



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

MARKET CONDUCT
EXAMINATION REPORT

OF

**LYNDON SOUTHERN INSURANCE
COMPANY**
WILMINGTON, DE

As of: February 23, 2023
Issued: April 3, 2023

**BUREAU OF MARKET ACTIONS
PROPERTY AND CASUALTY DIVISION**



PENNSYLVANIA INSURANCE DEPARTMENT
EXAMINATION VERIFICATION

I, Vernon Schmidt, Market Conduct Examiner II from
(Name of Examiner) (Title of Examiner)

The Pennsylvania Insurance Department certify that I was the Examiner-In-Charge of the Report of
(Name of Vendor/Department)

Examination of Lyndon Southern Insurance Company made as of 02/15/2023.
(Name of Examined Company) (Date)

The last date of examination file review was 11/16/2022 and the written Report
(Date)

of Examination was reviewed and accepted by the Paul E. Towsen III
(Chief of Market Conduct Examiner)

on 2/23/2023.
(Date)

I have reviewed the completed written Report of Examination and certify that the facts and figures recited therein are true and accurate, according to the records, documents and other evidence obtained during the course of the examination.

Vernon Schmidt
(Examiner-in Charge)

The Pennsylvania Department of Insurance
(Name of Vendor/Department)

Bureau of Market Actions, 1321 Strawberry Square Harrisburg, PA 17120
(Address of Vendor/Department)

Vern Schmidt
(Examiner in Charge Signature)

02/15/2023
(Date)

IN ORDER TO SATISFY SECTION 40 P.S. § 323.5(b), THAT PROVIDES FOR NO LONGER THAN SIXTY (60) DAYS FROM THE COMPLETION OF THE EXAMINATION, THE EXAMINER IN CHARGE SHALL FILE WITH THE DEPARTMENT A VERIFIED WRITTEN REPORT OF EXAMINATION UNDER OATH.

LYNDON SOUTHERN INSURANCE COMPANY
TABLE OF CONTENTS

Order	
I.	Introduction 1
II.	Scope of Examination 3
III.	Company History / Licensing. 4
IV.	Undewriting
A.	Private Passenger Automobile
1.	Automobile Nonrenewals 5
2.	Automobile Midterm Cancellations. 6
3.	Automobile 60 Day Cancellations 8
4.	Automobile Declinations 10
5.	Automobile Rescissions. 11
V.	Rating
A.	Private Passenger Automobile
1.	Automobile New Business without Surcharges. 14
2.	Automobile New Business with Surcharges 14
3.	Automobile Renewal without Surcharges 16
4.	Automobile Renewal with Surcharges 16
VI.	Claims
1.	Property Damage Claims. 17
2.	Collision..... 18

3. Comprehensive.....	19
4. Total Loss.....	19
5. First Party Medical Claims.....	20
6. First Party Medical Referred to a PRO.....	22
VII. Consumer Complaints	23
VII. Underwriting Practices and Procedures.....	25
IX. Producers Licensing	26
X. Forms	29
XI. Data Integrity	31
XII. Recommendations	33
XIII. Company Response.....	36

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this __31st__ day of _March___, 2022, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate David J. Buono, Jr., Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.





Michael Humphreys
Acting Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
LYNDON SOUTHERN INSURANCE	:	
COMPANY	:	40 P.S. §§310.41(a) and §310.71
10751 Deerwood Park Blvd, Building 200	:	
Jacksonville, FL 32256	:	40 P.S. §323.3(a)
	:	
	:	40 P.S. §§991.2001, 991.2002(c)(3),
	:	991.2004, 991.2006, 991.2006(2),
	:	991.2006(3), and 991.2006(4)
	:	
	:	18 Pa. C.S. 4117(k)(1)
	:	
	:	31 Pa. Code §§62.3, 62.3(e)(4), 69.22(c),
	:	69.52(b), 146.5(a), 146.5(b), 146.5(d),
	:	and 146.6
	:	
	:	63 P.S. §861(b)
	:	
	:	75 Pa. C.S. §§1705(a)(4), 1716,
	:	1731(b)(c)(c1), 1793(c), and 1799.3(d)
	:	
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	:	
Respondent.	:	Docket No. MC23-03-020

CONSENT ORDER

AND NOW, this **3rd** day of **April**, 2023, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Lyndon Southern Insurance Company, and maintains its address at 10751 Deerwood Park Blvd, Building 200, Jacksonville, FL 32256.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from January 1, 2021 through December 31 2021.
- (c) On February 23, 2023, the Insurance Department issued a Market Conduct Examination Report to Respondent.

- (d) A response to the Examination Report was provided by Respondent on March 24, 2023.

- (e) The Market Conduct Examination of Respondent revealed violations of the following:
 - (i) All findings and conclusions in the Examination Report, which is attached hereto, are hereby incorporated into this Consent Order

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) Respondent's violations of 40 P.S. §§310.41(a) and 310.71 are punishable by the following, under (40 P.S. §310.91):
 - (i) suspension, revocation or refusal to issue the certificate of qualification or license;

 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;

 - (iii) an order to cease and desist; and

- (iv) any other conditions as the Commissioner deems appropriate.

- (c) Violations of 40 P.S. §§991.2001, 991.2002(c)(3), 991.2004, 991.2006, 991.2006(2), 991.2006(3), and 991.6(4) (relating to motor vehicles) of 40 P.S. are punishable by the following, under Section 991.2013: Any individual or insurer who violates any of the provisions of this article may be sentenced to pay a fine not to exceed five thousand dollars (\$5,000).

- (d) Respondent's violations of 31 Pa. Code §§146.5(a), 146.5(b), 146.5(d) and 146.6 are punishable under Sections 1 through 5 and Section 9 of the Unfair Insurance Practices Act (40 P.S. §§1171.1 – 1171.5 and 1171.9):
 - (i) cease and desist from engaging in the prohibited activity;
 - (ii) suspension or revocation of the license(s) of Respondent.

- (e) In addition to any penalties imposed by the Commissioner for Respondent's violations of 40 P.S. §§1171.1 – 1171.5, the Commissioner may, under (40 P.S. §§1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:
 - (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);
 - (ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars (\$1,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall pay Eighty Thousand Dollars (\$80,000.00) in settlement of all violations contained in the Report.
- (c) Payment of this matter shall be made at <https://www.bpp.ob.pa.gov/Customer>.
Instructions on how to do this are provided in the attached cover letter to this order.
Payment must be made no later than thirty (30) days after the date of this Order.
- (d) To determine Respondent's compliance with the full and timely implementation of all recommendations in the Examination Report, the Department may inquire with the Respondent about its implementation of the Recommendations no earlier than twelve (12) months from the date of this Order.
- (e) Respondent shall share the Examination Report and this Order with each of its directors and submit affidavits executed by each of its directors, stating under oath that they have received a copy of the Examination Report and this Order. Such affidavits shall be submitted within thirty (30) days of the date of this Order.

(f) Respondent shall comply with all recommendations contained in the attached Report.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

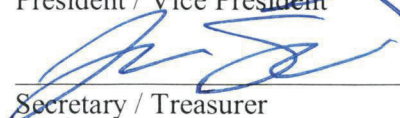
10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

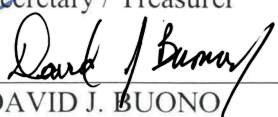
BY: LYNDON SOUTHERN INSURANCE
COMPANY
Respondent



President / Vice President



Secretary / Treasurer



DAVID J. BUONO
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

I. INTRODUCTION

The Market Conduct Examination of Lyndon Southern Insurance Company, hereinafter referred to as “Company”, was conducted at the Pennsylvania Insurance Department beginning August 17, 2022. There was no onsite portion of the exam.

Pennsylvania Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review those areas of concern in order to determine the potential impact upon Company operations or future compliance. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties.

In certain areas of review listed in this Report, the examiners will refer to “error ratio.” This error ratio is calculated by dividing the number of policies with violations by the total number of policies reviewed. For example, if 100 policies are reviewed and it is determined that there are 20 violations on 10 policies, the error ratio would be 10%.

Throughout the course of the examination, Company officials were provided with status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company personnel to discuss

the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the officers and employees of the Company, during the examination is hereby acknowledged.

The following examiners participated in this examination and in preparation of this Report.

Paul Towsen, MCM
Market Conduct Division Chief
Pennsylvania Insurance Department

Vern Schmidt, MCM
Market Conduct Examiner II, EIC
Pennsylvania Insurance Department

Ray Conover
Market Regulation Senior Examiner
NorthStar Exams, LLC.

Sarah Brindendall
Market Regulation Senior Examiner
NorthStar Exams, LLC.

II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted on Lyndon Southern Insurance Company, at the Pennsylvania Insurance Department, located in Harrisburg, Pennsylvania. The examination was conducted pursuant to Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act of 1921 and covered the experience period of January 1, 2021, through December 31, 2021, unless otherwise noted. The purpose of the examination was to determine the Company's compliance with Pennsylvania insurance laws and regulations.

The examination focused on Company operations in the following areas:

1. Private Passenger Auto
 - Underwriting - Appropriate and timely notices of nonrenewal, midterm cancellations, 60-day cancellations, declinations, and rescissions.
 - Rating - Proper use of all classification and rating plans and procedures.
2. Claims
3. Complaints
4. Underwriting Practices and Procedures
5. Producers
6. Forms
7. Data Integrity

III. COMPANY HISTORY

Lyndon Southern Insurance Company's ("Lyndon Southern"), home office and principal executive offices are located at 1807 North Market Street, Wilmington, DE 19802. Lyndon Southern became part of the insurance holding company system on January 1, 2006, upon acquisition by Life of the South Corporation, a Georgia corporation (the "Holding Company"). As a result of the acquisition, the Holding Company acquired 100% of the outstanding capital stock of Lyndon Southern. Effective April 24, 2008, the Holding Company changed its name to Fortegra Financial Corporation. On October 14, 2009, Lyndon Southern was re-domiciled from Louisiana to Delaware. On December 4, 2014, Tiptree Financial Inc. acquired 100% of the outstanding shares of Fortegra Financial Corporation.

LICENSING

Lyndon Southern Insurance Company last Certificate of Authority to write business in the Commonwealth was last issued on April 1, 2022. Lyndon Southern Insurance Company is licensed in 45 states including the District of Columbia, excluding California, Delaware, New Jersey, New York, Rhode Island, and Wisconsin. The Company's 2021 annual statement reflects Direct Written Premium for all lines of business in the Commonwealth of Pennsylvania as \$26,286,935. Premium volume related to the areas of this review were: Private Passenger Automobile Direct Written Premium was reported as Private Passenger Auto No-Fault (Personal Injury Protection) \$920,369; Other Private Passenger Auto Liability \$2,948,534; and Private Passenger Auto Physical Damage \$69,510.

IV. UNDERWRITING

A. Private Passenger Automobile

1. Nonrenewals

A nonrenewal is any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

The universe of 29 private passenger automobile policies was nonrenewed during the experience period and selected for review. All 29 files requested were received and reviewed. The 11 violations noted were based on 11 files, resulting in an error ratio of 38%.

The following findings were noted:

10 Violations 40 P.S. §991.2006(2)

Proper notification of intention to cancel. A cancellation or refusal to renew by an insurer of a policy of automobile insurance shall not be effective unless the insurer delivers or mails to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew. The notice shall: (2) State the date, not less than sixty (60) days after the date of the mailing or delivery, on which

cancellation or refusal to renew shall become effective. When the policy is being cancelled or not renewed for the reasons set forth in Section 2004(1) and (2), however, the effective date may be fifteen (15) days from the date of mailing or delivery. The Company failed to provide proper days mailing notice prior to the cancellation effective date for the 10 files noted.

1 Violation 40 P.S. §991.2006(3)

Proper notification of intention to cancel. A cancellation or refusal to renew by an insurer of a policy of automobile insurance shall not be effective unless the insurer delivers or mails to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew. The notice shall: (3) State the specific reasons of the insurer for cancellation or refusal to renew. The Company failed to provide a specific reason for cancellation for the file noted.

2. Mid-term Cancellations

A mid-term cancellation is any policy that terminates at any time other than the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

From the universe of 6,416 private passenger automobile policies which were cancelled during the experience period, 100 files were selected for review. All 100 files requested were received and reviewed. The 58 violations noted were based on 58 files, resulting in an error ratio of 58%.

The following findings were noted:

1 Violation 40 P.S. §991.2006

Proper notification of intention to cancel. A cancellation or refusal to renew by an insurer of a policy of automobile insurance shall not be effective unless the insurer delivers or mails to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew. The Company failed to have a cancellation notice in the file for the file noted.

57 Violations 40 P.S. §991.2006(2)

Proper notification of intention to cancel. A cancellation or refusal to renew by an insurer of a policy of automobile insurance shall not be effective unless the insurer delivers or mails to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew. The notice shall: (2) State the date, not less than sixty (60) days after the date of the mailing or delivery, on which cancellation or refusal to renew shall become effective. When the policy is being cancelled or not renewed for the reasons set forth in Section 2004(1) and (2), however, the effective date may be fifteen (15) days from the date of mailing or delivery. The Company failed to provide 15 days mailing

notice prior to the cancellation effective date for 56 of the files noted and failed to provide 60 days mailing notice prior to the cancellation effective date for the other file noted.

3. 60-Day Cancellations

A 60-day cancellation is any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. These files were also reviewed for compliance with Act 68, Section 2002(c)(3) (40 P.S. §991.2002(c)(3)), which requires an insurer who cancels a policy of automobile insurance in the first 60 days, to supply the insured with a written statement of the reason for cancellation.

From the universe of 2,431 automobile policies that were cancelled within the first 60 days of new business, 100 files were selected for review. All 100 files requested were received and reviewed. The 52 violations noted were based on 48 files, resulting in an error ratio of 48%.

The following findings were noted:

3 Violations 40 P.S. §991.2004

40 P.S. §991.2001

Adjudication: Nguyen/Old Guard (P01-01-019, 2001)

Requires that no insurer shall cancel a policy of automobile insurance except for nonpayment of premium, suspension or revocation of the named insured's driver license or motor vehicle registration or a determination that the insured has concealed a material fact or has made a material allegation contrary to fact or has made a misrepresentation of material fact and that such concealment, allegation, or misrepresentation was material to the acceptance of the risk by the insurer. The Company sent a cancellation notice for nonpayment of premium when premium was not yet due for the three files noted.

41 Violations 40 P.S. §991.2002(c)(3)

Adjudications: Tampa v. State Farm (P91-06-01, 1992) and Gorba v. Allstate (P92-02-92, 1993)

Requires that an insurer supply the insured with a written statement of the reason for cancellation. The 41 files noted were policies cancelled within the first 60 days of the new business inception date and did not contain evidence of the required 15 days notice.

1 Violation 40 P.S. §991.2006(4)

Requires that a cancellation notice be in a form acceptable to the Insurance Commissioner. The notice shall advise the insured of his right to request in writing, within thirty (30) days of the receipt of the notice of cancellation or intention not to renew and of the receipt of the reason or reasons for the cancellation or refusal to renew as stated in the notice of cancellation or of intention not to renew, that the Insurance

Commissioner review the action of the insurer. The Company failed to provide notice of review by the Commissioner for the file noted.

7 Violations 75 Pa C.S. §1793(c)

When an insurer cancels a motor vehicle insurance policy within the first 60-days of new business, the insurer shall within 30 days of canceling the policy return to the insured all premiums paid under the policy less any proration for the period the policy was in effect. Premiums are overdue if not paid to the insured within 30 days after canceling the policy. Overdue return premiums shall bear interest at the rate of 12% per annum from the date the return premium became due. The Company failed to return unearned premium within 30 days of canceling the policy and failed to pay the proper amount of interest on the overdue returned premium for the seven files noted. The Company has already provided proof that the correct interest amount has been paid on the seven files noted.

4. Declinations

A declination is any application that is received by the Company and was declined to be written.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. There were no declinations reported by the Company during the experience period.

5. Rescissions

A rescission is any policy which was void ab initio by the Company.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. The review also determines compliance with the rescission requirements established by the Supreme Court of Pennsylvania in *Erie Insurance Exchange v. Lake*.

The universe of eight automobile policies was rescinded during the experience period and selected for review. All eight files requested were received and reviewed. The four violations noted were based on four files, resulting in an error ratio of 50%.

The following violations and concern were noted:

4 Violations 40 P.S. §991.2006

Requires that a cancellation or refusal to renew by an insurer of a policy of automobile insurance shall not be effective unless the insurer delivers or mails to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew. The Company failed to issue a notice of rescission for the four files noted.

Concern: The Company is generating notes in the system stating the policy is rescinded however they are not being consistent when notifying the insured. Of the eight rescissions reviewed only one had a proper notice of rescission in the file. Also, the company is generating other notifications

to the insured that relates to the rescission however the dates on the notifications do not match the date in the system notes.

V. RATING

A. Private Passenger Automobile

1. New Business

New business, for the purpose of this examination, is defined as policies written for the first time by the Company during the experience period.

The primary purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan, and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with all provisions of the Motor Vehicle Financial Responsibility Law (75 Pa. C.S. §§1701 – 1799.7) and Act 68, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company uses an automated system to process and issue personal automobile policies. By reviewing base premiums, territory assignments, rating symbols, classification and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – New Business without Surcharges

From the universe of 4,181 private passenger automobile policies identified as new business without surcharges by the Company, 100 files were selected for review. All 100 policy files requested were received and reviewed. The two violations noted were based on one file, resulting in an error ration of 1%.

The following violations were noted:

1 Violation 75 Pa. C.S. §1705(a)(4)

Requires every insurer, prior to the issuance of a private passenger motor vehicle liability insurance policy to provide each applicant an opportunity to elect a tort option. A policy may not be issued unless the applicant has been provided an opportunity to elect a tort option. The Company failed to provide a signed and dated limited tort form for the file noted.

1 Violation 75 Pa. C.S. §1731(b)(c)&(c1)

The named insured shall be informed that he may reject uninsured and underinsured motorist coverage by signing a written rejection form. The Company failed to have a signed rejection form for uninsured and underinsured motorists' coverages for the file noted.

Private Passenger Automobile Rating – New Business with Surcharges

From the universe of 439 private passenger automobile policies identified as new business with surcharges by the Company, 50 files were selected for review. All 50 policy files requested were received and reviewed. The

entire universe was noted to be in violation, resulting in an error ratio of 100%.

The following violations were noted:

439 Violations 75 Pa. C.S. §1799.3(d)

Requires notice to the insured that if an insurer makes a determination to impose a surcharge, rate penalty or driver record point assignment, the insurer shall inform the named insured of the determination and shall specify the manner in which the surcharge, rate penalty or driver record point assignment was made and clearly identify the amount of the surcharge or rate penalty on the premium notice for as long as the surcharge or rate penalty is in effect. The Company failed to provide a disclosure notice of the required premium discounts at the time of issuance for the 439 files noted.

2. Renewals

A renewal is any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The primary purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan, and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with Act 68 of

1998, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company uses an automated system to process and issue personal automobile policies. By reviewing base premiums, territory assignments, rating symbols, classification and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans

Private Passenger Automobile Rating – Renewal without Surcharges

From the universe of 4,117 private passenger automobile policies identified as renewals without surcharges, 100 files were selected for review. All 100 files requested were received and reviewed. There were no violations noted.

Private Passenger Automobile Rating – Renewal with Surcharges

From the universe of 631 private passenger automobile policies identified as renewals with surcharges, 100 files were selected for review. All 100 files requested were received and reviewed. There were no violations noted.

VI. CLAIMS

The Company was requested to provide copies of all established written claim handling procedures utilized during the experience period. Written claim handling procedures were received and reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

The Claims review consisted of the following areas of review:

- A. Automobile Property Damage Claims
- B. Automobile Collision Claims
- C. Automobile Comprehensive Claims
- D. Automobile Total Loss Claims
- E. Automobile First Party Medical Claims
- F. Automobile First Party Medical Claims Referred to a PRO

The primary purpose of the review was to determine compliance with 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices. The files were also reviewed to determine compliance with Act 205, Section 4 (40 P.S. §1171.4) and Section 5(a)(10)(vi) of the Unfair Insurance Practices Act (40 P.S. §1171.5(a)(10)(vi)).

A. Automobile Property Damage Claims

From the universe of 631 private passenger automobile property damage liability claims reported during the experience period, 100 files were selected for review. All 100 files selected were received and reviewed. The four violations noted were based on four files, resulting in an error ratio of 4%.

The following violations were noted:

3 Violations 31 Pa. Code §146.6

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot be reasonably completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide timely status letters for the three claim files noted.

1 Violations 63 P.S. Code §861(b)

The appraiser shall furnish a legible copy of his appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected. The appraisals were missing the appraiser's license number for the claim file noted.

B. Automobile Collision Claims

The universe of six private passenger automobile collision claims reported during the experience period was selected for review. All six files selected were received and reviewed. The four violations noted were based on two files, resulting in an error ratio of 33%.

The following violations were noted:

2 Violations 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the two claim files noted.

2 Violations 63 P.S. §861(b)

The appraiser shall furnish a legible copy of his appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. This appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected. The appraisals were missing the appraiser's license number for the two claim files noted.

C. Automobile Comprehensive Claims

The universe of one private passenger automobile comprehensive claim reported during the experience period was selected for review. The one file selected was received and reviewed. There were no violations noted.

D. Automobile Total Loss Claims

From the universe of 49 private passenger automobile total loss claims reported during the experience period, 25 files were selected for review. All 25 files selected were received and reviewed. The seven violations noted were based on five files, resulting in an error ratio of 20%.

The following violations were noted:

3 Violations 31 Pa. Code §62.3(e)(4)

Applicable sales tax on the replacement cost of a motor vehicle shall be included as part of the replacement value. The Company failed to apply sales tax on replacement cost for a leased vehicle on the three claim files noted.

4 Violations 31 Pa. Code §146.6

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot be reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide timely status letters for the four claim files noted.

E. Automobile First Party Medical Claims

From the universe of 223 private passenger automobile first party medical claims reported during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. The 59 violations noted were based on 31 files, resulting in an error ratio of 62%.

The following violations were noted:

17 Violations 31 Pa. Code §69.22(c)

States if an insured's first-party limits have been exhausted, the insurer shall, within 30 days of the receipt of the provider's bill, provide notice to the provider and the insured that the first-party limits have been exhausted. The Company failed to provide notice

to the provider and the insured that the first party benefits limits have been exhausted for the 17 claim files noted.

15 Violations 31 Pa. Code §69.52(b)

Requires an insurer to pay bills that are not referred to a Peer Review Organization within 30 days after the insurer receives sufficient documentation supporting the bill. The Company failed to pay medical bills within 30 days for the 15 claim files noted.

6 Violations 31 Pa. Code §146.5(a)

Every insurer, upon receiving notification of a claim, shall within 10 working days, acknowledge the receipt of the notice unless payment is made within the period of time. If an acknowledgement is made by means other than writing, an appropriate notation of the acknowledgement shall be made in the claim file of the insurer and dated. Notification given to an agent of an insurer shall be notification to the insurer, dating from the time the insurer receives notice. The Company failed to acknowledge the claim within 10 working days for the six claim files noted.

6 Violations 31 Pa. Code §146.5(d)

Requires an insurer, upon receiving notification of a claim, shall provide within ten working days necessary claim forms, instructions, and reasonable assistance so that first-party claimants can comply with policy conditions and reasonable requirements of the insurer. The Company did not provide the necessary claim forms to the claimant within ten working days for the six claim files noted.

15 Violations 75 Pa. C.S. §1716

Benefits are overdue if not paid within 30 days after the insurer receives reasonable proof of the amount of benefits. If reasonable proof is not supplied as to all benefits, the portion supported by reasonable proof is overdue if not paid within 30 days after the proof is received by the insurer. Overdue benefits shall bear interest at the rate of 12% per annum from the date the benefits become due. In the event the insurer is found to have acted in an unreasonable manner in refusing to pay the benefits when due, the insurer shall pay, in addition to the benefits owed and the interest thereon, a reasonable attorney fee based upon actual time expended. The Company failed to pay the proper amount of interest for the 15 claim files noted. The Company has already provided provide proof that the outstanding amount plus 12% interest per year was paid to the providers for the 15 claim files noted.

F. Automobile First Party Medical Claims Referred to a PRO

There were no First Party Benefits referred to a PRO for the experience period 1/1/21 to 12/31/21.

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for the preceding four years. The Company identified five consumer complaints received during the experience period and provided all consumer complaint logs requested. The universe of five complaint files was selected for review. All five files were received and reviewed.

The purpose of the review was to determine compliance with the Unfair Insurance Practices Act, (40 P.S. §§1171.1 – 1171.5). Section 5(a)(11) of the Act (40 P.S. §1171.5(a)(11)), requires a company to maintain a complete record of all complaints received during the preceding four years. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. The individual complaint files were reviewed for the relevancy to applicable statutes and to verify compliance with 31 Pa. Code §146.5(b)(c).

The following violation and concern were noted:

1 Violation 31 Pa. Code §146.5(b)

Every insurer, upon receipt of any inquiry from the Department respecting a claim shall, within 15 working days of receipt of such inquiry, furnish the Department with an adequate response to the inquiry. The Company failed to respond to the Department within 15 working days for the file noted.

CONCERN: In one of the five complaint files reviewed, the Company received an inquiry or a complaint from the Department and did not

respond within 15 working days. The Company should respond to the Department complaint or inquiry that is not claims related within 15 working days.

The following synopsis reflects the nature of the five complaints that were received.

2	Cancellation/Nonrenewal	40%
1	Billing	20%
2	Claims Related	40%
<hr/>		<hr/>
5		100%

VIII. UNDERWRITING PRACTICES AND PROCEDURES

As part of the examination, the Company was requested to supply manuals, underwriting guides, bulletins, directives, or other forms of underwriting procedure communications for each line of business being reviewed.

Underwriting guides and supplements were furnished for Private Passenger Automobile. The purpose of this review was to identify any inconsistencies which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. There were no violations noted.

IX. PRODUCER LICENSING

In order to determine compliance by the Company and its agency force with the licensing requirements applicable to Section 641.1-A(a) and Section 671-A of the Insurance Department Act No. of 1921, (40 P.S. §§310.41(a)a, 310.71), the Company was requested to furnish a list of all active producers during the experience period and a listing of all producers terminated during the experience period. The lists were reviewed and checked against the records of the Insurance Department. During the exam, underwriting and rating files were also checked to verify proper licensing and appointments.

The following violations were noted:

2 Violations 40 P.S. §310.41(a)

Any insurance entity or licensee accepting applications or orders for insurance or securing any insurance business that was sold, solicited, or negotiated by any person acting without an insurance producer license shall be subject to civil penalty of no more than \$5000 per violation in accordance with this act. This section shall not prohibit an insurer from accepting an insurance application directly from a consumer or prohibit the payment or receipt of referral fees in accordance with this act.

The following producers were found to be writing policies but were not found in the Insurance Department records as being licensed.

Yesenia Batista

Kathleen Levin

1 Violation 40 P.S. §310.71

(a) Representative of the insurer. – An insurance producer shall not act on behalf of or as a representative of the insurer unless the insurance producer is appointed by the insurer. An insurance producer not acting as a representative of an insurer is not required to be appointed.

(b) Representative of the consumer. – An insurance producer acting on behalf of or representing an insurance consumer shall execute a written agreement with the insurance consumer prior to representing or acting on their behalf that:

- (1) Delineates the services to be provided; and
- (2) Provides full and complete disclosure of the fee to be paid to the insurance producer by the insurance consumer.

(c) Notification to department. – An insurer that appoints an insurance producer shall file with the department a notice of appointment. The notice shall state for which companies within the insurer's holding company system or group the appointment is made.

(d) Termination of appointment. – Once appointed, an insurance producer shall remain appointed by an insurer until such time as the insurer terminates the appointment in writing to the insurance producer or until the insurance producer's license is suspended, revoked, or otherwise terminated.

(e) Appointment fee. – An appointment fee of \$12.50 will be billed annually to the insurer for each producer appointed by the insurer during the preceding calendar year regardless of the length of time the producer held the appointment with the insurer. The appointment fee may be modified by regulation.

(f) Reporting. – An insurer shall, upon request, certify to the

department the names of all licensees appointed by the insurer.

The following producer was found to be writing policies but was not found in Insurance Department records as having an appointment. The Company failed to file a notice of appointment and submit appointment fees to the Department.

Richard Rodriguez

X. FORMS

Throughout the course of the examination, all underwriting files were reviewed to identify the policy forms used in order to verify compliance with the Insurance Company Law, Section 354 (40 P.S. §477b), Approval of Policies, Contracts, etc., Prohibiting the Use Thereof Unless Approved. During the experience period of the examination, Section 354 provided that it shall be unlawful for any insurance company to issue, sell, or dispose of any policy contract or certificate covering fire, marine, title, and all forms of casualty insurance or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to and formally approved by the Insurance Commissioner. All underwriting files were reviewed to verify compliance with 75 Pa. C.S. §1822, which requires all insurers to provide an insurance fraud notice on all applications for insurance, all claim forms, and all renewals of coverage and 18 Pa. C.S. §4117(k)(1), which requires all insurers to provide an insurance fraud notice on all applications for insurance and all claim forms.

The following violation was noted:

1 Violation 18 Pa. C.S. §4117(k)(1)

All applications for insurance and all claim forms shall contain or have attached thereto the following notice: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. The Company used a

fraud warning that was not verbatim per statute on a claim form for the one violation noted.

XI. DATA INTEGRITY

As part of the examination, the Company was sent a preliminary examination packet in accordance with NAIC uniformity standards and provided specific information relative to the exam.

The purpose of the packet was to provide certain basic examination information, identify preliminary requirements and to provide specific requirements for requested data call information. Once the Company provided all requested information and data contained within the data call, the Department reviewed and validated the data to ensure its accuracy and completeness to determine compliance with Insurance Department Act Section 903(a) [40 P.S. §323.3(a)]. Several data integrity issues were found during the exam.

The data integrity issues are identified below.

Non-renewals

Situation: As the examiners reviewed the nonrenewal files of the underwriting section of the exam, it was noted that not all the 29 files selected for review were nonrenewal files.

Finding: Of the 29 nonrenewal files reviewed, 13 files were determined to be midterm cancellations as they were not nonrenewed on the 12-month anniversary date.

Based on the data integrity findings noted above, the following violation was noted.

General Violation 40 P.S. §323.3(a)

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documentations and any or all computer or other recordings relating to its property, assets, business, and affairs in such manner and for such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The violation was the result of a failure to exercise sufficient due diligence to ensure compliance with Insurance Department Act of 1921.

XII. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other statutory or regulatory violations, noted in the Report.

1. The Company must review 18 Pa. C.S. §4117(k)(1) to ensure that violations regarding the requirement of a fraud warning on all claim forms and applications, as noted in the Report, do not occur in the future.
2. The Company must review 31 Pa. Code §62.3 with its claim staff to ensure all appraisal requirements are met so the violations, as noted in the Report, do not occur in the future.
3. The Company must review 31 Pa. Code §62.3 (e)(4) with its claim staff to ensure sales tax is included in the replacement value of the vehicle so the violations, as noted in the Report, do not occur in the future.
4. The Company must review 31 Pa. Code §69.22(c) with its claim staff to ensure that the insured and provider are properly notified when first-party medical benefits have been exhausted so the violations, as noted in this Report, do not occur in the future.
5. The Company must review 31 Pa. Code §69.52(b) with its claim staff to ensure that first party medical bills are paid within 30 days so the violations, as noted in the Report, do not occur in the future.
6. The Company must review and revise internal control procedures to ensure compliance with the claims handling requirements of 31 Pa. Code, Chapter 146,

Unfair Claims Settlement Practices, so that the violations relating to acknowledgement, status letters, and sending claim forms, so the violations, as noted in the Report, do not occur in the future.

7. The Company must review 31 Pa. Code §146.5(b) to ensure that all Department inquiries are responded to within 15 working days of receipt of such inquiry.

8. The Company must ensure all producers are properly licensed and appointed, as required by 40 P.S. §310.41(a) and 40 P.S. §310.71 prior to accepting any business from any producer so the violations, as noted in this Report, do not occur in the future.

9. The Company must reinforce its internal data controls to ensure that all records and documents are maintained in accordance with 40 P.S. §323.3(a), so that violations, as noted in the Report, do not occur in the future.

10.. The Company must review and revise internal control procedures to ensure compliance with nonrenewal and cancellation notice requirements of 40 P.S. §§991.2001, 991.2002(c)(3), 991.2004,991.2006, 991.2006(2), 991.2006(3), and 991.2006(4), so the violations, as noted in this Report, do not occur in the future.

11. The Company must review 63 P.S. §861(b) with its claim staff to ensure violations for missing appraiser name and appraiser license information on auto appraisal copies, as noted in the Report, do not occur in the future.

12. The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to elect a tort option and that signed tort option selection forms are

obtained and retained with the underwriting file. This is to ensure that violations noted under 75 Pa. C.S. §1705(a)(4), do not occur in the future.

13. The Company must review 75 Pa. C.S. §1716 with its claim staff to ensure that proper interest is paid on first party medical bills when the bills are not paid within 30 days of receipt, so the violations, as noted in this Report, do not occur in the future.

14. The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to exercise the waiver for uninsured and underinsured motorist coverage forms are obtained and retained with the underwriting file. This is to ensure that violations noted under 75 Pa. C.S. §1731(b)(c)(c1) do not occur in the future.

15. The Company must review 75 Pa. C.S. §1793(c) to ensure that violations regarding the requirement to return premium within 30 days and pay the proper amount of interest, so the violations as noted in the Report, do not occur in the future.

16. The Company must review 75 Pa. C.S. §1799.3(d) to ensure that the Company is disclosing surcharges on the premium notice that specify the surcharge assignment, so the violations, as noted in the Report, do not occur in the future.

XIII. COMPANY RESPONSE

March 21, 2023

RE: Examination Warrant Number 21-M42-019

Lyndon Southern Insurance Company (“Company”) acknowledges receipt of the Pennsylvania Insurance Department’s (“Department”) Report of Examination (“Report”) dated February 15, 2023. The Market Conduct Exam involved the Company’s Non-standard Auto Insurance program. The Company retained the services of Embark (“Administrator”) to administer this program. Throughout the course of the Exam, the Company communicated the Examiners findings with the Administrator and had remedial steps taken immediately, rather than waiting for the final Report. In response to the violations noted, in the final Report, the Company had Administrator provide a summary of steps taken to ensure those findings were addressed and resolved, and the Company confirmed that each has been properly addressed. Below please find a response for each recommendation stating the action taken.

1. The Company must review 18 Pa. C.S. §4117(k)(1) to ensure that violations regarding the requirement of a fraud warning on all claim forms and applications, as noted in the Report, do not occur in the future.

Response: At the Company’s direction, the Administrator worked with its’ bill review vendor to implement the recommended fraud language on the Explanation of Benefits document. This was completed immediately upon notice from the Department on December 5, 2022. The Company and its Administrator have also reviewed all claim forms to ensure compliance. The Company will continue to monitor compliance with 18 Pa. C.S. §4117(k)(1).

2. The Company must review 31 Pa. Code §62.3 with its claim staff to ensure all appraisal requirements are met so the violations, as noted in the Report, do not occur in the future.

Response: At the Company’s direction, the Administrator reviewed the applicable statutes with their Claims staff and provided coaching and reminders to assure all noted appraisal requirements are met. The Company will continue to monitor compliance with 31 Pa. Code §62.3.

3. The Company must review 31 Pa. Code §62.3 (e)(4) with its claim staff to ensure sales tax is included in the replacement value of the vehicle so the violations, as noted in the Report, do not occur in the future.

Response: At the Company’s direction, the Administrator reviewed the applicable statutes with their Claims staff and provided coaching and reminders to assure that all noted requirements are met. The Company will continue to monitor compliance with 31 Pa. Code §62.3 (e)(4).

4. The Company must review 31 Pa. Code §69.22(c) with its claim staff to ensure that the insured and provider are properly notified when first-party medical benefits have been exhausted so the violations, as noted in this Report, do not occur in the future.

Response: At the Company’s direction, the Administrator reviewed the applicable statutes with their Claims staff and provided coaching and reminders to assure that all noted requirements regarding adherence to sending the proper notifications for exhaustion of first party medical benefits are met. The Company will continue to monitor compliance with 31 Pa. Code §69.22(c).

5. The Company must review 31 Pa. Code §69.52(b) with its claim staff to ensure that first party medical bills are paid within 30 days so the violations, as noted in the Report, do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statutes with their Claim staff and provided coaching and reminders to assure that all noted requirements regarding payment of first party medical bills are paid. The Company will continue to monitor compliance with 31 Pa. Code §69.52(b).

6. The Company must review and revise internal control procedures to ensure compliance with the claims handling requirements of 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices, so that the violations relating to acknowledgement, status letters, and sending claim forms, so the violations, as noted in the Report, do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statutes with their Claims staff and provided coaching and reminders to assure that all noted requirements regarding adherence to the Unfair Claims Settlement Practice laws are met. The Company will continue to monitor compliance with the claims handling requirements of 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices.

7. The Company must review 31 Pa. Code §146.5(b) to ensure that all Department inquiries are responded to within 15 working days of receipt of such inquiry.

Response: At the Company's direction, the Administrator reviewed the applicable statute with Compliance, Underwriting and Claim staff, and provided coaching to assure that Department inquiries are responded to within 15 days of receipt of any inquiry. The Company will continue to monitor compliance with 31 Pa. Code §146.5(b).

8. The Company must ensure all producers are properly licensed and appointed, as required by 40 P.S. §310.41(a) and 40 P.S. §310.71 prior to accepting any business from any producer so the violations, as noted in this Report, do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statute with their agency management team and provided coaching to ensure continued compliance with the statutory obligations. The Company will continue to monitor compliance with 40 P.S. §310.41(a) and 40 P.S. §310.71.

Regarding the exceptions noted in this audit, Administrator's review showed:

- Yesenia Batista was the owner of Sy Insurance. Sy Insurance was suspended and terminated on March 9, 2020. Administrator reports they have all documentation confirming the suspension was done properly. Please see attached
- Kathleen Levin is the owner of Kathleen Levin DBA Levin Insurance, and she has three active agents in her office that were all appointed with the Company.
 1. Michele E Martin – Appointed with the Company on March 29, 2019
 2. Lisa A Clark – Appointed with the Company on March 29, 2019
 3. Kelly A Spaide – Appointed with Company on March 29, 2019
- Richard Rodriguez owns the Quality Plus insurance agency. Richard is not licensed to conduct business, but his wife is licensed to conduct business. Lisa was appointed with Company on October 30, 2018, as well as the agency Quality Plus. Please see attached

9. The Company must reinforce its internal data controls to ensure that all records and documents are maintained in accordance with 40 P.S. §323.3(a), so that violations, as noted in the Report, do not occur in the future.

Response:

At the Company's direction, the Administrator reviewed and advises they understand the requirements of Insurance Department Act Section 903(a) [40 P.S. §323.3(a)]. Administrator advised the requirements of this act are continuously monitored for compliance and their commitment to data integrity is exemplified by its commitment to annual third-party financial audits and quarterly data quality audits conducted among the numerous the administrators multiple carrier and reinsurer partners they conduct business with. The Administrator advises they maintain a robust set of systems that can provide documentation necessary to meet the obligations of the statute.

Administrator's review of this examination shows the general violation regarding data integrity is limited to a data segmentation issue related to non-renewals and mid-term cancellations. The Administrator acknowledged that its' data segmentation was inaccurate by providing information regarding mid-term cancellations when only non-renewal information was requested. As of the writing of this report Administrator corrected its' data query methodology to ensure only non-renewal information is provided when this information is requested.

The Company will continue to monitor compliance with 40 P.S. §323.3(a).

10.. The Company must review and revise internal control procedures to ensure compliance with nonrenewal and cancellation notice requirements of 40 P.S. §§991.2001, 991.2002(c)(3), 991.2004,991.2006, 991.2006(2), 991.2006(3), and 991.2006(4), so the violations, as noted in this Report, do not occur in the future.

Response: At the Company's direction, the Administrator reviewed and updated its data controls and processes as necessary to ensure compliance with nonrenewal and cancellation notice requirements as required by statute. The Company will continue to monitor compliance with 40 P.S. §§991.2001, 991.2002(c)(3), 991.2004,991.2006, 991.2006(2), 991.2006(3), and 991.2006(4).

11. The Company must review 63 P.S. §861(b) with its claim staff to ensure violations for missing appraiser name and appraiser license information on auto appraisal copies, as noted in the Report, do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statute with their Claims staff and provided coaching and reminders to assure that all noted requirements regarding listing the appraiser's name and license number are met. The Company will continue to monitor compliance with 63 P.S. §861(b).

12. The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to elect a tort option and that signed tort option selection forms are obtained and retained with the underwriting file. This is to ensure that violations noted under 75 Pa. C.S. §1705(a)(4), do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statutes with their Underwriting staff and directed agency sales operations to provide additional coaching and reminders to assure that all noted document and signature requirements are met. The Company will continue to monitor compliance with 75 Pa. C.S. §1705(a)(4).

13. The Company must review 75 Pa. C.S. §1716 with its claim staff to ensure that proper interest is paid on first party medical bills when the bills are not paid within 30 days of receipt, so the violations, as noted in this Report, do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statute with their Claims staff and provided coaching and reminders to assure interest is paid on first party medical bills when the bills are not paid within 30 days of receipt. The Company will continue to monitor compliance with 75 Pa. C.S. §1716.

14. The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to exercise the waiver for uninsured and underinsured motorist coverage forms are obtained and retained with the underwriting file. This is to ensure that violations noted under 75 Pa. C.S. §1731(b)(c)(c1) do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statutes with their Underwriting staff and directed agency sales operations to provide additional coaching and reminders to assure that all noted documents and signature requirements are met. The Company will continue to monitor compliance with 75 Pa. C.S. §1731(b)(c)(c1).

15. The Company must review 75 Pa. C.S. §1793(c) to ensure that violations regarding the requirement to return premium within 30 days and pay the proper amount of interest, so the violations as noted in the Report, do not occur in the future.

Response: At the Company's direction, the Administrator reviewed the applicable statutes with their Underwriting staff to provide additional coaching and reminders to assure that all noted premium refund requirements are met. The Company will continue to monitor compliance with 75 Pa. C.S. §1793(c).

16. The Company must review 75 Pa. C.S. §1799.3(d) to ensure that the Company is disclosing surcharges on the premium notice that specify the surcharge assignment, so the violations, as noted in the Report, do not occur in the future.

Response: At the Company's direction, the Administrator revised the Pennsylvania Surcharge Disclosure Statement to comply with 75 Pa. C.S. §1799.3(d). The Company will continue to monitor compliance with 75 Pa. C.S. §1799.3(d).

The Company will continue to monitor ongoing compliance with each of these recommendations. The Company agrees that Market Conduct Examinations conducted by the Department are useful to the Company and will help avoid compliance problems in the future.

The Company appreciates the earnest efforts and the meaningful interactions with the Department's examiners throughout this examination. If the Department has any questions related to our response to the Report recommendations, we welcome further dialogue with the Department to assure that each facet of the recommendations has been satisfactorily resolved.



March 9, 2020

Sy Insurance LLC
5235 Oxford Ave Front 1st
Philadelphia, PA 19124
syinsurancellc@gmail.com

RE: Suspension for Producer Code PA125901

Dear Yesenia Batista,

We regret to inform you that your producer code will be suspended from new business with the Embark General Private Passenger Auto Program effective immediately.

This is due to missing documentation to ensure that your producer code is current and compliant.

Current Agent License and Agency License

If you would like to reactivate your producer code, please email the above item(s) to ssc@embarkgeneral.com or fax to 470.394.1943.

You can continue to service your existing business through www.embarkgeneral.com.

If you have any questions, please contact your Territory Sales Manager.

Sincerely,

Embark General Insurance Agency, LLC



I understand that to process my application and to evaluate me for licensing purposes, initial state appointment or renewal of state appointments, I may be subject to an investigative consumer report ordered by LOTSolutions, Inc. as required by certain states. I further understand that the investigative report may consist of credit reports; criminal record reports; regulatory inquiries such as state insurance, banking or securities department inquiries; SEC or NASD inquiries and interviews with and inquiries to third parties, such as former employers, financial sources and others.

I AUTHORIZE LOTSOLUTIONS, INC. TO CONDUCT ANY OF THESE INQUIRIES ON BEHALF OF ITS AFFILIATED INSURANCE COMPANIES. I AUTHORIZE, WITHOUT RESERVATION, ANY PARTY OR AGENCY CONTACTED BY LOTSOLUTIONS, INC., ITS AGENTS, MEMBER COMPANIES AND/OR AFFILIATES TO FURNISH THE ABOVE-MENTIONED INFORMATION.

Signed this 26 Day of September, 2018

Yisa Rodriguez
Applicant's Signature



Important: Incomplete form submissions may cause delay in license application processing and/or appointment.

Applicant's Full Name		Last Name	First Name	Middle Initial	Circle One	
Rodriguez		Lisa			Male	<input checked="" type="radio"/> Female
Social Security #		Birth Date		Home Phone #		
###-##-####		2-21-1988		###-###-####		
Resident Address, Building or Apt #:						
#####						
City, State, Zip:						
Philadelphia, PA #####						
Contracted Client Name:						
Quality Plus Inc						
Branch Name:		Branch Number:	Telephone Number:	Agents Business Email Address:		
—		—	215-634-2937	1stqualityplus@gmail.com		
Branch Mailing Address:						
3241 N Front St						
City, State, Zip:						
Philadelphia PA 19140						
License #:						
688075						
License State:						
Pennsylvania						
Line of Authority:						
Property & Casualty (* Allied Lines)						
Yes	No					
	<input checked="" type="checkbox"/>	1. Have you ever been charged with, been convicted of, or plead "no contest" to:				
	<input checked="" type="checkbox"/>	a. Any felony or misdemeanor, other than a minor traffic violation?				
	<input checked="" type="checkbox"/>	b. Any violation of state insurance department regulation or statute?				
	<input checked="" type="checkbox"/>	c. Any violation of federal or state securities or investment related regulation or statute?				
	<input checked="" type="checkbox"/>	2. Have you ever or do you currently have any outstanding or unsatisfied judgments or liens against you?				
	<input checked="" type="checkbox"/>	3. Have you ever filed for bankruptcy or insolvent, either personally or in business?				
	<input checked="" type="checkbox"/>	4. Have you ever been or are you currently the subject of a consumer-initiated complaint or proceeding?				
	<input checked="" type="checkbox"/>	5. Have you ever had an insurance license denied, refused, suspended or revoked?				
IF THE ANSWER TO ANY QUESTION ABOVE IS "YES", PLEASE ATTACH FULL DETAIL(S).						



VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994

Under the Violent Crime Control and Law Enforcement Act of 1994, Title 18 United States Code Sections 1003(e) (1) (A) and 1034, it is a criminal offense to willfully participate in or to willfully permit a prohibited person to conduct insurance activity, unless the prohibited person has been granted written consent to engage in the business of insurance by the appropriate regulatory official.

A "prohibited person" is an individual who has been convicted of any felony involving dishonesty or a breach of trust, or who has been convicted of an offense under Title 18 U.S.C. §1033. It is a criminal offense for such person to willfully engage in the business of insurance whose activities affect interstate commerce or to participate in such business. Therefore, if a person is deemed to be a prohibited person under the federal law, they must request the appropriate regulatory official for written consent to engage in the business of insurance and the consent must specify that is granted for Title 18 U.S.C. §1033.

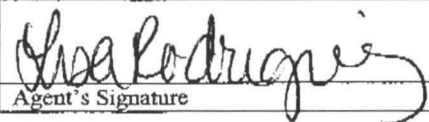
Both the prohibited person, and any entity employing such person, whose business affects interstate commerce, has the responsibility of notifying the appropriate regulatory official of all employees who are prohibited persons under this law. Those persons must request written consent from that official before engaging in any insurance activity.

Crimes of dishonesty have generally been held to include all offenses which have as an element falsehood, deceit or falsification, e.g., forgery, counterfeiting, perjury, subornation of perjury and offenses affecting the public administration of justice.

A "breach of trust" has been found to be a violation by a trustee of any duty which, as trustee, he owes to the beneficiary. Under Section 1033, a breach of trust would seem to be limited to violations involving specific fiduciary relationships, not simply a breach of the "public trust."

Please read the following statements and provide your name and signature to the statement as applicable for your situation.

I, Lisa Rodriguez, certify that I have never been convicted of a felony involving dishonesty or a breach of trust.

	<u>9/26/18</u>
Agent's Signature	Date

I, _____, certify that I have been convicted of a felony involving dishonesty or a breach of trust breach of trust. I understand I should advise, and get approval from an appropriate regulatory authority before engaging in any insurance activity.

Agent's Signature	Date

