

REPORT ON  
MARKET CONDUCT EXAMINATION

of the

N. C. GRANGE MUTUAL INSURANCE COMPANY  
Greensboro, North Carolina

BY REPRESENTATIVES OF THE  
NORTH CAROLINA DEPARTMENT OF INSURANCE

as of

May 21, 2010

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Raleigh, North Carolina  
May 21, 2010

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

Honorable Commissioner:

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

**N. C. GRANGE MUTUAL INSURANCE COMPANY (NAIC #16683)**

NAIC Exam Tracking System Exam Number: NC170-M62  
Greensboro, North Carolina

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 N. C. Grange Mutual Insurance Company. 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 January 18, 2010 and covered the period of January 1, 2006 through December 31, 2008 with analyses of certain operations of the Company being conducted through May 17, 2010. 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 and rating, 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 area:

*Policyholder Treatment* – complaints not in the Company’s complaint register, response time to consumer complaint.

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](http://www.ncdoi.com), by clicking “Helpful Links.”

This examination identified various non-compliant practices. 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.

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

The Company was organized in 1934 as the Grange Mutual Fire Association of North Carolina, Incorporated, with its principal office being located in Raleigh, North Carolina. The purpose of the Company’s formation, as stated in its Certificate of Incorporation, was to write farm mutual fire insurance for Grange members in North Carolina. The Company changed the location of its principal office from Raleigh, North Carolina to Greensboro, North Carolina on September 3, 1947 and amended the name of the Company to N.C. Grange Mutual Insurance Company. The purpose of the Company was changed to include the sale of any and all types

of fire and property insurance coverages. The insurance offered by the Company was to be transacted on the assessable mutual business plan or principle. Each individual or business entity insured becomes a member of the Company and is subject to an unlimited assessment liability as prescribed by law.

On June 16, 1965, the Certificate of Incorporation was amended to enable the Company to write all insurance coverages that are permitted by the laws of North Carolina and to replace its 99 year period of existence with a perpetual period of existence.

#### Company Operations and Management

The Company is a writer of personal and commercial lines insurance coverages. The Company is authorized to transact business only in the State of North Carolina.

Direct written premium for the Company's 2008 North Carolina property and casualty operations was 17,334,988. Premiums written in North Carolina between 2006 and 2008 decreased approximately 3.7 percent. The charts below outline the Company's mix of business for selected lines in 2008 and loss ratios in North Carolina for the examination period.

<b>Line of Business</b>	<b>Written Premium</b>	<b>Percentage</b>
Homeowners	\$9,931,155	57.3
Farmowners	\$4,709,387	27.2
Fire	\$1,827,558	10.5
Allied Lines	\$544,980	3.1
Commercial Multiple Peril	\$321,908	1.9
<b>Total</b>	<b>\$17,334,988</b>	<b>100.0</b>

<b>Year</b>	<b>Written Premium</b>	<b>Earned Premium</b>	<b>Incurred Losses*</b>	<b>Loss Ratio</b>
2006	\$17,993,433	\$18,469,411	\$8,997,864	48.7
2007	\$17,539,064	\$11,962,093	\$8,394,896	70.2
2008	\$17,334,988	\$11,632,291	\$10,813,853	93.0
<b>* Does not include IBNRs</b>				



### 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 established written procedures to respond to natural or manmade disasters at its home office in Greensboro, North Carolina. The Company's transactions are updated and stored daily with a backed up copy removed each night of the previous day transactions as well as all critical data and software for operations. In the event of a disaster rendering the company building or facility unusable, the backed up records can quickly be restored using hardware which is readily available. The Company anticipates a 2 day minimum to restore records and operations, not to exceed 5 days. In addition to the electronic back up, each agent receives a copy of policy records of all Company transactions. If required, the Company can secure copies of necessary documents from agents.

## **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. All 22 complaints contained in the Department's listing were selected for review. The Company was deemed to be in apparent violation of the provisions of Title 11 of the North Carolina Administrative Code, (NCAC), Chapter 19, Section 0103 as 7 complaints (31.8 percent error ratio) were not included in its complaint register.

The distribution of complaints requiring a response to the Department is shown in the chart below.

<b>Type of Complaint</b>	<b>Total</b>
Claims	19
Administrative	1
Underwriting	2
<b>Total</b>	<b>22</b>

The Company's response to each complaint was deemed to be appropriate to the circumstances. The average response time for the complaints was 5.2 calendar days.

<b>Service Days</b>	<b>Number of Files</b>	<b>Percentage of Total</b>
1 - 7	19	86.5
8 - 14	1	4.5
15 - 21	1*	4.5
22 - 30	1*	4.5
<b>Total</b>	<b>22</b>	<b>100.0</b>

\*extension granted and met.

The Company was deemed to be in apparent violation of the provisions of 11 NCAC 1.0602 as the response time for 1 complaint (4.5 percent error ratio) exceeded the 7 calendar day requirement without a granted extension.

#### 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. Emphasis of the review was placed on the following lines of business:

1. Homeowners
2. Dwelling Fire
3. Commercial Fire
4. Farmowners

Form filings for these 4 lines of business were made to the Department by the Company. The Company promulgates its own rates and is not required to file them.

### 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 does not advertise to its agencies or policyholders in North Carolina. No retail advertising is done directly by the Company. The Company's agency contract spells out that agents are not to advertise the Company in any way without written approval.

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 755 and 113, respectively.

All appointment and termination forms reviewed were submitted to the Department in accordance with the timetables stipulated under the provisions of NCGS 58-33-40 and 58-33-56.

### Agency Management

The Company's marketing effort in North Carolina is under the supervision of the Vice President of Marketing who is also the Corporate Secretary. The Vice President supervises the activities of the agency force and conducts an annual agency review along with the other officers and staff. The Vice President also has responsibility for agent appointments, terminations, licensing and holds agent training sessions periodically to review Company procedures.

The Company is currently represented by 2,444 agents in 276 agencies across North Carolina. Formal agency reviews are conducted annually with participation from marketing, claims, and underwriting personnel. The Company offers a standard agency contract to its agents. Agents may also qualify for a contingency bonus under the Contingency Contract, which is based on each individual agent's loss ratio and premium volume as well as length of service.

## **UNDERWRITING AND RATING**

### Overview

The Company's marketing philosophy in North Carolina focuses on personal and commercial lines of business. The Company provided the examiners with listings of the following types of active policies for the period under examination:

1. Homeowners
2. Dwelling Fire
3. Commercial Fire
4. Farmowners

A random selection of 218 policies was made from a total population of 6,646. Each policy was 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.

### Homeowners

The Company provided a listing of 5,166 active homeowner policies issued during the period under examination. One hundred policies were randomly selected and received for review.

The Company's homeowners coverages were written utilizing their own promulgated rates. Policies were written on an annual basis. Risk placement was determined by the Company's underwriting guidelines and the underwriter. As an assessable mutual, the Company is not required to file their rates. However, rates must be applied in a consistent manner and in accordance with the Company's rate/rule manuals.

It appears not all policies were rated consistently with the Company rate/rule manual.

### Dwelling Fire

The Company provided a listing of 658 active dwelling fire policies issued during the period under examination. Fifty policies were randomly selected and received for review.

The Company's dwelling fire coverages were written utilizing their own promulgated rates. Policies were written on an annual basis. Risk placement was determined by the Company's underwriting guidelines and the underwriter. As an assessable mutual, the Company is not required to file their rates. However, rates must be applied in a consistent manner and in accordance with the Company's rate/rule manuals.

It appears not all policies were rated consistently with the Company rate/rule manual.

### Commercial Fire

The Company provided a listing of 18 active commercial fire policies issued during the period under examination. All policies were selected and received for review.

The Company's commercial fire coverages were written utilizing their own promulgated rates. Policies were written on an annual basis. Risk placement was determined by the Company's underwriting guidelines and the underwriter. As an assessable mutual, the

Company is not required to file their rates. However, rates should be applied in a consistent manner and in accordance with the Company's rate/rule manuals.

It appears not all policies were rated consistently with the Company rate/rule manual.

### Farmowners

The Company provided a listing of 804 active farmowner policies issued during the period under examination. Fifty policies were randomly selected and received for review.

The Company's farmowner coverages were written utilizing their own promulgated rates. Policies were written on an annual basis. Risk placement was determined by the Company's underwriting guidelines and the underwriter. As an assessable mutual, the Company is not required to file their rates. However, rates should be applied in a consistent manner and in accordance with the Company's rate/rule manuals.

It appears the policies were rated in a consistent manner.

## **TERMINATIONS**

### Overview

The Company's termination procedures were reviewed to determine compliance with the appropriate North Carolina statutes and rules, policy provisions, and the applicable policy manual rules. The review focused on the following lines of business:

1. Homeowners
2. Dwelling Fire
3. Commercial Fire
4. Farmowners

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 14,294 policies were terminated during the period under examination. The examiners randomly selected 425 terminations for review.

### Homeowners Cancellations

One hundred cancelled homeowners policies were randomly selected and received for review from a population of 7,638.

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

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	29	29.0
Nonpayment of premium	46	46.0
Adverse underwriting decision	15	15.0
Finance company request	10	10.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

The Company was not required to issue cancellation notices for 39 of the cancellations reviewed as these policies were cancelled at the request of the insured or at a finance company's request. Cancellation notices for the remaining 61 policies stated the specific reason for cancellation.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

### Dwelling Fire Cancellations

Fifty cancelled dwelling fire policies were randomly selected and received for review from a population of 1,960 policies.

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

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	27	54.0
Nonpayment of premium	21	42.0
Adverse underwriting decision	1	2.0
Coverage rewritten	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The Company was not required to issue cancellation notices for 28 of the cancellations reviewed as these policies were cancelled at the request of the insured or the coverage was rewritten. Cancellation notices for the remaining 22 policies stated the specific reason for cancellation.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Commercial Fire Cancellations

Fifty cancelled commercial fire policies were randomly selected and received for review from a population of 66 policies.

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

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	16	32.0
Nonpayment of premium	30	60.0
Coverage rewritten	3	6.0
Adverse underwriting decision	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>



The Company was not required to issue cancellation notices for 19 of the cancellations reviewed as these policies were cancelled at the request of the insured or the coverage was rewritten. Cancellation notices for the remaining 31 policies stated the specific reason for cancellation.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Farmowners Cancellations

Fifty cancelled farmowners policies were randomly selected and received for review from a population of 1,750 policies.

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

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	21	42.0
Nonpayment of premium	26	52.0
Finance company request	1	2.0
Coverage rewritten	1	2.0
Adverse underwriting decision	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The Company was not required to issue cancellation notices for 23 of the cancellations reviewed as these policies were cancelled at the request of the insured, the coverage was rewritten or at finance company request. Cancellation notices for the remaining 27 policies stated the specific reason for cancellation.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company

#### Homeowners Nonrenewals

Fifty nonrenewed homeowners policies were randomly selected and received for review from a population of 1,784.

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

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Producer no longer appointed	33	66.0
Adverse underwriting decision	17	34.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewal.

The Company was reminded of the nonrenewal provisions of the policy as the nonrenewal notice for 1 file reviewed (2.0 percent error ratio) was not sent at least 30 days prior to the nonrenewal date.

The final area of this review encompassed documentation of the policy file. Notwithstanding the errors noted above, all policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Dwelling Fire Nonrenewals

Fifty nonrenewed dwelling fire policies were randomly selected and received for review from a population of 529.

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

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Adverse underwriting decision	30	60.0
Producer no longer appointed	20	40.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewal.

The Company was reminded of the nonrenewal provisions of the policy as the nonrenewal notice for 2 files reviewed (4.0 percent error ratio) was not sent at least 30 days prior to the nonrenewal date.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Commercial Fire Nonrenewals

Twenty-five nonrenewed commercial fire policies were selected and received for review from a population of 25.

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

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Adverse underwriting decision	4	16.0
Producer no longer appointed	21	84.0
<b>Total</b>	<b>25</b>	<b>100.0</b>

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewal. The insureds and mortgagees were given proper and timely notification of nonrenewal.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

### Farmowners Nonrenewals

Fifty nonrenewed farmowners policies were randomly selected and received for review from a population of 542.

The Company was reminded of the provisions of 11 NCAC 19.0102(a), 19.0104, and 19.0106(a)(4)(h) as it was unable to provide 1 file selected for review (2.0 percent error ratio). The review was based on the remaining 49 files received.

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

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Adverse underwriting decision	30	61.2
Producer no longer appointed	19	38.8
<b>Total</b>	<b>49</b>	<b>100.0</b>

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewal. The insureds and mortgagees were given proper and timely notification of nonrenewal.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

### Declinations/Rejections

The Company reported that no applications were declined/rejected during 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, closed without payment, subrogated, and litigated claims.

Claims service in North Carolina is provided through the Company's home office in Greensboro, North Carolina. Claims service is under the direction of the Vice President and Claims Manager. The Company does not employ outside adjusters, but uses the services of various independent adjusters. The independent adjusters do not have draft authority and all of their activities are directed by Company claim file handlers. The Company's agency force does not have draft authority. All claim checks are issued at the home office and are signed by authorized Company personnel. The Company maintains a separate checking account for claims and utilizes checks instead of drafts for the payment of all losses and loss adjustment expenses.

One hundred and seventy-four claims were randomly selected and received for review from a population of 5,732.

#### Paid Claims

The examiners randomly selected and received 100 of the 4,190 third party property damage and first 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
Third party property damage	11.0
First party property damage	12.3

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 violation of the provisions of NCGS 58-63-15.

#### First and Third Party Bodily Injury Claims

All first and third party bodily injury claims were selected and received for review from a population of 6. 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.

#### Closed Without Payment Claims

Fifty closed without payment claims were randomly selected and received for review from a population of 1,518. 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 8.7 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.

#### Subrogated Claims

Thirteen subrogated claims were selected and received for review from a population of 13. The claim files were reviewed to determine if the insured's deductible was properly reimbursed by the Company when subrogation was successful.

The insured's deductible for 1 file reviewed (7.7 percent error ratio) was not reimbursed in a timely manner. The Company failed to reimburse the insured's deductible for 3 files reviewed (23.1 percent error ratio). These matters could result in an apparent violation of the provisions of NCGS 58-63-15(11) if the occurrence is of such frequency as to be considered a

general business practice. At the request of the examiners, the Company issued refund checks totaling \$788.15 to the insureds for their deductibles prior to the conclusion of the examination. The remaining reimbursements were deemed to be correct and were issued on a 3 year average of 1.3 calendar days from the date the Company collected the monies.

### Litigated Claims

Five litigated claims were selected and received for review from a population of 5. 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. Policyholder Treatment

- a. The Company was deemed to be in apparent violation of the provisions of 11 NCAC 19.0103 as 31.8 percent of the complaints were not included in the Company's complaint register.
- b. The Company was deemed to be in apparent violation of the provisions of 11 NCAC 1.0602 as the response time for 4.5 percent of the complaints reviewed exceeded the 7 calendar day requirement.

#### 2. Terminations

- a. The Company was reminded of the homeowners nonrenewal policy provisions as 2.0 percent of the homeowners nonrenewal notices were not sent at least 30 days prior to the nonrenewal date.
- b. The Company was reminded of the dwelling fire nonrenewal policy provisions as 2.0 percent of the dwelling fire nonrenewal notices were not sent at least 30 days prior to the nonrenewal date.
- c. The Company was reminded of the provisions of 11 NCAC 19.0102(a), 19.0104, and 19.0106(a)(4)(h) as it was unable to provide 2.0 percent of the farmowners nonrenewals selected for review.

### 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 58-7-15	Kinds of insurance authorized.
NCGS 58-33-40	Appointment of agents.
NCGS 58-33-56	Notification to Commissioner of termination.
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.
11 NCAC 1.0602	Insurance Companies' Response to Departmental Inquiries.
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 N. C. Grange Mutual Insurance Company for the period January 1, 2006 through December 31, 2008 with analyses of certain operations of the Company being conducted through May 17, 2010. 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 and rating, terminations, and claims practices.

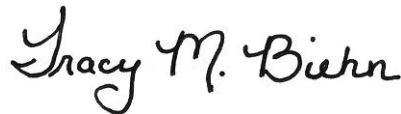
In addition to the undersigned, Gary Jones and Gina Abate, North Carolina Market Conduct Examiners, participated in this examination.

Respectfully submitted,

A handwritten signature in black ink that reads "Bill George". The signature is written in a cursive, flowing style.

Bill George, AIS  
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.

A handwritten signature in black ink that reads "Tracy M. Biehn". The signature is written in a cursive, flowing style.

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