COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT

MARKET CONDUCT
EXAMINATION REPORT

OF

OMNI INSURANCE COMPANY
SPRINGFIELD, IL

As of: March 21, 2024
Issued: May 9, 2024

BUREAU OF MARKET ACTIONS
PROPERTY & CASUALTY DIVISION

PENNSYLVANIA INSURANCE DEPARTMENT
EXAMINATION VERIFICATION

I, Joshua Gotwalt (Name of Examiner), Market Conduct Examiner II (Title of Examiner) from Pennsylvania Insurance Department (Name of Vendor/Department) certify that I was the Examiner-In-Charge of the Report of Examination of Omni Insurance Company (Name of Examined Company) made as of 03/21/2024 (Date).

The last date of examination file review was 01/18/2024 (Date) and the written Report of Examination was reviewed and accepted by the Chief Paul Towsen (Chief of Market Conduct Examiner) on 03/26/2024 (Date)

I have reviewed the completed written Report of Examination and certify that the facts and figures recited therein are true and accurate, according to the records, documents and other evidence obtained during the course of the examination.

Joshua Gotwalt
(Examiner-in Charge)

Pennsylvania Insurance Department
(Name of Vendor/Department)

1321 Strawberry Square Harrisburg, PA 17120
(Address of Vendor/Department)

Joshua Gotwalt
(Examiner-in Charge Signature)

03/21/2024
(Date)

IN ORDER TO SATISFY SECTION 40 P.S. § 323.5(b), THAT PROVIDES FOR NO LONGER THAN SIXTY (60) DAYS FROM THE COMPLETION OF THE EXAMINATION, THE EXAMINER IN CHARGE SHALL FILE WITH THE DEPARTMENT A VERIFIED WRITTEN REPORT OF EXAMINATION UNDER OATH.

Omni Insurance Company

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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

O R D E R

AND NOW, this __3rd___ day of _July___, 2023, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate David J. Buono, Jr., Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.

Michael Humphreys
Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: OMNI INSURANCE COMPANY 300 Barr Harbor Drive, Ste. 250 West Conshohocken, PA 19428	:	VIOLATIONS: 40 P.S. §323.3(a) 40 P.S. §§991.2006(2) and 991.2008(b) 31 Pa. Code §§62.3, 69.22(c), 69.52(b), and 146.6
Respondent.	:	Docket No. MC24-04-012

CONSENT ORDER

AND NOW, this 9th day of May, 2024, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

(a) Respondent is Omni Insurance Company, and maintains its address at 300 Barr Harbor Drive, Ste 250, West Conshohocken, PA 19428.

(b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from July 1, 2022 through June 30, 2023.

(c) On March 21, 2024, the Insurance Department issued a Market Conduct Examination Report to Respondent.

(d) A response to the Examination Report was provided by Respondent on April 19, 2024.

(e) The Market Conduct Examination of Respondent revealed violations of the following:

(i) All findings and conclusions in the Examination Report, which is attached hereto, are hereby incorporated into this Consent Order

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

(a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

(b) Violations of 40 P.S.§ §991.2006(2) and 991.2008(b) (relating to motor vehicles) of 40 P.S. are punishable by the following, under Section 991.2013: Any individual or insurer who violates any of the provisions of this article may be sentenced to pay a fine not to exceed five thousand dollars ($5,000).

(c) Respondent's violations of 31 Pa. Code §146.6 are punishable under Sections1 through 5 and Section 9 of the Unfair Insurance Practices Act (40 P.S. §§1171.1 – 1171.5 and 1171.9):

(i) cease and desist from engaging in the prohibited activity;

(ii) suspension or revocation of the license(s) of Respondent.

(c) In addition to any penalties imposed by the Commissioner for Respondent's violations of 40 P.S. §§1171.1 – 1171.5, the Commissioner may, under (40 P.S. §§1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:

(i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars ($5,000.00);

(ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars ($1,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

(a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

(b) Respondent shall pay Thirty-Five Thousand Dollars ($35,000.00) in settlement of all violations contained in the Report.

(c) Payment of this matter shall be made at https://www.bpp.ob.pa.gov/Customer. Instructions on how to do this are provided in the attached cover letter to this order. Payment must be made no later than thirty (30) days after the date of this Order.

(d) To determine Respondent's compliance with the full and timely implementation of all recommendations in the Examination Report, the Department may inquire with the Respondent about its implementation of the Recommendations no earlier than twelve (12) months from the date of this Order.

(e) Respondent shall share the Examination Report and this Order with each of its directors and submit affidavits executed by each of its directors, stating under oath that they have received a copy of the Examination Report and this Order. Such affidavits shall be submitted within thirty (30) days of the date of this Order.

(f) Respondent shall comply with all recommendations contained in the attached Report.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: OMNI INSURANCE COMPANY
Respondent

President & Chief Executive Officer
JAMES E. CONTS III

AVP, Chief Compliance Officer Alice Grillo

DAVID J. BUONO, JR.
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

I. INTRODUCTION

The Market Conduct Examination of Omni Insurance Company, hereinafter referred to as "Company", was conducted at the Pennsylvania Insurance Department beginning August 9, 2023. There was no onsite portion of the exam.

Pennsylvania Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review those areas of concern in order to determine the potential impact upon Company operations or future compliance. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties.

In certain areas of review listed in this Report, the examiners will refer to "error ratio." This error ratio is calculated by dividing the number of policies with violations by the total number of policies reviewed. For example, if 100 policies are reviewed and it is determined that there are 20 violations on 10 policies, the error ratio would be 10%.

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

The courtesy and cooperation extended by the officers and employees of the Company, during the course of the examination is hereby acknowledged. The

following examiners participated in this examination and in preparation of this Report.

Paul Towsen, MCM
Market Conduct Division Chief
Pennsylvania Insurance Department

Joshua Gotwalt, MCM
Market Conduct Examiner II, EIC
Pennsylvania Insurance Department

Frank Callihan, MCM
Market Conduct Examiner II
Pennsylvania Insurance Department

Kyra Brown
Examiner
Baker Tilly US, LLP

Delia Geyer
Examiner
Baker Tilly US, LLP

II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted on Omni Insurance Company, at the Pennsylvania Insurance Department, located in Harrisburg, Pennsylvania. The examination was conducted pursuant to Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act of 1921 and covered the experience period of July 1, 2022, through June 30, 2023, unless otherwise noted. The purpose of the examination was to determine the Company's compliance with Pennsylvania insurance laws and regulations.

The examination focused on Company operations in the following areas:

Private Passenger Automobile

1. Underwriting - Appropriate and timely notices of nonrenewal, midterm cancellations, 60-day cancellations, declinations, and rescissions.

2. Rating - Proper use of all classification and rating plans and procedures.

3. Claims

4. Complaints

5. Underwriting Practices and Procedures

6. Forms

7. Data Integrity

III. COMPANY HISTORY

Omni Insurance Company (Omni or the Company) was incorporated in the State of Georgia on June 23, 1980 as American Hanover Insurance Company. On February 18, 1981, the Company changed its name to Omni Insurance Company. The Company is wholly owned by Omni Insurance Group, Inc. (OIG), a Georgia Corporation. OIG was organized on June 3, 1986 as a Georgia holding company and on June 11, 1986 OIG contributed all of its stock in Sunbelt Life Insurance Company, now known as Omni Indemnity Company (Indemnity), to Omni. The Company re-domesticated from the State of Georgia to the State of Illinois on December 31, 1994. On February 12, 1998, all outstanding stock of OIG, the Company, and its wholly owned subsidiary, Indemnity, was acquired by The Hartford Financial Services Group, Inc. American Independent Companies, Inc. (AICI), a Delaware Corporation, acquired OIG on November 30, 2006. AICI, which is owned by Independent Insurance Investments, Inc. (Independent Insurance), a Delaware Corporation, owns and operates a group of insurance companies that specialize in non-standard automobile insurance. The acquisition was approved by the Illinois Director of Insurance on November 15, 2006.
On June 6, 2011, the Company acquired the capital stock of Apollo Casualty Company (Apollo), an Illinois stock insurance company, and its wholly owned subsidiaries, Apollo Casualty Company of Florida (ACC Florida), a Florida stock insurance company, and Delphi Casualty Company (Delphi), an Illinois stock insurance company, from American General Holdings, Inc. The acquisition was approved by the Illinois Director of Insurance on February 10, 2011. On December 31, 2011, ACC Florida was merged with and into Apollo with Apollo being the sole surviving entity. On June 30, 2012, the Company acquired 100% of the stock of Delphi from Apollo. The acquisition was approved by the Illinois Director of Insurance on June 7, 2012. On June 30, 2017, Omni contributed 100% of the stock of Delphi to Apollo. The acquisition was approved by the Illinois Director of Insurance on June 2, 2017. On December 31, 2017, Omni contributed

100% of the stock of Apollo to Indemnity. The acquisition was approved by the Illinois Director of Insurance on December 29, 2017. On April 12, 2018, a reorganization at the ownership level of the holding company took place, which eliminated the interest of certain shareholders, terminated some holding company debt, and raised additional capital to be contributed to the surplus of the insurance entities. As part of the reorganization, additional holding companies, RFH Special Purpose I, LLC (RFH), 4Is Insure Holdco, LLC (4Is Holdco), and 4Is Insure Intermediate, LLC (4Is Intermediate), all Delaware limited liability companies, were created above Independent Insurance, the former ultimate holding company for the group. James C. Comis III is the ultimate controlling person of the Company.

LICENSING

Omni Insurance Company's last Certificate of Authority to write business in the Commonwealth was issued on April 1, 2023. Omni Insurance Company is licensed to transact private passenger automobile insurance business in 24 states (Alabama, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Iowa, Illinois, Indiana, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, New Mexico, Nevada, Oregon, Pennsylvania, South Carolina, Utah, and Washington). The Company's 2022 annual statement reflects Direct Written Premium for all lines of business in the Commonwealth of Pennsylvania as $17,363,399. Premium volume related to the areas of this review were: Private Passenger Automobile Direct Written Premium was reported as Private Passenger Auto No-Fault (Personal Injury Protection) $2,703,366; Other Private Passenger Auto Liability $10,977,696; and Private Passenger Auto Physical Damage $3,682,337.

IV. UNDERWRITING

A. Private Passenger Automobile

1. Nonrenewals

A nonrenewal is considered to be any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

From the universe of 1,812 private passenger automobile policies which were nonrenewed during the experience period, 50 files were selected for review. All 50 files requested were received and reviewed. The general violation noted was based on 50 files, resulting in an error ratio of 0%.

The following finding was noted:

General Violation 40 P.S. §991.2006(2)

> The Company issued a notice of cancellation following an insured request. The notice that was issued did not provide the proper number of days mailing notice prior to the cancellation effective date. *Note:* When an insured has requested the cancellation of a policy and a notice of cancellation is sent to the insured, the notice of cancellation has requirements that must be met. A confirmation of cancellation does not have requirements and is a more

suitable form for confirming an insured request of cancellation.

2. Mid-term Cancellations

A mid-term cancellation is any policy that terminates at any time other than the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

From the universe of 5,909 private passenger automobile policies which were cancelled during the experience period, 100 files were selected for review. All 100 files requested were received and reviewed. The general violation noted was based on 100 files, resulting in an error ratio of 0%.

The following finding was noted:

General Violation 40 P.S. §991.2006(2)

The Company issued a notice of cancellation following an insured request. The notice that was issued did not provide the proper number of days mailing notice prior to the cancellation effective date. *Note:* When an insured has requested the cancellation of a policy and a notice of cancellation is sent to the insured, the notice of cancellation has requirements that must be met. A confirmation of cancellation does not have requirements and is a more

suitable form for confirming an insured request of cancellation.

3. 60-Day Cancellations

A 60-day cancellation is any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. These files were also reviewed for compliance with Act 68, Section 2002(c)(3) (40 P.S. §991.2002(c)(3)), which requires an insurer who cancels a policy of automobile insurance in the first 60 days, to supply the insured with a written statement of the reason for cancellation.

From the universe of 3,451 automobile policies that were cancelled within the first 60 days of new business, 75 files were selected for review. All 75 files requested were received and reviewed. The general violation noted was based on 75 files, resulting in an error ratio of 0%.

The following finding was noted:

General Violation 40 P.S. §991.2006(2)

The Company issued a notice of cancellation following an insured request. The notice that was issued did not provide the proper number of days mailing notice prior to the cancellation effective date. *Note:* When an insured has requested the cancellation of a policy and a notice of cancellation is sent to the insured, the notice of cancellation has requirements that must be met. A confirmation of

cancellation does not have requirements and is a more suitable form for confirming an insured request of cancellation.

4. Declinations

A declination is any application that is received by the Company and was declined to be written.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited.

From the universe of 2,478 declinations for private passenger automobile policies which were declined during the experience period, 65 files were selected for review. All 65 files requested were received and reviewed. The entire universe list was further investigated which resulted in the Company sending in a revised list which determined only 59 direct shoppers to www.good2go.com reached a level where it constituted a declination. The revised universe was 59 files. The 59 violations noted were based on the revised universe size of 59 declinations, resulting in an error ratio of 100%.

The following findings were noted:

59 Violations 40 P.S. §991.2008(b)

Any applicant for a policy who is refused such policy by an insurer shall be given a written notice of refusal to write by the insurer. Such notice shall state the specific reason or reasons of the insurer for refusal to write a policy for the applicant. Within 30 days of the receipt of such reasons, the

applicant may request in writing to the Insurance Commissioner that he review the action of the insurer in refusing to write a policy for the applicant. The Company failed to provide a written notice of refusal to write for the 59 files noted.

5. Rescissions

A rescission is any policy which was void ab initio by the Company.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. The review also determines compliance with the rescission requirements established by the Supreme Court of Pennsylvania in Erie Insurance Exchange v. Lake.

The universe of nine private passenger automobile policies that were identified by the Company as rescissions during the experience period was selected for review. All nine files requested were received and reviewed. Out of the nine files reviewed, two files were identified as nonrenewals. No violations were noted.

V. RATING

A. Private Passenger Automobile

1. New Business

New business, for the purpose of this examination, is defined as policies written for the first time by the Company during the experience period.

The primary purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with all provisions of the Motor Vehicle Financial Responsibility Law (75 Pa. C.S. §§1701 – 1799.7) and Act 68, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company uses an automated system to process and issue personal automobile policies. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – New Business Without Surcharges

From the universe of 8,099 private passenger automobile policies identified as new business without surcharges by the Company, 100 files were selected for review. All 100 files requested were received and reviewed. Out of the 100 files reviewed, two files were identified as New Business With Surcharges. The 10 violations noted were based on 100 files, resulting in an error ratio of 10%.

The following findings were noted:

10 Violations 40 P.S. §323.3(a)

> Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The Company failed to retain a copy of the new business application for the 10 files noted.

Private Passenger Automobile Rating – New Business With Surcharges

From the universe of 3,872 private passenger automobile policies identified as new business with surcharges by the Company, 50 files were selected for review. All 50 files requested were received and reviewed. The eight violations noted were based on 50 files, resulting in an error ratio of 16%.

The following findings were noted:

8 Violations 40 P.S. §323.3(a)

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The Company failed to retain a copy of the new business application for the eight files noted.

2. Renewals

A renewal is any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The primary purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with Act 68 of 1998, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company processes and issues personal automobile policies using an automated system. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – Renewals Without Surcharges

From the universe of 7,739 private passenger automobile policies identified as renewals without surcharges, 75 files were selected for review. All 75 files requested were received and reviewed. Out of the 75 files reviewed, two files were identified as renewals with surcharges. No violations were noted.

Private Passenger Automobile Rating – Renewals With Surcharges

From the universe of 1,602 private passenger automobile policies identified as renewals with surcharges, 40 files were selected for review. All 40 files requested were received and reviewed. No violations were noted.

VI. CLAIMS

The Company was requested to provide copies of all established written claim handling procedures utilized during the experience period. Written claim handling procedures were received and reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

The Claims review consisted of the following areas of review:

A. Automobile Property Damage Claims
B. Automobile Comprehensive Claims
C. Automobile Collision Claims
D. Automobile Total Loss Claims
E. Automobile First Party Medical Claims
F. Automobile First Party Medical Claims Referred to a PRO

The primary purpose of the review was to determine compliance with 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices. The files were also reviewed to determine compliance with Act 205, Section 4 (40 P.S. §1171.4) and Section 5(a)(10)(vi) of the Unfair Insurance Practices Act (40 P.S. §1171.5(a)(10)(vi)).

A. Automobile Property Damage Claims

From the universe of 1,867 private passenger automobile property damage claims reported during the experience period, 100 files were selected for review. All 100 files selected were received and reviewed. The seven violations noted were based on 100 files, resulting in an error ratio of 7%.

The following findings were noted:

4 Violations 31 Pa. Code §62.3

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards per statute for the four claim files noted.

3 Violations 31 Pa. Code §146.6

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot be reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide timely status letters for the three claim files noted.

The following concern was noted:

CONCERN: In nine files reviewed, the Company did not issue the policyholder/claimant a written notice indicating it was closing the file without payment. The Company should, in all cases of claims closed without payment, issue a written notice to the policyholder/claimant indicating the file is being closed with no payment.

B. Automobile Comprehensive Claims

From the universe of 146 private passenger automobile comprehensive claims reported during the experience period, 35 files were selected for review. All 35 files selected were received and reviewed. No violations were noted.

C. Automobile Collision Claims

From the universe of 638 private passenger automobile collision claims reported during the experience period, 75 files were selected for review. All 75 files selected were received and reviewed. No violations were noted.

D. Automobile Total Loss Claims

From the universe of 431 private passenger automobile total loss claims reported during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. The violation noted was based on 50 files, resulting in an error ratio of 2%.

The following finding was noted:

1 Violation 31 Pa. Code §146.6

> Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot be reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company did not provide timely status letters for the claim file noted.

The following concern was noted:

CONCERN: In two files reviewed, the Company did not issue the policyholder/claimant a written notice indicating it was closing the file without payment. The Company should, in all cases of claims closed without payment, issue a written notice to the policyholder/claimant indicating the file is being closed with no payment.

E. Automobile First Party Medical Claims

From the universe of 398 private passenger automobile first party medical claims reported during the experience period, 50 claim files were selected for review. All 50 files requested were received and reviewed. The 7 violations noted were based on 50 files, resulting in an error ratio of 14%.

The following findings were noted:

2 Violations 31 Pa. Code §69.22(c)

> Billing procedures. (c) If an insured's first-party limits have been exhausted, the insurer shall, within 30 days of receipt of the provider's bill, provide notice to the provider and the insured that the first-party limits have been exhausted. The Company failed to provide notice to the provider that first-party limits have been exhausted for the two claim files noted.

5 Violations 31 Pa. Code §69.52(b)

> An insurer shall make a referral to a PRO within 90 days of the insurer's receipt of sufficient documentation supporting the bill. An insurer shall pay bills for care that are not referred to a PRO within 30 days after the insurer receives sufficient documentation supporting the bill. If an insurer makes its referral after the 30th day and on or before the 90th day, the provider's bill for care shall be paid. The Company failed to pay medical bills within 30 days for the five claim files noted.

F. Automobile First Party Medical Claims Referred to a PRO

The company did not report any private passenger automobile First Party Medical Claims Referred to a PRO for the experience period.

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for the preceding four years. The Company identified 27 consumer complaints received during the experience period and provided all consumer complaint logs requested. The universe of 27 complaint files was selected for review. All 27 files were received and reviewed.

The purpose of the review was to determine compliance with the Unfair Insurance Practices Act, (40 P.S. §§1171.1 – 1171.5). Section 5(a)(11) of the Act (40 P.S. §1171.5(a)(11)), requires a company to maintain a complete record of all complaints received during the preceding four years. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. The individual complaint files were reviewed for the relevancy to applicable statues and to verify compliance with 31 Pa. Code §146.5(b)(c). No violations were noted.

The following synopsis reflects the nature of the 27 complaints that were received.

8	Cancellation Dispute	29%
7	Claims Delay	26%
5	Unreturned Calls	19%
5	Coverage Dispute	19%
2	Damages Dispute	7%
27		100%

VIII. UNDERWRITING PRACTICES AND PROCEDURES

As part of the examination, the Company was requested to supply manuals, underwriting guides, bulletins, directives, or other forms of underwriting procedure communications for each line of business being reviewed. Memos and underwriting rule guides were furnished for Omni Insurance Company. The purpose of this review was to identify any inconsistencies which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

IX. FORMS

Throughout the course of the examination, all underwriting files were reviewed to identify the policy forms used in order to verify compliance with the Insurance Company Law, Section 354 (40 P.S. §477b), Approval of Policies, Contracts, etc., Prohibiting the Use There of Unless Approved. During the experience period of the examination, Section 354 provided that it shall be unlawful for any insurance company to issue, sell, or dispose of any policy contract or certificate covering fire, marine, title and all forms of casualty insurance or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to and formally approved by the Insurance Commissioner. All underwriting files were reviewed to verify compliance with 75 Pa. C.S. §1822, which requires all insurers to provide an insurance fraud notice on all applications for insurance, all claims' forms, and all renewals of coverage and 18 Pa. C.S. §4117(k)(1), which requires all insurers to provide an insurance fraud notice on all applications for insurance and all claim forms. No violations were noted.

The following concern was noted:

CONCERN: The Company should use 18 Pa. C.S. §4117(k)(1) with verbatim wording on all claim forms. The Company is using incorrect wording on the following forms: Private Passenger Automobile Appraisals and Applications.

X. DATA INTEGRITY

As part of the examination, the Company was sent a preliminary examination packet in accordance with NAIC uniformity standards and provided specific information relative to the exam. The purpose of the packet was to provide certain basic examination information, identify preliminary requirements and to provide specific requirements for requested data call information. Once the Company provided all requested information and data contained within the data call, the Department reviewed and validated the data to ensure its accuracy and completeness to determine compliance with Insurance Department Act Section 903(a) [40 P.S. §323.3(a)]. Several data integrity issues was found during the file review portion of the exam.

The data integrity issues for the areas of review are identified below.

Rescissions

Situation: As the examiners reviewed the nine Rescission files of the automobile underwriting section of the exam, it was noted that not all nine files were Rescissions.

Finding: Two of the automobile Rescission files were identified as Nonrenewal files.

Rating New Business Without Surcharges

Situation: As the examiners reviewed the 100 New Business Without Surcharges files of the automobile rating section of the exam, it was noted that not all 100 files were New Business Without Surcharges.

Finding: Two of the New Business Without Surcharge policies were identified as New Business With Surcharges policies.

Rating Renewals Without Surcharges

Situation: As the examiners reviewed the 75 Renewals Without Surcharges files of the automobile rating section of the exam, it was noted that not all 75 files were Renewals Without Surcharges.

Finding: Two of the Renewals Without Surcharges policies were identified as a Renewals With Surcharges.

Based on the data integrity findings noted above, the following violation was noted.

General Violation 40 P.S. §323.3(a)

> Requires every company or person subject to examination in accordance with this act must keep and any or all computer or other recordings relating to its property, assets, business, and affairs in such manner and for such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The violation was the result of a failure to exercise sufficient due diligence to ensure compliance with the Insurance Department Act of 1921.

XII. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other statutory or regulatory violations, noted in the Report.

1. Company must review 31 Pa. Code §62.3 with its claim staff to ensure all appraisal requirements are met so the violations, as noted in the Report, do not occur in the future.

2. The Company must review 31 Pa. Code §69.22(c) with its claim staff to ensure that the insured and provider are properly notified when first-party medical benefits have been exhausted.

3. The Company must review 31 Pa. Code §69.52(b) with its claim staff to ensure that first party medical bills are paid within 30 days so that the violations, as noted in the Report, do not occur in the future.

4. The Company should review and revise internal control procedures to ensure compliance with the claims handling requirements of 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices so that the violations relating to status letters, as noted in the Report, do not occur in the future.

5. The Company must reinforce its internal data controls to ensure that all records and documents including original applications are maintained in accordance with 40 P.S. §323.3(a), so that violations, noted in the Report, do not occur in the future.

6. The Company must review and revise internal control procedures to ensure compliance with nonrenewals, midterm, and 60-day cancellation notice

requirements of 40 P.S. §991.2006(2) so that the violations noted in the report do not occur in the future. **Note:** There is no requirement to send a notice of cancellation following an insured request. A confirmation notice would confirm cancellation and has no statutory requirements.

7. The Company must review and revise internal control procedures to ensure compliance with declinations and cancellation notice requirements of 40 P.S. §991.2008(b), so that the violations, noted in the Report, do not occur in the future.

XIII. COMPANY RESPONSE

300 Barr Harbor Drive
Suite 250
Conshohocken, PA 19428-2998
Phone 800-777-6664

April 19, 2024 ***VIA EMAIL***

Pennsylvania Insurance Department
Market Conduct Division
ATTN: Paul Towsen, Division Chief
1326 Strawberry Square
Harrisburg, PA 17120

Re:
Company: Omni Insurance Company
NAIC: 39098
Examination Warrant Number: 22-M42-035

Dear Mr. Towsen:

Attached, please find the response by Omni Insurance Company ("Company") to the Report of Examination for Market Conduct Examination Warrant No. 22-M42-035 reviewing July 1, 2022 to June 30, 2023, which was provided by letter dated March 26, 2024.

Our response attached addresses each of the Department's recommendations starting on page 24 of the report. The Company is working to implement the recommendations made by the Department.

The Company appreciates the courtesy that your staff has extended throughout the examination process and we look forward to reaching a prompt resolution of the examination.

Sincerely,

Alice Grillo

Alice Grillo
AVP, Chief Compliance Officer
on behalf of Omni Insurance Company

XII. RECOMMENDATIONS – COMPANY RESPONSE

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other statutory or regulatory violations, noted in the Report.

1. Company must review 31 Pa. Code §62.3 with its claim staff to ensure all appraisal requirements are met so the violations, as noted in the Report, do not occur in the future.

   The Company has communicated the requirements of 31 PA Code §62.3 with its independent appraisal companies to ensure that the required information is included on each vehicle appraisal.

2. The Company must review 31 Pa. Code §69.22(c) with its claim staff to ensure that the insured and provider are properly notified when first-party medical benefits have been exhausted.

   The Company has reviewed this requirement with the MED/PIP adjusters to ensure that proper notification is sent to the insured and provider.

3. The Company must review 31 Pa. Code §69.52(b) with its claim staff to ensure that first party medical bills are paid within 30 days so that the violations, as noted in the Report, do not occur in the future.

   The Company has reviewed this requirement with our MED/PIP adjusters to ensure that payments are made within the 30-day time frame.

4. The Company should review and revise internal control procedures to ensure compliance with the claims handling requirements of 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices so that the violations relating to status letters, as noted in the Report, do not occur in the future.

   The Company has implemented a process and reviewed this requirement with our adjusters to ensure that proper written notification of closed without payment status is being sent to the insured or claimant.

5. The Company must reinforce its internal data controls to ensure that all records and documents including original applications are maintained in accordance with 40 P.S. §323.3(a), so that violations, noted in the Report, do not occur in the future.

   The Company has begun reviewing the process and will be working to implement changes to meet the states requirements to maintain the records accordingly including electronic application with signatures underwriting follow up.

6. The Company must review and revise internal control procedures to ensure compliance with nonrenewals, midterm, and 60-day cancellation notice requirements of 40 P.S. §991.2006(2) so that the violations noted in the report do not occur in the future. **Note:** There is no requirement to send a notice of cancellation following an insured request. A confirmation notice would confirm cancellation and has no statutory requirements.

   The Company has begun implementing a change in process in which a "Notice of Acknowledgement of Cancellation" which will be mailed for those that are cancelled for Insured Request.

7. The Company must review and revise internal control procedures to ensure compliance with declinations and cancellation notice requirements of 40 P.S. §991.2008(b), so that the violations, noted in the Report, do not occur in the future.

   The Company has begun implementing a change in process in which a refusal to write (with specific reason) will be sent to those consumers who did not receive a quote as required by the State.