



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:

NATIONAL GENERAL INSURANCE
ONLINE (NAIC #11044)

Market Conduct Examination No. 354010

ORDER OF THE DIRECTOR

NOW, on this 9th day of April, 2025, Director Angela L. Nelson, after consideration and review of the market conduct examination report of National General Insurance Online (NAIC #11044) (hereinafter “NGIO”), examination report number #354010, prepared and submitted by the Division of Insurance Market Regulation (hereinafter “Division”) pursuant to §374.205.3(3)(a)¹, does hereby adopt such report as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (“Stipulation”), relating to the market conduct examination #354010, the examination report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director’s findings and conclusions accompanying this order pursuant to §374.205.3(4). The Director does hereby issue the following orders:

This order, issued pursuant to §374.205.3(4) and §374.046.15 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by NGIO and the Division.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS FURTHER ORDERED that NGIO shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that NGIO shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$39,000.00, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 9th day of April, 2025.





Angela L. Nelson
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

<i>In Re:</i>)	
)	
NATIONAL GENERAL INSURANCE)	Market Conduct Examination No. 354010
ONLINE (NAIC #11044))	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and National General Insurance Online (NAIC #11044) (hereinafter “NGIO”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter “the Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, the Department issued NGIO a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct examination of NGIO, examination #354010; and

WHEREAS, based on the market conduct examination of NGIO, the Division alleges that:

1. In six instances, NGIO failed to calculate the return of unearned premium for policies cancelled for non-payment of premium in accordance with the policy in violation of §379.470 RSMo¹.

2. In two instances, NGIO improperly included an installment fee as earned when

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016.

calculating the return of unearned premium in violation of §379.470.

3. In three instances, NGIO applied Drivers' Class rating factors that were not filed with the Department in violation of §379.470 and 20 CSR 500-4.100.

4. In 23 instances, NGIO utilized rating factors prior to those rates becoming effective in violation of §379.470 and 20 CSR 500-4.100.

5. In four instances, NGIO withdrew money from an insured's bank account in excess of what was owed at the time and without proper notice in violation of §379.470.

6. NGIO's rating plan unfairly modifies the insured's automobile insurance premium charged for uninsured motorist and comprehensive coverages based on the insured's driving record of violations or accidents in violation of §379.470 and 20 CSR 500-2.700(1).

7. NGIO's rating plan utilizes a vehicle history factor which unfairly modifies the insured's automobile insurance premium for vehicle damage resulting from losses that are not the fault of the insured in violation of §379.470 and 20 CSR 500-2.600(1), 20 CSR 500-2.600(3) and 20 CSR 500-2.700(1).

8. NGIO's rating plan unfairly modifies the insured's automobile insurance premium by applying vehicle damage from all accident types to uninsured motorist and comprehensive coverages based on the driver's record of violations or accidents in violation of §379.470 and 20 CSR 500-2.600(1), 20 CSR 500-2.600(3) and 20 CSR 500-2-700(1).

9. NGIO's rating plan unfairly duplicates correlated rating criteria for the same loss in violation of §379.470.

10. In three instances, NGIO failed to meet the standards for prompt, fair and equitable settlement of the claims by failing to send or timely send the required notifications for the investigation of the claim to the claimant in violation of §§375.1005(2), 375.1007(3) and 20 CSR

100-1.050(1)(A), 20 CSR 100-1.050 (1)(C) and 20 CSR 100-1.050(4).

11. In one instance, NGIO failed to promptly investigate and settle the claim in violation of 20 CSR 100-1.050(1)(C) and 20 CSR 100-1.050(4) and implicating the provisions §375.1007(3).

12. In 12 instances, NGIO waived the deductible for insureds who reported windshield repairs contrary to the policy language in violation of §§375.1005(2), 375.1007(1), 375.1007(3) and 379.470(1).

13. In 16 instances, NGIO failed to include the correct value of the loss vehicle on the sales tax affidavit in violation §§375.1005(2), 375.1007(3), 375.1007(4), 374.205.2(2) and 20 CSR 100-8.040(3)(B)3.

14. In nine instances, NGIO failed to provide the claimant with a valid sales tax affidavit in violation of §§375.1005(2), 375.1007(3), 375.1007(4), 374.205.2(2) and 20 CSR 100-8.040(3)(B)3.

15. In 26 instances, NGIO used third-party vendors to determine actual cash value of the loss vehicle for total loss claims, which included condition adjustments, “projected sold adjustment”, “mileage adjustment”, “age of ad adjustment”, and weighted factors without adequate support justifying the adjustment or reduction for the loss valuation, resulting in an unfair and unequitable settlement of the claim in violation of §§375.1005(2), 375.1007(4) and 20 CSR 100-8.040(2) and 20 CSR 100-8.040(3)(B).

16. In one instance, NGIO failed to implement reasonable standards for calculating the settlement amount and failed to document how it determined the salvage value that was deducted from the total loss settlement amount in violation of §§375.1005(2), 375.1007(3), and 379.470(1).

WHEREAS, the Division and NGIO have agreed to resolve the issues raised in the market conduct examination #354010 as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** NGIO agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably ensure that the errors noted in the market conduct examination #354010 and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. NGIO agrees to provide a refund of unearned premium, plus interest in accordance with §374.191², for the six insureds referenced in Section II.A.Finding 1 of the Final Report. NGIO shall include a letter with the payment stating that “as a result of a Missouri market conduct examination, a refund was found to be payable.”

2. NGIO agrees that if the policy provides that a policy cancelled for non-payment of premium is a company cancellation, then it will provide and calculate the return of any unearned premium based on the pro-rata method, unless NGIO has filed an amendment to the policy that refunds for non-payment cancellations will be computed using the short-rate method.

3. NGIO agrees to conduct a review of all private passenger automobile policies cancelled for non-payment of premium from January 1, 2019 to December 3, 2021, to determine if refunds of unearned premium were calculated using the short-rate method. If the short-rate method was

² Reference to Missouri Revised Statute Supp. 2021.

utilized to calculate the refund of unearned premium, then NGIO agrees to re-calculate the refund of unearned premium using the pro-rata method and issue refunds including the payment of interest in accordance with §374.191, to all affected policyholders. NGIO shall include a letter with the payment stating that “as a result of a Missouri market conduct examination, a refund was found to be payable.”

4. NGIO agrees to only use rating factors that have been filed with the Department. NGIO further agrees to provide documentation to the Division evidencing that refunds were provided to the 104 policyholders, as identified by NGIO during its review, who were impacted by NGIO’s use of Drivers’ Class rating factors that were different from the rating factors filed with the Department.

5. NGIO agrees to provide a premium refund plus interest in accordance with §374.191, for the 22 insureds referenced in Section III.A.Finding 2 and for the one insured referenced in Section III.A.Finding 3 of the Final Report. NGIO shall include a letter with the payment stating that “as a result of a Missouri market conduct examination, a premium refund was found to be payable.”

6. NGIO agrees to conduct a review of all private passenger automobile policies issued between January 1, 2017 to May 4, 2018 under the Nationwide association group to determine if NGIO calculated premium based on the association rating factors filed through the System for Electronic Rate and Form Filing (hereinafter “SERFF”), under SERFF filing GMMX- 131402967 prior to the rates becoming effective. If the Nationwide association rating factors were utilized in the calculation of premium, then NGIO agrees to re-calculate the premium using only the filed rates in effect at the time of policy issuance and issue refunds for any overcharges including the payment of interest in accordance with §374.191, to all affected policyholders. NGIO shall

include a letter with the payment stating that “as a result of a Missouri market conduct examination, a premium refund was found to be payable.”

7. NGIO agrees to implement procedures to safe-guard against withdrawing money from an insured’s bank account in excess of any premium due. NGIO further agrees to provide documentation to the Division evidencing that refunds were provided to the four insureds referenced in Section III.A. Finding 4 of the Final Report.

8. NGIO agrees that it will not utilize a vehicle history factor to increase an insured’s premium for vehicle damage from losses that are not the fault of the insured, losses occurring prior to an insured’s ownership of the vehicle, and for comprehensive type losses. NGIO further agrees not to modify an insured’s premium for uninsured motorist coverage or comprehensive coverage based on the insured’s violations or accidents. NGIO further agrees to remove this model from its current rating plan by filing an amendment through SERFF. NGIO shall submit said filing through SERFF within 30 days from the date of the Order approving this Stipulation. The SERFF filing will include a statement indicating that “as a result of a Missouri market conduct examination, the attached amendment is being filed with the Department.”

9. NGIO agrees to provide a premium refund to policyholders, identified by NGIO during its review, who were impacted by the vehicle history factor if the premium refund exceeds \$5.00. NGIO shall include a letter with the payment stating that “as a result of a Missouri market conduct examination, it was determined that the policyholder was entitled to a partial refund of premium.”

10. NGIO agrees to document its total loss claim files so as to clearly show, per 20 CSR 100-8.040 (3) (B), how the Company arrived at the amount of the condition adjustment by component on loss vehicles. Any adjustment in the value based on depreciation shall be itemized and appropriate in amount pursuant to 20 CSR 100-1.050(2)(E). NGIO agrees to document any

adjustment in the value based on depreciation with detail. The claim file shall clearly show the amount of adjustment to the value of the comparable vehicles, including but not limited to, condition from the beginning value to final values by vehicle component and the weight applied to each comparable vehicle for weighted average. Condition ratings applied to the loss vehicle shall be documented with the reason for the adjustment or non-adjustment and the amount. The basis for any adjustment in the settlement shall be maintained in writing in NGIO's claim file.

11. NGIO agrees to maintain, for a period of three years from the date the claim is closed, all documentation related to the claim, including, but not limited to, all documentation of total loss vehicle calculations set out in #10 above and audits of the total loss calculations, as required under paragraph #13 below and pursuant to 20 CSR 100-8.040(3)(B).

12. NGIO agrees to advise its third-party vendors that for total loss valuations all reductions made to comparable vehicle(s) must be properly documented, verified and itemized.

13. For a period of one (1) year after the date of the Order approving this Stipulation, the NGIO agrees to conduct internal quarterly audits of total loss claims to review and determine whether the total loss valuations contain the details as outlined in remedial actions 10 and 11 and 20 CSR 100-1.050(2)(E). During this one (1) year period, NGIO agrees to pull a random sample of at least 30 total loss claims received during the quarter and review for compliance with remedial actions 10 and 11 and 20 CSR 100-1.050(2)(E). If the compliance with these remedial actions and 20 CSR 100-1.050(2)(E) was not met, NGIO agrees to address the errors with the claims team as appropriate and NGIO agrees to remediate the loss with the claimant if such remediation is warranted. NGIO further agrees to provide quarterly reports to the Division of all total loss claims reviewed within 60 days of the end of the quarter. The reports shall be provided in a manner acceptable to the Division.

C. **Compliance.** NGIO agrees to file documentation with the Division pursuant to §374.205, in a format acceptable to the Division, within 120 days of the entry of a final order of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation or to document the payment of restitution required by this Stipulation, except for the quarterly audits and reports as provided for in remedial action 13.

D. **Ongoing Examination.** NGIO agrees to pay any reasonable examination fees incurred by the Division in conducting its review of the documentation provided by NGIO pursuant to Paragraph C of this Stipulation.

E. **Voluntary Forfeiture.** NGIO agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$39,000, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2, within fifteen (15) days of the date the Director of the Department (hereinafter “Director”) signs the Order approving this Stipulation.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by NGIO, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above-referenced market conduct examination.

G. **Waivers.** NGIO, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above-referenced market conduct examination.

H. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and NGIO.

I. **Governing Law.** This Stipulation shall be governed by and construed in accordance with the laws of the State of Missouri.


J. **Authority.** The signatories below represent, acknowledge, and warrant that they are authorized to sign this Stipulation on behalf of the Division and NGIO, respectively.

K. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution and delivery of this Stipulation by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

L. **Effective Date of Stipulation.** This Stipulation shall become effective only upon entry of an Order by the Director of the Department (hereinafter “Director”) approving this Stipulation.

M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: April 4, 2025

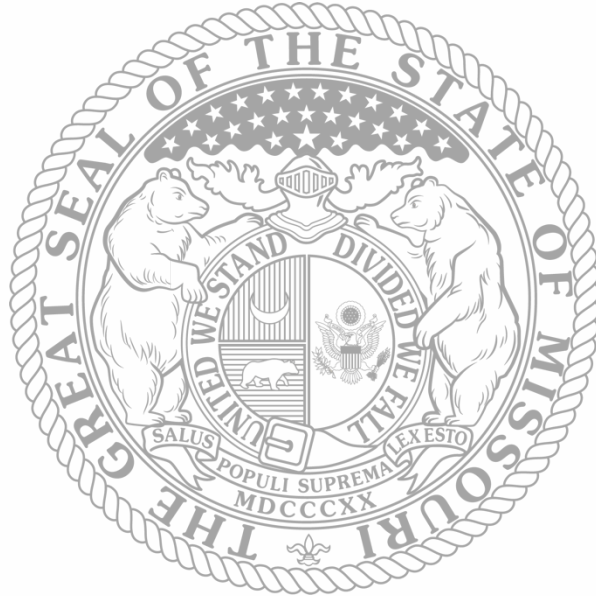


Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 3/19/2025



Name: Douglas Hanes
Title: Senior Vice President Product Management
National General Insurance Online



MARKET CONDUCT EXAMINATION REPORT
Property and Casualty

National General Insurance Online
NAIC # 4928-11044

MISSOURI SBS EXAMINATION # 354010

NAIC MATS #MO-HICKSS1-136

November 9, 2021

Home Office
5630 University Parkway
Winston Salem, NC 27105

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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April 4, 2025

Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

In accordance with your market conduct examination warrant, a targeted market conduct examination has been conducted of the specified lines of business and business practices of

National General Insurance Online, Inc. (NAIC #4928-11044)

hereinafter referred to as NGIO or as the Company. This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI).

FOREWORD

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DCI.

During this examination, the examiners cited errors considered potential violations made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- “Company” or “NGIO” refers to National General Insurance Online, Inc.
- “CSR” refers to the Missouri Code of State Regulations
- “DCI” refers to the Missouri Department of Commerce and Insurance
- “Director” refers to the Director of the Missouri Department of Commerce and Insurance
- “NAIC” refers to the National Association of Insurance Commissioners
- “RSMo” refers to the Revised Statutes of Missouri

SCOPE OF EXAMINATION

The DCI has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.938, and 375.1009, RSMo, and was conducted in accordance with §374.205.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DCI regulations. The primary period covered by this review is January 1, 2017 through December 31, 2019, unless otherwise noted. Errors found outside of this time period may also be included in the report.

The examination was a targeted examination involving the following lines of business and business functions: Private Passenger Automobile Insurance - Operations Management, Policyholder Service, Underwriting and Rating, and Claims.

The examination was conducted in accordance with the standards in the NAIC's 2020 *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the NAIC *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%) and for other trade practices is ten percent (10%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized for reviews not applying the general business practice standard.

In performing this examination, the examiners reviewed only a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been found. As such, this report may not fully reflect all of the practices and procedures of the Company.

COMPANY PROFILE

The following company profile was provided to the examiners by the Company.

National General Insurance Online, Inc. ("Online" or "Company") is a wholly owned subsidiary of National General Holdings Corp. ("NGHC"), a Delaware corporation. On January 4, 2021, NGHC and its subsidiaries were acquired by The Allstate Corporation ("Allstate"). As a result of the acquisition, NGHC and its subsidiaries, including Online, are now indirect wholly owned subsidiaries of Allstate. Online was incorporated in Missouri on April 6, 2000, and licensed to do business in Missouri on June 28, 2000. Online is licensed in 46 jurisdictions and is a provider of personal automobile and recreational vehicle. The Company's main administrative office is located at 5630 University Parkway, Winston-Salem, NC 27105, and its statutory home office is 221 Bolivar Street, Jefferson City, MO 65101.

Online is a member of the National General Insurance personal lines insurance group ("Personal Lines"), a leading specialty provider of property and casualty products throughout the United States. Personal Lines is currently managed by National General Management Corp. ("Management"), which is headquartered in Winston-Salem, North Carolina.

All of NGHC's domestic property and casualty subsidiary insurance companies, including Online, cede 100% of premium to Integon National Insurance Company, which is Personal Lines' lead insurance entity and rated A- (Excellent) as of December 31, 2020, and A+ (Superior) as of February 26, 2021, by A.M. Best Company.

EXECUTIVE SUMMARY

The DCI conducted a targeted market conduct examination of National General Insurance Online, Inc. The examiners found the following areas of concern:

POLICYHOLDER SERVICE

- In eight files, the Company failed to calculate the return of unearned premium in accordance with the policy and Missouri law. Reference: §379.470, RSMo.

UNDERWRITING AND RATING

- In 25 files, the Company used unfiled rating factors in the rating of policies. Reference: §379.470, RSMo. and 20 CSR 500-4.100
- In one file, the Company used incorrect rates and rate factors when calculating the policy's premium. Reference: §379.470, RSMo. and 20 CSR 500-4.100
- In four policies, the Company withdrew money from the insured's bank account in excess of what was owed. Reference: §379.470, RSMo.
- In 103 files, the Company used rating factors that are unfairly discriminatory. Reference: §379.470, RSMo.
- The Company's rating plan includes factors that modify comprehensive and uninsured motorist coverages based on the insureds' record of violations and accidents and includes factors that consider damage from certain claim types that are prohibited from being used to increase premium. Reference: §379.470, RSMo., 20 CSR 500-2.600(1), 20 CSR 500-2.600(3), and 20 CSR 500-2.700(1)
- The Company's rating plan duplicates correlated rating criteria for the same loss. Reference: §379.470, RSMo.

CLAIMS

- In three claims, the Company failed to timely investigate the claim and send the required notifications. Reference: §375.1007(3), RSMo., 20 CSR 100-1.050(1)(A), 20 CSR 100-1.050(1)(C), and 20 CSR 100-1.050(4).
- In one claim, the Company failed to resolve the claim in a timely manner. Reference: §375.1007(3), RSMo., 20 CSR 100-1.050(1)(C), and 20 CSR 100-1.050(4)
- In 12 claims, the Company failed to handle the claim according to the policy. Reference: §375.1007(1), 375.1007(3), and 379.470(1), RSMo.
- In 25 claims, the Company failed to provide the claimant with a valid and complete sales tax affidavit. Reference: §§375.1007(3), and 375.1007(4), RSMo.
- In 10 claims, the Company failed to effectuate a fair and equitable settlement of the claim. Reference: §375.1007(4), RSMo., 20 CSR 100-8.040(2), and 20 CSR 100-8.040(3)(B)

EXAMINATION FINDINGS

I. OPERATIONS/MANAGEMENT

The operations/management portion of the examination provides a review of what the Company is and how it operates.

- A. NAIC Market Regulation Handbook Chapter 20 – Operations/Management Standard 7: Records are adequate, accessible, consistent and orderly and comply with state record retention requirements.**

To test for this standard, the examiners requested and reviewed a random sample of 86 of 575 non-renewed and canceled policy files to determine if the Company adequately documented the reason for cancellations and non-renewals in compliance with state record retention requirements. Examiners also reviewed for any other record retention issues during the course of the examination.

No areas of concern were noted.

B. NAIC Market Regulation Handbook Chapter 20 – Operations/Management Standard 11: The regulated entity has developed and implemented written policies, standards and procedures for the management of insurance information.

To test for this standard, the examiners requested and reviewed the Company's policy and procedures manual, training material, and record retention policy to determine if the Company has written standards and if the standards comply with Missouri law.

No areas of concern were noted.

II. POLICYHOLDER SERVICE

The policyholder service portion of the examination reviews the Company's compliance with Missouri statutes and regulations regarding notice/billing, delays/no response, and premium refund and coverage questions.

A. NAIC Market Regulation Handbook Chapter 20 - Policyholder Service Standard 7: Unearned premiums are correctly calculated and returned to the appropriate party in a timely manner and in accordance with applicable statutes, rules and regulations.

To test for this standard, examiners requested and reviewed cancelled policy files with refunds from the underwriting and rating data provided by the Company to determine if policies were cancelled timely and premiums calculated correctly in accordance with the policy, and applicable statutes, rules and regulations.

Field Size	274
Sample Size	79
Type of Sample	Random
Number of Files with Errors	8

The examiners found the following errors in this review.

Finding 1: In six files, the Company failed to calculate the return of unearned premium to the insured in accordance with the policy, when the policy was cancelled for non-payment. The policy states that a cancellation for non-payment is a company cancellation; therefore, the refund should be computed using the pro-rata method.

Reference: §379.470, RSMo.

Finding 2: In two files, the Company improperly included an installment fee as earned when calculating the return of unearned premium in the Company initiated cancellations, when no premium installment was due.

Reference: §379.470, RSMo.

III. UNDERWRITING AND RATING

The underwriting and rating portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding underwriting and rating practices such as the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures to decline or terminate coverage.

A. NAIC Market Regulation Handbook Chapter 20 Underwriting and Rating Standard 1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan.

To test for this standard, the examiners requested and reviewed a random sample of 114 inforce policy files from the data supplied by the Company to determine if the rates charged were consistent with the Company's filed rates and in compliance with Missouri law.

Field Size	3,143
Sample Size	114
Type of Sample	Random
Number of Files with Errors	26

The examiners found the following errors in this review. Files with more than one error were counted only once in the number of errors.

Finding 1: In three files, the Company applied Drivers' Class rating factors that differed from those filed with the DCI.

Reference: §379.470, RSMo., and 20 CSR 500-4.100

Finding 2: In 22 files, the Company used an unfiled association factor in rating the policy.

Reference: §379.470, RSMo., and 20 CSR 500-4.100

Finding 3: In one file, the Company used incorrect rates and rate factors when calculating premium for the new business policy.

Reference: §379.470, RSMo., and 20 CSR 500-4.100

Finding 4: In four files, the Company withdrew money from the insured's bank account in excess of what was owed at the time and without prior notice. The Company indicated to the

examiners that it discovered a system error; and therefore, performed a review during the scope period of the exam, and refunded the amounts withdrawn in excess.

Reference: §379.470, RSMo.

B. NAIC Market Regulation Handbook Chapter 20 Underwriting and Rating Standard 4: The regulated entity's underwriting practices are not unfairly discriminatory. The regulated entity adheres to applicable statutes, rules, and regulations and the entity's guidelines in the selection of risks.

To test for this standard, the examiners requested and reviewed a random sample of 114 policy files from the data supplied by the Company to determine if the Company's underwriting and rating practices are not unfairly discriminatory and are in accordance with applicable statutes, rules and regulations.

Field Size	3,143
Sample Size	114
Type of Sample	Random
Number of Files with Errors	103

The examiners found the following errors in this review. Files with more than one error were counted only once in the number of errors.

Finding 1: The Company's rating plan is unfairly discriminatory in that it requires the application of an accident free/claims free discount to comprehensive and uninsured motorist coverages if all rated drivers are free of any violation or accident for the preceding 35 months. In 93 files, the Company modified the insured's premium for comprehensive and uninsured motorist coverage based on the insureds' record of violations and/or accidents.

Reference: §379.470, RSMo., and 20 CSR 500-2.700(1)

Finding 2: The Company's rating plan is unfairly discriminatory in that it includes a vehicle history factor that increases the insured's premium for vehicle damage resulting from certain types of losses that are prohibited from being used to increase the insured's premium and applies vehicle damage from all accident types to uninsured motorist and comprehensive coverages. In 38 files, the Company applied the vehicle history factor to uninsured motorist and comprehensive coverages for vehicles damaged from all accidents and/or claims in the preceding 35 months. The Company also applied the factor to bodily injury, physical damage, underinsured motorist, and collision coverages for damages to vehicles that were a result of a comprehensive type loss, not at fault accident, or occurred prior to the insured's ownership of the vehicle, which resulted in an increase in premium. The Company stated they performed a review of policies not included in our random sample of 114 and found that an additional 2,522 policies with effective dates from January 1, 2017 to July 15, 2021 were rated with a vehicle history factor that included vehicle damage from all accident types and claims. The vehicle history factor was applied to the policies' uninsured motorist, comprehensive, collision, bodily injury, physical damage, and underinsured motorist coverages, as applicable.

Reference: §379.470, RSMo., 20 CSR 500-2.600(1), 20 CSR 500-2.600(3), and 20 CSR 500-2.700(1)

Finding 3: The Company's rating plan contains an overlap in the use of rating criteria related to vehicle damage used in the vehicle history factor and the use of chargeable accidents in its point assignment in the development of another factor. Both factors are applied to collision coverage. One chargeable accident resulting in vehicle damage can affect the rate in application of the two factors. The rating plan duplicates correlated rating criteria for the same loss.

Reference: §379.470, RSMo.

C. NAIC Market Regulation Handbook Chapter 20 Underwriting and Rating Standard 8: Cancellation/non-renewal, discontinuance and declination notices comply with policy and contract provisions, state laws and the regulated entity's guidelines.

To test for this standard, the examiners requested and reviewed a random sample of 86 of 575 cancelled or non-renewed policy files from the data supplied by the Company to determine if non-renewal and cancellation notices were in accordance with applicable statutes, rules and regulations.

No areas of concern were noted.

IV. CLAIMS

The claims portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding claims handling practices such as the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

A. NAIC Market Regulation Handbook Chapter 20 Claims Standard 2: Timely investigations are conducted.

To test for this standard, the examiners requested and reviewed a random sample of 76 of 243 paid claims and 35 total loss claims to determine if investigations were timely.

1. Paid Claims

No areas of concern were noted.

2. Total Loss Claims

Field Size	35
Sample Size	35
Type of Sample	Census
Number of Files with Errors	3
Error Ratio	8.57%

The examiners found the following errors in this review.

Finding 1: In two files, the Company failed to complete an investigation of the claim within 30 days after notification of the claim and failed to send the required letter within 45 days of the Company's initial notification, advising the insured of the reasons additional time was needed to investigate the claim.

Reference: §375.1007(3), RSMo., 20 CSR 100-1.050(1)(A), 20 CSR 100-1.050 (1)(C), and 20 CSR 100-1.050(4)

Finding 2: In one file, the Company failed to accept or deny the claim within 15 working days after the submissions of all forms necessary, failed to send a letter notifying the insured additional time was needed, and did not complete an investigation of the claim within 30 days of notification.

Reference: §375.1007(3), RSMo., 20 CSR 100-1.050(1)(A), 20 CSR 100-1.050 (1)(C), and 20 CSR 100-1.050(4)

B. NAIC Market Regulation Handbook Chapter 20 Claims Standard 3: Claims are resolved in a timely manner.

To test for this standard, the examiners requested and reviewed a random sample of 76 paid claims and 35 total loss claims to determine if claims were resolved in a timely manner.

1. Paid Claims

Field Size	243
Sample Size	76
Type of Sample	Random
Number of Files with Errors	1
Error Ratio	1.31%

The examiners found the following error in this review.

Finding 1: In one file, the Company failed to promptly investigate and settle the claim.

Reference: §375.1007(3), RSMo., 20 CSR 100-1.050(1)(C), and 20 CSR 100-1.050(4)

2. Total Loss Claims

No areas of concern were noted.

C. NAIC Market Regulation Handbook Chapter 20 Claims Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes (including HIPAA), rules and regulations.

To test for this standard, the examiners requested and reviewed a random sample of 76 paid claims and 35 total loss claims to determine if the Company properly and consistently handled claims according to policy provisions and applicable statutes, rules and regulations.

1. Paid Claims

Field Size	243
Sample Size	76
Type of Sample	Random
Number of Files with Errors	12
Error Ratio	15.78%

The examiners found the following errors in this review.

Finding 1: In 12 files, the Company waived the deductible for insureds who reported windshield repairs, which is contrary to the policy language filed with the department.

Reference: §§375.1007(1), 375.1007(3), and 379.470(1), RSMo.

2. Total Loss Claims

Field Size	35
Sample Size	35
Type of Sample	Census
Number of Files with Errors	29
Error Ratio	82.85%

The examiners found the following errors in this review. Files with more than one error were counted only once in the number of errors and error ratio.

Finding 1: In 16 files, the Company failed to include the correct value of the loss vehicle on the sales tax affidavit. The sales tax affidavit is required to include the amount of the insurance proceeds and any deductible obligation paid by the claimant.

Reference: §§375.1007(3), 375.1007(4), and 374.205.2(2), RSMo., and 20 CSR 100-8.040(3)(B)3

Finding 2: In nine files, the Company failed to provide the claimant with a valid sales tax affidavit.

Reference: §§375.1007(3), 375.1007(4), and 374.205.2(2), RSMo., and 20 CSR 100-8.040(3)(B)3

Finding 3: In seven files, the Company failed to make a fair and equitable settlement by making adjustments in the valuation of total loss vehicles without providing and documenting justifications for the adjustments.

Reference: §375.1007(4), RSMo., 20 CSR 100-8.040(2), and 20 CSR 100-8.040(3)(B)

Finding 4: In one file, the Company failed to implement reasonable standards for calculating the settlement amount. The Company used values that were not supported by the facts and documents in the claim file.

Reference: §375.1007(3), and 375.1007(4), RSMo.

Finding 5: In five files, the Company failed to make a fair and equitable settlement by reducing the settlement with unsupported adjustments in the loss vehicle valuation in applying a weighting factor to comparable vehicle values. There is no basis in the claim files for this adjustment.

Reference: §375.1007(4), RSMo., 20 CSR 100-8.040(2), and 20 CSR 100-8.040(3)(B)

Finding 6: In six files, the Company failed to make a fair and equitable settlement by taking an unsupported deduction in the loss vehicle valuation for “projected sold adjustment”. There are no supporting facts or justification in the claim files for this deduction.

Reference: §375.1007(4), RSMo., 20 CSR 100-8.040(2), and 20 CSR 100-8.040(3)(B)

Finding 7: In six files, the Company failed to make a fair and equitable settlement by taking an unsupported deduction in the loss vehicle valuation for “age of ad adjustment”. There are no supporting facts or justification in the claim files for this deduction.

Reference: §375.1007(4), RSMo., 20 CSR 100-8.040(2), and 20 CSR 100-8.040(3)(B)

Finding 8: In one file, the Company failed to make a fair and equitable settlement by taking an unsupported deduction in the loss vehicle valuation for mileage. There is nothing in the file to show the justification for the amount of the deduction.

Reference: §375.1007(4), RSMo., 20 CSR 100-8.040(2), and 20 CSR 100-8.040(3)(B)

V. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri statutes and regulations require companies to respond to criticisms and formal requests within 10 calendar days. In the event an extension of time was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the subsequent time frame. If the response was not received within the allotted time, the response was not considered timely.

A. Criticism Time Study

Number of Calendar Days to Respond	Number of Criticisms	Percentage of Total
0 to 10 days	49	100.00%
Over 10 days with extension	0	0.00%
Over 10 days without extension or after extension due date	0	0.00%
Totals	49	100.00%

No areas of concern were noted.

B. Formal Request Time Study

Number of Calendar Days to Respond	Number of Requests	Percentage of Total
0 to 10 days	32	100.00%
Over 10 days with extension	0	0.00%
Over 10 days without extension or after extension due date	0	0.00%
Totals	32	100.00%

No areas of concern were noted.

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of National General Insurance Online, Inc. (NAIC #11044), Examination Number 354010, MATS #MO-HICKSS1-136. This examination was conducted by Examiner-In-Charge, Julie Hesser, CIE, CPCU, MCM, Jon Meyer, CIE, and Dana Whaley, AIE. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated November 9, 2021. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

April 4, 2025

Date



Teresa Kroll

Chief Market Conduct Examiner