery action by adverse carrier, original demand \$2636.44
	01/10/13	02/20/13	\$876.91	41	paid award in excess of 30 days, original claim denied
	02/12/13	04/05/13	\$2500.00	52	denied payment as was in excess of statute, paid on threat of suit by adverse carrier, negotiated settlement of \$2500.00 from original demand of \$2864.70
	01/18/13	07/18/13	\$3259.55 includes deductible	181	denied payment as was in excess of statute, paid after adverse carrier stated had just won suit against other company and chancery action filed. original demand was \$2875.55, paid costs of \$397.00

01/23/13	07/18/13	\$3327.04 includes deductible	176	denied payment as was in excess of statute, paid after adverse carrier stated had just won suit against other company, originally offered \$2499.99 as limit, original demand was \$2943.04, paid costs of \$397.00
05/08/13	07/24/13	\$2,999.99 includes deductible	77	denied payment as was in excess of statute, paid on threat of chancery action by adverse carrier

VI. INTER-RELATED FINDINGS:

Vehicle Total Loss Salvage:

The company was asked to provide the salvage procedures used in handling third party total loss vehicles when the third party claimant did not have first party collision coverage. The purpose was to evaluate compliance with the following provision in the Illinois Vehicle Code:

When an insurance company makes a payment of damages on a total loss claim for a vehicle, the insurance company shall be deemed to be the owner of such vehicle and the vehicle shall be considered to be salvage except that ownership of (i) a vehicle that has incurred hail damages that does not affect the operational safety of the vehicle or (ii) any vehicle 9 model years of age or older may, by agreement between the registered owner and the insurance company, be retained by the registered owner of such vehicle. The insurance company shall promptly deliver or mail within 20 days the certificate of title along with proper application and fee to the Secretary of State, and a salvage certificate shall be issued in the name of the insurance company. Notwithstanding the foregoing, an insurer making payment of damages on a total loss claim for the theft of a vehicle shall not be required to apply for a salvage certificate unless the vehicle is recovered and has incurred damage that initially would have caused the vehicle to be declared a total loss by the insurer. 625 ILCS 5/3-117.1(b)(1).

The company advised the examiner that it took possession of third party claimants' total loss vehicles that were less than 9 model vehicle years old and salvaged those vehicles at its own expense. The company would deduct salvage expenses, such as the fee charged by the Secretary of State for the salvage certificate, from the settlement payment to the third party claimant. The company would retain any recovery it received for the vehicle such as payment for the vehicle from a scrap yard or recycler.

If the third party claimant requested to retain a total loss vehicle that was 9 or more years old for salvage purposes, the company would agree to that request. The company would utilize third party valuation services to determine the value of the total loss vehicle. The company would deduct ten percent (10%) of that value as its estimated recovery for the vehicle from a scrap yard or recycler if the company had taken possession of the vehicle. The company would pay the third party claimant ninety percent (90%) of the third party valuation. The company had a policy of using \$500 as a minimum to settle a total loss vehicle claim.

If the third party did not want to retain a total loss vehicle that was 9 or more model years old, the company would take possession of the vehicle. The company would deduct salvage expenses, such as the fee charged by the Secretary of State for the salvage certificate, from the settlement payment to the third party claimant. The company would retain any recovery it received for the vehicle such as payment for the vehicle from a

scrap yard or recycler. The company had a policy of using \$500 as a minimum to settle a total loss vehicle claim.

The company was criticized for requiring the third party claimants to retain the salvage on total losses in violation of 625 ILCS 5/3-117.1(b)(1). A class trend criticism was issued.

The following is a summary of the owner retention claims found during the third party paid and total loss surveys.

Claim Number	Report Date	Date Paid	Amount deducted for potential salvage	Criticism
	10/15/10	12/02/10	\$107.50	required claimant to retain and dispose of salvage. Company paid third party \$500.
	01/03/12	02/13/12	\$372.50	required claimant to retain and dispose of salvage
	02/13/12	02/24/12	\$0	In litigation.
	03/21/12	04/04/12	\$188.30	required claimant to retain and dispose of salvage
	04/05/12	04/19/12	\$0	required claimant to retain and dispose of salvage. Company paid third party \$500.
	05/07/12	06/29/12	\$132.05	required claimant to retain and dispose of salvage
	05/16/12	06/22/12	\$227.50	required claimant to retain and dispose of salvage. Company paid third party \$500.
	05/30/12	08/24/12	\$0	required claimant to retain and dispose of salvage
	06/12/12	06/26/12	\$325.00	required claimant to retain and dispose of salvage
	06/25/12	07/25/12	\$222.50	required claimant to retain and dispose of salvage
	02/03/12	03/01/12	\$496.30	required claimant to retain and dispose of salvage
	07/10/12	09/13/12	\$357.50	required claimant to retain and dispose of salvage
	08/15/12	10/15/12	\$325.00	required claimant to retain and dispose of salvage
	07/26/12	08/21/12	\$327.00	required claimant to retain and dispose of salvage
	10/31/12	12/21/12	\$265.50	required claimant to retain and

			dispose of salvage
11/06/12	08/02/13	\$150.00	required claimant to retain and dispose of salvage
11/26/12	03/03/13	\$0	made concession on salvage deduction in settlement

VII. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	61	70.93%
31-60	21	24.42%
61-90	0	0.00%
91-180	2	2.33%
181-365	1	1.16%
over 365	1	1.16%
Total	86	100.00%

THIRD PARTY PAID & MEDIAN with subrogation included

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	33	29.73%
31-60	15	13.51%
61-90	15	13.51%
91-180	15	13.51%
181-365	17	15.32%
over 365	16	14.41%
Total	111	100.00%

VII. TECHNICAL APPENDICES continued:

THIRD PARTY PAID & MEDIAN without subrogation included

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	30	46.88%
31-60	14	21.88%
61-90	13	20.31%
91-180	4	6.25%
181-365	1	1.56%
over 365	2	3.13%
Total	64	100.00%

TOTAL LOSSES

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	43	38.74%
31-60	42	37.84%
61-90	15	13.51%
91-180	7	6.31%
181-365	4	3.60%
over 365	0	0.00%
Total	111	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 American Access Casualty Company (the "Company"), NAIC # 10730,

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.

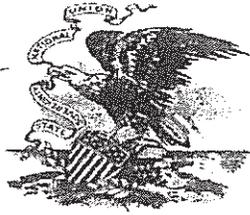


Notary Public

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:

American Access Casualty Company
1S450 Summit Avenue, Suite 230
Oakbrook Terrace, IL 60181

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, American Access Casualty Company, NAIC Number 10730, ("Company") is authorized under the insurance laws of this State and by the Director as a domestic stock property and 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 duly qualified examiners 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 examiners have 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 applicable Illinois law 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;

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 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 applicable Illinois law 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 applicable Illinois law and/or Department Regulations.

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

1. Institute and maintain procedures whereby it will maintain proof of mailing for the 180 day advance notice of termination of its contract with an independent insurance agent as required by 215 ILCS 5/141.02(3).
2. Institute and maintain procedures whereby advance charge deductions for storage and towing charges are only made when excessive charges have resulted from the insured's own actions and documentation of the reasons and dollar amounts for each such deduction is maintained in the claim file as required by 50 Ill. Admin. Code 919.80(d)(3).
3. Institute and maintain procedures whereby it will attempt in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear as required by 215 ILCS 5/154.6(d).
4. Institute and maintain procedures for first party automobile collision coverage whereby it will include the deductible amount when seeking subrogation and pay the full pro rata deductible share to its insured out of the net recovery on the subrogated claim, unless the deductible amount has been otherwise recovered by the insured, as required by 215 ILCS 5/143b.
5. Institute and maintain procedures applicable to first party total loss vehicle claims whereby it will reimburse the insured the applicable sales taxes and transfer and title fees incurred on account of the purchase or lease of a vehicle, but not exceeding the amount payable on account of the value of the total loss vehicle as required by 919.80(c)(3)(A)(i).
6. Institute and maintain procedures whereby it will only use terms such as "final" or "a release" on settlement checks payable to its insureds and

related correspondence when the policy limit has been paid in full or there is a *bona fide* dispute either over coverage or the amount payable under the policy as required by 50 Ill. Admin. Code 919.60(a).

7. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above seven Orders within 30 days of the date on which this Stipulation and Consent Order is executed by the Director.
8. Submit to the Director of Insurance, State of Illinois, a civil forfeiture of twenty thousand dollars (\$20,000) within thirty days of the date on which this Stipulation and Consent Order is executed by the Director.

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.

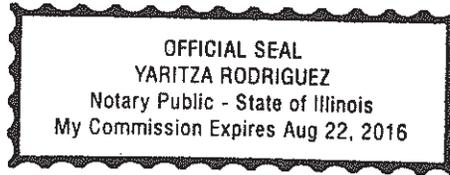
On behalf of:
American Access Casualty Company

Signature: _____

Name: DAVID T. CUMMINS

Title: President

Subscribed and sworn to before me this
2 day of June 2014.



Yaritza Rodriguez
Notary Public

DATE 6-11-14

DEPARTMENT OF INSURANCE of the
State of Illinois;

Andrew Boron
Director