



STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCIAL REGULATION

MARKET CONDUCT EXAMINATION REPORT

OF:

**ENUMCLAW PROPERTY & CASUALTY INSURANCE COMPANY  
ENUMCLAW, WASHINGTON**

**NAIC COMPANY CODE 11232  
GROUP CODE 333**

AS OF: October 10, 2022

**EXAMINATION PERIOD: AUGUST 1, 2020 THROUGH JANUARY 31, 2022**

**TABLE OF CONTENTS**

**SALUTATION.....3**

**FOREWARD.....4**

**SCOPE OF EXAMINATION.....4**

**EXECUTIVE SUMMARY.....5**

**EXAMINATION FINDINGS.....6**

**ADDITIONAL FINDINGS.....9**

**CONCLUSIONS.....10**

**ACKNOWLEDGEMENT.....11**

**AFFIDAVIT.....12**

**APPENDIX A.....13**

*Bulletin DFR 2020-20 zip codes.....*

**APPENDIX B.....13**

*Underwriting - Forms.....*

Andrew Stolfi, Director  
Department of Consumer and Business Services  
Division of Financial Regulation  
State of Oregon  
350 Winter Street, NE  
P.O. Box 14480  
Salem, OR 97309-0405

Dear Director:

In accordance with your instructions and pursuant to ORS 731.300, a targeted market conduct examination has been performed for:

**Enumclaw Property & Casualty Insurance Company**

**ENUMCLAW, WASHINGTON**

**NAIC Company Code 11232**

**Group Code 333**

**NAIC Exam Tracking System Exam Number OR-PACEA-3**

Hereinafter referred to as the "Company". The following report of examination is respectfully submitted.

## **FOREWORD**

The examination report does not present a comprehensive overview of the Insurer's practices. The examination report provides details regarding the market conduct standards selected for the scope of the examination. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices does not constitute acceptance of such practices. This targeted market conduct examination report reflects the Oregon insurance activities of Enumclaw Property & Casualty Insurance Company. The targeted market conduct examination findings are being stated in a report by test format. The materials reviewed during the market conduct examination, as reference to any practices, procedures, product forms including filings, and data files are contained in this examination report.

## **SCOPE OF EXAMINATION**

This targeted market conduct examination was performed remotely via desk examination and was conducted as of October 10, 2022, covering the period of August 1, 2020 through January 31, 2022. The examination of the Company was conducted pursuant to Oregon Revised Statute (ORS) 731.300 and in accordance with procedures and guidelines established by the Division of Financial Regulation's Property and Casualty Market Conduct Program. The program generally follows the Market Conduct Examination Handbook as adopted by the National Association of Insurance Commissioners to the extent that it is consistent with Oregon law. The purpose was to determine the Company's compliance with; the Wildfire Emergency

Order issued by the DCBS Director dated, September 18, 2020, DFR Bulletin 2020-20, and ORS 742.470 as required by House Bill (HB) 3272. See Appendix A for the zip codes included in Bulletin DFR 2020-20. The Company's underlying data and materials were measured against established standards. A list of all standards considered for this examination can be found in Appendix B, at the end of this report. In this report, standards with 100% compliance are identified as passed without comment. Exceptions include standards with less than 100% compliance that either warranted a recommendation or where errors were noted but a recommendation was not made. If the examiner notes a material finding not included in the established standards, it is noted under the additional findings section.

### **EXECUTIVE SUMMARY**

The targeted market conduct examination focused on the Company's homeowners' business in the following areas of operation: Underwriting and rating, and forms. The Company passed all standards subject of this examination. The Company received a comment regarding Standard # 6 Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely. Reference: ORS 84.070; ORS 743.900 to 743.930; and OAR 836-085-0010 to 836-085-0045. The comment resulted in a recommendation to revise and issue additional communications to Oregon policyholders regarding the language contained in stuffers issued upon the renewal of policies as result of the implementation and codification of HB 3272. The Company has accepted the recommendation and is in the process of issuing new communications with corrected language.

## EXAMINATION FINDINGS

If applicable, examination findings comprise the basic body of the report including – sample sizing, error %, alleged non-compliance and documentation pertaining to pertinent regulations or statutes. Areas of review may include forms, marketing and sales, producer licensing, rating of policies, underwriting, rescinded policies, cancelled or non-renewed policies, claims paid or denied, and complaints. The standards under examination were:

**Standard #1:** The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan. Reference: ORS 737.007 to 737.560. The company provided and the examiners reviewed data requested regarding all Oregon homeowners' policies between August 1, 2020 to January 31, 2022. The examiners verified:

The examiners verified the following:

- There were 6,327 homeowner policies statewide.
- Out of the 6,327 statewide homeowner policies, 5,007 homeowner policies or 79.13% were renewed during the examination period.
- Out of the 5,007 renewed statewide homeowner policies, 724 of the homeowner policies or 14.45% contained zip codes subject to DFR 2020-20 zip codes.
- Out of 6,327 statewide homeowner policies, there were 497 claims made or 7.85% during the examination period.
- Out of the 497 statewide claims during the examination period, 54 or 10.86% were wildfire related.
- Out of the 54 statewide wildfire related claims, 46 claims or 85.18% contained zip codes subject to DFR 2020-20.

- 41 homeowner policies within the zip codes outlined in DFR Bulletin 2020-20 had wildfire related claims.
- Out of the 41 homeowner policies within the zip codes outlined in DFR Bulletin 2020-20, 27 homeowner policies or 65.85% did not have a Fire Claim Discount.
- Out of the 41 homeowner policies within the zip codes outlined in DFR Bulletin 2020-20, 11 homeowner policies or 26.82% lost the Fire Claim Discount upon renewal.
- Out of the 41 homeowner policies within the zip codes outlined in DFR the Bulletin 2020-20, 3 homeowner policies or 7.31% kept the Fire Claim Discount upon renewal.
- Zero homeowner policies during the examination period received surcharges.

The company passed this standard without comment as no premiums were increased, no surcharges were applied and no discounts were removed solely due to wildfire claims filed for the examination period of August 1, 2020 through January 31, 2022.

**Standard #5** All forms, including policies, contracts, riders, amendments, endorsement forms, and certificates are filed with the insurance department, if applicable. Reference: ORS 746.005 to 746.270; and OAR 836-080-0235.

The company provided a list which included SERFF filing numbers and policy forms as a result of the implementation of HB 3272.

The examiners verified the following:

- Samples of copies of homeowners' policy forms, including endorsements and/or amendments.

The company passed this standard without comment as the company filed and updated policy contract forms consistent with the provisions of HB 3272. All policy filings complied with language requirements, as directed by ORS 742.470 and HB 3272.

**Standard #6** Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely. Reference: ORS 84.070; ORS 743.900 to 743.930; and OAR 836-085-0010 to 836-085-0045.

The examiners verified the following:

- Procedural documentation illustrating how policyholders are informed of policy endorsements upon renewals as a result of the implementation of HB 3272.

The company passed this standard with comment and a recommendation, as the company issued stuffers with language that informed policyholders of policy updates but referred only to wildfire events. The company agreed with the comment, and has issued updated communication to Oregon policyholders outlining the complete list of additional benefits under ORS 742.270. The company updated related policy forms as a result of the implementation of HB 3272 timely. Additionally, the Company has a business practice to prepare for future declaration of emergencies.

**Standard #8** Cancellation/nonrenewal, discontinuance and declination notices comply with policy and contract provisions, state laws and the regulated entity's guidelines. Reference: ORS 84.070; ORS 746.005 to 746.270; OAR 836-080-0235; and OAR 836-085-0010 to 836-085-0045. The company provided data regarding all homeowners' policies from August 1, 2020 to January 31, 2022.

- There were 6,327 homeowner policies statewide, 981 homeowner policies or 15.50% were in the zip codes identified in DFR bulletin 2020-20.
- Out of the 6,327 homeowner policies, 497 homeowner policies or 7.85% had a claim during the examination period of August 1, 2020 through January 31, 2022.



- Out of the 497 claims, 54 or 10.86 % were wildfire related.
- Out of the 54 claims that were wildfire related, 46 or 85.18% were in the zip codes outlined in the DFR 2020-20.
- 577 homeowner policies were canceled or non-renewed statewide during the examination period of August 1, 2020 through January 31, 2022:
  - Out of the 577 homeowner policies, 570 homeowner policies or 98.78 % were cancelled by the insured.
  - Out of the 577 homeowner policies, 7 homeowner policies or 1.21 % were cancelled by the company.
  - All 7 homeowner policies cancelled by the company were within the zip codes outlined in the DFR 2020-20 bulletin and were cancelled due to underwriting reasons.

The company also provided samples of communications sent to policyholders upon cancellation or non-renewal of policies. The examiners verified there were no policies cancelled or non-renewed due to non-payment of premium during the wildfire order dated September 18, 2020 or due to a wildfire claim being made. The company passed this standard without comment.

### **ADDITIONAL FINDINGS**

The examiners noted no additional findings.

## **CONCLUSIONS**

The company passed all of the standards subject of this examination.

The company was receptive to the comment and recommendation issued by the examination team regarding Standard 6. The company was proactive and promptly addressed the recommendation issued by the examination team. At the conclusion of the exam, the company has updated communication to Oregon policyholders.

**ACKNOWLEDGMENT**

The cooperation and assistance rendered by the officers and employees of the company during this examination is acknowledged and appreciated. A special thanks is extended to the Examination Coordinator for her courtesy and assistance providing, correlating, or coordinating all requested documents to ensure a smooth transition during the overall examination process. The responsibilities that were undertaken during this examination were in addition to the scope of her regular assigned duties. In addition to the undersigned, Sandra Emanuel and Ana Pace participated in this examination.

Respectfully submitted,

Brian J. Fordham

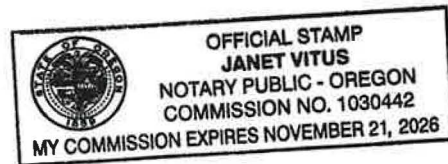
*Brian J. Fordham*

*12/30/2022*

Brian J. Fordham, MCM  
Date  
Property and Casualty & Business Analytics Program Manager  
Department of Consumer and Business Services  
Division of Financial Regulation  
State of Oregon

*State of Oregon*  
*County of Marion*

*Signed and acknowledged before me this 30th day of December, 2022.*  
*by Janet Vitus*  
*Janet Vitus*  
*Notary Public — State of Oregon*



AFFIDAVIT

The examination was conducted in accordance with the Oregon Department of Consumer and Business Services, Division of Financial Regulation and the National Association of Insurance Commissioners Market Conduct Examination procedures.

In addition to the undersigned, Sandra Emanuel and Ana Pace, participated in this examination and the preparation of this report.

Respectfully submitted,

Sandra J. Emanuel

Sandra Emanuel

Sandra J. Emanuel  
Insurance Examiner  
Department of Consumer and Business Services  
Division of Financial Regulation  
State of Oregon

12.30.2022  
Date



Respectfully submitted,

Ana K. Pace

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Ana K. Pace  
Insurance Examiner  
Department of Consumer and Business Services  
Division of Financial Regulation  
State of Oregon

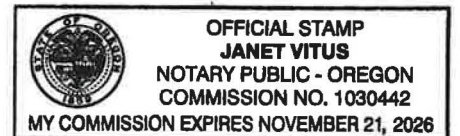
12/30/2022  
Date

State of Oregon  
County of Marion

Signed and acknowledged before me this 30th day of December, 2022.

by Janet Vitus  
Janet Vitus

Notary Public — State of Oregon



**DIVISION OF FINANCIAL REGULATION  
MARKET CONDUCT EXAMINATION**

**Enumclaw Property and Casualty Insurance Company  
NAIC Code 11232  
Group 333**

**APPENDIX A**

**Bulletin DFR 2020-20 zip codes**

97004, 97009, 97011, 97017, 97022, 97023, 97028, 97037, 97038, 97042, 97045, 97055, 97067, 97123, 97132, 97140, 97339, 97358, 97375, 97342, 97350, 97523, 97538, 97636, 97327, 97739, 97346, 97360, 97368, 97374, 97381, 97383, 97384, 97385, 97386, 97413, 97438, 97443, 97446, 97447, 97454, 97470, 97478, 97479, 97488, 97489, 97494, 97501, 97504, 97520, 97522, 97524, 97534, 97535, 97536, 97539, 97540, 97541, 97543, 97544, 97604, 97730, 97731, 97733, 97737, 97759, 97761

**APPENDIX B**

**Underwriting – Forms**

<b>#</b>	<b><u>Standard</u></b>	<b><u>Regulatory Authority</u></b>
1	The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan.	ORS 737.007 to 737.560
5	All forms, including policies, contracts, riders, amendments, endorsement forms, and certificates are filed with the insurance department, if applicable.	ORS 746.005 to 746.270; and OAR 836-080-0235
6	Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely.	ORS 84.070; ORS 743.900 to 743.930; and OAR 836-085-0010 to 836-085-0045
8	Cancellation/nonrenewal, discontinuance and declination notices comply with policy and contract provisions, state laws and the regulated entity's guidelines.	ORS 84.070; ORS 746.005 to 746.270; OAR 836-080-0235; and OAR 836-085-0010 to 836-085-0045