



# Illinois Department of Insurance

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PAT QUINN  
Governor

ANDREW BORON  
Director

VIA USPS CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

August 19, 2014

Matthew Dutkanych  
President  
Unique Insurance Company  
4245 North Knox  
Chicago, IL 60641

Re: *Unique Insurance Company-NAIC # 10655*  
*Market Conduct Examination Report Closing letter*

Dear Mr. Dutkanych:

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 "Miryam Ramirez".

Miryam Ramirez  
Acting Deputy Director  
Consumer Outreach and Protection  
Illinois Department of Insurance  
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Unique Insurance Company

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: April 1, 2013 through September 13, 2013 and January 2, 2014 through January 31, 2014

EXAMINATION OF: Unique Insurance Company  
(P & C Domestic) NAIC #10655

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

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## I. SUMMARY

1. The Company was criticized under 215 ILCS 5/141.02(3) for failing to provide 180 days advance notice of termination of its contract with independent insurance agents.

A Class Trend Criticism was issued in the producer termination survey.

2. The Company was criticized under 215 ILCS 5/143.17 for failing to provide a 30 day advance notice of non-renewal of private passenger auto policies.

A General Trend Criticism was issued in the private passenger automobile non-renewal survey.

3. The Company was criticized under 215 ILCS 5/143.16 for failing to provide a 30 day advance notice of cancellation of commercial auto policies during the first 60 days of coverage.

A General Trend Criticism was issued in the commercial auto cancellation survey.

4. The Company was criticized under 215 ILCS 5/143.10a for failing to provide the previous 3 year loss information to the insured with the cancellation.

A General Trend Criticism was issued in the commercial auto cancellation survey.

5. The Company was criticized under 215 ILCS 5/143.17a for failing to provide a 60 day advance notice of non-renewal of commercial auto policies.

A Class Trend Criticism was issued in the commercial auto non-renewal survey.

6. The Company was criticized under 215 ILCS 5/154.6(d) for not attempting in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear resulting in underpayments in excess of \$1,416.66.

General Trend Criticisms were issued in the first party paid and total loss surveys.

7. The Company was criticized under 50 Ill. Adm. Code 919.80(d)(3) for making advance charges deductions for stowing and towing charges which did not result from the insured's own actions. These deductions totaled \$6,577.91.

General Trend Criticisms were issued in the first party paid and total loss surveys and an individual criticism was issued in the subrogation survey.

8. The Company was criticized for including the word "final" on the settlement check in violation of 50 Ill. Adm. Code 919.60(a).

A General Trend Criticism was issued in the first party paid survey.

9. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to provide the insureds with a reasonable written explanation for the delay when the claim remained unresolved for more than 40 days from the date of notification of the loss to the date of final payment or rendering of the repaired vehicle.

General Trend Criticisms were issued in the first party paid, first party closed without payment and total loss surveys.

10. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(2) for failing to maintain a median below 40 days from the date of notification of the first party automobile collision loss to the date of final payment or rendering of the repaired vehicle. The median calculation was 66 days.

Class Trend Criticisms were issued in the first party paid and total loss surveys.

11. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(3) for failing to provide automobile property damage liability claimants with a reasonable written explanation for the delay when the claim remained unresolved in excess of 60 days from the date of notification of the loss to the date of final payment or rendering of the repaired vehicle.

A General Trend Criticism was issued in the third party paid survey.

12. The Company was criticized under 215 ILCS 5/154.6(d) for failing to make prompt settlement on an arbitration award entered pursuant to 215 ILCS 5/143.24(d).

13. The Company was criticized under 50 Ill. Adm. Code 919.80(b)(3) for failing to maintain a median below 60 days from the date of notification of the third party liability loss to the date of final payment or rendering of the repaired vehicle. The median calculation was 105 days with subrogation files included and 69 days with subrogation files removed.

A Class Trend Criticism was issued in the third party paid survey.

14. The Company was criticized under 215 ILCS 5/154.6(b) for failing to acknowledge with reasonable promptness pertinent communications with respect to claims arising under its policies.

A General Trend Criticism was issued in the third party closed without payment survey.

15. The Company was criticized under 215 ILCS 5/154.6(g) for engaging in activity which results in a disproportionate number of lawsuits to be filed against the insurer or its insureds by claimants.

A Class Trend Criticism was issued.

16. The Company was criticized under 215 ILCS 5/154.6(f) for engaging in activity which results in a disproportionate number of meritorious complaints against the insurer received by the Insurance Department.

A Class Trend Criticism was issued.

17. The Company made reimbursements of \$16,551.59 in underpayments found during the examination. However, it disagreed with and did not reimburse \$7,989.67 in underpayments found during the examination. Those underpayments are shown in Exhibit A – Underpayments found but not reimbursed during the Examination.

## II. BACKGROUND:

### Unique Insurance Company

The Company was incorporated on March 21, 1996, under the laws of the State of Illinois and commenced business on April 4, 1996. The Company provides nonstandard private passenger automobile liability and physical damage insurance to policyholders in Illinois. The Company also provides insurance in the states of Indiana and Mississippi.

Company's 2012 NAIC Annual Statement Page 19 (Illinois) reflects the following: NAIC #10655

	Line	Direct premium written	Direct premium earned	Direct losses paid	Direct losses incurred
19.2	Private passenger auto liability	\$17,688,389	\$17,405,455	\$7,320,828	\$7,914,902
19.4	Other commercial auto liability	\$1,499,719	\$1,323,434	\$383,156	\$823,051
21.1	Private passenger auto physical damage	\$13,379,834	\$13,007,474	\$5,259,831	\$5,598,113
21.2	Commercial auto physical damage	\$226,394	\$176,346	\$64,880	\$-172
35	Total	\$32,794,336	\$31,912,710	\$13,028,695	\$14,335,894

Prior market conduct examinations were conducted with respect to the periods July 1, 2007 to June 30, 2008 and January 1, 2001 to December 31, 2001.

### 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 underwriting of new applicants for coverage with Unique 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, 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	195	195	100.00%
Producer Terminations	2	2	100.00%
Risk Selection:			
Private Passenger Auto Cancellations	12097	81	.67%
Private Passenger Auto Nonrenewals	556	110	19.78%
Commercial Auto Cancellations	350	88	25.14%
Commercial Auto Nonrenewals	5	5	100.00%
Underwriting:			
Automobile New Business	52931	50	.09%
Commercial Renewals	458	51	11.13%
Claims:			
First Party Paid & Median Claims	2086	50	2.39%
First Party Closed without Payment Claims	2142	60	2.80%
Third Party Paid & Median Claims	1977	51	2.52%
Third Party Paid & Median Claims 2	1977	116	5.86%
Third Party Closed without Payment Claims	2852	60	2.10%
Third Party Closed without Payment Claims 2	2852	96	3.36%
Subrogation Claims	1175	50	4.25%
Total Losses Claims	483	50	10.35%

V. FINDINGS:

A. Complaints and Producer Terminations

1. Complaints

In two (2) department complaint files (1.04% of the 195 files reviewed) the Company failed to maintain full records on the complaint as mandated by 50 Ill. Adm. Code 926.50.

In two (2) department complaint files (1.04% of the 195 files reviewed) the Company failed to respond to the department within 21 days as required by 215 ILCS 5/143d.

In four (4) department complaint files (2.05% of the 195 files reviewed) the Company made advance charge deductions in violation of 50 Ill. Adm. Code 919.80(d)(3) resulting in underpayments totaling \$815.00. The Company paid the first two claims totaling \$480 but did not pay the last two totaling \$335.

Claim Number	Department Complaint Number	Criticism
		advance charges amounting to \$230.00 deducted from settlement when not allowed and no fault of the insured
		advance charges amounting to \$250.00 deducted from settlement when not allowed and no fault of the insured
		advance charges amounting to \$200.00 deducted from settlement when not allowed and no fault of the insured
		advance charges amounting to \$135.00 deducted from settlement when not allowed and no fault of the insured

In nine (9) department complaint files (4.61% of the 195 files reviewed) the Company was criticized for not attempting in good faith to effectuate prompt, fair and equitable settlements as required by 215 ILCS 5/154.6(d) resulting in underpayments totaling \$270.00. Refunds were processed and mailed during the examination.

Claim Number	Report Date	Criticism	Amount Under - paid
		deducted more than the prior damage estimate	\$100.00

		indicated	
		claimant release was received on 7/18/12 but payment no made for 54 days	n/a
		an arbitration decision was received on 9/4/12, payment made 49 days later	n/a
		all tow charges were deducted from the settlement, company neglected to pay the normal towing rate	\$125.00
		claimant release was received on 11/28/12 but payment no made for 47 days	n/a
		subrogation information for second claimant received from adverse carrier and claimant, company continued to say didn't have and requested again, payment not made for 49 days	n/a
		proof of loss dated 8/12/12, payment not made to insured until 10/16/12, day 65	n/a
		payment on judgment delayed for 64 days	n/a
		failed to reimburse the full amount for rental charges	\$45.00

## 2. Producer Terminations

In two (2) producer termination files (100.00% of the 2 files reviewed) the Company failed to provide the required 180 day advance notice of termination as required by 215 ILCS 5/141.02(3). A Class Trend Criticism was issued.

Agency Name	Contract Number	Date notice mailed	Termination Date	Number of days
	41100	10/08/12	10/08/12	0
	35100	10/16/12	10/16/12	0

B. Risk Selections:

1. Automobile Cancellations

In three (3) private passenger auto cancellation files (3.70% of the 81 files reviewed) the Company had failed to provide a 10 day advance notice of cancellation for non-payment of premiums as required by 215 ILCS 5/143.15.

Policy Number	Effective Date	Mail Date	Cancellation Date	Number of Days
	09/27/11	01/31/12	02/09/12	9
	05/05/12	05/29/12	06/07/12	8
	01/08/12	01/31/12	02/09/12	9

2. Automobile Nonrenewals

In five (5) private passenger auto nonrenewals (4.55% of the 110 files) the Company was criticized for nonrenewal based on the grounds that the Company's contract with the agent through whom such policy was obtained had been terminated in violation of 215 ILCS 5/141.01.

Non-Renewal Policy Number	Reason Provided
	termination of Agent's contract

In nineteen private passenger auto nonrenewals (18.18% of the 110 files reviewed) the Company failed to provide a 30 day advance notice of nonrenewal as required by 215 ILCS 5/143.17. A General Trend Criticism was issued.

Policy Number	Effective Date	Mail Date	Nonrenewal Date	Number of Days
	06/17/07	05/24/12	06/20/12	27
	10/18/05	None	11/16/12	0
	04/10/09	03/14/12	04/12/12	29
	11/26/10	04/27/12	05/26/12	29
	01/12/11	12/15/11	01/12/12	28
	01/27/11	12/29/11	01/27/12	29
	02/28/11	01/30/12	02/28/12	29
	03/01/11	02/01/12	03/01/12	29
	04/04/11	03/07/12	04/05/12	29
	06/12/11	05/06/12	06/12/12	27

07/19/11	06/20/12	07/19/12	29
06/19/11	05/24/12	06/19/12	26
08/28/11	01/30/12	02/28/12	29
10/06/11	03/08/12	04/06/12	29
10/15/11	09/19/12	10/15/12	26
11/24/10	05/24/12	06/20/12	27
05/06/10	10/29/12	11/05/12	7
12/20/11	05/24/12	06/20/12	27
01/14/12	06/20/12	07/14/12	24

### 3. Commercial Cancellations

In seventeen commercial auto cancellation files (19.31% of the 88 files reviewed), cancellation notices were sent during the first 60 days of coverage. However, the Company failed to provide a 30 day advance notice of cancellation as required by 215 ILCS 5/143.16. A General Trend Criticism was issued.

Policy Number	Effective Date	Mail Date	Nonrenewal Date	Number of Days
	01/04/12	01/10/12	02/06/12	27
	01/13/12	01/17/12	02/13/12	27
	01/29/12	02/01/12	02/28/12	27
	02/04/12	02/16/12	03/15/12	28
	02/08/12	02/09/12	03/08/12	28
	02/09/12	02/09/12	03/08/12	28
	02/08/12	02/09/12	03/08/12	28
	02/12/12	02/14/12	03/13/12	28
	02/21/12	02/23/12	03/21/12	27
	02/21/12	02/23/12	03/21/12	27
	02/21/12	02/23/12	03/21/12	27
	02/07/12	02/28/12	03/27/12	28
	03/14/12	03/19/12	04/14/12	26
	03/25/12	03/22/12	04/20/12	29
	03/09/12	04/10/12	05/06/12	26
	04/17/12	04/19/12	05/18/12	27
	04/18/12	04/19/12	05/18/12	29

In fifty-one commercial auto cancellation files (57.95% of the 88 files reviewed) the Company failed to provide the previous 3 year loss information to the insured with the cancellation notice as required by 215 ILCS 5/143.10a. A General Trend Criticism was issued.

4. Commercial Nonrenewals

In four (4) commercial auto nonrenewal files (80.00% of the 5 files reviewed) the Company had failed to provide 60 day advance notice of nonrenewal as required by 215 ILCS 5/143.17a. A Class Trend Criticism was issued.

Policy Number	Effective Date	Mail Date	Nonrenewal Date	Number of Days
	12/29/09	11/26/12	12/29/12	33
	11/20/11	10/08/12	11/20/12	43
	09/10/11	08/09/12	09/10/12	32
	09/07/11	08/14/12	09/11/12	28

C. Underwriting:

1. Automobile New Business

There were no trends or areas of concern

2. Commercial Renewals

There were no trends or areas of concern

D. Claims

I. First Party Paid & Median

The median payment period was 66 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	16	32.00%
31-60	7	14.00%
61-90	15	30.00%
91-180	9	18.00%
181-365	3	6.00%
<u>Over 365</u>	0	<u>0.00%</u>
Total	100	100.00%

In five (5) first party paid claims (10.00% of the 50 files reviewed) the Company was criticized for not attempting 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) resulting in underpayments totaling \$551.66. A General Trend Criticism was issued. Reimbursements were processed and mailed to the insureds during the examination.

Claim Number	Report Date	Date Paid	Criticism	Amount Under - paid
	12/15/11	02/03/12	estimate approved by company was \$2152.00, only \$2049.00 was paid	\$103.00
	12/23/11	02/10/12	notes indicate estimate approved on 1/3/12 but adjuster informed insured on 1/11/12 the he/she was still awaiting approval, over 30 days until paid to body shop	\$0.00
	06/18/12	08/28/12	estimate received on 6/20/12 and approved on 6/21/12 but no check was issued until 7/24/12 to the body shop	\$0.00
	06/19/12	07/05/12	an estimate received for a supplemental payment on 7/25/12 was never paid to body shop	\$168.66
	11/26/12	01/30/13	bill for \$280.00 for towing was never paid	\$280.00

In six (6) first party paid claims (12.00% of the 50 files reviewed) the Company made advance charge deductions in violation of 50 Ill. Adm. Code 919.80(d)(3) resulting in underpayments totaling \$1,631.25. A General Trend Criticism was issued. Reimbursements were processed and mailed to the insureds during the examination.

Claim Number	Date Reported	Date Paid	Criticism
	11/18/11	04/17/12	advance charges amounting to \$283.25 deducted from settlement when not allowed and no fault of the insured
	12/29/11	01/27/12	advance charges amounting to \$175.00 deducted from settlement when not allowed and no fault of the insured
	06/19/12	07/05/12	advance charges amounting to \$100.00 deducted from settlement when not allowed and no fault of the insured
	08/13/12	10/19/12	advance charges amounting to

			\$610.00 deducted from settlement when not allowed and no fault of the insured
	10/04/12	11/26/12	advance charges amounting to \$123.00 deducted from settlement when not allowed and no fault of the insured
	10/04/12	12/13/12	advance charges amounting to \$340.00 deducted from settlement when not allowed and no fault of the insured

In seven (7) first party paid claims (14.00% of the 50 files reviewed) the Company was criticized for including the words "final" on the settlement check to the insured in violation of 50 Ill. Adm. Code 919.60(a) which prohibits the use of the terms "final" or "full release" in connection with the claim payment unless 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.

In twenty-four first party paid claims (48.00% of the 50 files reviewed) the Company was criticized for failure to provide the insureds with a reasonable written explanation for the delay when the claim remained unresolved for more than 40 days from the date of notification of the loss to the date of final payment or rendering of the repaired vehicle as required by 50 Ill. Adm. Code 919.80(b)(2). A General Trend Criticism was issued.

Claim Number	Date Reported	Date Paid	Criticism
	11/18/11	04/17/12	the claim remained unresolved for 151 days without a reasonable written explanation provided
	11/30/11	02/08/12	the claim remained unresolved for 70 days without a reasonable written explanation provided
	12/15/11	02/03/12	the claim remained unresolved for 49 days without a reasonable written explanation provided
	12/16/11	02/23/12	the claim remained unresolved for 69 days without a reasonable written explanation provided
	12/22/11	05/01/12	the claim remained unresolved for 131 days without a reasonable written explanation provided
	12/23/11	02/10/12	the claim remained unresolved for 49 days without a reasonable

		written explanation provided
01/06/12	04/12/12	the claim remained unresolved for 97 days without a reasonable written explanation provided
01/16/12	03/22/12	the claim remained unresolved for 66 days without a reasonable written explanation provided
03/01/12	09/24/12	the claim remained unresolved for 207 days without a reasonable written explanation provided
03/14/12	06/27/12	the claim remained unresolved for 104 days without a reasonable written explanation provided
06/04/12	08/09/12	the claim remained unresolved for 65 days without a reasonable written explanation provided
06/05/12	08/23/12	the claim remained unresolved for 78 days without a reasonable written explanation provided
06/18/12	08/28/12	the claim remained unresolved for 70 days without a reasonable written explanation provided
06/26/12	09/04/12	the claim remained unresolved for 70 days without a reasonable written explanation provided
08/13/12	10/19/12	the claim remained unresolved for 67 days without a reasonable written explanation provided
08/24/12	01/14/13	the claim remained unresolved for 143 days without a reasonable written explanation provided
08/27/12	10/18/12	the claim remained unresolved for 51 days without a reasonable written explanation provided
09/04/12	11/21/12	the claim remained unresolved for 78 days without a reasonable written explanation provided
09/20/12	11/20/12	the claim remained unresolved for 61 days without a reasonable written explanation provided
10/04/12	11/26/12	the claim remained unresolved for 53 days without a reasonable written explanation provided
10/04/12	12/10/12	the claim remained unresolved for 66 days without a reasonable written explanation provided

10/04/12	12/13/12	the claim remained unresolved for 69 days without a reasonable written explanation provided
10/15/12	01/14/13	the claim remained unresolved for 91 days without a reasonable written explanation provided
11/26/12	01/30/13	the claim remained unresolved for 64 days without a reasonable written explanation provided

The Company was criticized for failing to maintain a median below 40 days from the date of notification of the first party automobile collision loss 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 66 days. A Class Trend Criticism was issued.

2. First Party Closed without Payment

In five (5) first party closed without payment claims (8.33% of the 60 files reviewed but 13.79% of the files required the explanation) the Company was criticized for either failing 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 notification of the loss to the date of final payment or rendering of the repaired vehicle (2 files) or failing to provide the notice within 40 days as required by 50 Ill. Adm. Code 919.80(b)(2). A General Trend Criticism was issued.

Claim Number	Date Reported	Date Closed without Payment	Criticism
	02/13/12	06/14/12	the claim remained unresolved for 122 days without a reasonable written explanation provided
	02/27/12	08/31/12	reasonable written explanation provided on day 84
	03/02/12	04/25/12	the claim remained unresolved for 54 days without a reasonable written explanation provided
	06/27/12	12/10/12	reasonable written explanation provided on day 56
	09/26/12	12/14/12	reasonable written explanation provided on day 47

### 3. Third Party Paid & Median

The 2008 Examination Report found that the median payment period with subrogation files included was 208 days and without subrogation files included was 84 days. In 2005 and 2009 Unique Insurance Company entered into Stipulation and Consent Orders with the Director requiring that it institute and maintain procedures whereby the third party paid median is 60 days or less as required by 50 Ill. Adm. Code 919.80(b)(3).

The median payment period on this examination with subrogation files was 105 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	6	11.76%
31-60	7	13.73%
61-90	9	17.65%
91-180	13	25.49%
181-365	10	19.61%
<u>Over 365</u>	6	<u>11.76%</u>
Total	51	100.00%

The median payment period on this examination without subrogation files was 69 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	6	20.00%
31-60	7	23.33%
61-90	8	26.67%
91-180	8	26.67%
181-365	1	3.33%
<u>Over 365</u>	0	<u>0.00%</u>
Total	30	100.00%

In five (5) third party paid claims (9.80% of the 51 files reviewed) the Company was criticized for failure to provide the claimants with a reasonable written explanation for the delay when the claim remained unresolved in excess of 60 days from the date of notification of the loss to the date of final payment or rendering of the repaired vehicle as required by 50 Ill. Adm. Code 919.80(b)(3). A General Trend Criticism was issued.

Claim Number	Date Reported	Date Paid	Criticism
	12/12/11	03/22/12	the claim remained unresolved for 101 days, a reasonable written explanation was provided on day 91, payment made to body shop

	08/01/11	04/30/12	the claim remained unresolved for 245 days, a reasonable written explanation was provided on day 69, payments made to body shop
	02/14/12	06/06/12	the claim remained unresolved for 112 days without a reasonable written explanation provided, all payments made to body shop
	04/25/12	10/01/12	the claim remained unresolved for 159 days without a reasonable written explanation provided, the original offer was made on day 75 and accepted but not paid until day 89
	09/04/12	11/06/12	the claim remained unresolved for 63 days without a reasonable written explanation provided, release received on day 50

In one (1) third party paid claims (2.00% of the 51 files reviewed) the Company failed to provide the claimant with a fair, prompt and equitable settlement in violation of 215 ILCS 5/154.6(d) resulting in a \$77.91 underpayment. In four (4) other third party paid claims (9.80% of the 51 files reviewed) the Company failed to make a prompt settlement on an arbitration award issued pursuant to 215 ILCS 5/143.24d. A General Trend Criticism was issued. A reimbursement was processed and mailed during the examination.

Claim Number	Date Reported	Date Paid	Criticism	Amount Underpaid
	04/25/12	10/01/12	a shop supplement was never paid after receipt	\$77.91
	01/18/12	10/19/12	company failed to make a prompt payment for an arbitration award decision of 7/12/12, paid 94 days after decision received	\$0
	10/24/12	07/03/13	company failed to make a prompt payment for an arbitration award decision of 5/29/12, paid 35 days after decision received	\$0

10/22/12	07/15/13	company failed to make a prompt payment for an arbitration award decision of 6/5/13, paid 35 days after decision received	\$0
09/25/12	08/01/13	company failed to make a prompt payment for an arbitration award decision of 6/11/12, paid 51 days after decision received	\$0

The Company was criticized for failing to maintain a median below 60 days from the date of notification of the loss 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 105 days with subrogation files included and 69 days with subrogation files removed. A Class Trend Criticism was issued.

#### 4. Third Party Closed without Payment

In two (2) third party closed without payment claims (3.33% of the 60 files reviewed) the Company failed to provide the claimant with a reasonable written explanation for denial as required by 50 Ill. Adm. Code 919.50(a)(2).

Claim Number	Date Reported	Date Closed w/o Payment	Criticism
	12/29/11	02/02/12	no denial letter provided
	07/20/12	09/24/12	no denial letter provided

In three (3) third party closed without payment claims (5.00% of the 60 files reviewed) the company 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
	03/12/12	05/14/13	the claim remained unresolved for 428 days, a reasonable written explanation was provided on day 63
	03/29/12	06/04/12	the claim remained unresolved for 67 days, no reasonable written explanation was provided

	05/01/12	08/03/12	the claim remained unresolved for 94 days, a reasonable written explanation was provided on day 63
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5. Subrogation Claims

In one (1) subrogation claim (2.00% of the 50 files reviewed) the Company made advance charge deductions in violation of 919.80(d)(3) resulting in an underpayment of \$290.00. A reimbursement was processed and mailed to the insured during the examination.

Claim Number	Date Reported	Date Paid	Criticism
	10/27/11	06/29/12	advance charges amounting to \$290.00 deducted from settlement when not allowed and no fault of the insured

In two (2) subrogation files (4.00% of the 50 files reviewed) the Company failed to refund the correct pro rata amount of the deductible after recovery of the claim amount as required by 215 ILCS 5/143b resulting in underpayments of \$25.00. Reimbursements were processed and mailed to the insureds during the examination.

Claim Number	Amount Demanded	Recovered Amount	Deductible Amount	Deductible Refunded	Amount Under Paid
	\$6,055.52	\$5,628.01	\$500.00	\$450.00	\$15.00
	\$1,829.66	\$1,829.66	\$500.00	\$490.00	\$10.00

In three (3) subrogation claims (6.00% of the 50 files reviewed) the Company had included the words "final" on the insured settlement check in violation of 919.60(a).

6. Total Loss Claims

The median payment period was 77 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	4	8.00%
31-60	12	24.00%
61-90	13	26.00%
91-180	16	32.00%
181-365	5	10.00%
<u>Over 365</u>	0	<u>0.00%</u>
Total	50	100.00%

In one (1) total loss paid claim (2.00% of the 50 files reviewed) the Company failed to reimburse the correct amount of tax, title and transfer fees as mandated by 919.80(c)(3) resulting in an underpayment of \$468.75. A reimbursement was processed and mailed during the examination.

Claim Number	ACV Value + deductible	Tax Percent	Correct Reimbursement Required	Amount Paid as reimbursement
	\$9,800.00 of replacement vehicle purchase price of \$12,000.00	11.625%	\$1259.25	\$790.50

In two (2) total loss paid claims (4.00% of the 50 files reviewed) the Company deducted betterment from the settlement amounts without the deductions being itemized in the file or in excess of the maximum amount (\$500) allowed by 50 Ill. Adm. Code 919.80(d)(4) resulting in underpayments totaling \$1,404.23. Reimbursements were processed and mailed during the examination.

Claim Number	Report Date	Criticism	Amount Underpaid
	11/09/11	the company deducted \$1,404.23 from the settlement as condition, maximum allowed is \$500.00	\$904.23
	04/30/12	the \$500.00 was deducted from the settlement amount for condition was not itemized in the file	\$500.00

In three (3) total loss paid claim (6.00% of the 50 files reviewed) The Company failed to effectuate fair and equitable settlements as mandated by 215 ILCS 5/154.6(d) resulting in underpayments totaling \$865.00 on two claims and an undetermined amount on the third. Reimbursements were processed and mailed for the first two claims during the examination.

Claim Number	Report Date	Criticism	Amount Underpaid
	08/22/11	\$500.00 was added to the acv for a moon roof on the insured vehicle, acv went from \$8900 to \$9400, additional amount never	\$500.00

		paid	
	05/30/12	bill in file for tow charges paid by insured never reimbursed	\$365.00
	09/26/12	a portion of the \$515.00 advanced charges paid by the insured were never reimbursed based on code 919.80(d)(3)	Could not be determined, no receipt in the file showing advance charges paid by the insured

In twelve total loss paid claims (24.00% of the 50 files reviewed) the Company was criticized for failing to provide a reasonable written explanation of delay in payment to the insured, when the claim remained unresolved for more than 40 calendar days from the date of notification of the loss to the date of final payment as required by 50 Ill. Adm. Code 919.80(b)(2).

Claim Number	Date Reported	Date Paid	Criticism
	11/10/11	03/16/12	the claim remained unresolved for 127 days without a reasonable written explanation provided
	12/21/11	02/15/12	the claim remained unresolved for 56 days without a reasonable written explanation provided
	12/22/11	03/08/12	the claim remained unresolved for 77 days without a reasonable written explanation provided
	01/17/12	04/03/12	the claim remained unresolved for 77 days without a reasonable written explanation provided
	01/23/12	04/04/12	the claim remained unresolved for 72 days without a reasonable written explanation provided
	02/13/12	05/15/12	the claim remained unresolved for 92 days without a reasonable written explanation provided
	03/12/12	06/19/12	the claim remained unresolved for 99 days without a reasonable written explanation provided
	03/23/12	05/07/12	the claim remained unresolved for 45 days without a reasonable written explanation provided

05/14/12	07/05/12	the claim remained unresolved for 52 days without a reasonable written explanation provided
06/01/12	07/30/12	the claim remained unresolved for 59 days without a reasonable written explanation provided
06/13/12	12/12/12	the claim remained unresolved for 182 days without a reasonable written explanation provided
09/10/12	12/11/12	the claim remained unresolved for 92 days without a reasonable written explanation provided

In fifteen total loss paid claims (30.00% of the 50 files reviewed) the Company made advance charge deductions for towing and storage charges from the settlement amounts in violation of 50 Ill. Adm. Code 919.80(d)(3) resulting in underpayments totaling \$4,656.66. Reimbursements totaling \$2,851.66 were processed and mailed during the examination on the following nine claims:

Claim Number	Report Date	Criticism	Amount Underpaid
	11/10/11	no documentation was found in the file to justify the deduction for advanced charges	\$150.00
	11/14/11	no documentation was found in the file to justify the deduction of \$100.00 for advanced charges, insured paid \$430.00 for charges never reimbursed	\$530.00
	12/12/11	no documentation was found in the file to justify the deduction of \$50.00 for advanced charges, insured paid \$285.00 for charges never reimbursed	\$335.00
	12/22/11	no documentation was found in the file to justify the deduction of \$550.00 for advanced charges made only \$133.33 allowed	\$416.66
	01/06/12	no documentation was found in the file to justify the deduction for advanced charges	\$435.00
	01/23/12	no documentation was found in the file to justify the deduction for advanced charges	\$305.00
	01/23/12	no documentation was found in	\$275.00

		the file to justify the deduction for advanced charges, insured vehicle towed by state police	
	05/30/12	no documentation was found in the file to justify the deduction for advanced charges	\$50.00
	09/10/12	no documentation was found in the file to justify the deduction for advanced charges	\$355.00

The Company did not agree that the remaining \$1,805.00 in deductions taken on six claims were improper. This amount still should be reimbursed as noted in Exhibit A – Underpayments Found but Not Made during the Examination.

Claim Number	Report Date	Criticism	Amount Underpaid
	02/13/12	no documentation was found in the file to justify the deduction for advanced charges	\$180.00
	02/16/12	no documentation was found in the file to justify the deduction for advanced charges	\$220.00
	03/12/12	no documentation was found in the file to justify the deduction for advanced charges	\$195.00
	03/12/12	no documentation was found in the file to justify the deduction for advanced charges, insured paid unknown amount for charges	unknown amount
	06/01/12	no documentation was found in the file to justify the deduction for advanced charges	\$1,170.00
	09/26/12	no documentation was found in the file to justify the deduction for advanced charges	\$40.00

The Company was criticized for failing to maintain a median below 40 days from the date of notification of the loss to the date of final payment or rendering of the repaired vehicle as required by 50 Ill. Adm. Code 919.80(b)(2). The median calculation was 77 days. A Class Trend Criticism was issued.

The 2008 Examination Report found the median payment period was 70 days. In 2009 Unique Insurance Company entered into a Stipulation and Consent Order with the Director requiring that it institute and maintain procedures whereby the first party paid median is 40 days or less as required by 50 Ill. Adm. Code 919.80(b)(2).

VI. MEDIAN DISTRIBUTION:

FIRST PARTY PAID & MEDIAN

<b>MEDIAN DISTRIBUTION</b>		
No. Days Category	Number	Percent
0-30	16	32.00%
31-60	7	14.00%
61-90	15	30.00%
91-180	9	18.00%
181-365	3	6.00%
over 365	0	0.00%
Total	50	100.00%

THIRD PARTY PAID & MEDIAN with Subrogation

<b>MEDIAN DISTRIBUTION</b>		
No. Days Category	Number	Percent
0-30	6	11.76%
31-60	7	13.73%
61-90	9	17.65%
91-180	13	25.49%
181-365	10	19.61%
over 365	6	11.76%
Total	51	100.00%

VI. MEDIAN DISTRIBUTION continued:

THIRD PARTY PAID & MEDIAN without Subrogation

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	6	20.00%
31-60	7	23.33%
61-90	8	26.67%
91-180	8	26.67%
181-365	1	3.33%
over 365	0	0.00%
Total	30	100.00%

TOTAL LOSSES

MEDIAN DISTRIBUTION		
No. Days Category	Number	Percent
0-30	4	8.00%
31-60	12	24.00%
61-90	13	26.00%
91-180	16	32.00%
181-365	5	10.00%
over 365	0	0.00%
Total	50	100.00%

VI. MEDIAN DISTRIBUTION continued:

THIRD PARTY PAID & MEDIAN 2 with Subrogation

<b>MEDIAN DISTRIBUTION</b>		
No. Days Category	Number	Percent
0-30	13	11.21%
31-60	44	37.93%
61-90	23	19.83%
91-180	12	10.34%
181-365	15	12.93%
over 365	9	7.76%
Total	116	100.00%

THIRD PARTY PAID & MEDIAN 2 without Subrogation

<b>MEDIAN DISTRIBUTION</b>		
No. Days Category	Number	Percent
0-30	13	16.67%
31-60	40	51.28%
61-90	16	20.51%
91-180	6	7.69%
181-365	2	2.56%
over 365	1	1.28%
Total	78	100.00%

VII. ADDITIONAL THIRD PARTY CLAIM REVIEW:

1. Third Party Paid & Median 2

The median payment period with subrogation files was 63 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	13	11.21%
31-60	44	37.93%
61-90	23	19.83%
91-180	12	10.34%
181-365	15	12.93%
<u>Over 365</u>	9	<u>7.76%</u>
Total	116	100.00%

The median payment period without subrogation files was 47 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	13	16.67%
31-60	40	51.28%
61-90	16	20.51%
91-180	6	7.69%
181-365	2	2.56%
<u>Over 365</u>	1	<u>1.28%</u>
Total	78	100.00%

In one (1) third party paid claim (0.86% of the 116 files reviewed) the company made a deduction for betterment from the settlement without itemization in the file as required by 919.80(d)(4)A resulting in an underpayment of \$500.00. A refund was processed and mailed during the examination.

Claim Number	Report Date	Date Paid	Amount deducted	Criticism
	03/29/12	05/14/12	\$500.00	deducted for condition, no itemization of deduction found in file

In one (1) third party paid claim (0.86% of the 116 files reviewed) the company made a deduction for storage and towing from the settlement without justification as required by 919.80(d)(3) resulting in an underpayment

of \$530.00. A letter was sent to the claimant during the examination asking that a copy of the bill be provided.

Claim Number	Report Date	Date Paid	Amount deducted	Criticism
	11/28/11	01/18/12	\$530.00	failed to pay the storage and towing fees

In two (2) third party paid claims (1.72% of the 116 files reviewed) the company required the third party claimants to retain the salvage on total losses in violation of 625 ILCS 5/3-117.1(b)(1).

Claim Number	Report Date	Date Paid	Amount deducted for potential salvage	Criticism
	02/22/12	04/09/12	\$150.35	required claimant to retain and dispose of salvage
	03/29/12	05/14/12	unk	required claimant to retain and dispose of salvage after negotiation, file contained no calculations

In six (6) third party paid claims (5.17% of the 116 files reviewed) the company failed to attempt in good faith to effectuate fair, prompt and equitable settlements of claims in which liability had become reasonably clear in violation of 215 ILCS 5/154.6(d). This resulted in underpayments of \$2,140.87. Refunds were processed and mailed during the examination.

Claim Number	Report Date	Date Paid	Criticism	Amount Underpaid
	10/11/11	01/18/12	failed to pay a supplement received on 9/11/12 from the body shop	\$801.68
	12/06/11	01/31/12	deducted 10% for liability as claimant didn't take enough evasive action, insured changed lanes without signaling	\$255.41
	01/05/12	02/21/12	deducted 25% for proper lookout, insured in turn lane, changed mind and merged into claimant vehicle	\$448.40
	03/09/12	10/19/12	failed to pay arbitration award within 30 days. Award was paid after seven months and	\$0

			ten days.	
	07/26/12	09/25/12	never informed claimant of where to rent for \$20.00 per day, only paid \$180.00 of \$340.14 bill received from claimant	\$160.14
	12/03/12	01/02/13	voided check to body shop as being over 90 days old and never reissued	\$475.24

In seven (7) third party paid claims (6.03% of the 116 files reviewed) the Company failed to provide the claimants with a reasonable written explanation for delay when the claim remained unresolved in excess of 60 days from the date of notification of the loss 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	Report Date	Date Paid	Criticism
	11/10/11	01/27/12	no explanation found in file, claim paid day 78
	12/08/11	02/16/12	no explanation found in file, claim paid day 70, offer made day 63
	01/03/12	05/18/12	no explanation found in file, claim paid day 105 to body shop
	01/09/12	04/19/12	no explanation found in file, claim paid day 100, originally paid to body shop on 2/16/12, claimant called 2/22/12/asking for shop address
	07/02/12	09/07/12	no explanation found in file, claim paid day 67, note indicated check issued on 8/30/12, day 60, not mailed to claimant until 9/7/12
	08/30/12	11/26/12	no explanation found in file, claim paid day 87, asked school representative on 10/22/12 for pictures and estimate
	09/04/12	11/27/12	no explanation found in file, claim paid day 84, only a 30 day letter without required department wording found in file

## 2. Third Party Closed without Payment 2

In two (2) third party closed without payment claims (2.08% of the 96 files reviewed) the files failed to contain detailed documentation to permit reconstruction of the company activities relative to each claim file as required by 919.30(c).

Claim Number	Report Date	Date Closed without Payment	Criticism
	12/13/11	06/27/12	file contained only a letter to the police department
	08/27/12	11/26/12	no documentation found on claimant

In two (2) third party closed without payment claims (2.08% of the 96 files reviewed) the Company failed to provide the claimant with a reasonable written explanation of the basis of the denial as required by 919.50(a)(2).

Claim Number	Report Date	Date Closed without Payment	Criticism
	11/03/11	10/14/13	no denial letter found in file
	06/26/12	12/17/12	no denial letter found in file

In two (2) third party closed without payment claims (2.08% of the 96 files reviewed) the Company failed to make a *bona fide* effort to communicate with all claimants where liability is reasonably clear within 21 working days after notification of the loss as required by 919.40 and 215 ILCS 5/154.6(c).

Claim Number	Report Date	Date Closed without Payment	Criticism
	11/03/11	10/14/13	failed to attempt communication within 21 days
	06/26/12	12/17/12	failed to attempt communication within 21 days

In three (3) third party closed without payment claims (3.13% of the 96 files reviewed) the Company refused to pay the claims without conducting a reasonable investigation based on all available information as required by 215 ILCS 5/154.6(h). A refund was processed and mailed during the examination.

Claim Number	Report Date	Date Closed without Payment	Criticism
	12/12/11	06/27/12	accident report completed, estimate of claimant approved but not paid, underpaid \$401.53
	07/10/12	12/10/12	No attempt to investigate or to obtain

			claimant information
	07/10/12	10/30/12	Claimant letter addressed to incorrect address, company knew name, address and insurance carrier, no investigation attempted

In six (6) third party closed without payment claims (6.25% of the 96 files reviewed) the Company failed to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies in violation of 215 ILCS 5/154.6(c).

Claim Number	Report Date	Date Closed without Payment	Criticism
	11/04/11	03/28/12	contacted claimant while she was busy, never called back
	12/13/11	06/27/12	claimant file completely blank
	12/28/11	06/20/12	no investigation
	06/26/12	12/21/12	no investigation
	07/10/12	12/10/12	no investigation
	07/10/12	10/30/12	no investigation

In eleven third party closed without payment claims (11.46% of the 96 files reviewed) the Company failed to attempt 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). This resulted in underpayments of \$10,354.93. Reimbursements totaling \$4,465.26 were processed and mailed during the examination. A general trend criticism was issued.

Claim Number	Report Date	Date Closed without Payment	Criticism	Amount Underpaid
	11/11/11	03/13/12	Police report attributed fault to ins "improper lane usage and failure to yield" and police report noted ins issued citation for failing to yield turning left. Liability reasonable clear	\$1,890.73
	12/12/11	06/27/12	claimant completed accident report and obtained est. from Unique body shop. Claimant estimate approved for \$401.53, yet claim closed for lack of insured's cooperation.	\$401.53

03/27/12	09/21/12	demand for arbitration received 10-29-12, company eventually paid full demand before arbitration hearing.	\$0
05/24/12	12/04/12	On scene police report, cited insured for failing to yield and insured's driving skills/knowledge/experience as accident contributory causes	\$517.00
06/26/12	12/21/12	On scene police report cited insured for "failing to reduce speed to avoid a crash", initial contact letter sent to incorrect claimant address, letter returned as "no such street", police report listed claimant street as "S. Oak Street." insured's statement and accident report listed "S. Oak St." company sent claimant letter to "S. Ox St."	Unk, company contacting claimant
06/26/12	08/27/12	insured being pursued by police lost control struck fence, ran from scene and arrested, police report on scene	\$1,656.00
06/26/12	12/17/12	estimate on claimant vehicle received 7-3-12, offer to claimant not made till 11-20-12	\$0

The Company did not agree that the remaining \$5,889.67 in unpaid damages on four claims were necessary. This amount still should be reimbursed as noted in Exhibit A – Underpayments Found but Not Made during the Examination.

12/20/11	03/21/12	per police report insured cited for driving erratic. Insured struck rear driver side of claimant vehicle. insured tried to drive off but crashed into concrete barrier ahead.	\$565.33
01/03/12	09/05/12	refused to pay claimant because claimant did not submit color photos.	\$981.62
01/13/12	03/07/12	denied claimant stating truck the proximate cause	\$1,767.72

04/13/12	06/15/12	police report cites insured for following too closely and for failure to reduce speed to avoid crash, claim originally denied for failure of insured to cooperate 6/15/12, insured report completed and received on 8-10-12	\$2,575.00
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In fourteen third party closed without payment claims (14.58% of the 96 files reviewed) the Company failed to acknowledge with reasonable promptness pertinent communications with respect to claims arising under its policies as required by 215 ILCS 5/154.6(b). A General Trend Criticism was issued.

Claim Number	Report Date	Date Closed without Payment	Criticism
	01/31/11	11/19/12	Subrogation communications not acknowledged as required
	11/03/11	10/14/13	failing to acknowledge with reasonable promptness pertinent communications
	12/05/11	04/23/12	subrogation notices received on 1/23/12, 2/28/12 and 4/3/12, not acknowledged until 3/6/12
	12/27/11	09/20/13	subrogation demand received 6-18-12, 2nd subrogation demand received 8-13-12, 1st acknowledgement letter dated 8-13-12
	03/04/12	12/17/13	subrogation notice from dated 4-17-12 stamped received 4-23-12, no record of acknowledgment
	03/27/12	09/21/12	no company acknowledgments or response to subrogation found
	04/19/12	09/25/12	no acknowledgment to subrogation found
	05/24/12	12/04/12	subrogation notice received 5-24-12, no record of acknowledgment or response found
	06/26/12	12/21/12	failure to promptly contact all claimants
	06/26/12	12/17/12	failing to acknowledge with reasonable promptness pertinent communications
	07/16/12	09/20/12	no communication found with claimant McWright
	08/07/12	08/08/12	claimant vehicle owner name and address included on police report received 8-28-12, no attempts to contact owner found in file

08/13/12	08/29/12	subrogation letter received 9-10-12, 2nd subrogation notice received 1-10-13, company acknowledgment dated 8-29-13, 3rd subrogation notice dated 10-23-13, no response or acknowledgment found
08/27/12	11/26/12	claimant info contained with police report, yet company lists as "unknown." no communication with all claimants

## VIII. INTER-RELATED FINDINGS:

### A. Third Party Claims

1. Interrogatory #1 was issued to the company. Based on the response which indicated that 729 law suits were filed on 4829 third party claims (5.78%) a Class Trend Criticism was issued under 215 ILCS 5/154.6(g).

### B. Department Complaints

1. The Company complaint ratio per \$1 million in direct written premiums for the experience period used on the examination was found to be 5.28 for 2012. For the same time period, the IL Private Passenger Automobile Insurance Industry's mean was 0.48. A Class Trend Criticism was issued under 215 ILCS 5/154.6(f).

IX. EXHIBIT A: Underpayments found but not reimbursed during the Examination

Deductions owed to insureds or claimants not reimbursed during the examination

CLAIM NUMBER	AMOUNT DEDUCTED OR FAILED TO PAY	AMOUNT REIMBURSED DURING EXAM	AMOUNT OWED
	unknown insured contacted	\$0.00	unknown
	\$180.00	\$0.00	\$180.00
	\$220.00	\$0.00	\$220.00
	\$195.00	\$0.00	\$195.00
	\$1,170.00	\$0.00	\$1,170.00
	unknown insured contacted	\$0.00	unknown
	\$135.00	\$0.00	\$135.00
	\$200.00	\$0.00	\$200.00
	\$565.33	\$0.00	\$565.33
	\$981.62	\$0.00	\$981.62
	\$1,767.72	\$0.00	\$1,767.72
	\$2,575.00	\$0.00	\$2,575.00

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 Unique Insurance Company (the "Company"), NAIC # 10655,

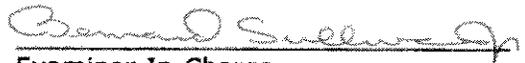
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish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

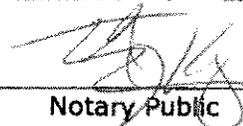
That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

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 24<sup>th</sup> 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:

Unique Insurance Company  
4245 North Knox  
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, Unique Insurance Company, NAIC Number 10655, ("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 understand 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 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 send by mail to all private passenger automobile named insureds at least 30 days advance notice of its intention not to renew as required by 215 ILCS 5/143.17.
3. Institute and maintain procedures whereby the notice of cancellation of a commercial automobile policy required by 215 ILCS 5/143.16 is mailed:
  - at least 10 days before the effective date of the cancellation where cancellation is for nonpayment of premium,
  - at least 30 days prior to the effective date of cancellation during the first 60 days of coverage, or
  - at least 60 days prior to the effective date of cancellation after the coverage has been effective for 61 days or more.
4. Institute and maintain procedures whereby the loss information required by 215 ILCS 5/143.10a is sent at the same time as any notice of cancellation of a commercial automobile policy except where the policy has been cancelled for nonpayment of premium, material misrepresentations or fraud on the part of the insured.

5. Institute and maintain procedures whereby it mails written notice of its intention not to renew a commercial automobile policy to the named insured at least 60 days prior to the expiration date of the current policy as required by 215 ILCS 5/143.17a.
6. Institute and maintain procedures whereby the Company always attempts 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).
7. Institute and maintain procedures whereby all procedures outlined in 50 Ill. Adm. Code 919.80(d)(3) are followed when making advance charges deductions on passenger automobile first party physical damage claims including total loss claims.
8. Institute and maintain procedures whereby it will only indicate to an insured or claimant on a payment draft, check or in any accompanying letter that said payment is "final" or "a release" of any claim when the policy limit has been paid or there is a *bona fide* dispute either over coverage or the amount payable under the policy as required by 50 Ill. Adm. Code 919.60(a).
9. Institute and maintain procedures whereby it provides to the insured a reasonable written explanation for the delay when a first party physical damage claim remains 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).
10. Institute and maintain procedures whereby the Company maintains a median payment period which does not exceed 40 days on first party collision claims, including any total losses, as required by 50 Ill. Adm. Code 919.80(b)(2).
11. Institute and maintain procedures whereby it provides to the third party claimant a reasonable written explanation for the delay when a third party property damage claim remains unresolved in excess of 60 days as required by 50 Ill. Adm. Code 919.8(b)(3).
12. Institute and maintain procedures whereby the Company always makes prompt payment (within thirty (30) days) of arbitration awards entered pursuant 215 ILCS 5/143.24d as required by 215 ILCS 5/154.6(d).
13. Institute and maintain procedures whereby the Company maintains a median payment period which does not exceed 60 days on third party property damage claims as required by 50 Ill. Adm. Code 919.80(b)(3).

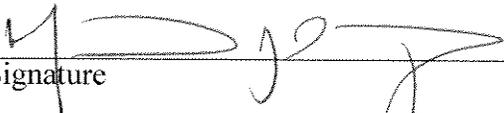
14. Institute and maintain procedures consistent with the requirements of 215 ILCS 5/154.6(g) such that a disproportionate number of lawsuits are not filed against the Company or its insureds by claimants.
15. Institute and maintain procedures consistent with the requirements of 215 ILCS 5/154.6(f) such that a disproportionate number of meritorious complaints against the Company are not received by the Insurance Department.
16. Institute and maintain procedures applicable to both first party physical damage and third party property damage total loss vehicle claims such that the Company will take possession of the total loss vehicle and obtain a salvage certificate of title from the Secretary of State as required by 625 ILCS 5/3-117.1(b)(1) except where the claimant has retained the vehicle pursuant to subsections (i) or (ii) of 625 ILCS 5/3-117.1(b)(1).
17. Institute and maintain procedures whereby all betterment deductions from settlement amounts are measurable, itemized, specified as to dollar amount and documented in the claim file and are not in excess of the maximum amount allowed by 50 Ill. Adm. Code 919.80(d)(4).
18. Reopen claim 12ILP0001682 to determine and reimburse to the insured advance charge deductions which do not satisfy the requirements of 50 Ill. Adm. Code 919.80(d)(3).
19. Reopen and pay the following amounts on the following claims:

CLAIM NUMBER	AMOUNT OWED
	\$180.00
	\$220.00
	\$195.00
	\$1,170.00
	\$40.00
	\$135.00
	\$200.00
	\$565.33
	\$981.62
	\$1,767.72
	\$2,575.00

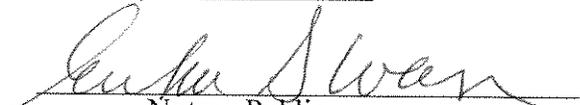
20. Reopen all first party physical damage claims closed in 2012 to determine and reimburse to the insured any betterment charge deductions which do not satisfy the requirements of 50 Ill. Adm. Code 919.80(d)(4).
21. Pay the claimant any unpaid towing and storage charges on claim number 12ILP0002157 upon receipt of documentation from the claimant.
22. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above twenty three Orders within 30 days after the date on which this Stipulation and Consent Order is signed by the Director of Insurance.
23. Submit to the Director of Insurance, State of Illinois, a civil forfeiture of one hundred thousand dollars (\$100,000) within 30 days after the date on which this Stipulation and Consent Order is signed by the Director of Insurance.

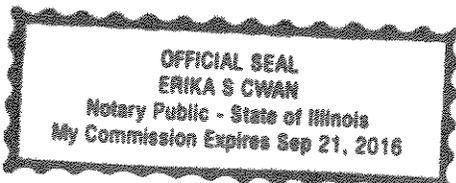
NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent order or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

On behalf of:  
Unique Insurance Company

  
Signature  
MATTHEW J DUKANICH  
Name  
PRESIDENT  
Title

Subscribed and sworn to before me this  
21st day of April 2014.

  
Notary Public



DEPARTMENT OF INSURANCE of the  
State of Illinois;

DATE May 22, 2014

Andrew Boron/mto  
Andrew Boron  
Director