



Department of Consumer
and Business Services

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

MARKET CONDUCT EXAMINATION REPORT

OF:

**CSAA GENERAL INSURANCE COMPANY
INDIANAPOLIS, INDIANA
NAIC COMPANY CODE 37770
GROUP CODE 25941**

AS OF: November 14, 2023

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

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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 Stolfi:

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

**CSAA GENERAL INSURANCE COMPANY
INDIANAPOLIS, INDIANA**

**NAIC Company Code 37770
Group Code 25941**

NAIC Exam Tracking System Exam Number OR-EMANUELS-5

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 Company'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 CSAA General 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 November 14, 2023 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, Bulletin No. DFR 2020-20, and ORS 742.470 as required by House Bill (HB) 3272. See Appendix A for zip codes included in Bulletin No. DFR 2020-20. The Company's underlying data and materials were measured against established standards. A list of all standards considered 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 #8. Cancellation / non-renewal, discontinuance and declination notices comply with policy and contract provisions, state laws and the regulated entity's guidelines. Reference: Oregon Revised Statutes (ORS) ORS 731.870, ORS 84.070, ORS 746.005 to 746.270; OAR 836-080-0235, and OAR 836-085-0010 to 836-085-004; Executive Order 2035. The comment was a result of four policies that were either non-renewed or cancelled during the time period for which the Emergency Order was in effect. The Company did not issue a notice of suspension to the previously issued non-renewal notice as required by the Wildfire Emergency Order under section 16b or cancelled a policy due to non-payment.

EXAMINATION FINDINGS

If applicable, examination findings comprise the basic body of the report including – sample sizing, error %, alleged violations 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 all data requested regarding all homeowners' policies for the examination period of August 1, 2020 to January 31, 2022.

The examiner verified:

- There were 10,024 homeowner policies statewide.
- Out of the 10,024 homeowner policies statewide, 6,710 homeowner policies or 66.93% were renewed during the examination period of August 1, 2020 through January 31, 2022.
- Out of the 6,710 renewed homeowner policies statewide, 905 homeowner policies or 13.48% were in Bulletin No. DFR 2020-20 zip codes.
- Out of the 905 homeowner policies that renewed within Bulletin No. DFR 2020-20 zip codes, there were fifty six homeowner policies or 6.18% with claims during the examination period of August 1, 2020 through January 31, 2022.
- Out of the 56 homeowner policies with claims within the Bulletin No. DFR 2020-20 zip codes, twenty eight homeowner policies or 50.00% had a claim related to the wildfire event.
- Out of the twenty eight homeowner policies with claims within the Bulletin No. DFR 2020-20 zip codes, zero homeowner policies had claim surcharges or increases in premiums solely due to a claim made related to the wildfire event.

The Company passed this standard without comment as premiums were not increased, nor were surcharges applied and discounts removed solely due to a claim related to the wildfire event during the examination period of August 1, 2020 to January 31, 2022. Zero policies received additional surcharges as a result of claims made due to the wildfire event of September 2020. Additionally, comparisons between policy premium adjustments with a claim related to the wildfire event and policies with a claim,

and/or those without a claim, demonstrate the Company adjusted premiums in proportionate percentages at each homeowner policy renewal.

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 the SERFF filing number and policy forms as a result of the implementation of HB 3272. The examiner verified:

- The Company updated their homeowner policy forms via amendments; Form number HS AE3 OR 09 21 - Homeowners, HS AE4 OR 0921 - Renters, HS AE6 OR 09 21 – Condominium Owners, HS 04 20 OR 09 21 – Homeowners, Condominium Owners and HS04 43 OR 09 21, Homeowners, Condominium Owners.
- The filing number for the updated forms is WSUN-132948066.

The Company passed this standard without comment as they filed and updated their homeowner policy contract forms consistently with the provisions of ORS 742.270 and HB 3272.

Standard #6 Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely. Reference: ORS 84.070; ORS 742.250 to 742.572 and OAR 836-085-0010 to 836-085-0045. The examiner verified:

- Procedural documentation illustrating how policyholders are informed of policy endorsements upon renewals as a result of the codification of HB 3272 into ORS 742.270.
- The Company has compliance processes to provide guidance to impacted departments in order to ensure compliance ORS 742.270.
- The amendatory endorsements addresses very specific loss conditions, including the declaration of an emergency under ORS 401.165.

The Company passed this standard without comment, as it updated related policy forms as a result of the implementation of HB 3272 into ORS 742.270 timely. Additionally, the Company has a business practice to prepare for future declaration of emergencies. The Company began mailing the new approved amendatory endorsements forms once they were approved on February 15, 2022.

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 for the examination period of August 1, 2020 to January 31, 2022. The examiner verified:

- There were a total of 10,024 homeowner policies statewide.
- Out of the 10,024 homeowner policies statewide, 2,272 policies or 22.66% cancelled or non-renewed during the examination period of August 1, 2020 thru January 1, 2022.
- Out of the 2,272 homeowner policies statewide that cancelled or non-renewed, 282 policies or 12.41% were in the zip codes identified in the Bulletin No. DFR 2020-20.
- Out of the 282 homeowner policies that cancelled or non-renewed within the zip codes identified in the Bulletin No. DFR 2020-20, thirty eight policies or 13.47% cancelled or non-renewed during the period for which the Wildfire Emergency Order dated September 18, 2020 was in effect.
- Out of the 282 homeowner policies identified in Bulletin No. DFR 2020-20, four or 1.41% were cancelled or non-renewed by the insurer for which the Wildfire Emergency Order dated September 18, 2020 was in effect.

The examiner confirmed the Company cancelled or non-renewed four homeowner policies in error during the dates in which the wildfire emergency order dated September 18,2020 was in effect. The Company

did not issue notices of suspension to the previously issued non-renewal notices as required by the Wildfire Emergency Order. The Company passed this standard with comment.

ADDITIONAL FINDINGS

The examiner noted no additional findings.

CONCLUSIONS

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

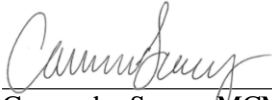
The Company was receptive to the comment issued by the examination team regarding Standard #8. The company was proactive and addressed the comment issued by the examination team. The Company was prompt, timely and cooperative in addressing all inquiries during the course of the examination.

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. Besides the undersigned, Sandra Emanuel participated in this examination.

Respectfully submitted,

Cassandra Soucy



Cassandra Soucy, MCM
Property and Casualty & Business
Analytics Program Manager
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon

12/12/23

Date

State of Oregon)
)
County of Marion)

I, Lauren Bodine, Notary Public, witness my official seal this 13th day of December, 2023.



Signature of Notary



Notary Printed Name: Lauren Bodine

My Commission Expires: March 10, 2026

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 J. Emanuel, participated in this examination and the preparation of this report.

Respectfully submitted,

Sandra J. Emanuel

Sandra J Emanuel

12/13/2023

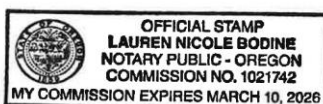
Sandra J. Emanuel, AIE, MCM
Insurance Examiner
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon

Date

State of Oregon)
)
County of Marion)

I, Lauren Bodine, Notary Public, witness my official seal this 13th day of December, 2023.

Lauren Bodine



Signature of Notary

Notary Printed Name: Lauren Bodine

My Commission Expires: March 10, 2026

**DIVISION OF FINANCIAL REGULATION
MARKET CONDUCT EXAMINATION**

**CSAA General Insurance Company
NAIC Code 37770
Group 25941**

APPENDIX A

Bulletin No. 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

#	<u>Standard</u>	<u>Regulatory Authority</u>
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 742.560 to 743.572; 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