



Report on

Market Conduct Examination

of the

National General Insurance Company

Jefferson City, Missouri

by Representatives of the

North Carolina Department of Insurance

as of

February 26, 2025

TABLE OF CONTENTS

SALUTATION1

SCOPE OF EXAMINATION2

EXECUTIVE SUMMARY2

MARKETING3

 Policy Forms and Filings3

TERMINATIONS.....3

 Overview3

 Private Passenger Automobile Cancellations4

 Private Passenger Automobile Non-renewals.....4

Claims Practices5

 Overview5

 Paid Claims5

 Total Loss Claims.....5

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES.....6

CONCLUSION.....6

Raleigh, North Carolina
February 26, 2025

Honorable Mike Causey
Commissioner of Insurance
Department of Insurance
State of North Carolina
3200 Beechleaf Court
Raleigh, North Carolina 27604

Honorable Angela Nelson
Missouri Department of Commerce & Insurance
State of Missouri
301 West High Street
PO Box 690
Jefferson City, Missouri 65102

Honorable Commissioner and Director:

In accordance with the provisions of North Carolina General Statutes 58-2-131 through 58-2-134, a target examination has been made of the market conduct activities of the following entity:

National General Insurance Company (NAIC #23728)
Jefferson City, Missouri
(hereinafter generally referred to as "the Company")
NAIC Exam Tracking System Exam Number: NC-HOWENC-11

The examination was conducted at the North Carolina Department of Insurance (Department) office located at 3200 Beechleaf Court, Raleigh, North Carolina. A report thereon is respectfully submitted.

SCOPE OF EXAMINATION

This examination commenced on October 29, 2024, and covered the period of July 1, 2021, through June 30, 2023. Analyses of certain operations of the Company were concluded during the wrap-up conference which was held on January 13, 2025. All comments made in this report reflect conditions observed during the period of examination.

This examination was performed in accordance with auditing standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC). The scope of this examination was not comprehensive and included limited review of the Company's marketing, terminations, and claims practices. The findings and conclusions contained within the report are based solely on the work performed and are referenced within the appropriate sections of the examination report.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/noncompliance that fall outside certain tolerance levels. The Department applied a 0 percent tolerance level for the use of forms that were neither filed with nor approved by the Department, 0 percent for adjusters who were not properly licensed, 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 a violation, the Department issues a reminder to the company.

EXECUTIVE SUMMARY

This market conduct examination revealed concerns with the Company's procedures and practices in the following area:

Claims Practices – Not attempting in good faith to effectuate prompt settlement of claims.

A specific violation is 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 at <https://www.ncdoi.gov/insurance-industry/market-regulation>

This examination identified a violation 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.

All statutory violations may not have been discovered or noted in this report. Failure to identify statutory violations in North Carolina or in other jurisdictions does not constitute acceptance of such violations.

MARKETING

Policy Forms and Filings

The Company's marketing in North Carolina is directed to personal lines, with some commercial policies provided for recreational vehicles. Policy forms and filings for the Company were reviewed to determine compliance with the appropriate North Carolina statutes and rules.

We reviewed the following line of business:

- Private Passenger Automobile

Filings for the private passenger automobile line of business were made by the Company and by the North Carolina Rate Bureau (NCRB) on behalf of the Company. There were no errors noted in review of the Company's policy forms and filings.

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 following line of business was reviewed:

- Private Passenger Automobile

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 15 policies were terminated during the period under examination. The examiners reviewed the entire population.

Private Passenger Automobile Cancellations

Fourteen cancelled private passenger automobile policies were reviewed. The Company was reminded of the provisions in the personal auto coverage form, NC 00 01 06 05, Part D, Loss Payee clause as one file (7.1 percent error ratio) had a loss payee listed, but that loss payee was not notified of the cancellation. The Company was also reminded of the policy termination provisions as 1 policy (7.1 percent error ratio) was cancelled for non-payment of premium in error. The insured made the premium payment; however, the Company applied the insured's payment to the wrong policy.

The review revealed the following reasons for cancellation:

Reason for Cancellation	Number of Policies	Percentage
Insured's request	12	86.0
Nonpayment of premium	1	7.0
Rewrite	1	7.0
Total	14	100.0

Private Passenger Automobile Non-renewals

One non-renewed private passenger automobile policy was reviewed. No errors were noted in review of the policy. The review revealed the following reason for non-renewal:

Reason for Non-renewal	Number of Policies	Percentage
Adverse underwriting decision	1	100.0
Total	1	100.0

All policy files (cancellations and non-renewals) contained sufficient documentation to support the action taken by the Company.

CLAIMS PRACTICES

Overview

The Company's claims practices were reviewed to determine compliance with the appropriate North Carolina statutes, rules, and policy provisions. The review encompassed private passenger automobile physical damage claims, private passenger automobile third-party property damage claims, and private passenger automobile total loss claims.

There was a total of 16 claim files during the period of examination. All 16 claims were reviewed.

Paid Claims

Seven first-party physical damage claims and six third-party property damage claims paid during the period under examination were selected for review from a population of 13. Each claim file was reviewed to determine compliance with NCGS 58-63-15(11) for timeliness of payment, accuracy of payment, and supporting documentation.

The average payment time for the claims reviewed is noted in calendar days:

Type of Claim	Average Payment Time
Automobile First-party physical damage	6
Automobile Third-party property damage	50

There were no errors noted in review of the first-party physical damage claims. The Company was deemed to be in violation of NCGS 58-63-15(11)(f) as undue delays in settlement were noted in one of the six third-party property damage files (16.7 percent error ratio).

Total Loss Claims

Three total loss claims were reviewed from a population of three. Each claim file was reviewed to determine compliance with NCGS 58-63-15(11) for timeliness of payment, accuracy of payment, and supporting documentation. There were no errors noted in review of the total loss claims.

All claim files reviewed contained documentation to support the Company's payments. The documentation consisted of appraisals, estimates, repair bills, and adjusters' log notes.

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

The Company is directed to settle a claim without undue delay when liability has become reasonably clear.

Upon acceptance of the report the Company shall provide the Department with a statement of corrective actions to address the violations identified during the examination. The Department will conduct a future investigation, if warranted, to determine if the Company successfully implemented its statement of corrective actions.

CONCLUSION

An examination has been conducted on the market conduct affairs of National General Insurance Company for the period July 1, 2021, through June 30, 2023, with analyses of certain operations of the Company being conducted through January 13, 2025.

This examination was conducted in accordance with the North Carolina Department of Insurance and the NAIC Market Regulation Handbook procedures, including analyses of the Company's operations in the areas of policy terminations and claims practices.

In addition to the undersigned, Jeffrey O'Bannon, MCM, North Carolina Market Conduct Examiner II, participated in this examination.

Respectfully submitted,



Larry R. Cook, CPCU, AU, ARe, ARM, AIM, AMIM,
AIAF, AIC, ARC, AAI, MCM

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 "Teresa Knowles". The signature is written in a cursive style with a large initial 'T' and a long, sweeping underline.

Teresa Knowles, MCM, ACS
Deputy Commissioner
Market Regulation Division
State of North Carolina