



Department of Consumer
and Business Services

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

MARKET CONDUCT EXAMINATION REPORT

OF:

**CALIFORNIA CASUALTY GENERAL INSURANCE COMPANY OF OREGON
PORTLAND, OREGON**

**NAIC COMPANY CODE 35955
GROUP CODE 33**

AS OF: February 27, 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:

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

California Casualty General Insurance Company of Oregon

PORTLAND, OREGON

NAIC Company Code 35955

Group Code 33

NAIC Exam Tracking System Exam Number OR-PACEA-4

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 California Casualty General Insurance Company of Oregon. 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 February 27, 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 DFR 2020-20, and ORS 742.470 as required by House Bill (HB) 3272. See Appendix A for 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 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/nonrenewal, discontinuance and declination notices comply with policy and contract provisions, state laws and the regulated entity's guidelines. Reference: Oregon Revised Statute (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 the result of a two of policies that were cancelled during the time period for which the Emergency Order was in effect. The Company agreed to the comment and has confirmed that one policy was reinstated. The company also agrees that one of the policies was cancelled or non-renewed.

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 9,730 homeowner policies statewide.
- Out of the 9,730 statewide homeowner policies, 9,655 policies or 99.22% were renewed during the examination period of August 1, 2020 through January 31, 2022.
- Out of the 9,655 renewed statewide homeowner policies, 1,280 policies or 13.25% were in Bulletin DFR 2020-20 zip codes.
- Out of the 1,280 statewide homeowner policies that renewed in the Bulletin DFR 2020-20 zip codes, there were 140 policies or 10.93% with claims made during the examination period of August 1, 2020 through January 31, 2022.
- Out of the 140 statewide homeowner policies with claims during the examination period, 56 or 40.00% had a claim related to the wildfire event.
- All of the 140 homeowner policies within the zip codes outlined in the Bulletin DFR 2020-20 received a premium increase due to inflation at renewal.
- Out of the 56 homeowner policies within the zip codes outlined in the Bulletin DFR 2020-20 with a claim related to the wildfire event, 19 or 33.92% received a premium increase upon renewal due to coverage increase for dwelling.
- Out of the 56 homeowner policies within the zip codes with a claim related to the wildfire event, 6 or 10.71% received a premium increase upon renewal due to coverage increase for contents.



- Out of the 56 homeowner policies within the zip codes with a claim related to the wildfire event, 1 or 1.78% received a premium increase upon renewal due to losing a discount for Auto and Home discount and coverage increase for dwelling.
- Out of the 56 homeowner policies within the zip codes with a claim related to the wildfire event, 2 or 3.57% received a premium increase upon having a combined Fireline Score, and an increase for coverage for dwelling.
- Out of the 56 homeowner policies within the zip codes with a claim related to the wildfire event that received increases for coverage for dwelling and coverage increase for contents, there were a total of 4 or 7.14% wildfire claims that resulted in total losses.
- Out of those 4 policies with wildfire claims that resulted in total losses, 4 or 100% received the premium increases due to an increase for coverage for dwelling and coverage increase for contents prior to the wildfire claims dates of loss.
- Out of the 56 homeowner policies within the zip codes with a claim related to the wildfire event, 2 or 3.57% received a premium increase upon losing auto and home discounts package.
- Out of the 56 homeowner policies within the zip codes with a claim related to the wildfire event, 27 or 48.21% had no discount at renewal or never had it on the prior policy period.

The company passed this standard without comment as no premiums were increased, nor surcharges were applied or discounts removed solely due to wildfire claims filed for the examination period. The examination team confirmed the policy premium increases for dwelling and contents for those policies with wildfire related claims that resulted in total losses, all predated the losses related to the wildfire claim events. Lastly, in comparing the premium adjustments between policies with wildfire related claims, policies with claims and those without claims, the company adjusted premiums in proportionate percentages at renewals.



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 examiner verified:

- The Company updated the forms via endorsements for their homeowners' policy forms; Homeowner form HC 01 36 01 22, Special Provisions – Oregon; and Dwelling form DP 01 36 01 22, and Special Provisions – Oregon.
- The filing number for the updated forms were CALC-133070515 and CALC-133070512.

The company passed this standard without comment as the company filed and updated their policy contract forms consistent with the provisions of HB 3272. All the 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 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 implementation of HB 3272.
- The company has compliance processes to provide guidance to impacted departments in order to ensure compliance HB 3272 and ORS 742.470.
- The endorsements address 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 timely. Additionally, the company has a business practice to prepare for future declaration of emergencies. The company began including a copy of the approved endorsement with each renewal policy.



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.

- There were a total of 9,730 homeowner policies statewide.
- Out of the 9,730 homeowner policies, 9,729 homeowner policies or 99.98% renewed during the examination period of August 1, 2020 thru January 1, 2022.
- Out of the 9,729 homeowner policies that renewed, 9,707 or 99.77% were in the zip codes identified in the Bulletin DFR 2020-20.
- Out of the 9,730 home owner policies statewide, 1,517 or 15.59% cancelled or non-renewed during the examination period.
- Out of the 1,517 that cancelled or non-renewed, 209 or 13.77% homeowner policies were in the zip codes outlined in Bulletin DFR 2020-20.
- Out of the 209 homeowner policies that were in the zip codes that cancelled or non-renewed, 24 or 11.48% were cancelled or non-renewed during the period for which the Wildfire Emergency Order dated 09/18/2020 was in effect.
- Out of the 24 homeowner policies that were cancelled during the Wildfire Emergency Order, 3 or 12.5% policies were cancelled by the company.
- Out of the 3 homeowner policies cancelled by the company, 2 or 66.66% homeowner policies had a cancellation effective date prior to the amendment of the Bulletin DFR 2020-20.
- Out of the 2 homeowner policies with a cancellation effective date prior to the amendment of Bulletin DFR 2020-20, 2 or 100.00% did not receive notices of suspension as required by the Wildfire Emergency Order.

- 
- Out of the 2 homeowner policies, 1 or 50.00% was reinstated without a lapse after a manual review was conducted by the company.

The company provided a sampling of communications sent to policyholders upon cancelation or non-renewal of policies. The examiner verified one of the two policies that were cancelled or non-renewed within the zip codes outlined in Bulletin DFR 2020-20 was reinstated without a lapse. The examiner verified one of the two policies was cancelled or non-renewed. 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 by ensuring one of the two policies subject of the comment was reinstated without a lapse in coverage.

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, Ana Pace participated in this examination.

Respectfully submitted,

Brian J. Fordham

Brian J. Fordham

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

3/29/2023
Date

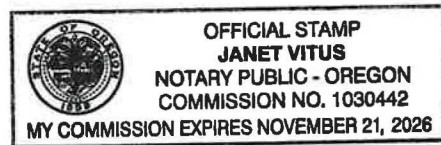
State of Oregon)
)
County of Marion)

I, Janet Vitus, Notary Public, do hereby certify that Brian Fordham personally appeared before me this day and acknowledged the forgoing instrument(s).

Witness my hand and official seal this 29th day of March, 2023.

Janet Vitus
Signature of Notary

Janet Vitus
Notary Printed Name
My Commission Expires: Nov 21, 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, Ana K. Pace, participated in this examination and the preparation of this report.

Respectfully submitted,

Ana K. Pace

Ana K. Pace

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

03/29/2023
Date

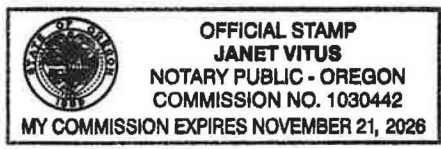
State of Oregon)
)
County of Marion)

I, Janet Vitus, Notary Public, do hereby certify that Ana Pace personally appeared before me this day and acknowledged the forgoing instrument(s).

Witness my hand and official seal this 29th day of March, 2023.

Janet Vitus
Signature of Notary

Janet Vitus
Notary Printed Name
My Commission Expires: Nov 21, 2026





**DIVISION OF FINANCIAL REGULATION
MARKET CONDUCT EXAMINATION**

**California Casualty General Insurance Company of Oregon
NAIC Code 35955
Group 33**

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

#	Standard	Regulatory Authority
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