

REPORT ON
MARKET CONDUCT EXAMINATION

of the

VICTORIA FIRE & CASUALTY COMPANY
Mayfield Heights, Ohio

BY REPRESENTATIVES OF THE
NORTH CAROLINA DEPARTMENT OF INSURANCE

as of

April 14, 2011

TABLE OF CONTENTS

SALUTATION	1
FOREWORD	2
SCOPE OF EXAMINATION.....	2
EXECUTIVE SUMMARY.....	3
COMPANY OVERVIEW	4
History and Profile.....	4
Company Operations and Management.....	4
Certificates of Authority	4
Disaster Recovery Procedures.....	5
Rate Evasion Procedures.....	5
POLICYHOLDER TREATMENT	6
Consumer Complaints.....	6
Privacy of Financial and Health Information	7
MARKETING	7
Policy Forms and Filings	7
Sales and Advertising.....	7
Producer Licensing	8
Agency Management	8
UNDERWRITING PRACTICES	9
Overview	9
Private Passenger Automobile	9
TERMINATIONS.....	11
Overview	11

Private Passenger Automobile Cancellations	11
Private Passenger Automobile Nonrenewals.....	12
Declinations/Rejections	13
CLAIMS PRACTICES	13
Overview	13
Paid Claims	14
Automobile Medical Payment Claims	14
First and Third Party Bodily Injury Claims.....	15
Closed Without Payment Claims	15
Subrogated Claims.....	15
Total Loss Settlement Claims.....	15
Litigated Claims.....	16
SUMMARY.....	16
TABLE OF STATUTES AND RULES.....	17
CONCLUSION.....	18

Raleigh, North Carolina
April 14, 2011

Honorable Mary Taylor
Director of Insurance
Ohio Department of Insurance
50 West Town Street, Suite 300
Columbus, OH 43215

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

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

VICTORIA FIRE & CASUALTY COMPANY (NAIC #42889)
NAIC Exam Tracking System Exam Number: NC170-M80
Mayfield Heights, Ohio

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 Victoria Fire & Casualty 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 August 16, 2010 and covered the period of April 1, 2008 through December 31, 2009 with analyses of certain operations of the Company being conducted through April 14, 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:

Consumer Complaints – complaints not listed on the company’s complaint register and response time to Departmental inquiries.

Appointment and Termination of Producers – failure to perform background checks on appointed producers and termination of appointment letter not provided to the producer in accordance with the statute.

Underwriting Practices – Private passenger automobile: applications accepted from a producer who was not appointed, deviations and coverage incorrectly stated on the declarations page, rating errors.

Terminations – Private passenger automobile cancellations: proper notification not given.

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

Victoria Fire and Casualty Company was incorporated under the laws of Ohio on July 11, 1983 as a stock company and commenced business on August 9, 1983. Nationwide Mutual Insurance Company, the ultimate parent, acquired THI Holdings Delaware, Inc., which owns Victoria Fire and Casualty Company on August 1, 2003.

Company Operations and Management

The Company is a writer of non-standard private passenger automobile coverages. The Company is currently licensed in 40 states and the District of Columbia.

Direct written premium for the Company's 2009 countrywide property and casualty operations was \$335,692,084. North Carolina's production for the same period was \$13,485,343. Premiums written in North Carolina between 2008 and 2009 increased approximately 81.0 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 Liability	\$8,198,920	60.8
Private Passenger Automobile Physical Damage	5,286,423	39.2
Total	\$13,485,343	100.0

Year	Written Premium	Earned Premium	Incurred Losses*	Loss Ratio
2008	\$7,448,511	\$4,263,978	\$3,826,439	89.7
2009	\$13,485,343	\$14,099,647	\$13,148,068	93.3
* 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 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 2 complaints (10.5 percent error ratio) were not listed on the Company's complaint register.

All complaints from the Department's listing of 19 were selected and received for review. The distribution of complaints requiring a response to the Department is shown in the chart below.

Type of Complaint	Total
Claims	15
Underwriting	3
Administrative	1
Total	19

The Company's response to each complaint was deemed to be appropriate to the circumstances. Nine complaints were responded to in excess of seven calendar days; however, extensions were requested and granted for 5 of the complaints. The Company was deemed to be in apparent violation of the provisions of 11 NCAC 1.0602 as 4 complaints reviewed (21.1 percent error ratio) were responded to in excess of the 7 calendar day requirement of this rule or the extension date.

The average service time to respond to a Departmental complaint was 11 calendar days. A chart of the Company's response time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	10	52.6
8 - 14	4	21.1
15 - 21	3	15.8
22 - 30	2	10.5
Total	19	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.

All advertising materials referencing the Company or using the logo must be approved by the Sales Manager and Regional Sales Director. The Company notifies producers of new products and changes in insurance statutes and rules via email and blast fax in the form of a memo/flyer. Product Management maintains a copy of Company communications regarding new products and regulations. The examiners reviewed advertisements, bulletins and brochures that are provided to producers 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 551 and 85, 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 any of the 50 appointed producers reviewed (100 percent error ratio).

The Company was reminded of the provisions of 11 NCAC 19.0102(a) and 19.0106(a)(3)(h) as confirmation of termination was not provided for 3 producers reviewed (6.0 percent error ratio). The remaining 47 terminated appointment forms were submitted to the Department in accordance with the timetables stipulated under the provisions of NCGS 58-33-56(b).

The Company was deemed to be in apparent violation of the provisions of NCGS 58-33-56(d) as notification of termination to the producer was not provided in accordance with the statute for 6 terminated producers reviewed (12.0 percent error ratio).

- The letter was not sent to 3 producers.
- The letter was sent in excess of the 15 day requirement for 3 producers.

Agency Management

The Company has 928 active producers appointed in North Carolina. The marketing efforts are driven at both the corporate and regional levels. Corporate marketing is handled out

of the home office in Columbus, Ohio and regional marketing is handled out of the regional office in Raleigh, North Carolina.

Regional sales managers are primarily responsible for the agency force. The sales managers are split out by distribution channel. Eighteen sales managers are assigned to the North Carolina exclusive agency force and 1 sales manager is assigned to the North Carolina independent agency force. Reviews are normally conducted annually.

Regional sales managers, working in conjunction with the corporate licensing division, are responsible for appointment, terminations and licensing.

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 6,791 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 and deviated 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 58-33-40 as 19 applications reviewed (19.0 percent error ratio) were accepted from a producer who was not appointed. The Company was deemed to be in apparent violation of the provisions of NCGS 58-63-15(1) as the declarations page for 86 policies reviewed (86.0 percent error ratio) incorrectly stated policy terms.

- 64 declarations pages incorrectly stated the policy received a deviation when it was not applied.
- 22 declarations pages incorrectly stated Rental Reimbursement coverage was in effect, in lieu of Coverage for Rented Vehicles.

The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-30(a), 58-37-35(l), and Rules 4 and 5 of the North Carolina Personal Automobile Manual as 17 policies reviewed (17.0 percent error ratio) were rated incorrectly. The rating errors consisted of the following:

- Deviation incorrectly applied to Uninsured/Underinsured Motorist coverage on 7 policies.
- Incorrect Safe Driver Incentive Plan points applied on 6 policies.
- Minimum aggregate deviation was not adjusted to 35% of North Carolina Rate Bureau premium on 2 policies.
- Accident free discount was applied when an insured had an unverifiable driving history on 1 policy.
- Operator was incorrectly classified on 1 policy.

The rating errors resulted in 12 premium undercharges and 5 premium overcharges to the insureds. Refunds for the overcharges, covering multiple terms, were issued by the Company in the amount of \$1,427.32. The remaining 82 premiums charged were deemed correct.

The Company was reminded of the provisions of 11 NCAC 10.0602(a) as 1 file reviewed (1.0 percent error ratio) did not contain a signed consent to rate form.

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 14,683 policies were terminated during the period under examination. The examiners randomly selected 135 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 14,648.

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	89	89.0
Insured's request	7	7.0
Underwriting reasons	2	2.0
Finance company request	1	1.0
No longer eligible	1	1.0
Total	100	100.0

The Company was not required to issue cancellation notices for 7 of the cancellations reviewed as these policies were cancelled at the request of the insured. Cancellation notices for the remaining 93 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 23 cancellation notices for nonpayment of premium (23.0 percent error ratio) were not issued at least 15 days prior to the cancellation of the policy.

The Company was reminded 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 1 policy reviewed (1.0 percent error ratio). The error resulted in understatement of refund to the insured. At the request of the examiners, a refund in the amount of \$18.39 was issued by the Company for the understatement of refund. The remaining premium refunds were deemed correct. The Company issued the refunds in a timely manner.

As a result of the incorrect return premium calculation, the Department requested the Company to conduct a self audit in this area. The Company identified an additional 602 policies affected (excluding those that were reviewed by the examiners as noted above) that resulted in refunds being made in the amount of \$6,503.90. All refund checks were mailed to the insureds on January 19, 2011.

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. The Company sent the North Carolina Notice of Termination Form (FS-4) to the North Carolina Division of Motor Vehicles (DMV) when liability coverages were cancelled. The Company was deemed to be in compliance with the provisions of NCGS 20-309.

Private Passenger Automobile Nonrenewals

The entire population of 35 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
Producer no longer appointed	25	71.4
No longer eligible	10	28.6
Total	35	100.0

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewal. All insureds and loss payees 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. The Company was reminded of the provisions of NCGS 20-309.2 as the FS-4 was not submitted to the DMV when liability coverages were cancelled for 2 policies reviewed (5.7 percent error ratio).

Declinations/Rejections

Coverage was bound at point of sale so there were no declinations or rejections.

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, automobile medical payment, first and third party bodily injury, closed without payment, subrogated and total loss settlement claims.

Claims service in North Carolina is under the direction of the Field Claims Director and is provided from the branch offices located in Raleigh, North Carolina and in Columbia, South Carolina. The staff is comprised of the claims director, 6 claims managers, 36 claims associates and 3 clerical personnel. Claims service is provided by company adjusters only. The Company agency force does not adjust any claims and does not have claims draft authority. The Company's salvage log is maintained by the Total Loss Unit based in Des Moines, Iowa. Three hundred fifty claims were randomly selected for review from a population of 9,011.

Paid Claims

The examiners randomly selected and received 100 of the 4,410 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	25.0
Third party property damage	16.0

A policy deductible was not applied to 1 claim reviewed (2.0 percent error ratio). This resulted in an overpayment of \$250.00 to the policyholder. This matter 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. All other 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.

Two claims (4.0 percent error ratio) were not appraised in a timely manner. This matter 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.

Automobile Medical Payment Claims

Fifty automobile medical payment claims were randomly selected and received for review from a population of 306. 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 1,099. 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 2,320. 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 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 103. 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.

Total Loss Settlement Claims

Fifty total loss settlement claims were randomly selected and received for review from a population of 773. 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. Claims were not paid or appraised in a timely manner for 2 claims (4.0 percent error ratio). This matter 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. The payments were issued on a 3-year average of 26 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 Company reported that they did not have any litigated claims during the examination period under review.

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 10.5 percent of the consumer complaints reviewed were not listed on 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 responses to 21.1 percent of the Departmental inquiries reviewed were in excess of the 7 calendar day requirement of this rule.

2. 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 100 percent of the appointed producers reviewed.
- b. The Company was reminded of the provisions of 11 NCAC 19.0102(a) and 19.0106(a)(3)(h) as confirmation of termination was not provided for 6.0 percent of the terminated producers reviewed.
- c. The Company was deemed to be in apparent violation of the provisions of NCGS 58-33-56(d) as notification of termination was not provided in accordance with the statute for 12.0 percent of the terminated producers reviewed.

3. Underwriting and Rating

- a. The Company was deemed to be in apparent violation of the provisions of NCGS 58-33-40(h) as 19.0 percent of the private passenger automobile applications reviewed were accepted from a producer who was not appointed.
- b. The Company was deemed to be in apparent violation of the provisions of NCGS 58-63-15(1) as the declarations page of 86.0 percent of the active private passenger automobile policies reviewed incorrectly stated policy terms.
- c. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-30(a), 58-37-35(l), and Rules 4 and 5 of the North Carolina Personal Automobile Manual as 17.0 percent of the active private passenger automobile policies reviewed were rated incorrectly.
- d. The Company was reminded of the provisions of 11 NCAC 10.0602(a) as a signed consent to rate form was not contained in 1.0 percent of the active private passenger automobile files reviewed.

4. Terminations

- a. The Company was deemed to be in apparent violation of the provisions of NCGS 58-36-85(c) as 23.0 percent of the private passenger automobile cancellation notices for nonpayment of premium were not issued at least 15 days prior to the cancellation of the policy.
- b. The Company was reminded 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 on 1.0 percent of the cancelled private passenger automobile policies reviewed.
- c. The Company was reminded of the provisions of NCGS 20-309.2 as the North Carolina Notice of Termination Form was not submitted to the North Carolina Division of Motor Vehicles for 5.7 percent of the nonrenewed private passenger automobile policies reviewed.

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 58-7-15	Kinds of insurance authorized.
NCGS 58-33-40	Appointment of agents.

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 58-39-25	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 1.0602	Insurance Companies' Response to Departmental Inquiries.
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 Agent: Responsibility of Company.
11 NCAC 10.0602	Consent to Rate Procedures: Rate Bureau Coverages.
11 NCAC 19.0102	Maintenance of Records.
11 NCAC 19.0103	Complaint Records.
11 NCAC 19.0106	Records Required for Examination.

CONCLUSION

An examination has been conducted on the market conduct affairs of Victoria Fire & Casualty Company for the period April 1, 2008 through December 31, 2009 with analyses of

certain operations of the Company being conducted through April 14, 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.

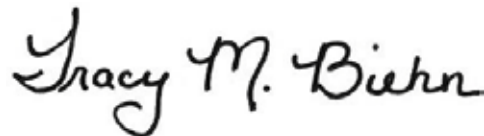
In addition to the undersigned, James P. McQuillan, CPCU, AIT and Letha Lombardi, North Carolina Market Conduct Examiners, participated in this examination.

Respectfully submitted,

Handwritten signature of Norma M. Rafter in cursive script.

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.

Handwritten signature of Tracy M. Biehn in cursive script.

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