

DELAWARE DEPARTMENT OF INSURANCE

MARKET CONDUCT EXAMINATION REPORT

PEAK PROPERTY AND CASUALTY INSURANCE CORPORATION

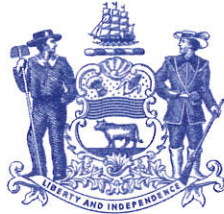
NAIC # 18139

1800 North Point Drive
Stevens Point, WI 54481

As of

May 31, 2016

Trinidad Navarro
Commissioner



Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of March 31, 2016 on

PEAK PROPERTY AND CASUALTY INSURANCE CORPORATION

is a true and correct copy of the document filed with this Department.

Attest By:

A handwritten signature in black ink, appearing to be "Trinidad Navarro", written over a horizontal line.

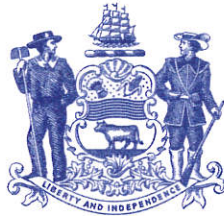


In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover.

A handwritten signature in blue ink, appearing to be "Trinidad Navarro", written over a horizontal line.

Trinidad Navarro
Insurance Commissioner

Trinidad Navarro
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
PEAK PROPERTY AND CASUALTY INSURANCE CORPORATION
AS OF
March 31, 2016

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.

Handwritten signature of Trinidad Navarro in blue ink.

Trinidad Navarro
Insurance Commissioner

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Trinidad Navarro
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Certificate of Examination Authority Number 16.703, and pursuant to statutory provisions including 18 Del. CODE §318-322, a market conduct examination has been conducted of the affairs and practices of:

Peak Property and Casualty Insurance Corporation

The examination was performed as of May 31, 2016. Peak Property and Casualty Insurance Corporation, hereinafter referred to as the "Company" or as "Peak," re-domesticated from the state of Colorado to the state of Wisconsin on December 15, 2006. The examination consisted of one phase, an off-site phase.

The off-site examination phase was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable locations, as a desk audit.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

Peak Property and Casualty Insurance Corporation is domiciled in Wisconsin and is licensed to write non-standard private passenger automobile insurance in 39 states. The Company's home office is located at 1800 North Point Drive, Stevens Point, Wisconsin 54481.

In the 2015 annual statement filed with the Department, Peak reported total individual private passenger automobile direct premiums written in the amount of \$168,251,598 of which \$3,729,285 was written in Delaware.

The targeted examination focused on the Company's private passenger automobile business in the area of claims, specifically as the claims relate to the use of independent medical examiners, and surcharges after an at-fault accident.

There were no exceptions noted in the areas of operation reviewed:

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. CODE §318-322 and covered the experience period of January 1, 2015 through May 31, 2016. This examination was part of a series of examinations conducted to review the use of independent medical examiners and surcharges after an at-fault accident.

The examination was a target market conduct examination of the Company's private passenger automobile business in the Claims area of operation.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While examiners report on errors found in individual files, the examiners also focus on general business practices of the Company.

The Company identified a universe of 6 independent medical examination (IME) files and 10 surcharge files. All 16 files were selected and reviewed during this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. In general, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted.

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 these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, additional information was requested for clarification. An exit conference was not conducted with the Company officials because there were no exceptions found.

COMPANY HISTORY

The Company was incorporated in North Carolina on August 16, 1985, as General Electric Residential Mortgage Corporation and commenced business on August 29, 1985. The Company's name was changed to Peak Property and Casualty Insurance Corporation (Peak) on July 10, 1991.

On November 16, 1993, the Company was acquired from GE Capital Mortgage Corporation, by Guaranty National Insurance Company (GNIC) and was re-domiciled in the state of Colorado. On November 16, 1999, Royal & Sun Alliance Insurance Group (R&SA) purchased Orion Auto, Inc., and all of its subsidiaries including GNIC and its subsidiaries.

In March 2005, R&SA transferred the direct ownership of Peak Property and Casualty Corporation from GNIC to Viking Insurance Company of Wisconsin. On November 1, 2005, Sentry Insurance (Sentry) a Mutual Company acquired 100% indirect ownership of Peak Property and Casualty Insurance Corporation in connection with an acquisition of Viking Insurance Company of Wisconsin from Royal & Sun Alliance USA, Inc. On December 15, 2006, Peak re-domesticated from the state of Colorado to the state of Wisconsin.

Under an administrative services agreement, Sentry furnishes the Company underwriting, policy issuance, financial reporting, tax compliance, customer service, agent support, marketing, legal, claims, actuarial and other services.

CLAIMS

Independent Medical Examinations

The Company provided a listing of 6 private passenger auto claims with a bodily injury component, resulting in Individual Medical Examinations (IMEs). All 6 file documents provided, including the independent medical examination report and the examination report communication proof to the policyholder and/or their attorney, were reviewed for compliance with 18 Del. C. § 2304 Unfair Methods Of Competition And Unfair Or Deceptive Acts Or Practices Defined. There were no exceptions noted.

Surcharges

The Company provided a listing of 10 policyholders that were issued a surcharge after a claim was filed during the examination period. All 10 claim files were selected and requested for review. The file documents, including the first notice of loss, surcharge increase notice, and renewal offer, were reviewed for compliance with 18 Del. Admin 609 Limitations on Automobile Surcharges in Voluntary Markets and the Assigned Risk Plan - § 5.1.7. There were no exceptions noted.

CONCLUSION

There were no recommendations made because there were no exceptions noted.

The cooperation and courtesy extended by the Peak Property and Casualty Insurance Corporation staff is acknowledged. The examination, conducted by Shelly Schuman and Frank Kyazze is respectfully submitted.



Frank Kyazze, MCM, CIE, ALHC,
FLMI
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance