

REPORT ON
MARKET CONDUCT EXAMINATION

of the

NATIONWIDE INSURANCE COMPANY OF AMERICA
Madison, Wisconsin

BY REPRESENTATIVES OF THE
NORTH CAROLINA DEPARTMENT OF INSURANCE

as of

October 19, 2011

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Raleigh, North Carolina
October 19, 2011

Honorable Wayne Goodwin
Commissioner of Insurance
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430 N. Salisbury Street
Raleigh, North Carolina 27603

Honorable Ted Nickel
Commissioner of Insurance
Office of the Commissioner of Insurance
State of Wisconsin
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Honorable Commissioners:

Pursuant to your instructions and in accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131, a general examination has been made of the market conduct activities of

NATIONWIDE INSURANCE COMPANY OF AMERICA (NAIC #25453)
NAIC Exam Tracking System Exam Number: NC170-M81
Madison, Wisconsin

hereinafter generally referred to as the Company, at the North Carolina Department of Insurance (Department) office located at 11 S. Boylan Avenue, Raleigh, North Carolina. A report thereon is respectfully submitted.

FOREWORD

This examination reflects the North Carolina insurance activities of Nationwide Insurance Company of America. The examination is, in general, a report by exception. Therefore, much of the material reviewed will not be contained in this written report, as reference to any practices, procedures, or files that manifested no improprieties were omitted.

SCOPE OF EXAMINATION

This examination commenced on October 25, 2010 and covered the period of January 1, 2007 through December 31, 2009 with analyses of certain operations of the Company being conducted through October 19, 2011. All comments made in this report reflect conditions observed during the period of the examination.

The examination was arranged and conducted by the Department. It was made in accordance with Market Regulation standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC) and accordingly included tests of policyholder treatment, marketing, underwriting practices, terminations and claims practices.

It is the Department's practice to cite companies in apparent violation of a statute or rule when the results of a sample show errors/noncompliance at or above the following levels: 0 percent for consumer complaints, sales and advertising, producers who were not appointed and/or licensed, and the use of forms and rates/rules that were neither filed with nor approved by the Department; 7 percent for claims; and 10 percent for all other areas reviewed. When errors are detected in a sample, but the error rate is below the applicable threshold for citing an apparent violation, the Department issues a reminder to the company.

EXECUTIVE SUMMARY

This market conduct examination revealed concerns with Company procedures and practices in the following areas:

Appointment of Producers – Failure to perform background checks on appointed producers.

Underwriting Practices – Private passenger automobile: rating errors, producers not properly appointed.

Terminations – Private passenger automobile cancellations: cancellation notices did not contain required wording regarding financial responsibility requirements, incorrect cancellation method, North Carolina Notice of Termination form (FS-4) not submitted to the North Carolina Division of Motor Vehicles (DMV). Private passenger automobile nonrenewals: nonrenewal notices not sent to the insured, proof of mailing not in file, insureds not offered liability coverage ceded to the North Carolina Reinsurance Facility when their policy did not meet Company's voluntary guidelines, form FS-4 not submitted to the DMV.

Specific violations related to each area of concern are noted in the appropriate section of this report. All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Web site www.ncdoi.com, by clicking "NCDOI DIVISIONS" then "Legislative Services."

This examination identified various non-compliant practices, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business in North Carolina according to its insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

All unacceptable or non-compliant practices may not have been discovered or noted in this report. Failure to identify or criticize improper or non-compliant business practices in North Carolina or in other jurisdictions does not constitute acceptance of such practices. Examination

report findings that do not reference specific insurance laws, regulations, or bulletins are presented to improve the Company's practices and ensure consumer protection.

COMPANY OVERVIEW

History and Profile

Nationwide Insurance Company of America (NICOA) was incorporated on June 30, 1960 under the laws of the State of California. Nationwide Mutual Insurance Company acquired 100 percent of the outstanding stock of NICOA from TIG Countrywide Insurance Company on December 31, 1997 in conjunction with Nationwide Mutual Insurance Company's acquisition of the personal lines independent agency business of TIG Insurance Company and its affiliates. Effective January 1, 1999, NICOA re-domesticated from California to Wisconsin.

The company's name was changed from TIG Countrywide Insurance Company to Nationwide Insurance Company of America on January 2, 1999. In 1999, Nationwide Mutual Insurance Company contributed all of the issued and outstanding stock of NICOA to ALLIED Group, Inc., an Iowa holding company.

Company Operations and Management

The Company was introduced as the standard private passenger automobile company in North Carolina in July 2009. Prior to that time, the company was utilized for motorcycle and recreational vehicles. The Company is licensed in all states and the District of Columbia except; Hawaii, Louisiana, New Hampshire, and Vermont.

Direct written premium for the Company's 2009 countrywide property and casualty operations was \$773,811,867. North Carolina's production for the same period was \$21,949,477. Premiums written in North Carolina between 2007 and 2009 increased approximately 1,488.1 percent. The charts below outline the Company's mix of business for selected lines in 2009 and loss ratios in North Carolina for the examination period.

Line of Business	Written Premium	Percentage
Private Passenger Automobile	\$21,944,404	99.98
Other	\$ 5,073	0.02
Total	\$21,949,477	100.00

Year	Written Premium	Earned Premium	Incurred Losses*	Loss Ratio
2007	\$ 1,382,114	\$ 279,439	\$ 111,735	40.0
2008	\$ 5,528,199	\$ 3,631,764	\$3,669,545	101.0
2009	\$21,949,477	\$12,550,954	\$8,274,567	65.9
* Does not include IBNRs				

Certificates of Authority

The Certificates of Authority issued to the Company were reviewed for the period under examination. These certificates were reviewed to determine compliance with the provisions of NCGS 58-7-15. The Company's writings in North Carolina were deemed to be in compliance with the authority granted.

Disaster Recovery Procedures

The Company has developed a comprehensive Business Continuity program to increase its chances of preventing disasters, as well as providing continuing operations following natural or man-made disasters. The plans address individual business functions, applications and systems architectures throughout the organization. These plans are reviewed, updated and exercised on a regular basis. Should an event occur that hinders the Company's ability to conduct normal business operations, the plan encompasses multiple business recovery strategies that allow resumption of critical business operations within a reasonable period of time. The plan includes the relocation of work and employees to other business locations or to remotely secured locations. Data processing systems, critical files and data, backed and stored at alternate data centers are utilized to enable the resumption of business

operations. Business functions and system applications have pre-assigned recovery windows to ensure resources are appropriately allocated. In addition, the Company utilizes external vendors to deliver a high level of service to their customers. Should an event occur that hinders the ability to conduct vendor transactions, the Company will appropriately re-direct those vital operations elsewhere in order to maintain continued service to customers.

Rate Evasion Procedures

The Company has established procedures to address nonfleet private passenger automobile insurance rate evasion fraud by identifying any ineligible risk as defined in NCGS 58-37-1(4a) and verifying residency of the policyholder who owns a motor vehicle registered or principally garaged in North Carolina. The Company was found to be in compliance with the provisions of NCGS 58-2-164.

POLICYHOLDER TREATMENT

Consumer Complaints

The Company's complaint handling procedures were reviewed to determine compliance with applicable North Carolina statutes and rules.

The Company's complaint register was reconciled with a listing furnished by the Consumer Services Division of the Department. The Company's complaint register was in compliance with the provisions of Title 11 of the North Carolina Administrative Code, (NCAC), Chapter 19, Section 0103. All 3 complaints contained in the Department's listing were selected and received for review. The distribution of the complaints requiring a response to the Department is shown in the chart below.

Type of Complaint	Total
Claims	2
Underwriting	1
Total	3

The Company's response to each complaint was deemed to be appropriate to the circumstances. The average service time to respond to a Departmental complaint was 4 calendar days. A chart of the Company's response time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	3	100.0
Total	3	100.0

Privacy of Financial and Health Information

The Company provided privacy of financial and health information documentation for the examiners' review. The Company exhibited policies and procedures in place so that nonpublic personal financial or health information is not disclosed unless the customer or consumer has authorized the disclosure. The Company was found to be compliant with the provisions of NCGS 58-39-25, 58-39-26 and 58-39-27.

MARKETING

Policy Forms and Filings

Policy forms and filings for the Company were reviewed to determine compliance with appropriate North Carolina statutes and rules. Filings for the private passenger automobile line of business were made by the North Carolina Rate Bureau on behalf of the Company. Deviations for this line of business were made to the Department by the Company.

Sales and Advertising

Sales and advertising practices of the Company were reviewed to determine compliance with the provisions of NCGS 58-63-15.

The Company creates a range of advertising material that it makes available to its producers for purchase through a forum entitled Marketing Storefront. However, because most Nationwide Insurance producers are independent contractors, they have the ability to create their own advertising on behalf of their individual agencies. With respect to such producer

created advertising, producers are advised to consult with their own advisors and attorneys and also to bring such advertising to the attention of the Company for review and approval. Nationwide's marketing department will review it for both brand standard and substantive issues and utilize the services of product, legal and other specialists as needed and then communicate back to the producer.

The examiners reviewed advertisements, producer marketing solicitation kits, telemarketing scripts, bulletins and brochures that are provided for promotional use. The Company also maintains an internet site: <http://www.nationwide.com/>. The website provides background information relative to its operations, as well as products and services offered.

No unfair or deceptive trade practices were noted in this segment of the examination.

Producer Licensing

The Company's procedures for appointment and termination of its producers were reviewed to determine compliance with the appropriate North Carolina statutes and rules. Fifty appointed and 50 terminated producer files were randomly selected and received for review from populations of 2,427 and 1,097, respectively.

All appointment forms reviewed were submitted to the Department in accordance with the timetables stipulated under the provisions of NCGS 58-33-40. The Company was deemed to be in apparent violation of the provisions of 11 NCAC 6A.0412(2) as background checks were not performed on 9 appointed producers reviewed (18.0 percent error ratio).

The Company was reminded of the provisions of NCGS 58-2-131(i), 58-2-185 and 19.0106(a)(4) as 2 files provided for review (4.0 percent error ratio) were invalid receipts as the termination date was outside the period under examination. The remaining 48 terminated appointment forms were submitted to the Department in accordance with the timetables stipulated under the provisions of NCGS 58-33-56(b).

Agency Management

The Company has 719 active agencies with approximately 4,348 producers appointed in North Carolina as well as 16 field marketing representatives. The North Carolina marketing efforts are under the direction of the Vice President, Distribution Marketing, who works in the Home Office in Columbus, Ohio. There is a Senior Consultant, Distribution of Marketing located in the Raleigh, North Carolina Service Center. National efforts are under the direction of the Senior Vice President, Nationwide Insurance Brand Marketing, also located in the Home Office.

The Manager of Licensing and Compensation is responsible for verifying producer licenses and completing company appointments and terminations. The Manager reports to the Associate Vice President of the Sales Service Center.

Sales Compliance conducts audits on the agency force. These audits vary by type to include items that are required by State and company guidelines. The frequency is typically determined by the agency type and results of previous compliance audits.

UNDERWRITING PRACTICES

Overview

The Company's marketing philosophy in North Carolina focuses on the private passenger automobile line of business. The Company's private passenger automobile policies were reviewed for adherence to underwriting guidelines, file documentation and premium determination. Additionally, the policies were examined to determine compliance with the appropriate North Carolina statutes and rules, policy provisions and the applicable policy manual rules.

Private Passenger Automobile

The Company provided a listing of 51,622 active private passenger automobile policies issued during the period under examination. One hundred policies were randomly selected and received for review.

The Company's private passenger automobile policies were written on a 6 or 12 month basis. Liability coverages were written utilizing manual rates. Physical damage coverages were written on a consent to rate basis. Risk placement was determined by the Company's underwriting guidelines and the underwriter. No discrepancies were noted in the Company's use of its underwriting guidelines.

The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-30(a), 58-37-35(l) and Rules 19.D, 3.B.4 and 3.B.5 of the North Carolina Personal Automobile Manual as 50 policies reviewed (50.0 percent error ratio) contained multiple rating errors. The rating errors consisted of the following:

- Incorrect increased limits factors were used on 21 policies.
- Incorrect engine size factor was used on 19 policies.
- Engine size factor for motorcycles was used to rate golf carts on 6 policies.
- Incorrect territory was used on 5 policies.
- Incorrect collision base premium was used on 3 policies.
- Incorrect company rating factors were used on 3 policies.
- Voluntary rates were charged in lieu of facility rates on 2 policies.

The rating errors resulted in 29 premium undercharges and 21 premium overcharges to the insureds. At the request of the examiners, refunds in the amount of \$311.08 were issued by the Company for the overcharges.

As a result of using the incorrect engine size factor, the Department requested the Company to conduct a self-audit in this area. The Company identified an additional 16,538 policies affected (excluding those that were reviewed by the examiners as noted above) that resulted in refunds being made in the amount of \$90,817.60. All refund checks were mailed to the insureds on August 17, 2011.

The Company was deemed to be in apparent violation of the provisions of NCGS 58-33-40 as the producer was not properly appointed by the Company for 4 of the active private passenger automobile files reviewed (4.0 percent error rate). The Company was reminded of the provisions of 11 NCAC 19.0102(a)(b), 19.0104 and 19.0106(a)(4) as 4 files reviewed (4.0 percent error ratio) did not contain a copy of the application.

TERMINATIONS

Overview

The Company’s termination procedures for its private passenger automobile policies were reviewed to determine compliance with the appropriate North Carolina statutes and rules, policy provisions and the applicable policy manual rules. Special attention was placed on the validity and reason for termination, timeliness in issuance of the termination notice, policy refund (where applicable) and documentation of the policy file. A total of 10,527 policies were terminated during the period under examination. The examiners randomly selected 103 terminations for review.

Private Passenger Automobile Cancellations

One hundred cancelled private passenger automobile policies were randomly selected and received for review from a population of 10,524. The Company was reminded of the provisions of NCGS 58-2-131(i), 58-2-185 and 11 NCAC 19.0106(a)(4) as 5 files received (5.0 percent error ratio) were invalid receipts as the termination date was outside the examination period. The review was based on the remaining 95 files.

The reason for cancellation was deemed valid for all policies reviewed. The review revealed the following reasons for cancellation:

Reason for Cancellation	Number of Policies	Percentage
Nonpayment of premium	49	51.5
Insured’s request	39	41.1
Rewritten	6	6.3
Underwriting reasons	1	1.1
Total	95	100.0

The Company was not required to issue cancellation notices for 45 of the cancellations reviewed as these policies were cancelled at the request of the insured or coverage was rewritten. Cancellation notices for the remaining 50 policies stated the specific reason for cancellation.

The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-85(c) as 26 of the cancellation notices reviewed (27.4 percent error ratio) did not contain the required wording regarding financial responsibility requirements. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-30(a) and Rule 10 of the North Carolina Rate Bureau Manual as the return premium was calculated incorrectly on 28 policies reviewed (29.5 percent error ratio). The errors resulted in overstatement of refund to the insured. The remaining refunds were deemed correct.

The final area of this review encompassed documentation of the policy file. The Company was reminded of the provisions of NCGS 58-36-85(b) as 1 file reviewed (1.1 percent error ratio) contained no evidence that proof of mailing of the cancellation notice was sent to the insured. The Company was reminded of the provisions of NCGS 58-36-85(b) as it did not send a written termination notice for 3 files reviewed (3.2 percent error ratio) for which there was no written request from the insured to terminate the policy. The Company was deemed to be in apparent violation of the provisions of NCGS 20.309 as 80 files reviewed (84.2 percent error ratio) contained no evidence the North Carolina Notice of Termination Form (FS-4) was sent to the North Carolina Division of Motor Vehicles (DMV) when liability coverages were cancelled.

Private Passenger Automobile Nonrenewals

The entire population of 3 nonrenewed private passenger automobile policies was selected and received for review.

The reason for nonrenewal was deemed valid for all policies reviewed. The review revealed the following reasons for nonrenewal:

Reason for Nonrenewal	Number of Policies	Percentage
Underwriting reasons	3	100.0
Total	3	100.0

The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-85(c) as the notice of nonrenewal was not sent to the insured for 3 files reviewed (100.0 percent error ratio). The Company was deemed to be in apparent violation of the provisions of NCGS 58-37-50 as 3 insureds (100.0 percent error ratio) were not offered liability coverage ceded to the North Carolina Reinsurance Facility when their policy did not meet the Company's voluntary guidelines.

The final area of this review encompassed documentation of the policy file. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-85(b) as proof of mailing of the notice of nonrenewal was not included in 3 files reviewed (100.0 percent error ratio). The Company was deemed to be in apparent violation of the provisions of NCGS 20.309 as the FS-4 form was not submitted to the DMV when liability coverages were terminated for 3 files reviewed (100.0 percent error ratio).

Declinations/Rejections

The Company reported there were no declinations/rejections for the period under examination.

CLAIMS PRACTICES

Overview

The Company's claims practices were reviewed to determine compliance with the appropriate North Carolina statutes and rules and policy provisions. The review encompassed paid first party automobile physical damage, third party property damage, automobile medical payment, first and third party bodily injury, closed without payment, subrogated, total loss settlement and litigated claims.

Claims service in North Carolina is under the direction of the Associate Vice President of Claims and is provided predominately from the service center located in Raleigh, North Carolina. The staff is comprised of 107 claims managers, 25 administrative personnel, 3 training specialists and 526 claims adjusters. There are also field based associates spread throughout North Carolina to handle customers face to face. Company adjusters provide the claim service with assistance, at times, from independent adjusters. Independent adjusters have no check or draft authority. The Company agency force does not adjust any claims and does not have claims draft authority. With regard to total losses, a salvage log is maintained by Mitchell Salvage systems. That system is maintained by North Carolina Claims manager.

Three hundred fifty-four claims were randomly selected for review from a population of 9,423.

Paid Claims

The examiners randomly selected and received 100 of the 3,535 first party automobile physical damage and third party property damage claims paid during the period under examination. The claim files were reviewed for timeliness of payment, supporting documentation and accuracy of payment.

The following types of claims were reviewed and the average payment time is noted in calendar days:

Type of Claim	Payment Time
Automobile physical damage	9.0
Third party property damage	13.0

All payments issued by the Company were deemed to be accurate. Deductibles were correctly applied and depreciation taken was reasonable.

All claim files reviewed contained documentation to support the Company's payments. The documentation consisted of appraisals, estimates, repair bills, or inventory listings. The review of paid claims disclosed no apparent violations of the provisions of NCGS 58-63-15(11).

Automobile Medical Payment

Fifty automobile medical payment claims were randomly selected and received for review from a population of 609. The claim files were reviewed to determine if the Company had engaged in any unfair claims practices. The review of automobile medical payment claims disclosed no apparent violations of the provisions of NCGS 58-63-15(11).

First and Third Party Bodily Injury Claims

Fifty first and third party bodily injury claims were randomly selected and received for review from a population of 272. The claim files were reviewed to determine whether the Company had engaged in any unfair claims practices. The review of first and third party bodily injury claims disclosed no apparent violations of the provisions of NCGS 58-63-15(11).

Closed Without Payment Claims

Fifty closed without payment claims were randomly selected and received for review from a population of 2,661. The claim files were reviewed to determine if the Company's reasons for closing the claims without payment were valid.

The claim files reviewed contained documentation that supported the Company's reasons for closing the claims without payment. All reasons for denial or closing the files without payment were deemed valid. Claims were denied on an average of 5 calendar days for the 3-year period. The review of closed without payment claims disclosed no apparent violations of the provisions of NCGS 58-63-15(11).

Subrogated Claims

Fifty subrogated claims were randomly selected and received for review from a population of 1,897. The claim files were reviewed to determine if the insured's deductible was properly reimbursed by the Company when subrogation was successful.

All reimbursements were deemed to be correct and were issued on a 3-year average of 1 calendar day from the date the Company collected the monies. The review of subrogated claims disclosed no apparent violations of the provisions of NCGS 58-63-15.

Total Loss Settlement Claims

Fifty total loss settlement claims were randomly selected and received for review from a population of 445. The claim files were reviewed to determine if the settlements were equitable and timely.

The Company primarily used CCC Information Services, Inc. in addition to on-site independent adjusters to establish the actual cash value of totaled vehicles. All settlements were deemed equitable. The Company settled all claims in a timely manner. The payments were issued on a 3-year average of 17 calendar days. No apparent violations of the provisions of NCGS 58-63-15(11)(h), 11 NCAC 4.0418 or 4.0421 were noted during this review.

Litigated Claims

The entire population of 4 litigated claims was selected and received for review. The claim files were reviewed to determine if the Company had engaged in any unfair claims practices. The review of litigated claims disclosed no apparent violation of the provisions of NCGS 58-63-15.

SUMMARY

The Market Conduct examination revealed the following:

1. Marketing

- a. The Company was deemed to be in apparent violation of the provisions of 11 NCAC 6A.0412(2) as background checks were not performed on 18.0 percent of the appointed producers reviewed.
- b. The Company was reminded of the provisions of NCGS 58-2-131(i), 58-2-185 and 19.0106(a)(4) as 4.0 percent of the terminated producer files reviewed were invalid receipts as the termination dates were outside the period under examination.

2. Underwriting Practices

- a. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-30(a), 58-37-35(l) and Rules 19.D, 3.B.4 and 3.B.5 of the North Carolina Personal Automobile Manual as 50.0 percent of the active private passenger automobile policies reviewed contained multiple rating errors.
- b. The Company was deemed to be in apparent violation of the provisions of NCGS 58-33-40 as 4.0 percent of the private passenger automobile applications reviewed were accepted from a producer who was not appointed.
- c. The Company was reminded of the provisions of 11 NCAC 19.0102(a)(b), 19.0104 and 19.0106(a)(4) as 4.0 percent of the active private passenger automobile files reviewed did not contain a copy of the application.

3. Terminations

- a. The Company was reminded of the provisions of NCGS 58-2-131(i), 58-2-185 and 11 NCAC 19.0106(a)(4) as 5.0 percent of the cancelled private passenger automobile files reviewed were invalid receipts as the termination date was outside the examination period.
- b. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-85(c) as the termination notice for 27.4 percent of the cancelled private passenger automobile files reviewed did not contain the required wording regarding financial responsibility requirements.
- c. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-30(a) and Rule 10 of the North Carolina Personal Automobile Manual as the return premium was calculated incorrectly for 29.5 percent of the cancelled private passenger automobile policies reviewed.
- d. The Company was reminded of the provisions of NCGS 58-36-85(b) as 1.1 percent of the cancelled private passenger automobile files reviewed did not contain proof of mailing of the cancellation notice to the insured.

- e. The Company was reminded of the provisions of NCGS 58-36-85(b)(3) as it did not send a written notice of termination for 3.2 percent of the cancelled private passenger automobile policies reviewed for which there was no written request from the insured to terminate the policy.
- f. The Company was deemed to be in apparent violation of the provisions of NCGS 20.309 as 84.2 percent of the cancelled private passenger automobile files reviewed contained no evidence that the North Carolina Notice of Termination Form had been submitted to the North Carolina Division of Motor Vehicles when liability coverages were cancelled.
- g. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-85(c) as 100.0 percent of the nonrenewed private passenger automobile files reviewed contained no evidence the notice of nonrenewal was sent to the insured.
- h. The Company was deemed to be in apparent violation of the provisions of NCGS 58-37-50 as 100.0 percent of the nonrenewed private passenger automobile insureds reviewed were not offered liability coverage ceded to the North Carolina Reinsurance Facility when their policy did not meet the Company's voluntary guidelines.
- i. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-85(b) as proof of mailing was not included in 100.0 percent of the nonrenewed private passenger automobile files reviewed.
- j. The Company was deemed to be in apparent violation of the provisions of NCGS 20.309 as 100.0 percent of the nonrenewed private passenger automobile files reviewed contained no evidence that the North Carolina Notice of Termination Form had been submitted to the North Carolina Division of Motor Vehicles when liability coverages were nonrenewed.

TABLE OF STATUTES AND RULES

<u>Statute/Rule</u>	<u>Title</u>
NCGS 58-2-131	Examinations to be made; authority, scope, scheduling, and conduct of examinations.
NCGS 58-2-164	Rate evasion fraud; prevention programs.
NCGS 58-2-185	Record of business kept by companies and producers; Commissioner may inspect.
NCGS 58-7-15	Kinds of insurance authorized.
NCGS 58-33-40	Appointment of producers.

NCGS 58-33-56	Notification to Commissioner of termination.
NCGS 58-36-30	Deviations.
NCGS 58-36-85	Termination of a nonfleet private passenger motor vehicle insurance policy.
NCGS 58-37-1	Definitions.
NCGS 58-37-35	The Facility; functions; administration.
NCGS 58-37-50	Termination of insurance.
NCGS 58-39-25	Notice of insurance information practices.
NCGS 58-39-26	Federal privacy disclosure notice requirements.
NCGS 58-39-27	Privacy notice and disclosure requirement exceptions.
NCGS 58-63-15	Unfair methods of competition and unfair or deceptive acts or practices defined.
NCGS 20-309	Motor vehicle registration.
11 NCAC 4.0418	Total Losses on Motor Vehicles.
11 NCAC 4.0421	Handling of Loss and Claim Payments.
11 NCAC 6A.0412	Appointment of Producer: Responsibility of Company.
11 NCAC 19.0102	Maintenance of Records.
11 NCAC 19.0103	Complaint Records.
11 NCAC 19.0104	Policy Records.
11 NCAC 19.0106	Records Required for Examination.

CONCLUSION

An examination has been conducted on the market conduct affairs of Nationwide Insurance Company of America for the period January 1, 2007 through December 31, 2009

with analyses of certain operations of the Company being conducted through October 19, 2011. The Company's response to this report, if any, is available upon request.

This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures, including analyses of Company operations in the areas of policyholder treatment, marketing, underwriting practices, terminations and claims practices.

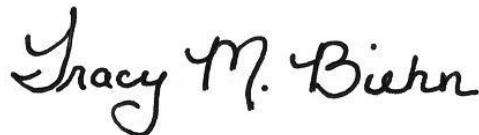
In addition to the undersigned, James P. McQuillan, CPCU, AIT, Letha Lombardi and Dana Eaves, North Carolina Market Conduct Examiners, participated in this examination.

Respectfully submitted,



Norma M. Rafter, CPCU
Examiner-In-Charge
Market Regulation Division
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.



Tracy M. Biehn, LPCS, MBA
Deputy Commissioner
Market Regulation Division
State of North Carolina