



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Acting Director

February 10, 2017

William E. Roberts, President
GEICO General Insurance Company
GEICO Casualty Company
1 Geico Plaza
Washington, DC 20076-0001

Re: GEICO General Insurance Company, NAIC 35882
GEICO Casualty Company, NAIC 41491
Market Conduct Examination Verified Report and Stipulation and Consent Order

Dear Mr. Roberts:

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

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

Please contact me if you have any questions.

Sincerely,

Jack Engle, MCM
Assistant Deputy Director-Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington- 5th Floor
Springfield, IL 62767
217-558-1058
E-mail: Jack.Engle@Illinois.gov

**GEICO CASUALTY COMPANY
GEICO GENERAL INSURANCE COMPANY
MARKET CONDUCT EXAMINATION**

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: April 17, 2016 through October 7, 2016

EXAMINATION OF: GEICO Casualty Company
(P&C Foreign) NAIC #41491

GEICO General Insurance Company
(P&C Foreign) NAIC #35882

LOCATION: One GEICO Center
Macon, GA 31295

PERIOD COVERED BY EXAMINATION: February 1, 2015 through January 31, 2016
Complaints: September 1, 2014 through January 31, 2016

EXAMINERS: André J. Mumper-Ham
Josephine Sitter
June Coleman, Examiner-in-Charge

INDEX

	Page
I. SUMMARY	1
II. BACKGROUND	3
III. METHODOLOGY	5
IV. SELECTION OF SAMPLES	7
V. FINDINGS	8
A. Complaints	8
B. Producer Licensing	9
C. Risk Selection	9
D. Underwriting	10
E. Claims	10
VI. TECHNICAL APPENDICES	14

I. SUMMARY

A comprehensive market conduct examination of GEICO Casualty Company and GEICO General Insurance Company (the companies were examined as a group and hereinafter collectively referred to as “the Company”) was performed to determine compliance with Illinois statutes (215 ILCS 5/1 *et seq.*) and the Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*). The line of business reviewed was Private Passenger Automobile.

The following table represents general findings with specific details in each section of the report.

Table of Total Violations						
Crit #	Statute/Rule	Description of Violations	Population	Files Reviewed	# of Violations	Error %
1	50 Ill. Admin. Code 926.40(a)	Failure to respond to Department complaints in a timely manner. (DOI Complaints)	115	115	3	2.61%
2	50 Ill. Admin. Code 926.40(b)(1)	Failure to address all concerns in a response to the Department complaint. (DOI Complaints)	115	115	1	0.87%
15	50 Ill. Admin. Code 919.80(c)(3)(A)(i)	Failure to pay the correct amount of sales tax, title and transfer fees on the total loss claim resulting in an overpayment of \$7.14. (DOI Complaints)	115	115	1	0.87%
3	215 ILCS 5/500-80(a)	Paid commissions to a producer who was not licensed at the time of selling, soliciting, or negotiating the insurance. (Producer Licensing)	158	17	1	5.88%
4	215 ILCS 5/143.19	Failure to properly cancel policies in effect longer than 60 days by canceling for reasons outside of those allowed by statute. (PPA Cancellations)	1,852	114	1	0.88%
5	215 ILCS 5/143.17(a)	Failure to send the named insured a nonrenewal notice by mail. (PPA Nonrenewals)	1,078	114	2	1.75%
7	215 ILCS 5/154.6(j)	Failure to settle claims for a reasonable amount by placing unreasonable caps or limits on paint materials. (PPA First Party Claims Paid)	20,848	109	9	8.26%

Table of Total Violations

Crit #	Statute/Rule	Description of Violations	Population	Files Reviewed	# of Violations	Error %
9	215 ILCS 5/154.6(j)	Failure to settle claims for a reasonable amount by placing unreasonable caps or limits on paint materials. (PPA Third Party Claims Paid)	16,049	109	3	2.75%
10	50 Ill. Admin. Code 919.50(a)	Failure to affirm or deny coverage within a reasonable time. (PPA Third Party Claims CWOP)	7,913	109	7	6.42%
11	50 Ill. Admin. Code 919.50(a)(2)	Failure to provide a denial letter as required by statute. (PPA Third Party Claims CWOP)	7,913	109	2	1.83%
12	50 Ill. Admin. Code 919.80(b)(3)	Failure to provide a delay letter in claims unresolved for more than 60 days. (PPA Third Party Claims CWOP)	7,913	109	1	0.92%
13	50 Ill. Admin. Code 919.80(b)(2)	Failure to provide a delay letter in claims unresolved for more than 40 days. (PPA Total Loss Claims)	4,235	108	2	1.85%
14	50 Ill. Admin. Code 919.50(a)	Failure to release the insured's deductible within 30 days of receipt of payment from the adverse carrier. (PPA Subrogation Claims)	3,202	108	2	1.85%

II. BACKGROUND

GEICO Casualty Company - NAIC #41491

GEICO Casualty Company was incorporated on August 31, 1982, in the state of Maryland under the name of Guardian Casualty Company as a wholly-owned subsidiary of Criterion Insurance Company (later renamed GEICO Indemnity Company). The company's name was changed to Criterion Casualty Company in 1983 and to its current name in 1994. Its parent company, GEICO Indemnity Company, is a wholly-owned subsidiary of GEICO Corporation. On January 2, 1996, GEICO Corporation, previously a publicly owned Delaware corporation listed on the New York Stock Exchange, became an indirect wholly-owned subsidiary of Berkshire Hathaway, Inc.

GEICO Casualty Company's charter powers permit the writing of all forms of property and casualty insurance coverage and it is licensed to do business in all states. GEICO Casualty Company has historically offered non-standard risk automobile insurance to the military market, principally through GEICO field representatives, now known as "GFRs." Its insurance policies are also sold to the general non-standard risk market through direct response marketing. Since June 30, 2011, all new private passenger automobile business written in Illinois has been written in this company.

The company's 2015 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
19.1	Private Passenger Automobile No-fault (Personal Injury)	\$0	\$0	\$208,723	\$179,825
19.2	Other Private Passenger Automobile Liability	\$138,385,309	\$133,441,867	\$83,772,175	\$105,634,407
21.1	Private Passenger Automobile Physical Damage	\$97,579,603	\$95,017,748	\$79,659,724	\$80,778,698
	Totals for Lines 19.1, 19.2 & 21.1	\$235,964,912	\$228,459,615	\$163,640,622	\$186,592,930
35	Totals All Lines	\$235,964,912	\$228,459,615	\$163,640,622	\$186,592,930

GEICO General Insurance Company - NAIC #35882

The predecessor company to GEICO General Insurance Company was incorporated in Texas on May 15, 1934, under the name of Associated Casualty Company. Renamed Equitable General Insurance Company, it merged with and into an Iowa company in 1978. Government Employees Insurance Company (“GEICO”) acquired complete financial control of Equitable General Insurance Company on March 31, 1982, and GEICO General Insurance Company’s present name was adopted later that year. On June 22, 1989, GEICO General Insurance Company transferred its domicile to Maryland but retained its original Texas charter date.

Since 1982, GEICO General Insurance Company has been a wholly-owned subsidiary of GEICO, which in turn is a wholly-owned subsidiary of GEICO Corporation. Until January 2, 1996, GEICO Corporation was a publicly owned Delaware corporation listed on the New York Stock Exchange. On that date, it became an indirect wholly-owned subsidiary of Berkshire Hathaway, Inc.

GEICO General Insurance Company’s charter permits the writing of multiple lines of property and casualty insurance and it is licensed to write insurance in all states. The company writes preferred risk automobile insurance for individuals who are not government employees or military personnel, primarily through direct response marketing.

The company’s 2015 NAIC Annual Statement, Page 14 (Illinois), reflects the following information:

	Line	Direct Premiums Written	Direct Premiums Earned	Direct Losses Paid	Direct Losses Incurred
19.1	Private Passenger Automobile No-fault (Personal Injury)	\$0	\$0	\$89,362	\$100,252
19.2	Other Private Passenger Automobile Liability	\$48,143,253	\$48,678,681	\$36,271,317	\$35,617,490
21.1	Private Passenger Automobile Physical Damage	\$41,090,901	\$41,950,358	\$23,875,023	\$23,661,908
	Totals for Lines 19.1, 19.2 & 21.1	\$89,234,154	\$90,629,039	\$60,235,702	\$59,379,650
35	Totals All Lines	\$89,234,154	\$90,629,039	\$60,235,702	\$59,379,650

III. METHODOLOGY

The market conduct examination process places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants. The line of business reviewed in this examination was Private Passenger Automobile. This is a collective report with group samples combined from both companies, and the two companies examined are collectively referred to as "the Company" for purposes of this report.

The scope of this examination was a comprehensive examination including a review of the following areas:

- A. Company Operations and Management
- B. Complaints
- C. Producer Licensing
- D. Risk Selection
- E. Underwriting
- F. Claims

The review of these categories was accomplished through examination of material related to the Company's operations and management, complaint files, producer lists, underwriting files, risk selection files and claim files, as well as interviews with various Company personnel and Company responses to the Coordinator's Handbook, Interrogatories and Criticisms. Each of the categories listed above was examined for compliance with Illinois statutes and the Illinois Administrative Code.

The following method was used to obtain the required samples and to ensure a statistically sound selection. Surveys were developed from Company-generated Excel spreadsheets. Random statistical file selections were generated by the examiners from these spreadsheets. In the event the number of files was too low for a random sample, the sample consisted of the universe of files.

Company Operations and Management

A review was conducted of the Company's underwriting and claims guidelines and procedures, policy forms, third party vendor oversight, internal audits, certificate of authority, previous market conduct examinations and annual statements. These documents were reviewed for compliance with Illinois statutes and the Illinois Administrative Code.

There were no exceptions noted.

Complaints

The Company was requested to identify all consumer and ILDOI complaints received during the examination period (plus five (5) months prior for trending purposes) and provide copies of the complaint logs. All complaint files and logs were received. The files were reviewed for compliance with Illinois statutes and the Illinois Administrative Code.

Producer Licensing

The Company was requested to provide a list of all producers licensed to do business in the State of Illinois and a list of those producers paid commission in Illinois during the examination period. The Company identified a universe of producers. A random sample of producers was reviewed in comparison to the State of Illinois licensing database and for compliance with Illinois statutes and the Illinois Administrative Code. New issued business was also reviewed to determine if solicitations were made by duly licensed persons.

Risk Selection

The Company was requested to provide a list of all policies in the following categories during the examination period: company initiated cancellations, cancellations for non-payment of premium, insured requested cancellations, rescissions and nonrenewals. The Company identified the universes of policies. Random samples of the files were made by the examiners and submitted to the Company. The files were received and reviewed unless the small population of files required an examination of the entire universe. Also, due to disqualifying factors, some individual files in the samples were replaced. The files were reviewed to ensure that the policies were processed in compliance with Illinois statutes and the Illinois Administrative Code. The review determined compliance with statutory requirements, the accuracy and validity of reasons given and any possible unfair discrimination.

Underwriting

The Company was requested to provide a list of all new Private Passenger Automobile policies. The Company identified the universe of policies; random samples of the files were made by the examiners and submitted to the Company. The files were received and reviewed. The files were reviewed to ensure that the policies were processed in compliance with Illinois statutes and the Illinois Administrative Code. The review included the premium rating of the sample policies. New policies were also reviewed to determine the correct use of filed rates, use of filed forms, for compliance with Company underwriting guidelines and to ensure that the coverage provided was as requested by the applicant.

Claims

The Company was requested to provide a list of all claims in various categories during the examination period, to include paid and closed without payment (CWOP). Due to various disqualifying factors, some individual files in the samples were replaced with another file when necessary. The files were reviewed to ensure the claims were processed in compliance with the policy, Illinois statutes and the Illinois Administrative Code.

IV. SELECTION OF SAMPLES

Survey

	Population	# Reviewed	% Reviewed
Complaints			
Complaints-DOI	115	115	100%
Complaints-Consumer	39	39	100%
Producer Licensing			
Commissions	158	17	10.76%
Risk Selection			
Private Passenger Automobile Cancellations	1,852	114	6.16%
Private Passenger Automobile Insured Request Cancellations	53,441	116	0.22%
Private Passenger Automobile Nonpayment Cancellations	36,752	116	0.32%
Private Passenger Automobile Nonrenewals	1,078	114	10.58%
Private Passenger Automobile Rescissions	4	4	100%
Underwriting			
Private Passenger Automobile New Business	64,882	116	0.18%
Claims			
Private Passenger Automobile First Party Median & Paid	20,848	109	0.52%
Private Passenger Automobile First Party Closed Without Payment	5,407	109	2.02%
Private Passenger Automobile Third Party Median & Paid	16,049	109	0.68%
Private Passenger Automobile Third Party Closed Without Payment	7,913	109	1.38%
Private Passenger Automobile First Party Total Losses	4,235	108	2.55%
Private Passenger Automobile Subrogation	3,202	108	3.37%

V. FINDINGS

A. COMPLAINTS

1. Illinois Department of Insurance Complaints

In three (3) instances of the 115 Illinois Department of Insurance Complaint files reviewed, for an error rate of 2.61%, the Company was delinquent in its response to the Department complaint. This is in violation of 50 Ill. Admin. Code 926.40(a).

Item No.	DOI Complaint Number	Due Date for Company Response	Date of Response	Criticism Comment
45	XXX	11/21/2014	12/03/2014	Company did not respond by DOI due date
56	XXX	1/17/2015	1/22/2015	Company did not respond by DOI due date
71	XXX	4/17/2015	4/24/2015	Company did not respond by DOI due date for supplemental request for information

In one (1) instance of the 115 Department Complaint files reviewed, for an error rate of 0.87%, the Company failed to address all concerns in its response to the Department complaint. This is in violation of 50 Ill. Admin. Code 926.40(b)(1).

Item No.	Policy or Claim Number	DOI Complaint Number	Criticism Comment
34	XXX	XXX	Company did not address concern of rental car reimbursement.

In one (1) instance of the 115 Department Complaint files reviewed, for an error rate of 0.87%, the Company failed to pay the correct amount of title and transfer fees on the total loss claim. The Company paid \$33.50 for title and transfer fees instead of the correct amount of \$120.00, which is an \$86.50 underpayment. The Company made a \$93.64 overpayment on the sales tax. The end result was a \$7.14 overpayment. No money is due the insured. This is in violation of 50 Ill. Admin. Code 919.80(c)(3)(A)(i).

Item No.	Policy or Claim Number	DOI Complaint Number	Criticism Comments
98	XXX	XXX	Company did not pay correct sales tax, title and transfer fees on the total loss.

2. Consumer Complaints

There were no criticisms in the Consumer Complaints survey.

B. PRODUCER LICENSING

In one (1) instance of the 17 Producer Licensing Commission files reviewed, for an error rate of 5.88%, the Company was cited for paying a commission to a person for selling, soliciting, or negotiating insurance when that person was not licensed at the time of selling, soliciting, or negotiating the insurance. This is in violation of 215 ILCS 5/500-80(a).

Item No.	License No.	NPN	Date Commission Paid	Criticism Comment
4	XXX	XXX	2/16/2015	Effective line of authority is only fire and life.

C. RISK SELECTION

1. Private Passenger Automobile Cancellations

In one (1) instance of the 114 Private Passenger Automobile Cancellation files reviewed, for an error rate of 0.88%, the Company cancelled a policy that was in effect for more than 60 days for a reason that is not permitted under the statute. This is in violation of 215 ILCS 5/143.19.

Item No.	Policy Number	Inception Date	Cancel Effective Date	Days in Effect	Reason on Notice of Cancellation	Criticism Comment
69	XXX	2/25/2015	5/31/2015	61	Failure to provide a location affidavit for your vehicle(s).	Reason is not permitted under statute for policy in force more than 60 days.

2. Private Passenger Automobile Insured Request Cancellation

There were no criticisms in the Private Passenger Automobile Insured Request Cancellation survey.

3. Private Passenger Automobile Non-Payment Cancellation

There were no criticisms in the Private Passenger Automobile Non-Payment Cancellation survey.

4. Private Passenger Automobile Nonrenewals

In two (2) instances of the 114 Private Passenger Automobile Nonrenewal files reviewed, for an error rate of 1.75%, the Company failed to send the named insured the nonrenewal notice by mail. This is in violation of 215 ILCS 5/143.17(a).

Item No.	Policy Number	Beginning of Policy Term	Nonrenew Effective Date	Criticism Comment
108	XXX	4/4/2015	10/4/2015	Notice not sent to insured
110	XXX	4/7/2015	10/7/2015	Notice not sent to insured

5. Private Passenger Automobile Rescissions

There were no criticisms in the Private Passenger Automobile Rescissions survey.

D. UNDERWRITING

There were no criticisms in the Private Passenger Automobile New Business survey.

E. CLAIMS

1. Private Passenger Automobile First Party Claims Paid (Collision) & Median Claims

There were no criticisms for the median of Private Passenger Automobile First Party Paid Claims.

In nine (9) instances of the 109 Private Passenger Automobile First Party Paid Claim files reviewed, for an error rate of 8.26%, the Company unreasonably capped paint supplies on the estimate. This is in violation of 215 ILCS 5/154.6(j).

Item No.	Claim No.	Cap on Paint Supplies	Criticism Comment
10	XXX	\$400.00	Company capped paint supplies on estimate
11	XXX	\$437.00	Company capped paint supplies on estimate
22	XXX	\$437.00	Company capped paint supplies on estimate
25	XXX	\$437.00	Company capped paint supplies on estimate
30	XXX	\$425.00	Company capped paint supplies on estimate
33	XXX	\$400.00	Company capped paint supplies on estimate
88	XXX	\$437.00	Company capped paint supplies on estimate
92	XXX	\$437.00	Company capped paint supplies on estimate
97	XXX	\$420.00	Company capped paint supplies on estimate

2. Private Passenger Automobile First Party Claims Closed Without Payment (Collision)

There were no criticisms for the Private Passenger Automobile First Party Closed Without Payment Claims survey.

3. Private Passenger Automobile Third Party Claims Paid (Property Damage) & Median Claims

There were no criticisms for the median of Private Passenger Automobile Third Party Claims Paid.

In three (3) instances of the 109 Private Passenger Automobile Third Party Paid Claims files reviewed, for an error rate of 2.75%, the Company unreasonably capped paint supplies on the estimate. This is in violation of 215 ILCS 5/154.6(j).

Item No.	Claim No.	Cap on Paint Supplies	Criticism Comment
57	XXX	\$437.00	Company capped paint supplies on estimate
64	XXX	\$437.00	Company capped paint supplies on estimate
66	XXX	\$437.00	Company capped paint supplies on estimate

4. Private Passenger Automobile Third Party Claims Closed Without Payment (Property Damage)

In seven (7) instances of the 109 Private Passenger Automobile Third Party Closed Without Payment Claim files reviewed, for an error rate of 6.42%, the Company failed to affirm or deny liability on the claims within a reasonable time. This is in violation of 50 Ill. Adm. Code 919.50(a).

Item No.	Claim Number	Date of Loss	Criticism Comment
21	XXX	2/3/2015	Company failed to contact claimant driver to obtain information on claimant owner within 21 working days of reported loss. Company failed to properly investigate claim and affirm or deny liability within a reasonable time.
60	XXX	6/15/2015	Company only left telephone message with claimant who was not available for one week. Closing of claim occurred without additional follow up when claimant was available. No contact letter was sent. Company failed to properly investigate claim and affirm or deny liability within a reasonable time.

77	XXX	10/21/2015	Claimant vehicle was a city bus. No attempt made to contact city; street of loss is known. Company failed to properly investigate claim and affirm or deny liability within a reasonable time.
78	XXX	8/16/2015	Company requested insured send police report. No report was received from insured and the Company closed the claim without ordering police report. Company failed to properly investigate claim and affirm or deny liability within a reasonable time.
87	XXX	8/23/2015	Failure to contact claimant within 21 working days from date of loss report. Company had information on claimant but was calling agent. Adjuster stated Company would contact claimant directly. Company failed to properly investigate claim and affirm or deny liability within a reasonable time.
89	XXX	3/23/2015	Company asked insured to send police report yet closed claim coverage without ordering police report. No report was received from insured and the Company closed the claim without ordering police report. Company failed to properly investigate claim and affirm or deny liability within a reasonable time.
96	XXX	5/8/2015	Contact with claimant is part of an investigation. Police report received with all claimants' information. No attempt to contact claimant. Company failed to properly investigate claim and affirm or deny liability within a reasonable time.

In two (2) instances of the 109 Private Passenger Automobile Third Party Closed Without Payment Claim files reviewed, for an error rate of 1.83%, the Company failed to provide the third party a reasonable written explanation of the basis of the denial. This is in violation of 50 Ill. Admin. Code 919.50(a)(2).

Item No.	Claim Number	Date of Loss	Date Loss Reported	Criticism Comment
31	XXX	6/17/2015	6/17/2015	Company failed to provide an explanation of the denial
100	XXX	7/20/2015	7/20/2015	Company failed to provide an explanation of the denial

In one (1) instance of the 109 Private Passenger Automobile Third Party Closed Without Payment Claim files reviewed, for an error rate of 0.92%, the Company failed to provide a reasonable written explanation for the delay to the third party claimant. This is in violation of 50 Ill. Admin. Code 919.80(b)(3).

Item No.	Claim Number	Date Loss Reported	Date Closed Without Payment	No. of Days	Criticism Comments
100	XXX	7/20/2015	9/22/2015	64	No delay letter sent to claimant

5. Private Passenger Automobile Total Loss Claims (First Party)

In two (2) instances of the 108 Private Passenger Automobile Total Loss Claim files reviewed, for an error rate of 1.85%, the Company failed to send a letter to the insured informing them of the delay in processing the claim. This is in violation of 50 Ill. Admin. Code 919.80(b)(2).

Item No.	Claim Number	Date Loss Reported	Date of Final Payment	Criticism Comment
48	XXX	8/23/2015	12/17/2015	No delay letter sent to insured
55	XXX	2/3/2015	4/6/2015	No delay letter sent to insured

6. Private Passenger Automobile Subrogation Claims (First Party)

In two (2) instances of the 108 Private Passenger Automobile Subrogation Claim files reviewed, for an error rate of 1.85%, the Company did not release the insured's deductible within 30 days of receipt of payment from the adverse carrier. This is in violation of 50 Ill. Admin. Code 919.50(a).

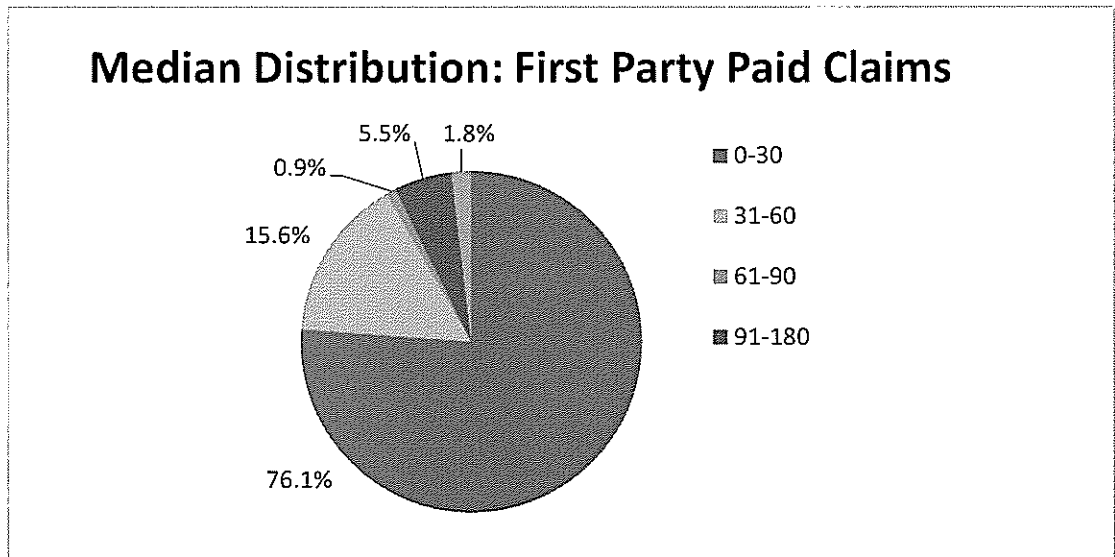
Item No.	Claim Number	Date Company Received Deductible	Date Deductible Issued to Insured	Criticism Comment
50	XXX	12/15/2014	3/2/2015	Company did not release deductible amount to insured within 30 days.
80	XXX	12/1/2015	1/27/2016	Company did not release deductible amount to insured within 30 days.

VI. TECHNICAL APPENDICES

Private Passenger Automobile First Party Claims Paid and Median - 10 Days

MEDIAN DISTRIBUTION
PRIVATE PASSENGER AUTOMOBILE FIRST PARTY PAID

Number of Days	Number of Files	Percent
0-30	83	76.1%
31-60	17	15.6%
61-90	1	0.9%
91-180	6	5.5%
181-365	2	1.8%
Over 365	0	0.0%
Total	109	100.0%

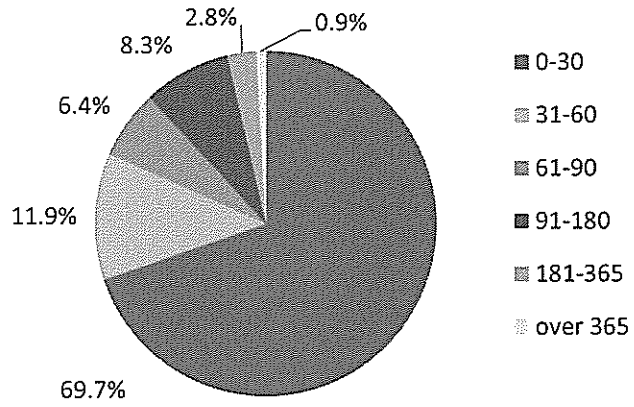


Private Passenger Automobile Third Party Claims Paid and Median - 19 Days

MEDIAN DISTRIBUTION
PRIVATE PASSENGER AUTOMOBILE THIRD PARTY PAID CLAIMS

Number of Days	Number of Files	Percent
0-30	76	69.7%
31-60	13	11.9%
61-90	7	6.4%
91-180	9	8.3%
181-365	3	2.8%
Over 365	1	0.9%
Total	109	100.00%

Median Distribution: Third Party Paid Claims



STATE OF PENNSYLVANIA)
) ss
 COUNTY OF LANCASTER)

JUNE COLEMAN, being first duly sworn upon her oath, deposes and says:

That she 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 GEICO Casualty Company, NAIC #41491 and GEICO General Insurance Company, NAIC #35882, (the "Companies").

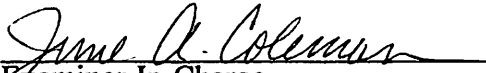
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Companies with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Companies' business and affairs and the manner in which the Companies 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 Companies nor any of the Companies' 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;

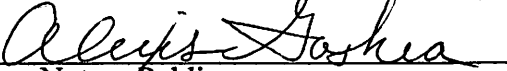
That an examination was made of the affairs of the Companies pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That she 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 Companies 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 Companies.

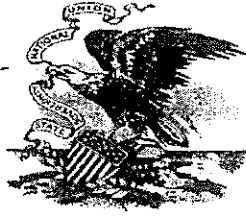

 Examiner-In-Charge

Subscribed and sworn to before me this 12th day of October, 2016.


 Notary Public

COMMONWEALTH OF PENNSYLVANIA: :
 NOTARIAL SEAL :
 ALEXIS GOSHEA :
 Notary Public :
 RAPHO TWP., LANCASTER COUNTY :
 My Commission Expires April 26, 2017

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

GEICO GENERAL INSURANCE COMPANY
GEICO CASUALTY COMPANY
1 GEICO PLAZA
WASHINGTON, DC 20076-0001

STIPULATION AND CONSENT ORDER

WHEREAS, the Acting 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, GEICO General Insurance Company, NAIC 35882, and GEICO Casualty Company, NAIC 41491, collectively referred to as "the Company", are authorized under the insurance laws of this State and by the Acting Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Admin. 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 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. Admin. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Acting 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 Acting Director as follows:

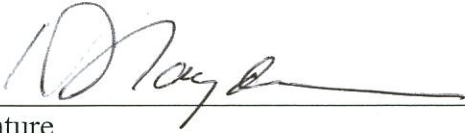
1. The Market Conduct Examination indicated one area in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Acting Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

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

1. Institute and maintain policies and procedures whereby the Company shall ensure claims are settled for a reasonable amount by not placing unreasonable thresholds, caps or limits on payout materials, as required by 215 ILCS 5/154.6(j).
2. Submit to the Acting Director of Insurance, State of Illinois, proof of compliance with the above order within 30 days of execution of this Order.
3. Pay to the Acting Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$6,000 to be paid within 30 days of execution of this Order.

NOTHING contained herein shall prohibit the Acting 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 GEICO GENERAL INSURANCE COMPANY and
GEICO CASUALTY COMPANY



Signature

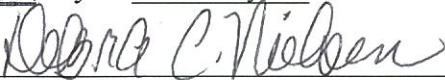
Hank Nayden

Name

Vice President & Legislative Counsel

Title

Subscribed and sworn to before me this
1st day of February 2017.



Notary Public Debra C. Nielsen
My commission expires 3/25/18.



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 2/7/17



Jennifer Hammer
Acting Director

