

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE
MARKET CONDUCT EXAMINATION

OF

GERMANTOWN MUTUAL INSURANCE CO

GERMANTOWN, WISCONSIN

November 13, 2000 - November 16, 2000
Agency Visit February 13, 2001

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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FEBRUARY 13, 2001

Honorable Connie L. O'Connell
Commissioner of Insurance
Madison, WI 53702

Commissioner:

In accordance with your instructions, a market conduct examination was made November 13 - 16, 2000, with an agency visit on February 13, 2001, of the affairs of

GERMANTOWN MUTUAL INSURANCE COMPANY
Germantown, Wisconsin

and the following report is respectfully submitted.

I. INTRODUCTION

Germantown Mutual Insurance Company (the company) is a property and casualty insurer licensed to transact business in Wisconsin, Michigan, Minnesota and South Dakota. Prior to 1999, The company was licensed in Wisconsin only. The company was licensed in Wisconsin and commenced doing business in 1854 as the states first mutual insurance company. The company operated as a stock company from 1903 to 1906. In 1906 the company reverted to mutual company status. During 1999, the company wrote the following premiums and paid the following losses in Wisconsin:

Direct Premiums Written	Direct Losses Paid
\$14,980,482	\$7,242,756

During 1999, the company reported the following premiums organized by line of business.

Line of Business	Premium Written	Losses Incurred
Homeowner's	5,561,988	3,342,397
Personal Auto	3,764,573	2,230,331
Farmowner's	1,775,265	385,572
Commercial (multi-peril)	1,568,375	383,604
Fire	1,183,023	561,009
All Other	1,127,258	339,843
Total	\$14,980,482	\$7,242,756

The Office of the Commissioner of Insurance received 32 complaints against the company in 1998 and 33 complaints in 1999. A complaint is defined as a written communication to the Commissioner's Office which indicates a dissatisfaction with an insurance company or agent. The following chart categorizes these complaints by type of policy and complaint reason. There may be more than one type of coverage or reason for each complaint.

Complaints 1999	Underwriting	Claims	Marketing & Sales	Policyholder Service
Coverage	No.	No.	No.	No.
Homeowner's	2	18	0	2
Farmowner's	0	4	0	1
personal pass. auto	1	3	0	0
Commercial (mult-peril)	0	2	0	0
Total	3	27	0	3

Complaints 1998	Underwriting	Claims	Marketing & Sales	Policyholder Service
Coverage	No.	No.	No.	No.
Homeowner's	1	20	0	2
Farmowner's	0	2	0	0
personal pass. auto	0	4	1	3
Commercial (mult-peril)	0	0	0	0
all others	0	1	0	0
Total	1	27	1	5

The company ranked third on the 1999 above-average complaint-to-premium list for homeowners and tenants. There were six (6) insurance companies on that list for 1999. It also ranked third on the above average list for 1998. This list is comprised of all companies with 10 or

more complaints in 1999 and have a complaint ratio above the average. As a matter of subsequent information, the company had 40 complaints in 2000 of which 36 were related to claim issues. The large number of hail and wind claims during 2000 is part of the reason for the increase in complaints.

The company acknowledged the relatively large number of complaints about homeowner's claims and is working to change its claim handling patterns and expects to be in a better position as a result of staff changes in its claim homeowner's claim unit.

II. PURPOSE AND SCOPE

The examination was conducted to determine if the company's practices and procedures comply with Wisconsin insurance statutes and rules. The examination was conducted, in part, because the company appeared on the above-average complaint list for homeowners and tenants insurance. The period under review for this examination was January 1, 1999 through June 30, 2000.

The examination was limited to the review of the following company practices and procedures.

Business Line	Area
Personal Passenger Automobile Homeowner's/Farmowner's Commercial Lines (forms)	Underwriting Claims Handling Marketing and Sales Policyholder Service Rate Filing Overview Policy Forms

III. SUMMARY AND FINDINGS

FORMS REVIEW

The examiners reviewed the company's personal and commercial forms for compliance with Wisconsin laws, rules, and court decisions. A total of 108 forms were reviewed. Of these 23 had been deemed approved for use under the current procedures of the Commissioner's Office.

The commercial umbrella liability form, CUL-1(12/98), page 18, Exclusion 17, states that the policy does not apply to any liability, cost or expense for any injury or damages to you or any other insured. The policy provides auto liability coverage and the definition of "any other insured" may include members of the insured's family. Section 632.32 (6) (b) 1, Wis. Stat., provides that no auto liability policy may exclude from the coverage afforded or benefits provided persons related by blood or marriage to the insured. It is recommended that the company revise its commercial umbrella liability form, CUL-1(12/98), to eliminate the exclusion for intra-family liability in order to comply with s. 632.32 (6) (b) 1, Wis. Stat.

CLAIMS

File Review

In addition to a review of the company's claims manual and settlement procedures, the examiners reviewed 155 claims files composed of 30 files designated as a claim record only, 50 auto claims paid, 50 homeowners/farmowners claims paid, and 25 subrogation files.

The examiners found twenty files in which communications with insureds or claimants were not well documented with written denials, confirmations, or clearly recorded entries so that the manner of claims handling could not be ascertained. Without complete, proper, and clear documentation to show all contacts with insureds or claimants, and all significant action taken on a file, it is difficult to determine whether the company is handling the claims promptly and appropriately. Per s. Ins 6.11(3), Wis. Adm. Code, it is an unfair claims settlement practice to fail to promptly acknowledge pertinent communications, to fail to initiate and conclude a claims investigation with all reasonable dispatch, to fail to promptly provide necessary claims forms, instructions and reasonable assistance to insureds, to fail to promptly provide a reasonable

explanation of the basis in the policy for denial of a claim, or to fail to affirm or deny coverage of claims within a reasonable time. In order to avoid the unfair claim settlement practices contained in s. Ins 6.11(3), Wis. Adm. Code, it is recommended that the company clearly document all communications with insureds and claimants, including issuing written confirmations or denials when appropriate.

The examiners found two files in which the company recovered partial payment from the adverse party, but did not return the insured's deductible until substantially later. The Wisconsin Supreme Court decision, Rimes v. State Farm Mutual Automobile Insurance Company, 106 Wis. 2d 263, provides for the insured to be made whole before the insurer retains any recovery. The company has indicated that it has changed its procedures in this regard, and is currently in compliance with the requirements of Rimes. It is recommended that the company implement and enforce new procedures on when to reimburse a deductible in situations where the recoverable is received in a series of partial payments, in order to comply with the Wisconsin Supreme Court decision, Rimes v. State Farm Mutual Automobile Insurance Company, 106 Wis. 2d 263.

The examiners found one subrogation file in which the insured's deductible was not returned upon recovery from the at-fault party. The Wisconsin Supreme Court decision, Rimes v. State Farm Mutual Automobile Insurance Company, 106 Wis. 2d 263, provides for the insured to be made whole before the insurer retains any recovery. The company has indicated that they will promptly release the deductible including required interest. It is recommended that the company submit a plan to ensure prompt reimbursement of its insured's deductibles in order to make its insureds whole and to comply with the Wisconsin Supreme Court decision, Rimes v. State Farm Mutual Automobile Insurance Company, 106 Wis. 2d 263.

The examiners found four subrogation files in which the company did not promptly attempt to seek reimbursement from the at-fault party. The company has indicated that they will initiate a year end review and audit procedure to catch this type of delinquent file. It is recommended that the company conduct a review of its subrogation recoverables and determine

appropriate follow-up action and submit a summary of its conclusions within 60 days of the adoption of this report, in order to satisfy its statement to review its subrogation practices.

UNDERWRITING

Manual and Guidelines

The examiners reviewed the company's underwriting manuals and guidelines. The following discusses areas where the manuals and guidelines did not comply with current Wisconsin insurance laws and rules.

The General Rules-Farm (April 3, 1997) and the Company Manual state that age of a residential property may be used to refuse, cancel or limit insurance. Inappropriate use of the age of a residential property is found in General Rules-Farm on pages 9(2.B.), 10(5.c.) and 11(P.2), and in the Company Manual on pages 3.21(C.1), 3.21(10.3), 4.02(4.B), 11.12(C.1), 20.01(8.A), 22.00(1.A & 1.B), 23.00(1.A. & 1.B.), 24.00(1.A. & 1.B.) 30.10(2.b.), 30.11(5.c.), and 30.20(8.c.). This language is in violation of s. Ins. 6.68(3)(b), Wis. Adm. Code. The company responded that they are aware that age of residence cannot be used to refuse, cancel or limit insurance. They indicate that they do consider structures over 35 years of age in their preferred programs when appropriate updates of critical components of the structure have occurred. It is recommended that the company revise the language regarding the age of a residential property in its General Rules-Farm (April 3, 1997) and Company Manual, to reflect the company's actual procedure and to comply with s. Ins. 6.68(3)(b), Wis. Adm. Code.

Page 7.05, no.6, of the personal auto program underwriting guidelines lists ineligible driver characteristics. Letter A indicates that any driver or member of the household who has exhibited employment or financial instability is ineligible. Page 30.02, no.2 of the General Rules-Farm manual lists eligibility criteria. Letter A indicates that the applicant must have a good financial history to be eligible. This language is counter to requirements in the June 16, 1997 OCI Bulletin to Insurers entitled "The Use of Credit Reports in Underwriting Personal Auto and Homeowner's Policies." The company indicates that they are aware of the items pointed out in the June 16, 1997 Bulletin, and that they do not use credit information as the sole decision-making criteria. They further indicate that they do not currently use credit information at all in the

underwriting of personal passenger automobile. For farmowner's, credit information is used as a part of the underwriting evaluation. It is recommended that the company revise the language regarding financial history or financial stability in its personal auto program underwriting guidelines, and its General Rules-Farm manual to reflect its actual procedure and to comply with the June 16, 1997 OCI Bulletin to Insurers.

Page 7.05, no. 6 of the personal auto program underwriting guidelines, lists ineligible driver characteristics. Letter C indicates any driver or member of the household who has had his/her auto insurance cancelled, declined, rejected, or refused renewal within the past 5 years is ineligible. This is in violation of section Ins. 6.68(3)(c), Wis. Adm. Code, which states that refusing to insure a risk solely because the applicant was previously denied coverage, terminated by another insurer, or had obtained coverage in a residual market is unfairly discriminatory. The company indicates that it is their procedure not to use the above as a basis for cancellation, or refusal if the applicant otherwise qualifies for coverage. It is recommended that the company revise the language regarding the ineligibility of any insured who has had his/her auto insurance cancelled, declined, rejected or refused renewal in the past 5 years in the personal auto program underwriting guidelines to reflect its actual procedure and to comply with s. Ins. 6.68(3)(c) Wis. Adm. Code.

Page 7.05, no. 6 of the personal auto program underwriting guidelines, lists ineligible driver characteristics. Letters M. and N. indicate any driver or member of the household who is an excessive user of intoxicants and/or is a user of drugs or controlled substances except the use of prescription drugs under medical supervision are ineligible. This is an overly subjective and undefined restriction and may violate s. 632.32(6)(d), Wis. Stats. The company indicates that the determination of excessive use is made by the presence of a conviction for OWI and other drug/alcohol offenses in connection with the operation of a motor vehicle that appear on applicants' motor vehicle records. It is recommended that the company revise the language regarding excessive use of intoxicant and/or use of drugs or controlled substances in its personal auto program underwriting guidelines to reflect its actual procedure, and to ensure compliance with s. 632.32(6)(d), Wis. Stat.

Page 7.05, no. 6 of the personal auto program underwriting guidelines lists ineligible driver characteristics. Letter I. Indicates that any driver or household member who has had their driver's license suspended or revoked at any time in the past 5 years is ineligible. Also, page 7.06, no. 7 lists major traffic violations and indicates that any driver or member of the household convicted of any of the listed violations within the past 5 years is ineligible for either auto program. Both ADL (Altering driver license) and JA (Juvenile alcohol) are listed. The above language may be construed to allow use of non-driving violations in the underwriting guidelines in violation of s. Ins. 6.54(3)(b)1, Wis. Adm. Code. The company indicates that it does additional investigation in these situations to determine whether the suspension, revocation or conviction was due to a non-driving related violation. It is recommended that the company revise the language regarding license suspension/revocation or conviction in the personal auto program underwriting guidelines to reflect its actual procedure and to comply with s. Ins. 6.54(3)(b)1, Wis. Adm. Code.

File Review

The examiners reviewed 185 underwriting files, composed of 50 homeowner's/farmowners, 35 personal passenger automobile, and 100 policy terminations.

The examiners found four files where the company's reasons for nonrenewing the policies were not reasonably precise. Section 631.36 (6), Wis. Stat., provides that the reason for cancellation must be reasonably precise in order for the cancellation to be effective. The company indicates that each of these files was handled by the same underwriter who did notify the agency of the specific reason for cancellation prior to issuing the notice to the insured. The company further indicates that this underwriter has been made aware that the specific reason must be included on the notice to the insured. It is recommended that the company revise their notice to include a specific reason for cancellation to reflect their actual procedure and to comply with s. 631.36(6), Wis. Stat.

The examiners found one file where the policy was cancelled for the reason "Change in Exposure- woodburning devices are not acceptable in mobile homes." The company's underwriting guidelines for mobile homes do not contain any reference to risks being unacceptable if they contain woodburning devices. This cancellation was not in compliance with

the company's written guidelines. The company indicates that the prohibition of a woodburning device in a mobile home is a common industry practice, and has been an internal underwriting practice for some time. The company is currently rewriting the manual and the revision will include the woodburning device prohibition specifically. It is recommended that the company revise its underwriting guidelines to specifically prohibit woodburning devices in mobile homes to reflect their actual procedure.

The examiners found four policies with 2 vehicles each, with different limits for each vehicle for the bodily injury and/or uninsured motorist coverages. This is in conflict with the company's underwriting guidelines which require concurrent limits on multiple vehicle auto policies. The company indicates that this was due to an entry error. However, the declarations page defaults to show only the higher limit so the insured does have coverage for the requested higher limit. It is recommended that the company update their data entry system to disallow the retention of data indicating different limits for the various vehicles covered by a multiple-vehicle policy in order to reflect the company's actual underwriting guidelines and the final printed Declarations Page(s).

The examiners found one file where coverage was bound, but the policy was cancelled as a record only application. No cancellation notice was issued. The file did not contain documentation showing why the company did not accept the risk. Without complete and proper documentation to show all contacts with insureds or claimants, it is not possible to determine whether the company failed to issue a cancellation notice for a policy in which coverage had been bound. Failure to issue a cancellation notice on a bound policy would be a violation of s. 631.36(2)(c), Wis. Stat. It is recommended that the company implement consistent procedures in order to ensure that any significant activity in an underwriting file be clearly documented within that file.

The examiners found twelve files which either did not contain applications, or where the agent's signature was unreadable. Without the name of the agent or some other way to accurately identify the person submitting the application, neither the company nor the examiners can determine whether the person submitting the business is listed with the company as required

by s. Ins. 6.57(5), Wis. Adm. Code. It is recommended that the company verify that each new business file contains an application, and that they accept only applications that are signed by its agents or that in some other way accurately indicates the agent responsible for the submission of the application, in order to ensure compliance with s. Ins. 6.57(5), Wis. Adm. Code.

The examiners found one file where the policy was not issued as originally applied for. The insured was not notified directly of the change in terms. It is the position of this office that it is a misrepresentation to issue a policy different than that applied for unless the insured is notified, in writing, of the change. It is recommended that the company implement procedures to ensure that each policy is issued as applied for, unless the insured has been notified directly, and in writing, of the change in terms.

The examiners found that the company has not instructed its agents about expiration dates on binder documents that are used to initiate coverage on a specific date, and the examiners found one file where the binder issued by the agent showed an effective date of 6/30/00 and an expiration date of 8/30/00. This is counter to the court case Terry vs. Mongin which stated that a binder has the same term as the policy that will be issued. The policy term on the application shows 1 year or an expiration date of 6/30/01. The company indicates that although the policy was issued with a renewal of 6/30/01, they do not provide their agents with specific instructions relative to binders. It is recommended that the company provide specific written instructions to their agents addressing the issuance of binders, in order to comply with s. 631.36, Wis. Stat. and Terry vs. Mongin, 102 Wis. 2d 239, Ct of Appeals.

POLICYHOLDER SERVICE

The company's definition of a complaint is any "negative communication from the insured or other interested parties." Complaints, whether from the Commissioner's Office or directly from the complainant, are referred to the specific department head. Complaints received through the Commissioner's Office are retained in a central file location. The company has had no written procedure regarding the handling of complaints. However, they have currently implemented procedures to address the number of complaints received. These procedures include monthly claim meetings to address complaints, and requirements to establish a

complaint file and initiate contact with the complainant. The company will now expect that the complaint file be set-up in one working day and a first-contact be made to the complainant in two working days. The company is also implementing a log used to track complaints and an annual claim audit to assure quality control.

MARKETING AND SALES

The company markets only through independent agents and does not accept brokered business. The company has approximately 2000 licensed agents in Wisconsin. The underwriting criteria are the same for all geographic areas.

The examiners reviewed 38 agency files; 13 active and 25 terminated files. The examiners requested information on additional agents but the company was not able to locate the information. The company explained that the employee who handles the agent files was not in the office during the course of the examination to help locate the requested files. It was our understanding that no other employee at the company was able to locate the additional files. The recommendation below will address this issue.

The examiners or company personnel were not able to locate the OCI 11-011 termination forms for five agents. Of those five, one agent was found who was not listed on OCI's list as an active agent. This is in violation of s. Ins. 6.57 (5), Wis. Adm. Code, which requires that any agent submitting business must be listed as an active agent. The recommendation made in the following paragraph includes this issue.

The examiners supplied the company with an active agents pull list containing 25 names. Due to the manner in which the agent system is organized, the process of pulling the OCI 11-001 forms and validation reports was prohibitively cumbersome and time-consuming. Therefore, the examiners requested that the company pull the corresponding forms and validation reports for the listed agents. The company representative was only able to locate 13 of the 25 listed agent forms/reports. Apparently the one staff member who is familiar with the system was not available during the duration of the examination. It is recommended that the company submit a plan, within 60 days of adoption of the report, that revises its agent record keeping system so

that listing and termination information is readily accessible to its staff and to demonstrate compliance with Ins. 6.57, Wis. Admin. Code.

The examiners found that the company makes a request for return of indicia when an agency is terminated, but not when terminating an individual agent. Section Ins. 6.57(2), Wis. Adm. Code requires an insurer to provide an individual agent with written notice that the agent is no longer to be listed and that he or she may not act as its representative. The notice shall also include a formal demand for the return of all indicia. The company indicates that they are now in compliance with this requirement. It is recommended that the company revise its notice of termination to agents to make a formal request for the return of indicia from each individual terminated agent in order to comply with s. Ins 6.57 (2), Wis. Adm. Code.

Agency Visit

As part of the the examiners visited Potterton Rule, Inc. an agency for Germantown Mutual. The visit reviewed the insurance company's procedures and the agency's practices relative to those procedures.

The agency uses the manuals and procedures issued by the company. The examiners did not find additional recommendations to make during agency review but verified that the underwriting recommendations already made in this report were consistent with agency operations also. The agency has authority to bind coverage as of a specific date for policy limits that do not exceed specific amounts. The agency does not collect credit or driving record information before submitting an application to the company, as outlined in the company's procedures.

The examiners reviewed 48 policies at the agency finding that various communications and forms about each policy were retained by the agency and that a large block of business was obtained when the agency lost its contract with another insurer. The rollover process for the policies offered by Germantown was handled with the proper notices. The agency retains a copy of insurance applications and forwards by mail the signed original applications to the company.

The agency has an Internet site that lists the companies for which it writes business. Germantown is one of five companies listed on the site. The agency offers auto and homeowner's quoting on its Internet site along with e-mail address links to each of the three agents listed. As for all the insurers listed, the site does not link to the Germantown Mutual site and does not contain any other information about the company other than its name.

IV. CONCLUSION

A total of nineteen (19) recommendations were made relating to modifications of policy forms, underwriting manuals and files, and claims procedures.

The company shall revise its forms and underwriting manuals and guidelines to ensure compliance with current Wisconsin insurance laws and rules and Wisconsin Supreme Court decisions. The company shall document all significant activity in a file, and ensure that each new business file contains a signed application. The company shall revise the agent system so that the information contained therein is readily accessible to staff and outside auditors.

The recommendations are intended to bring the company into compliance with statutory standards of policyholder and claimant treatment.

V. SUMMARY OF RECOMMENDATIONS

FORMS

1. Page 5 It is recommended that the company revise its commercial umbrella liability form, CUL-1(12/98), to eliminate the exclusion for intra-family liability in order to comply with s. 632.32 (6) (b) 1, Wis. Stat.

CLAIMS

2. Page 6 In order to avoid the unfair claim settlement practices contained in s. Ins 6.11(3), Wis. Adm. Code, it is recommended that the company clearly document all communications with insureds and claimants, including issuing written confirmations or denials when appropriate.
3. Page 6 It is recommended that the company implement and enforce new procedures on when to reimburse a deductible in situations where the recoverable is received in a series of partial payments, in order to comply with the Wisconsin Supreme Court decision, Rimes v. State Farm Mutual Automobile Insurance Company, 106 Wis. 2d 263.
4. Page 6 It is recommended that the company submit a plan to ensure prompt reimbursement of its insured's deductibles in order to make its insureds whole and to comply with the Wisconsin Supreme Court decision, Rimes v. State Farm Mutual Automobile Insurance Company, 106 Wis. 2d 263.
5. Page 6 It is recommended that the company conduct a review of its subrogation recoverables and determine appropriate follow-up action and submit a summary of its conclusions within 60 days of the adoption of this report, in order to satisfy its statement to review its subrogation practices.

UNDERWRITING

Manuals and Guidelines

6. Page 7 It is recommended that the company revise the language regarding the age of a residential property in its General Rules-Farm (April 3, 1997) and Company Manual, to reflect the company's actual procedure and to comply with s. Ins. 6.68(3)(b), Wis. Adm. Code.
7. Page 8 It is recommended that the company revise the language regarding financial history or financial stability in its personal auto program underwriting guidelines, and its General Rules-Farm manual to reflect the company's actual procedure and to comply with the June 16, 1997 OCI Bulletin to Insurers.
8. Page 8 It is recommended that the company revise the language regarding the ineligibility of any insured who has had his/her auto insurance cancelled, declined, rejected or refused renewal in the past 5 years in the personal auto program underwriting guidelines to reflect their actual procedure and to comply with s. Ins. 6.68(3)(c), Wis. Adm. Code.
9. Page 8 It is recommended that the company revise the language regarding excessive use of intoxicant and/or use of drugs or controlled substances in its personal auto program underwriting guidelines to reflect the company's actual procedure, and to ensure compliance with s. 632.32(6)(d), Wis. Stat.

10. Page 9 It is recommended that the company revise the language regarding license suspension/revocation or conviction in the personal auto program underwriting guidelines to reflect the company's actual procedure and to comply with s. Ins. 6.54(3)(b)1, Wis. Adm. Code.

File Review

11. Page 9 It is recommended that the company revise their notice to include a specific reason for cancellation to reflect their actual procedure and to comply with s. 631.36(6), Wis. Stat.
12. Page 10 It is recommended that the company revise its underwriting guidelines to specifically prohibit woodburning devices in mobilehomes to reflect their actual procedure.
13. Page 10 It is recommended that the company update their data entry system to disallow the retention of data indicating different limits for the various vehicles covered by a multiple-vehicle policy in order to reflect the company's actual underwriting guidelines and the final printed Declarations Page(s).
14. Page 10 It is recommended that the company implement consistent procedures in order to ensure that any significant activity in an underwriting file be clearly documented within that file.
15. Page 11 It is recommended that the company verify that each new business file contains an application, and that they accept only applications that are signed by its agents or that in some other way accurately indicates the agent responsible for the submission of the application, in order to ensure compliance with s. Ins. 6.57(5), Wis. Adm. Code.
16. Page 11 It is recommended that the company implement procedures to ensure that each policy is issued as applied for, unless the insured has been notified directly, and in writing, of the change in terms.
17. Page 11 It is recommended that the company provide specific written instructions to their agents addressing the issuance of binders, in order to comply with s. 631.36, Wis. Stat. and Terry vs. Mongin, 102 Wis. 2d 239, Ct of Appeals.

MARKETING AND SALES

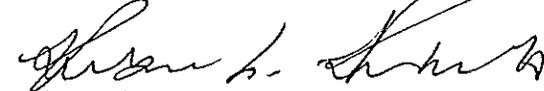
File Review

18. Page It is recommended that the company submit a plan, within 60 days of adoption of the report, that revises its agent record keeping system so that listing and termination information is readily accessible to its staff and to demonstrate compliance with Ins. 6.57, Wis. Admin. Code.
19. Page 13 It is recommended that the company revise its notice of termination to agents in order to make a formal request for the return of indicia from each individual terminated agent in order to comply with s. Ins 6.57 (2), Wis. Adm. Code.

VI. ACKNOWLEDGMENT

The cooperation and courtesy extended the examiners is acknowledged. In addition to the undersigned, Rhonda Peterson, Laura Iliff, and Jane Kovacik of the Office of the Commissioner of Insurance, participated in the examination and preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Rebecca L. Rebholz".

Rebecca L. Rebholz
Examiner-in-Charge



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Notice of Adoption and Filing of Examination Report

Take notice that the proposed report of the market conduct examination of the

Germantown Mutual Insurance Company
PO Box 1020
Germantown, WI 53022-8220

dated November 13, 2000 - November 16, 2000, and served upon the company on September 27, 2001,
has been adopted as the final report, and has been placed on file as an official public record of this Office.

Dated at Madison, Wisconsin, this twentieth day of November 2001.

A handwritten signature in black ink that reads "Connie O'Connell".

Connie L. O'Connell
Commissioner of Insurance

GermanTMutAdpFm.doc