

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

ASI SELECT INSURANCE CORPORATION
NAIC #14042

1 ASI Place
St. Petersburg, FL

As of

June 30, 2019

Trinidad Navarro
Commissioner



Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of June 30, 2019 on

ASI SELECT INSURANCE CORPORATION

is a true and correct copy of the document filed with this Department.

Attest By:

A handwritten signature in blue ink, appearing to be "Trinidad Navarro", written over a horizontal line.



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 11 day of June, 2020.

A handwritten signature in blue ink, appearing to be "Trinidad Navarro", written over a horizontal line.

Trinidad Navarro
Insurance Commissioner

Trinidad Navarro
Commissioner



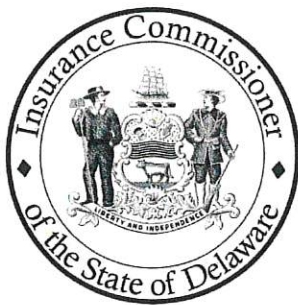
Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
ASI SELECT INSURANCE CORPORATION
AS OF
June 30, 2019

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 11 day of June, 2020.

Handwritten signature of Trinidad Navarro in blue ink.

Trinidad Navarro
Insurance Commissioner

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Honorable Trinidad Navarro
Insurance Commissioner
State of Delaware
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Examination Authority Number 14042-19-HO-721 and pursuant to statutory provisions including 18 *Del. C.* §§ 318-322, a Market Conduct Examination has been conducted of the affairs and practices of:

ASI Select Insurance Corporation – NAIC #14042

The examination was performed as of June 30, 2019.

The examination was conducted off-site, performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the Department, or other suitable locations. ASI Select Insurance Corporation is hereafter referred to as the Company or ASI Select, unless otherwise noted.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

ASI Select Insurance Corporation is a property-casualty insurance company, writing personal residential insurance in Delaware. The Company also writes in 45 other states, including the District of Columbia. The Company's corporate headquarters are located at 1 ASI Way, St. Petersburg, Florida.

This was a desk audit focusing on the Company's activities related to its Personal Lines Property line of business in the following areas of operation: Complaint Handling, Underwriting and Rating, and Claims Handling. The examination period was January 1, 2018 through June 30, 2019.

Special emphasis was placed on reviewing the steps involved in determining the Dwelling Coverage amount selected by the customer and the use of any Inflation Protection coverage provisions. This is discussed in the Underwriting and Rating section of this Report.

The following exceptions were noted during the review of Underwriting and Rating and Claims Handling.

81 Exceptions

Delaware Department of Insurance Domestic/Foreign Insurers Bulletin No. 21 Revised

3. Any communication notifying a policyholder of the termination, as that term is defined in 18 Del. C. § 4121, of a homeowners or commercial property insurance policy shall contain:

(b) A prominent notification that the policyholder may be entitled to purchase insurance from the state's industry placement facility program (the FAIR Plan).

The Company's notification of termination did not provide prominent notification that the policyholder may be entitled to purchase insurance from the state's industry placement facility program (the FAIR Plan).

5 Exceptions:

18 Del. Admin. C. § 702 5.0 Required Disclosures For Residential Homeowners Policies

5.0 Content of Disclosure

5.1 Each form presented pursuant to Section 4.0 of this Regulation shall make the following disclosures:

5.1.1 Disclosure that the policy does not cover damage caused by flooding, and sufficient information to allow the policyholder to contact the National Flood Insurance Program in order to purchase flood insurance if so desired. The following language shall be sufficient to ensure compliance with this subsection 5.1: "This policy does not cover damage to your property caused by flooding. Flood insurance is available for communities and property that participate in the National Flood Insurance Program ("NFIP"). Not all communities participate in

the NFIP. Flood insurance may be available even if you do not live in a flood hazard area as defined by the NFIP. Please call the NFIP at 1-800-427-4661 to see if your community and property are eligible for coverage. If your community does not participate in the NFIP, you may contact your insurance agent or broker to see if there is other flood insurance coverage available to you.” The disclosure may also inform the policyholder that the insurer offers flood insurance as a participant in the NFIP’s “Write Your Own” program. The disclosure required by this subsection shall be entitled “Flood Insurance,” and the subsection title shall be in at least 18-point type.

5.1.2 Disclosure that the policy may not cover the full cost of replacement without depreciation of the property, and sufficient information to allow the policyholder to purchase such coverage from the carrier if it is offered by the carrier. The following language shall be sufficient to ensure compliance with this subsection 5.2: “This policy may not cover the full cost of replacing your home if your home should be destroyed in an event otherwise covered by this policy. You may purchase additional coverage from us sufficient to cover the full cost of replacing your home, at an additional cost.” The disclosure required by this subsection shall be entitled “Replacing Your Home,” and the subsection title shall be in at least 18-point type.

5.1.3 Disclosure of any limitations in the policy regarding reimbursement for items stolen from the property, including but not limited to jewelry, furs, fine art, etc. and sufficient information to allow the policyholder to purchase insurance which would not contain such limitation if such coverage is offered by the insurer. The following language shall be sufficient to ensure compliance with this subsection 5.3: “This policy may not cover the value of all items stolen from your home. Please carefully review your policy to determine which items stolen from your home are not covered by this policy.” The disclosure required by this subsection shall be entitled “Reimbursement for Stolen Items,” and the subsection title shall be in at least 18-point type.

5.1.4 Disclosure of any formal practice followed by the insurer regarding non-renewal of the policy on the occurrence of certain factors or on the basis of claims asserted by the policyholder. The following language shall be sufficient to ensure compliance with this subsection 5.4: “We have a policy of declining to renew homeowners insurance policies under the following circumstances: (list the claim activities or occurrences that are likely to cause non-renewal of a policyholder’s policy). The disclosure required by this subsection shall be entitled “non-Renewal of Your Policy,” and the subsection title shall be in at least 18 point type.

5.1.5 Disclosure of information regarding any required deductibles, which disclosure shall include the following information:

5.1.5.1 A description of what a deductible is, including a statement that the policyholder is responsible for payment of the entire amount of the deductible;

5.1.5.2 A full description of the circumstances that will trigger applicability of each deductible;

5.1.5.3 A description and example(s) of how each deductible will be calculated;

5.1.5.4 The following statement: "Deductibles are not required by state law and are not uniform across insurance companies, and therefore the charge for each deductible may vary between insurers."

The disclosure required by this subsection shall be entitled "Policyholder Payment of Deductibles" and the title shall be in at least 18-point type.

Two of the Company's mandated disclosures did not provide the required information and three of the mandated disclosures were not used.

5 Exceptions:

18 Del. Admin. C. § 702 7.0 Review and Approval of Forms

All forms required by this regulation shall be submitted to and approved by the Commissioner, or his representative, pursuant to 18 Del. C. § 2712 et seq.

Notices complying with 18 Del. Admin. C. § 702 5.0 Contents of Disclosure were not filed with the Department.

1 Exception:

18 Del. C. § 8307(a) & (b) Notification

(a) If an insurer writing personal insurance uses credit information in underwriting or rating a consumer, the insurer or its agent shall disclose, either on the insurance application or at the time the insurance application is taken, that it may obtain credit information in connection with such application. Such disclosure shall be either written or provided to an applicant in the same medium as the application for insurance. The insurer need not provide the disclosure statement required under this section to any insured on a renewal policy, if such consumer has previously been provided a disclosure statement. The following example disclosure statement constitutes compliance with this paragraph:

"In connection with this application for insurance, we may review your credit report or obtain or use a credit-based insurance score based on the information contained in that credit report. We may use a third party in connection with the development of your insurance score."

(b) If an insurer writing personal insurance used credit information in underwriting or rating a consumer, the insurer or its agent shall disclose either on the insurance application or at the time the application is taken, that if the application is approved and the applicant becomes a

policyholder, he or she has the right to request a re-underwrite or rerate of his or her policy on an annual basis based upon current credit report. The notice shall state that the review will be conducted for the sole purpose of determining whether the use of the new credit information would lead to a reduction and will not be used for any other purpose, including an increase in premiums. The following example disclosure statement constitutes compliance with the paragraph:

"If we do use a credit based score, you will have the right on an annual basis to request that we obtain a current credit report for you and determine whether use of the new credit report would result in a decrease in your insurance premiums. If the new credit report that we receive would result in a decrease in your insurance premiums, we will make that reduction. If the new credit information would not reduce your insurance premiums, the credit report will not be used to impact your premiums in any way."

This subsection does not apply if an insurer's filed rating plan does not use any credit information for the purpose of rating renewals, including any residual effect from the use of credit at initial underwriting.

The Company's disclosure did not provide the required information.

13 Exceptions:

18 Del. C. § 320(c) Conduct of examination; access to records; correction.

(c) Every person being examined, the person's officers, attorneys, employees, agents and representatives, shall make freely available to the Commissioner, or the Commissioner's examiners, the accounts, records, documents, files, information assets and matters of such person, in the person's possession or control, relating to the subject of the examination and shall facilitate the examination.

The Company could not provide five signed applications and eight verifications of an Accredited Builders discount.

6 Exceptions:

18 Del. Admin. C. § 902-1.2.1.5 Prohibited Unfair Claim Settlement Practices

1.2.1.5 Failing to affirm or deny coverage or a claim or advise the person presenting the claim, in writing, or other proper legal manner, of the reason for the inability to do so, within 30 days after proof of loss statements have been received by the insurer.

The Company failed to affirm or deny coverage or a claim or advise the person presenting the claim, in writing, or other proper legal manner, of the reason for the inability to do so, within 30 days after proof of loss statements have been received by the insurer. There were three denied claims, two closed without payment claims and one paid claim.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 *Del. C.* §§ 318 - 322 and covered the experience period of January 1, 2018 through June 30, 2019. The purpose of the examination was to determine compliance by the Company with applicable Delaware laws and regulations.

The examination was a targeted market conduct examination of the Company's Homeowners insurance business in the following areas of operation: Complaint Handling, Underwriting and Rating, and Claims Handling.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While the examiner's report on the errors found in individual files, the examination also focuses on general business practices of the Company.

The Company identified the universe of files for each segment of the review. Based on the universe sizes, random sampling was utilized to select the files reviewed during this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. 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 these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy and/or claim numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. Written summaries were provided to the Company on the exceptions found. An exit conference was conducted with Company officials to discuss the various types of exceptions identified during the examination and to review written summaries provided on the exceptions found.

COMPANY HISTORY AND PROFILE

The ASI Group was formed in August 1997, with the goals of providing a voluntary insurance market for Florida residential property and ultimately expanding the business into other states. The Company began moving into other states, initially in Texas in

2000. Since that time, the Company has continued growth and currently writes in 45 states, including the District of Columbia.

The ASI group of companies includes five Florida-domiciled insurance companies, a Texas-domiciled insurance company, a Delaware-domiciled insurance company, a California-domiciled insurance company, and three managing general agencies. The Progressive Corporation holds controlling interest in ARX Holding Corp, the ASI Group's parent company.

The ASI Group was first licensed in Delaware under American Strategic Insurance Corp. in March 6, 2008. On December 11, 2012, ASI Select was licensed in Delaware and all Delaware business in American Strategic Insurance Corp. was moved to ASI Select. ASI Select writes the following lines of business: Homeowners, Dwelling Fire, Tenants and Condominiums.

The Company's corporate headquarters is in St. Petersburg, Florida and services claims and all written business. Additionally, the Company has field staff employed throughout the country who can attend to its policyholders.

According to its 2018 Annual Statement filed with the Department, the Company reported Homeowners Multiple Peril direct written premium in Delaware in the amount of \$2,929,413.

COMPLAINT HANDLING

The Company was asked to provide a listing of all complaints pertaining to personal lines property during the examination period of January 1, 2018 through June 30, 2019. The Company was asked to include complaints received from the Delaware Department of Insurance, as well as complaints made directly to the Company on behalf of Delaware consumers. The Company stated that it did not have any complaints during the examination period. The Department confirmed that no complaints were received.

Delaware Code 18 *Del. C.* § 2304(17) requires maintenance of a complete record of all complaints received, since the date of its last examination. The Company stated that this is its initial examination and it would keep records indicating the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaint and the time it took to process each complaint.

The Company also provided its Complaint Handling guidelines and procedures. These were reviewed and found to be sufficient.

UNDERWRITING AND RATING

The examination of Underwriting and Rating was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Company provided copies of its Homeowners

Underwriting and Rating Manuals, along with notices issued to insureds that pertain to credit information, deductibles, forms, endorsements and disclosures used for the examination period. The Company also provided the examiners with remote access to its system to facilitate the review.

New Business Policies

The examiners were provided a total universe of 2,065 Homeowners policies from the examination period of January 1, 2018 through June 30, 2019. A sample of 115 policies was selected according to the NAIC Market Regulation Handbook guidelines. Examination of the underwriting and rating files was performed to verify the Company's compliance with Delaware Statutes and Regulations, Insurance Department Bulletins, and NAIC Market Regulation Handbook Standards in Chapters 16 & 17.

The rate testing consisted of manual rating to ensure the amount of premium being generated by the Company's computer system was in accordance with the Company's filed and approved rates. This process involved the use of rating worksheets with algorithms matching the rating manuals. Due to the complexity and time-consuming nature of manually rating, the selections were reduced to 10 randomly selected policies to be tested for rating accuracy.

The Company agreed that should there be any inconsistencies noted, additional policies may be requested for testing. The examiners were able to test and verify the rating of the policies in accordance with the Company's filed and approved rates.

No exceptions were noted during the review.

Renewal Policies

The examiners were provided a total universe of 3,099 Homeowners policies for the examination period of January 1, 2018 through June 30, 2019. A sample of 115 policies was selected according to the NAIC Market Regulation Handbook guidelines. Examination of the underwriting and rating files was performed to verify the Company's compliance with Delaware Statutes and Regulations, Insurance Department Bulletins, and NAIC Market Regulation Handbook Standards in Chapters 16 & 17.

The rate testing consisted of manual rating to ensure the amount of premium being generated by the Company's computer system was in accordance with the Company's filed and approved rates. This process involved the use of rating worksheets with algorithms matching the rating manuals. Due to the complexity and time-consuming nature of manually rating, the selections were reduced to 10 randomly selected policies to be tested for rating accuracy.

The Company agreed that should there be any inconsistencies noted, additional policies may be requested for testing. The examiners were able to test and verify the rating of the policies in accordance with the Company's filed and approved rates.

No exceptions were noted during the review.

Terminated Policies

The Company was asked to provide a listing of all personal property Non-renewals, Cancellations and Declinations during the examination period of January 1, 2018 through June 30, 2019. The Company provided a total universe of 81 files consisting of 23 Non-renewals, 48 Cancellations and 0 Declinations during the examination period. All 81 policy files were reviewed.

The following exceptions were noted:

81 Exceptions: Delaware Department of Insurance Domestic/Foreign Insurers Bulletin No. 21 Revised

The Company's 23 Non-renewal and 48 Cancellation notices did not provide prominent notification that the policyholder may be entitled to purchase insurance from the state's industry placement facility program (the FAIR Plan).

Recommendation: It is recommended that the Company develop a notification form and include it with all future homeowners or commercial property insurance policy terminations in order to comply with Delaware Department of Insurance Domestic/Foreign Insurers Bulletin No. 21 Revised.

Inflation Protection

Special emphasis was placed on reviewing the procedures involved in determining the Dwelling Coverage amount selected by the customer and the use of any Inflation Protection coverage provisions.

For Homeowners policies, the Company uses Core Logic Marshall Swift tool to estimate the dwelling coverage amount, which is displayed within its point of sale system. As homes may have different or unique features, the Company allows an agent, with the permission of the policyholder, to choose a dwelling coverage amount above the estimated value. If an agent and insured selects a dwelling coverage higher than the suggested value, the individual features causing them to choose that higher value would not be shown in its point of sale system but is reflected in the policy file. Some examples of those individual features are ornate crown modeling or upgraded windows.

The Company re-runs its cost estimating tool at each renewal. The cost estimating tool considers the average regional inflation as well as the current costs. The Company increases the Coverage A value to match the new value from the replacement cost tool. The Company caps the increase at renewal at 8 percent. In addition, both the agent and insured are provided a copy of the renewal offer 60 days in advance.

The Company also offers Increased Replacement Cost Coverage, which is an optional coverage that can be purchased by the insured.

The examiners did not have an issue with the information that was provided and the documentation that was seen in the files.

Forms, Notices, Disclosures, Manuals

The Company provided copies of 12 Homeowners Underwriting and Rating and Territory Manuals, along with 128 forms, endorsements, notices and/or disclosures issued to insureds that pertain to credit information as well as deductibles used for the examination period.

All 12 Rating and Territory Manuals were reviewed to verify their approval by the Delaware Department of Insurance. No Exceptions were noted.

A random sample of 47 forms, endorsements, notices and/or disclosures were selected to verify their approval by the Delaware Department of Insurance. No exceptions were found in the Company's forms and endorsements.

The following disclosure exceptions were noted:

5 Exceptions: 18 Del. Admin. C. § 702 5.0 Content of Disclosure

The Company used two types of disclosures that did not use the language mandated by 18 Del. Admin. C. § 702 5.0 Content of Disclosure and also did not use two similarly mandated disclosures that were to be included with all new business and renewal policies.

The Company's Flood Notices ASI HO DE NCP 02/17, ASI HO DE NCP 09/16, ASI DP DEC 12/17, ASI DP HO DEC 12/17, ASI DP DE DEC 12/17, and ASI HO DE APP 12/17 did not provide the required information regarding alternative coverage and resources.

The Company's Replacement Cost Notices ASI HO DE NCP 02/17, ASI HOR DE NCP 09/16 and ASI HOR DE DEC 12/17 did not provide the required information regarding the limitations on replacement cost to the dwelling.

The Company did not have a notice that advises the insured of the coverage limitation on stolen items.

The Company did not have a notice that advises the insured of the circumstances that would result in the nonrenewal of the policy.

The Company did not have a notice that provides information regarding the triggers for deductibles, the manner in which deductibles will be calculated and the insureds' responsibilities for deductibles.

Recommendation: It is recommended that the Company review 18 Del. C. § 702 5.0 Content of Disclosure and revise or create disclosures that comply with all requirements within this Section.

5 Exceptions: 18 Del. Admin. C. § 702 7.0 Review and Approval of Forms

The Company also did not file notices with the language mandated by 18 *Del. Admin. C. § 702 5.0* Content of Disclosure as required by 18 *Del. Admin. C. § 702 7.0* Review and Approval of Forms. These were to be submitted to the Insurance Commissioner for approval by December 15, 2007, per 18 *Del. Admin. C. § 702 6.0* Time for Compliance.

Recommendation: It is recommended that the Company file compliant notices as required by 18 *Del. Admin. C. § 702 7.0* Review and Approval of Forms and use them once approved.

1 Exception 18 Del. C. Section § 8307 (a) & (b) Notification

The Company's Credit Disclosure Notices ASI HO DE APP 12/17 and ASI HOR DE APP DEC 12/17 did not clearly state that a credit report will be used in connection with the application for insurance and the insured can request that the Company to review their credit annually.

Recommendation: It is recommended that the Company review 18 *Del. C. § 8307 (a) & (b)* and comply with all requirements within this Section.

Missing Signed Applications

Signed applications were reviewed during the New Business, Renewal and Termination review. During the course of the examination, it became apparent that the Company did not maintain a copy of the signed application in its file. Of the 10 New Business policies selected for review, none had a signed application in the file; of the 10 Renewal policies, two had signed applications in the file and eight had unsigned applications; of the 81 Terminations, 19 had signed applications while 62 had unsigned applications in the file.

The examiners learned that the Company does not require the signed application to be submitted to the Company by the agent.

Subsequently, the examiners asked for the signed applications for 10 New Business, 2 Renewals, 2 Cancellations and 2 Non-renewals. A limited number was requested in order not to burden the Company and their agents with a request for 101 signed applications.

The following exceptions were noted:

5 Exceptions: 18 Del. C. § 320(c) Conduct of examination; access to records; correction.

Of the 10 New Business, five signed applications were provided, two could not be located by the agent, and three were from the Ameriprise roll-over so an application was deemed unnecessary by the Company.

The Company provided both of the signed applications on the renewal policies.

Of the Cancellations, one signed application was provided. The other policy was cancelled before the policyholder signed the application.

Of the Non-renewals, neither of the signed applications were provided since terminated agents were unresponsive to ASI requests to produce the applications.

The inability of the Company to provide these five applications limited the examiners' ability to verify that the coverages requested by the consumer were actually provided; and for the Non-renewals, to ensure the reasons for the action were valid.

Recommendation: It is recommended that the Company establish procedures to ensure that all signed applications can be produced.

Accredited Builders Program Discount

During the New Business and Renewal policies rating review, the examiners discovered a discount for an Accredited Builder Program. A 10% discount was offered for new homes built by established builders recognized for their volume and willingness to stand behind their product. These builders are listed on the Company website. The discount is only available for new construction and not for re-sales. The discount remains on the policy at renewal.

8 Exceptions: 18 Del C. § 320(c) Conduct of examination; access to records; correction.

There were two New Business and six Renewal policies where the Accredited Builders discount was applied.

Since the Company's policy system did not document the name of the builder, the examiners requested verification that the builder was listed on the Company's website, in order to justify the discount.

The Company replied that it does not require agents to provide the name of the applicable builder in the policy system. The Company expects agents to verify that the builder qualifies for the discount based on the list on the Company's website. If Company discovered through an internal audit or other means that an agent was applying the accredited builder discount, or other discounts, when the discount was not warranted, appropriate action would be taken against the agent.

The Company's inability to identify the builder in order to confirm the builder was on the Accredited Builder list and thus qualify for the discount, limited the examiners' ability to verify that the premium charged to the consumer was in accordance with the Company's filing.

Recommendation: It is recommended that the Company establish procedures to ensure

documents requested by the examiner can be provided to ensure compliance with 18 *Del. C. § 320(c)*. Conduct of examination; access to records; correction.

CLAIMS HANDLING

The examination of Claims was conducted and performed in accordance with the laws and regulations of the state of Delaware and the Delaware Department of Insurance. The Company provided the requested claim file documents and its procedures and reference materials related to the handling of claims used for the examination period. These were reviewed and found appropriate.

The Company provided a list of Paid, Closed Without Payment, and Denied Claims. All claims in the sample were reviewed for compliance with Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards in Chapters 16 & 17.

Paid Claims

The Company was asked to provide a listing of all paid property claims during the examination period. The Company provided a universe of 152 claims paid during the examination period of January 1, 2018 through June 30, 2019. A sample of 76 claims was selected according to the NAIC Market Regulation Handbook guidelines.

The following exception was noted.

1 Exception: 18 *Del. Admin. C. § 902-1.2.1.5* Prohibited Unfair Claim Settlement Practices

The Company failed to provide a coverage decision within 30 days or provide a reason why such a decision could not be made in one paid claim.

Recommendation: It is recommended that the Company provide additional training to ensure compliance with 18 *Del. Admin. C. § 902-1.2.1.5*.

CWOP Claims

The Company was asked to provide a listing of all property claims closed without payment (CWOP) during the examination period. The Company provided a universe of 64 claims CWOP during the examination period of January 1, 2018 through June 30, 2019. All 64 claims were reviewed.

The following exceptions were noted.

2 Exceptions: 18 *Del. Admin. C. § 902-1.2.1.5* Prohibited Unfair Claim Settlement Practices

The Company failed to provide a coverage decision within 30 days or provide a reason

why such a decision could not be made in two Closed Without Payment claims.

Recommendation: It is recommended that the Company provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902-1.2.1.5.

Denied Claims

The Company was asked to provide a listing of all property claims denied during the examination period of January 1, 2018 through June 30, 2019. The Company provided a universe of 25 denied claims. All 25 denied claims were reviewed.

The following exceptions were noted.

3 Exceptions: 18 *Del. Admin. C.* § 902-1.2.1.5 Prohibited Unfair Claim Settlement Practices

The Company failed to provide a coverage decision within 30 days or provide a reason why such a decision could not be made in three denied claims.

Recommendation: It is recommended that the Company provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902-1.2.1.5.

CONCLUSION

As stated in the Scope of Examination section, the purpose of the examination was to determine compliance by the ASI Select Insurance Corporation with applicable Delaware laws and regulations relating to Homeowners insurance business.

The recommendations made below identify corrective measures the Department finds necessary as a result of the Exceptions noted in the Report. Location in the Report is referenced in parenthesis.

1. It is recommended that the Company develop a notification form and include it with all future homeowners or commercial property insurance policy terminations in order to comply with Delaware Department of Insurance Domestic/Foreign Insurers Bulletin No. 21 Revised. (Underwriting and Rating)
2. It is recommended that the Company review 18 *Del. C.* § 702 5.0 Content of Disclosure and revise or create disclosures that comply with all requirements within this Section. (Underwriting and Rating)
3. It is recommended that the Company file compliant notices as required by 18 *Del. Admin. C.* § 702 7.0 Review and Approval of Forms and use them once approved. (Underwriting and Rating)
4. It is recommended that the Company review 18 *Del. C.* § 8307 (a) & (b) and comply with all requirements within this Section. (Underwriting and Rating)
5. It is recommended that the Company establish procedures to ensure that all signed applications can be produced (Underwriting and Rating)
6. It is recommended that the Company establish procedures to ensure documents requested by the examiner can be provided to ensure compliance with 18 *Del. C.* § 320(c) Conduct of examination; access to records; correction. (Underwriting and Rating)
7. It is recommended that the Company provide additional training to ensure compliance with 18 *Del. Admin. C.* § 902-1.2.1.5. (Claims Handling)

The examination conducted by Joe Krug, Mark Plesha, Jim Myers, James Hartsfield and Karen Gerber is respectfully submitted.



Mark Plesha, CPCU, AIE, MCM,
CWCP, AIS, IR
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance

I, Mark Plesha, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 14042-19-HO-721.



Mark Plesha, CPCU, AIE, MCM, CWCP, AIS, IR