

STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

APOLLO CASUALTY COMPANY
100 EAST TOUHY AVENUE
SUITE 200
DES PLAINES, ILLINOIS 60018

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of Apollo Casualty Company of Des Plaines, Illinois, and to make a full and true report to me of the examination made by them of Apollo Casualty Company with a full statement of the condition and operation of the business and affairs of Apollo Casualty Company with any other information as shall in my opinion be necessary to examine the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Apollo Casualty Company.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 15th day of March, 2011



Michael T. McRaith
Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with DEBORAH TAU , at the hour of 8:30 Am
on 5/23/ , A.D., 2011.

Bernard Sullwa Jr.
Examiner

STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

DELPHI CASUALTY COMPANY - #11862
1001 EAST TOUHY, SUITE 200
DES PLAINES, ILLINOIS 60018

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of Delphi Casualty Company of Des Plaines, Illinois, and to make a full and true report to me of the examination made by them of Delphi Casualty Company with a full statement of the condition and operation of the business and affairs of Delphi Casualty Company with any other information as shall in my opinion be necessary to examine the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Delphi Casualty Company.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this *25th* day of *March*, 2011



Michael T. McRaith

Michael T. McRaith

Director

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with DEBORAH TAU , at the hour of 8:30 Am
on 5/23/ , A.D., 2011.

Bernard Sullivan Jr.
Examiner

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Bernie Sullivan, being first duly sworn upon his 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 the following insurance companies:

**APOLLO CASUALTY COMPANY-NAIC #10343
DELPHI CASUALTY COMPANY-NAIC # 11862**

That, as Examiner-In-Charge, he 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 he nor any other persons designated as examiners 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 policyholders, and that neither he nor any other persons designated as examiners 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 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

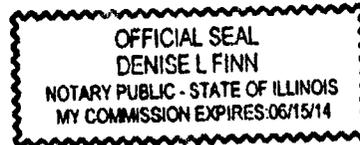
ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the company.

Bernie Sullivan

Bernie Sullivan
Examiner-In-Charge

Subscribed and sworn to before me
this 5th day of February, 2013.

Denise L. Finn
Notary Public



This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403, and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

Louis Butler
Staff Attorney

**APOLLO CASUALTY COMPANY
DELPHI CASUALTY COMPANY**

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: May 23, 2011, through August 3, 2011

EXAMINATION OF: Apollo Casualty Company
(P & C Domestic)
Delphi Casualty Company
(P & C Domestic)

LOCATION: 1001 E. Touhy, Suite 200
Des Plaines, IL 60018

PERIOD COVERED BY
EXAMINATION: January 1, 2010, through December 31, 2010

EXAMINERS: Bernie Sullivan Jr. LUTCF
Examiner-in-Charge

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I. SUMMARY

1. The Company was criticized under 215 ILCS 5/143.10a for failing to provide the insured with the required loss information with the notice of cancellation and nonrenewal. General trend criticisms were issued in the commercial cancellation and commercial nonrenewal surveys.
2. The Company was criticized under 50 Ill. Adm. Code 919.80(d)(3) for failing to pay the required towing and advance storage charges resulting in underpayments totaling \$8,739.00. Criticisms were issued in the first party paid, third party paid, and subrogation surveys. General trend criticisms were issued in the total loss surveys. Reimbursements totaling \$4,000.00 were processed during the examination.
3. The Company was criticized under 215 ILCS 5/154.6(d) for failing to effectuate a fair and equitable settlement resulting in underpayments in excess of \$13,522.67. Criticisms were issued in the first and third party closed without payment and total loss surveys. General trend criticisms were issued in the third party paid surveys. Reimbursements totaling \$1,754.08 were processed during the examination.
4. The Company was criticized under 50 Ill. Adm. Code 919.80(c)(3)(A)(i) for failing to reimburse the tax, title and transfer fees to the insured for the replacement vehicle resulting in an underpayment of \$422.20. A reimbursement was made during the examination.

II. BACKGROUND:

Apollo Casualty Company

Apollo Casualty Company ("Company") was incorporated on August 31, 1995 and commenced writing insurance premiums on October 23, 1995. The Company underwrites nonstandard private passenger automobile liability and physical damage policies in Cook and the surrounding counties. The Company limits its liability coverages to minimum financial responsibility as required by Illinois statute. Physical Damage is written up to a limit of \$25,000 per vehicle.

The Company is a wholly owned subsidiary of American General Holdings, Inc., an Illinois corporation.

Delphi Casualty Company

Delphi Casualty Company ("Company") was incorporated on January 6, 2004 and commenced writing insurance premiums on February 3, 2006. The Company underwrites nonstandard private passenger automobile liability and physical damage policies and various lines of commercial insurance in Cook and the surrounding counties. The Company limits its private passenger automobile liability coverages to minimum financial responsibility as required by Illinois statute. Physical Damage is written up to a limit of \$35,000 per vehicle. Commercial risks are written up to limits of \$2,000,000 with a combination of excess of loss facultative reinsurance. The company retains up to \$50,000 on each risk.

The Company is a wholly owned subsidiary of Apollo Casualty Company, an Illinois corporation.

III. METHODOLOGY:

The Market Conduct Examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants.

The following categories are the general areas examined:

1. Risk Selections
2. Underwriting
3. Claims
4. Complaints and Producer Terminations

The review of these categories is accomplished through examination of individual 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 methodical 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 were requested on the basis of the effective date of the transaction falling within the period under examination. They were reviewed for their compliance with statutory requirements, the accuracy and validity of reasons given and for any possible discrimination.

Underwriting

New files were selected based on the inception date falling within the period under examination. New policies were reviewed for rating accuracy, use of filed rates, use of filed forms, compliance with company underwriting guidelines and to insure that the protection provided was as requested.

Claims

Claims were requested based on the settlement occurring 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).

Selection of Samples

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Automobile Cancellations (Apollo)	465	60	12.90%
Automobile Cancellations (Delphi)	223	40	17.93%
Automobile Nonrenewals	512	79	15.42%
Commercial Cancellations (Delphi)	8	8	100.00%
Commercial Nonrenewals (Delphi)	17	17	100.00%
Underwriting:			
Automobile New Business (Apollo)	40563	50	00.12%
Automobile New Business (Delphi)	8940	50	00.55%
Commercial Renewals	1438	80	5.56%
Claims:			
First Party Paid & Median (Apollo)	1177	80	6.79%
First Party Paid & Median (Delphi)	261	80	19.15%
First Party Closed without payment (Apollo)	359	80	22.28%
First Party Closed without payment (Delphi)	75	75	100.00%
Third Party Paid & Median (Apollo)	2490	90	2.00%
Third Party Paid & Median (Delphi)	223	50	22.42%
Third Party Closed without Payment (Apollo)	1986	75	3.77%
Third Party Closed without Payment (Delphi)	131	80	61.06%
Subrogation (Apollo)	160	45	28.12%
Subrogation (Delphi)	27	27	100.00%
Total Losses (Apollo)	317	80	25.23%
Total Losses (Delphi)	69	69	100.00%

Complaints and Producer Terminations:

Department Complaints (Apollo)	108	24	22.22%
Department Complaints (Delphi)	16	4	25.00%
Producer Terminations (Apollo)	9	9	100.00%
Producer Terminations (Delphi)	42	42	100.00%

IV. FINDINGS:

A. Risk Selections:

1. Automobile Cancellations (Apollo)

There were no criticisms in this survey.

2. Automobile Cancellations (Delphi)

There were no criticisms in this survey.

3. Automobile Nonrenewals

There were no trends or areas of concern in this survey.

4. Commercial Cancellations (Delphi)

Six (6) commercial cancellation files (75.00% of 8 files reviewed) failed to provide the insured with the required loss information as mandated by 215 ILCS 5/143.10a. A general trend criticism was issued.

5. Commercial Nonrenewals (Delphi)

Twelve commercial nonrenewal files (70.58% of 17 files reviewed) failed to provide the insured with the required loss information as mandated by 215 ILCS 5/143.10a. A general trend criticism was issued.

B. Underwriting

1. Automobile New Business, Apollo

Two (2) new business files (4.00% of 50 files reviewed) contained miscellaneous rating errors resulting in one (1) undercharge of \$1.00 and one (1) overcharge of \$2.00.

2. Automobile New Business, Delphi

There were no criticisms in this survey.

3. Commercial Renewals

There were no criticisms in this survey.

C. Claims

1. First Party Paid & Median (Apollo)

The median payment period was 36 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	33	41.25%
31-60	28	35.00%
61-90	14	17.50%
91-180	4	5.00%
181-365	1	1.25%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	80	100.00%

Four (4) first party paid claims (5.00% of 80 files reviewed) failed to pay the full amount of advanced charges for storage and towing as required by 50 Ill. Adm. Code 919.80(d)(3) resulting in underpayments totaling \$1,305.00.

2. First Party Paid & Median (Delphi)

The median payment period was 36 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	36	45.00%
31-60	27	33.75%
61-90	10	12.50%
91-180	5	6.25%
181-365	2	2.50%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	80	100.00%

One (1) first party paid claim (1.25% of 80 files reviewed) failed to pay the full amount of advanced charges for storage and towing as required by 50 Ill. Adm. Code 919.80(d)(3) resulting in an underpayment of \$500.00.

3. First Party Closed without Payment (Apollo)

There were no trends or areas of concern in this survey.

4. First Party Closed without Payment (Delphi)

There were no criticisms in this survey.

5. Third Party Paid & Median (Apollo)

The median payment period without subrogation claims included was 23 days. The median payment period with subrogation claims included was 59 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	31	34.44%
31-60	14	15.56%
61-90	10	11.11%
91-180	16	17.78%
181-365	11	12.22%
<u>Over 365</u>	<u>8</u>	<u>8.89%</u>
Total	90	100.00%

One (1) third party paid claim (1.11% of 90 files reviewed) failed to pay the full amount of advanced charges for storage and towing as required by 50 Ill. Adm. Code 919.80(d)(3) resulting in an underpayment of \$320.00.

Twelve third party paid claims (13.33% of 90 files reviewed) failed to effectuate a fair and equitable settlement as mandated by 215 ILCS 5/154.6(d). The Company repeatedly paid 70% for "sudden stop or proper lookout" when the insured rear ended the claimant who was stopped or parked or the insured merged into the claimant. The reasoning used was that "ice or weather was the proximate cause" or "the claimant failed to maintain proper lookout". \$4,868.13 in underpayments resulted. The Company reimbursed one (1) claim in the amount of \$313.96 during the examination. A general trend criticism was issued.

5. Third Party Paid & Median (Delphi)

The median payment period without subrogation claims included was 41 days. The median payment period with subrogation claims included was 51 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	15	30.00%
31-60	14	28.00%
61-90	6	12.00%
91-180	10	20.00%
181-365	5	10.00%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	50	100.00%

Twelve third party paid claims (24.00% of the 50 files reviewed) failed to effectuate a fair and equitable settlement as mandated by 215 ILCS

5/154.6(d). The Company repeatedly paid 70% for "sudden stop or proper lookout" when the insured rear ended the claimant who was stopped or parked or the insured merged into the claimant. The reasoning used was that "ice or weather was the proximate cause" or the "claimant failed to maintain proper lookout". \$5,136.72 in underpayments resulted. The Company reimbursed one (1) claimant in the amount of \$211.12 during the examination. A general trend criticism was issued.

6. Third Party Closed without Payment (Apollo)

Two (2) third party closed without payment claims (2.66% of the 75 files reviewed) failed to attempt to effectuate a prompt, fair and equitable settlement where liability was reasonably clear. The company denied claims based on weather conditions, ice and snow, in violation of 215 ILCS 5/154.6(d) resulting in underpayments to be determined.

7. Third Party Closed without Payment (Delphi)

Two (2) third party closed without payment claims (2.50% of the 80 files reviewed) failed to attempt to effectuate a prompt, fair and equitable settlement where liability was reasonably clear. The company denied claims based on weather conditions, ice and snow, in violation of 215 ILCS 5/154.6(d) resulting in one (1) underpayment of \$1,733.82 and one (1) underpayment to be determined.

Three (3) third party closed without payment claims (3.75% of the 80 files reviewed) failed to provide the claimant with a reasonable explanation for denial when the claim was denied as mandated by 50 Ill. Adm. Code 919.50(a)(2).

Three (3) third party closed without payment claims (3.75% of 80 files reviewed) failed to conduct a prompt investigation and settlement of the claim. No contact was attempted with the claimant in violation of 215 ILCS 5/154.6(c).

8. Automobile Subrogation (Apollo)

One (1) subrogation claim (2.22% of 45 files reviewed) failed to pay the full amount of advanced charges for storage and towing as required by 50 Ill. Adm. Code 919.80(d)(3) resulting in an underpayment of \$55.00. The tow and storage bill submitted for reimbursement equaled \$255.00. The Company only reimbursed \$200.00.

9. Automobile Subrogation (Delphi)

There were no criticisms in this survey.

10. Total Losses (Apollo)

The median payment period was 36 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	30	37.50%
31-60	37	46.25%
61-90	8	10.00%
91-180	5	6.25%
181-365	0	0.00%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	80	100.00%

Fourteen total loss paid claims (17.50% of the 80 files reviewed) failed to pay the full amount of advanced charges for storage and towing as required by 50 Ill. Adm. Code 919.80d3 resulting in an underpayments exceeding \$4,389.00. The Company reimbursed \$3,020.00 to the claimants during the examination. A general trend criticism was issued.

One (1) total loss paid claim (1.25% of 80 files reviewed) failed to pay the insured for reimbursement of the advance charges paid after a compromise payment was offered and therefore, violated 215 ILCS 5/154.6(d). The advance charges reimbursement requested was \$800.00. The compromise amount was \$250.00. A reimbursement was processed during the examination based on the insured paying \$300.00 cash without a receipt in a compromise amount of \$250.00.

One (1) total loss paid claim (1.25% of 80 files reviewed) failed to pay the correct tax, title and transfer fees as mandated by 50 Ill. Adm. Code 919.80(c)(3)(A)(i), resulting in an underpayment of \$422.20. The Company has made reimbursement to the insured during the examination.

11. Total Losses (Delphi)

The median payment period was 43 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	24	34.78%
31-60	22	31.88%
61-90	15	21.74%
91-180	7	10.14%
181-365	1	1.45%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	69	100.00%

Two (2) total loss claim files (2.89% of 69 files reviewed) failed to provide the insured with a reasonable explanation for delay as required by 50 Ill. Adm. Code 919.80(b)(2).

Four (4) total loss claim files (5.79% of 69 files reviewed) failed to pay the insured for reimbursement of the advance charges paid after a compromise payment was offered and therefore, violated 215 ILCS 5/154.6(d) resulting in underpayments totaling \$1,804.00. Reimbursements totaling \$979.00 were processed during the examination.

Nine (9) total loss claim files (13.04% of 69 files reviewed) failed to pay the full amount of advanced charges for storage and towing as required by 50 Ill. Adm. Code 919.80(d)(3) resulting in an underpayments totaling \$2,170.00. A general trend criticism was issued. Reimbursements totaling \$780.00 were processed during the examination.

D. Department Complaints & Producer Terminations

1. Department Complaints (Apollo)

There were no criticisms in this survey.

2. Department Complaints (Delphi)

There were no criticisms in this survey.

3. Producer Terminations (Apollo)

There were no criticisms in this survey.

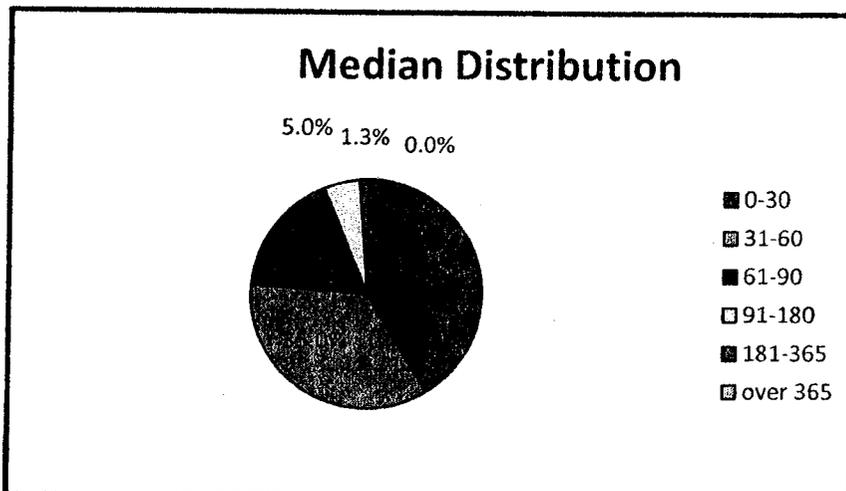
4. Producer Terminations (Delphi)

There were no criticisms in this survey.

V. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN (APOLLO)

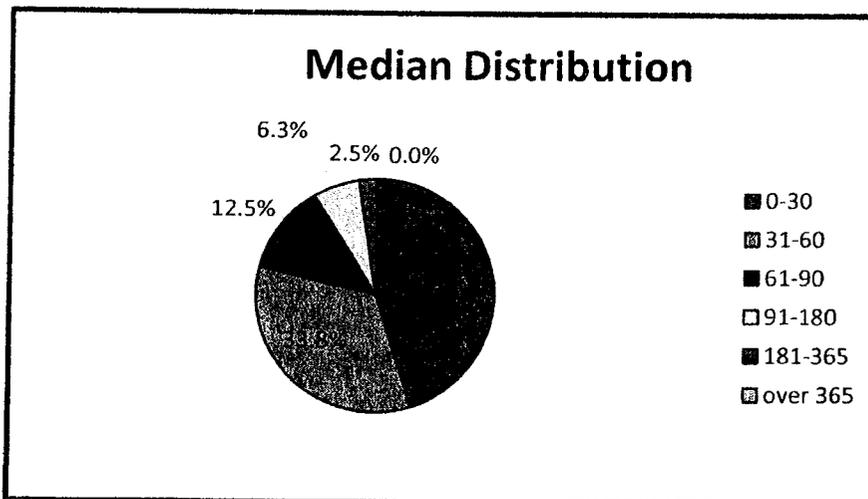
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	33	41.25%
31-60	28	35.00%
61-90	14	17.50%
91-180	4	5.00%
181-365	1	1.25%
over 365	0	0.00%
Total	80	100.00%



V. TECHNICAL APPENDICES continued:

FIRST PARTY PAID & MEDIAN (DELPHI)

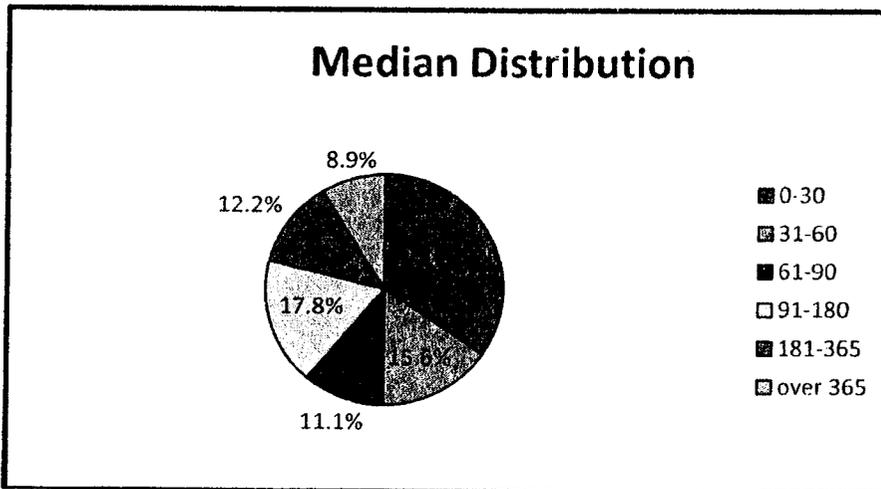
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	36	45.00%
31-60	27	33.75%
61-90	10	12.50%
91-180	5	6.25%
181-365	2	2.50%
over 365	0	0.00%
Total	80	100.00%



V. TECHNICAL APPENDICES continued:

THIRD PARTY PAID & MEDIAN (APOLLO)

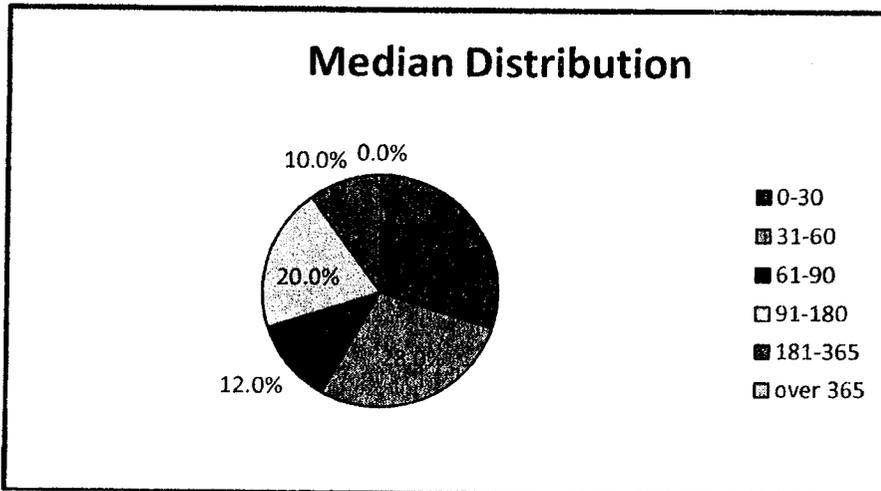
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	31	34.44%
31-60	14	15.56%
61-90	10	11.11%
91-180	16	17.78%
181-365	11	12.22%
over 365	8	8.89%
Total	90	100.00%



V. TECHNICAL APPENDICES continued:

THIRD PARTY PAID & MEDIAN (DELPHI)

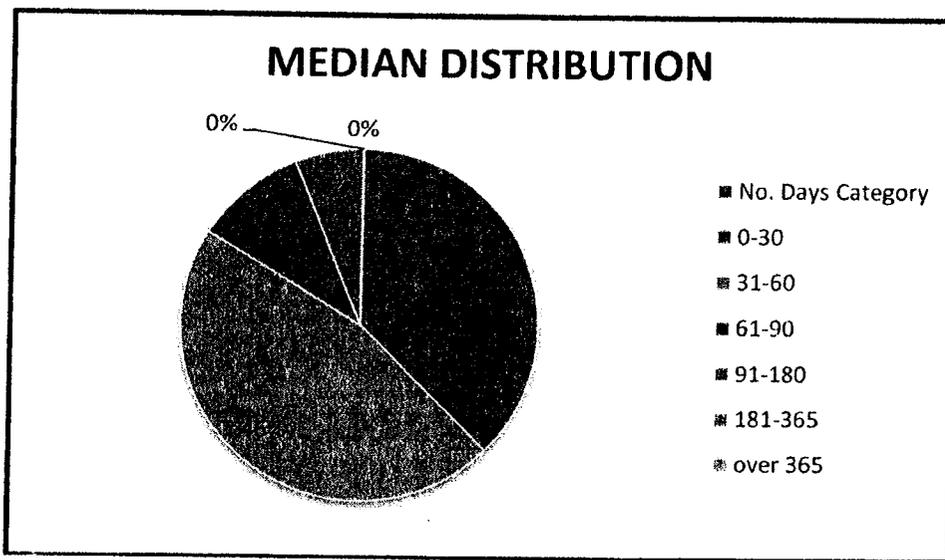
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	15	30.00%
31-60	14	28.00%
61-90	6	12.00%
91-180	10	20.00%
181-365	5	10.00%
over 365	0	0.00%
Total	50	100.00%



V. TECHNICAL APPENDICES continued:

TOTAL LOSSES (APOLLO)

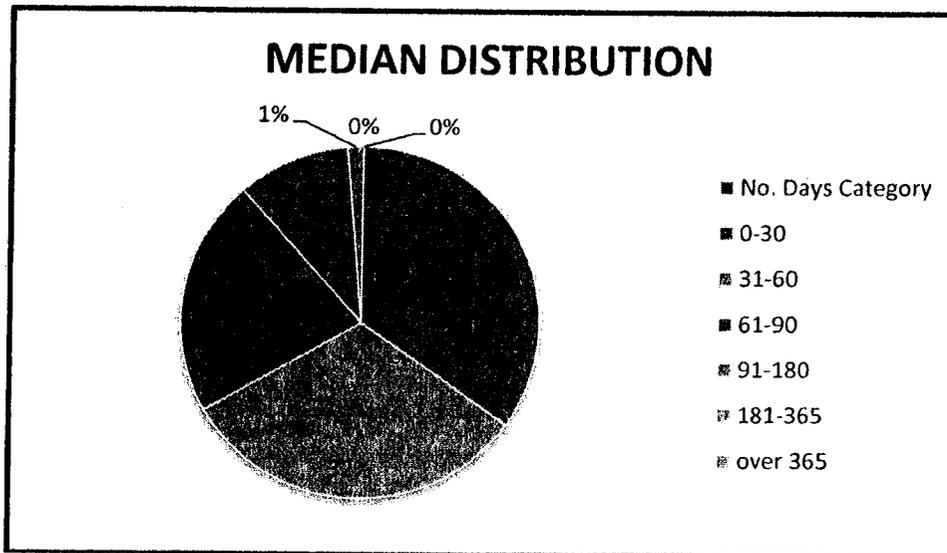
MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	30	37.50%
31-60	37	46.25%
61-90	8	10.00%
91-180	5	6.25%
181-365	0	0.00%
over 365	0	0.00%
Total	80	100.00%



V. TECHNICAL APPENDICES continued:

TOTAL LOSSES (DELPHI)

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	24	34.78%
31-60	22	31.88%
61-90	15	21.74%
91-180	7	10.14%
181-365	1	1.45%
over 365	0	0.00%
Total	69	100.00%



V. TECHNICAL APPENDICES continued:

CLAIM UNDERPAYMENTS AND REIMBURSEMENTS

<u>#</u>	<u>CLAIM #</u>	<u>INSR'D / CLAMANTS NAME</u>	<u>AMOUNT UNDER PAID</u>	<u>AMOUNT PAID</u>	<u>AMOUNT OWED</u>
APOLLO THIRD PARTY CWP					
Criticism #8, 215 ILCS 5/154.6(d)					
1	██████████	unknown	unknown	\$0.00	unknown
Criticism #9, 215 ILCS 5/154.6(d)					
1	██████████		unknown	\$0.00	unknown
DELPHI THIRD PARTY CWP					
Criticism #11, 215 ILCS 5/154.6(d)					
1	██████████		\$1,733.82	\$0.00	\$1,733.82
2	██████████		unknown	\$0.00	unknown
APOLLO SUBROGATION					
Criticism #14, 919.80(d)(3)					
1	██████████		\$55.00	\$0.00	\$55.00
APOLLO FIRST PARTY PAID					
Criticism #15, 919.80(d)(3)					
1	██████████		\$355.00	\$0.00	\$355.00
2	██████████		\$210.00	\$210.00	\$0.00
3	██████████		\$305.00	\$0.00	\$305.00
4	██████████		\$455.00	\$455.00	\$0.00
DELPHI FIRST PARTY PAID					
Criticism #16, 919.80d3					
1	██████████		\$500.00	\$0.00	\$500.00
APOLLO THIRD PARTY PAID					
Criticism #18, 215 ILCS 5/154.6(d)					
1	██████████		\$895.79	\$0.00	\$895.79
2	██████████		\$78.83	\$0.00	\$78.83
3	██████████		\$289.55	\$0.00	\$289.55
4	██████████		\$313.96	\$313.96	\$0.00
5	██████████		\$146.38	\$0.00	\$146.38
6	██████████		\$74.34	\$0.00	\$74.34
7	██████████		\$414.91	\$0.00	\$414.91
8	██████████		\$488.72	\$0.00	\$488.72

9	[REDACTED]		\$962.04	\$0.00	\$962.04
10	[REDACTED]		\$139.80	\$0.00	\$139.80
11	[REDACTED]		\$92.22	\$0.00	\$92.22
12	[REDACTED]		\$651.59	\$0.00	\$651.59
Criticism #17, 919.80d3					
1	[REDACTED]		\$320.00	\$0.00	\$320.00
DELPHI THIRD PARTY PAID					
Criticism #19, 215 ILCS 5/154.6(d)					
1	[REDACTED]		\$89.32	\$0.00	\$89.32
2	[REDACTED]		\$102.66	\$0.00	\$102.66
3	[REDACTED]		\$54.31	\$0.00	\$54.31
4	[REDACTED]		\$477.14	\$0.00	\$477.14
5	[REDACTED]		\$345.01	\$0.00	\$345.01
6	[REDACTED]		\$1056.00	\$0.00	\$1056.00
7	[REDACTED]		\$78.14	\$0.00	\$78.14
8	[REDACTED]		\$1188.38	\$0.00	\$1188.38
9	[REDACTED]		\$223.93	\$0.00	\$223.93
10	[REDACTED]		\$211.12	\$211.12	\$0.00
11	[REDACTED]		\$149.34	\$0.00	\$149.34
12	[REDACTED]		\$1161.37	\$0.00	\$1161.37
APOLLO TOTAL LOSSES					
Criticism #22, 919.80(c)(3)(A)(i)					
1	[REDACTED]		\$422.20	\$422.20	\$0.00
Criticism #21, 215 ILCS 5/154.6(d)					
1	[REDACTED]		\$300.00	\$250.00	\$0.00
Criticism #20, 919.80(d)(3)					
1	[REDACTED]		\$365.00	\$365.00	\$0.00
2	[REDACTED]		\$385.00	\$385.00	\$0.00
3	[REDACTED]		\$440.00	\$440.00	\$0.00
4	[REDACTED]		\$375.00	\$385.00	\$0.00
5	[REDACTED]		\$270.00	\$270.00	\$0.00
6	[REDACTED]		undetermined	\$0.00	undetermined
7	[REDACTED]		\$469.00	\$0.00	\$469.00
8	[REDACTED]		\$135.00	\$135.00	\$0.00
9	[REDACTED]		\$295.00	\$295.00	\$0.00
10	[REDACTED]		\$460.00	\$460.00	\$0.00
11	[REDACTED]		\$295.00	\$295.00	\$0.00
12	[REDACTED]		\$295.00	\$0.00	\$295.00
13	[REDACTED]		\$350.00	\$0.00	\$350.00

14	[REDACTED]		\$260.00	\$0.00	\$260.00
DELPHI TOTAL LOSSES					
Criticism #26, 919.80(d)(3)					
1	[REDACTED]		\$200.00	\$200.00	\$0.00
2	[REDACTED]		\$205.00	\$205.00	\$0.00
3	[REDACTED]		\$150.00	\$0.00	\$150.00
4	[REDACTED]		\$225.00	\$225.00	\$0.00
5	[REDACTED]		\$115.00	\$0.00	\$115.00
6	[REDACTED]		\$295.00	\$0.00	\$295.00
7	[REDACTED]		\$260.00	\$0.00	\$260.00
8	[REDACTED]		\$385.00	\$0.00	\$385.00
9	[REDACTED]		\$150.00	\$150.00	\$0.00
Criticism #25, 215 ILCS 5/154.6(d)					
1	[REDACTED]		\$500.00	\$0.00	\$500.00
2	[REDACTED]		\$500.00	\$175.00	\$325.00
3	[REDACTED]		\$360.00	\$360.00	\$0.00
4	[REDACTED]		\$444.00	\$444.00	\$0.00

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF

Apollo Casualty Company
Delphi Casualty Company
1001 E. Touhy, Suite 200
Des Plaines, IL 60018

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, Apollo Casualty Company and Delphi Casualty Company (Companies) are authorized under the insurance laws of this State and by the Director as domestic stock companies, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Companies was conducted by duly qualified examiners of the Department pursuant to Sections 5/131.21, 132, 401, 402 and 425 of the Illinois Insurance code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the Department 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 Companies were 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 Companies or 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 Companies.

WHEREAS, the Companies are aware of and understand 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 Companies understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Companies 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 the Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Companies and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Companies were not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That the Director and the Companies consent to this Order requiring the Companies 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 all commercial cancellation and commercial nonrenewal notices are accompanied by the loss information as mandated by 215 ILCS 5/143.10(a).
2. Institute and maintain procedures whereby all advanced charges related to the collision are paid unless the charges are a result of the insured or claimants actions as required by 50 Ill. Adm. Code 919.80(d)(3).
3. Discontinue the practice of deducting 30% from the settlement amounts using "ice", "snow" or "proper lookout" as the proximate cause. Such practices are not a good faith attempt to effectuate prompt, fair and equitable settlement of claims in which liability has become reasonably clear as required by 215 ILCS 154.6(d).
4. Reopen the files related to Order #2 above, contact the insureds and claimants and reimburse the underpayments totaling \$4,739.00. Maintain proof of contact and reimbursement and furnish this proof to the Director of Insurance, State of Illinois on completion.
5. Reopen the files related to Order #3 above, contact the insureds and claimants and reimburse the underpayments totaling \$11,768.59. Maintain proof of contact and reimbursement and furnish this proof to the Director of Insurance, State of Illinois on completion.
6. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above five (5) Orders within 30 days of receipt of these Orders.
7. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of thirty-five thousand and no/100 dollars (\$35,000.00) shall be paid within thirty (30) days of the date of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate action, including but not limited to levying additional fines and forfeitures, should the Companies violate any provision of the Illinois Insurance Code, any regulation promulgated there under, or any provision of this Stipulation and Consent Order.

Apollo Casualty Company Delphi Casualty Company

Bruce A. ...
Signature

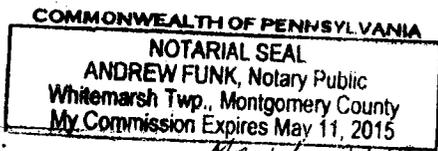
Bruce Anderson
Name

President
Title

Subscribed and sworn to before me this

30th day of April A. D. 2013.

[Signature]
Notary Public



Date: May 1, 2013

DEPARTMENT OF INSURANCE of the
State of Illinois;

Andrew Boron
Andrew Boron
Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

May 14, 2013

Mr. Bruce Arneson
President
American Independent Companies Inc.
Apollo/Delphi
P.O. Box 3000
Plymouth Meeting, PA 19462

RE: Apollo Casualty Company/Delphi Casualty Company
Market Conduct Examinations

Dear Mr. Arneson:

The Department has received the \$35,000 check in payment of the civil forfeiture set forth in Order # 7 as well as proofs of compliance with Order # 1 through Order # 6 in the Stipulation and Consent Order. Your prior correspondence contained proof of compliance with Orders #1-6. These proofs of compliance have been reviewed and are satisfactory.

Accordingly, this 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 there are questions or comments, I may be reached at 312-814-5398.

Sincerely,

A handwritten signature in cursive script that reads "Louis Butler".

Louis Butler
Deputy General Counsel