



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

MARKET CONDUCT EXAMINATION REPORT

OF:

**MUTUAL OF ENUMCLAW INSURANCE COMPANY
ENUMCLAW, WASHINGTON**

**NAIC COMPANY CODE 14761
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.....10

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:

Mutual of Enumclaw Insurance Company

ENUMCLAW, WASHINGTON

NAIC Company Code 14761

Group Code 333

NAIC Exam Tracking System Exam Number OR-PACEA-2

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 Mutual of Enumclaw 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:

- There were 12,255 homeowner policies statewide.
- Out of the 12,255 homeowner policies, 8,760 policies or 71.48% were renewed during the examination period.
- Out of the 8,760 renewed statewide homeowner policies, 1,224 of the homeowner policies or 13.97% contained zip codes subject to DFR bulletin 2020-20.
- Out of 12,255 statewide homeowner policies, there were 989 claims made or 8.07% during the examination period.
- Out of the 989 statewide claims during the examination period, 95 or 9.60% were wildfire related.
- Out of the 95 wildfire related claims, 77 claims or 81.05% were within the zip codes outlined in DFR Bulletin 2020-20.


- 70 homeowner policies within the zip codes subject to DFR Bulletin 2020-20 had wildfire related claims.
- Out of the 70 homeowner policies within the zip codes outlined in DFR Bulletin 2020-20, 37 homeowner policies or 52.85% did not have a Fire Claim Discount.
- Out of the 70 homeowner policies within the zip codes outlined in DFR Bulletin 2020-20, 16 homeowner policies or 22.85% lost the Fire Claim Discount upon renewal.
- Out of the 70 homeowner policies within the zip codes outlined in DFR Bulletin 2020-27, 7 homeowner policies or 10.00% lost 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:

- 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:

- 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 all requested data regarding all homeowners' policies for the exam period.

- There were 12,255 homeowner policies statewide, 1,851 homeowner policies or 15.10% were in the zip codes identified in DFR bulletin 2020-20.
- Out of the 12,255 homeowner policies, 989 homeowner policies or 8.07% had a claim during the examination period of August 1, 2020 through January 31, 2022.
- Out of the 989 claims, 95 or 9.60% were wildfire related.

- Out of the 95 claims that were wildfire related, 77 or 81.05% were in the zip codes outlined in DFR Bulletin 2020-20.
- 754 homeowner policies were canceled or non-renewed statewide during the examination period of August 1, 2020 through January 31, 2022:
 - Out of the 754 homeowner policies, 113 or 14.98 % were in the zip codes outlined in DFR Bulletin 2020-20.
 - Out of the 113 homeowner policies cancelled or non-renewed within the zip codes outlined in DFR bulletin 2020-20, 15 or 13.27% were cancelled or non-renewed by the company.
 - Out of the 113 homeowner policies cancelled within the zip codes outlined in the bulletin DFR 2020-20, 98 or 86.72% were cancelled by the insured.
 - There were 8 homeowner policies cancelled or non-renewed statewide during the Emergency Order dated September 18, 2020.
 - All of the 8 homeowner policies cancelled or non-renewed statewide during the Emergency Order dated September 18, 2020 had wildfire related claims.
 - Out of the 8 homeowner policies canceled or non-renewed statewide during the Emergency Order dated September 18, 2020 that has wildfire related claims, 6 or 75.00% were within the zip codes outlines in Bulletin DFR 2020-20.

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

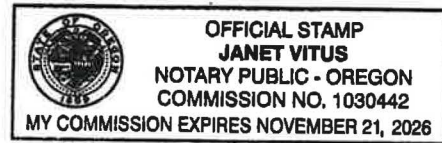
Date

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 on 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,

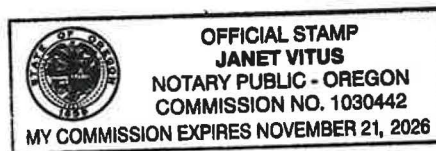
Janet J
Sandra Emanuel

Janet Sandra Emanuel
Sandra Emanuel

12.30.2022

Date

Insurance Examiner
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon



Respectfully submitted,

Janet K
Ana Pace

Janet Ana K. Pace
Ana Pace

12/30/2022

Date

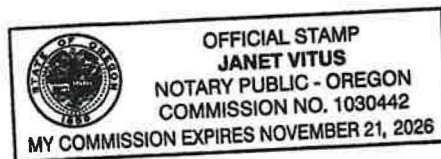
Insurance Examiner
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon

State of Oregon
County of Marion

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

by Janet Vitus
Janet Vitus

Notary Public - State of Oregon



**DIVISION OF FINANCIAL REGULATION
MARKET CONDUCT EXAMINATION**

**Mutual of Enumclaw Insurance Company
NAIC Code 14761
Group Code 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

#	<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 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