STATE OF MICHIGAN

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

MARKET CONDUCT EXAMINATION

NUMBER 2012C-0036

June 14, 2013

TARGETED MARKET CONDUCT EXAMINATION REPORT

OF

HASTINGS MUTUAL INSURANCE COMPANY

HASTINGS, MICHIGAN

NAIC COMPANY CODE 14176

For the Period January 1, 2009 through December 31, 2011

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I. EXECUTIVE SUMMARY

Pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the commissioner of the Office of Financial and Insurance Regulation (Commissioner) have been transferred to the Director of the Department of Insurance and Financial Services (Director).

Hastings Mutual Insurance Company (Company) is an authorized Michigan domiciled company. This examination was conducted by the Michigan Department of Insurance and Financial Services (DIFS) (formerly Office of Financial and Insurance Regulation (OFIR) in conformance with the National Association of Insurance Commissioners (NAIC) *Market Regulation Handbook* (2012) (*Handbook*) and the Michigan Insurance Code, MCL 500.100 et seq (the Code). The scope of this market conduct examination has been limited to the Company's activities related to the handling of underwriting and rating practices, claims handling, and complaint handling practices. The examination covers the period January 1, 2009 to December 31, 2011.

This summary of this targeted Market Conduct Examination of the Company is intended to provide a high-level overview of the examination results. The body of the report provides details of the scope of the examination, findings, Company responses, and DIFS recommendations.

DIFS considers a substantive issue one in which a "finding" or violation of Code was found to have occurred, or one in which corrective action on the part of the Company is deemed advisable.

II. PURPOSE, SCOPE AND METHODOLOGY

This report is based on a targeted Market Conduct Examination of Hastings Mutual Insurance Company. The examination was conducted at the Company's home office located at 404 E. Woodlawn Avenue, Hastings, Michigan 49058. DIFS conducted this examination in accordance with statutory authority of MCL 500.222 et seq. All Michigan laws, regulations and bulletins cited in this report may be viewed on the DIFS website at www.michigan.gov/difs.

The purpose of the exam is to evaluate the compliance of the Company with applicable Michigan statutes, NAIC Guidelines and DIFS regulations.

This examination was conducted under the supervision of Regan Johnson, Director of the Market Conduct Section, and Sherry J. Bass-Pohl, Manager of the Market Conduct Unit. The on-site examination team consisted of Lynell A. Cauther, Examiner-in-Charge, and Examiners Zachary Dillinger and Sherry Barrett.

This examination includes reviews of, but not limited to, the areas of Claims Handling, Complaint Handling, and Cancellations/Non-Renewals. The examination covers the period of January 1, 2009 through December 31, 2011.

The examination was called due to internal analysis of NAIC Market Conduct Annual Statement (MCAS) data and the absence of a prior market conduct examination.

The examination team sampled company records in the areas of (1) Claims, (2) Complaint Handling, (3) Cancellations and Non-Renewals, and (4) Underwriting and Rating. The analysis and examination of these areas were conducted and measured according to the standards and practices in the NAIC *Handbook*, the applicable statutes in the Code, and the Company's internal guidelines and procedures.

Three types of review were utilized for the above standards. Certain standards were examined with a single review, and others were examined using one or more type of review. The NAIC *Handbook* calls for a random sample of 100 files when the examination population is greater than 5,000. This statistical sample applies to the Company as follows:

A. Generic Review: A standard test was applied using analysis of all files written by agents at the specific branch office for the time frame of the examination. The Company provided the general file information as a response to examiner questions.

B. Sample Review: A "sample" review indicates that a standard was tested through direct review of a random sample of files using sampling methodology described in the NAIC *Handbook*, Chapter 14. The samples included all files within a specific subgroup. For statistical purposes, an error tolerance of 2.3 percent (2.3%) was used when reviewing annuity suitability samples. The sampling techniques used are based on a 95 percent (95%) confidence level, meaning there is 95 percent (95%) confidence that the error percentages shown in the various standards so tested are representative of the entire set of records from which it was drawn. An error rate in excess of the tolerance level in these sections of the report is indicative of a general business practice of engaging in that type of conduct. Note that the statistical error tolerance is not indicative of the actual tolerance of DIFS for deliberate or systematic error.

C. Census Review: Marketing and sales, as well as complaint files, were not subject to the sampling procedure, as the number of relevant files did not warrant taking a sample. Therefore, every relevant marketing piece and complaint file for the examination period was reviewed by the examination team for compliance with applicable statutes, regulations and internal company guidelines.

This examination report is a report by test. The report contains a summary of pertinent information about the lines of business examined. This includes each NAIC *Handbook* source and Standard; Code citation; any examination findings detailing the non-compliant or problematic activities that were discovered during the course of the exam; the Company response proposing methods for correcting the deficiencies; and recommendation for any further action by DIFS.

III. COMPANY OPERATIONS AND PROFILE

Hastings Mutual Insurance Company began operations in 1855 as a Michigan domiciled company. The Company is a multi-line property and casualty insurance carrier serving individuals, farms and commercial enterprises from its headquarters in Hastings, Michigan. It is currently licensed to market its products in Michigan, Illinois, Indiana, Iowa, Ohio, and Wisconsin.

The Company markets and sells its products through independent producers. Approximately 2,089 producers are appointed in Michigan. The Company's top lines of business are homeowners and private passenger auto. A.M. Best Company states the Company's financial size category is IX ($250 to $500 million), and the Company is rated A+ (Superior).

IV. EXAMINATION FINDINGS AND RECOMMENDATIONS

A. CLAIMS HANDLING

1. Claims Closed With Payment - Private Passenger Automobile

Comprehensive /Collision

The examiners requested the population of Claims Closed With Payment – Private Passenger Automobile.

File Data	Population Size	Maximum Number of Failures Permitted in Sample	Stage 1 Sample Size	Date Sample Pulled	Errors Found
Claims Closed With Payment - Personal Auto Comprehensive and Collision	21,180	2	88	1/7/2013	0

Standard 2: Timely investigations are conducted. NAIC *Handbook*, Chapter 16.

MCL 500.2026(1):

> (1) Unfair methods of competition and unfair or deceptive acts or practices in the business of insurance, other than isolated incidents, are a course of conduct indicating a persistent tendency to engage in that type of conduct and include:
>
> (a) Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue.
> (b) Failing to acknowledge promptly or to act reasonably and promptly upon communications with respect to claims arising under insurance policies.
> (c) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies.

> (d) Refusing to pay claims without conducting a reasonable investigation based upon the available information.
> (e) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed.
>
> * * *
>
> (h) Attempting to settle a claim for less than the amount to which a reasonable person would believe the claimant was entitled, by reference to written or printed advertising material accompanying or made part of an application.
>
> * * *
>
> (m) Failing to promptly settle claims where liability has become reasonably clear under 1 portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy.
> (n) Failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

Findings:
Eighty-seven of 88 sampled files that warranted a Company investigation were completed within one year. One claim not completed within that timeframe involved a lawsuit for bodily injury. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 3: Claims are resolved in a timely manner. NAIC *Handbook*, Chapter 16.

MCL 500.2026(1)(e) (cited above)

Findings:
Of the 88 sampled files, one of the claims was closed with payment later than 60 days. This claim involved a lawsuit for bodily injury and took over one year; the insured was only minimally liable. In no case was the Company liable to pay 12 percent (12%) interest for late payments. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

***Standard 4*:** The regulated entity responds to claims in a timely manner. NAIC *Handbook,* Chapter 16.

Findings:
Company policy requires initial contact with any claimant within 48 hours. In all sampled files, with no exceptions, the Company met or exceeded this requirement. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 5: Claim files are adequately documented. NAIC *Handbook,* Chapter 16.

Findings:
Examiners reviewed both paper and electronic files. The paper files were agency-paid claims which up until 2012 were stored in their file room. From 2012 forward, all claims are stored in ClaimCenter.OnBase, the electronic system used by the Company to store claims. In all sampled files, the documentation clearly supported the claim determination. All internal company document requirements were met. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes. NAIC *Handbook,* Chapter 16.

MCL 500.2026(1) (cited above)

MCL 500.4507(1):

> (1) Upon written request by an authorized agency to an insurer, the insurer or an agent authorized by the insurer to act on its behalf may release to the authorized agency, at the authorized agency's expense, any or all information that is considered important relating to any suspected insurance fraud. An authorized agency may release information on suspected insurance fraud to an insurer or an

agent authorized by an insurer to act on its behalf upon a showing of good cause by the insurer or the insurer's authorized agent.

Findings:
In sampled files, the Company met all internal and state requirements for salvage, release of claims payments and referral of suspicious claims to the National Insurance Crime Bureau (NICB). There are no findings.

For the period under review, the Company had an "Agency Draft Program". This program gave agents (producers) the authority to pay claims under a specific amount for each claim type. These paper file claims were reviewed and found to be in compliance with the Company program.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

2. Claims Closed Without Payment – Private Passenger Automobile

Comprehensive /Collision

The examiners requested the population of Michigan Claims Closed Without Payment – Private Passenger Automobile.

File Data	Population Size	Maximum Number of Failures Permitted in Sample	Stage 1 Sample Size	Date Sample Pulled	Errors Found
Claims Closed Without Payment – Private Passenger Auto Comprehensive and Collision	2,770	2	88	1/9/2013	0

Standard 2*:* Timely investigations are conducted. NAIC *Handbook*, Chapter 16.

MCL 500.2026(1) (cited above)

Findings:
All sampled files that warranted investigations were completed within one year. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 3: Claims are resolved in a timely manner. NAIC *Handbook,* Chapter 16.

MCL 500.2026(1) (cited above)

Findings:
Of the 88 sampled claim files closed without payment, all were closed within 60 days. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 4**:** The regulated entity responds to claims in a timely manner. NAIC *Handbook,* Chapter 16.

Findings:
The Company policy is to respond to a new claim within 24 business hours or less. All sample claims were responded to in a timely manner. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 5: Claim files are adequately documented. NAIC *Handbook*, Chapter 16.

Findings:
All sampled files were adequately documented electronically in the Company's network programs, ClaimCenter/OnBase. All internal company document requirements were met. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes. NAIC *Handbook,* Chapter 16.

MCL 500.2026(1) (cited above)

MCL 500.4507 (cited above)

Findings:
MCL 500.2026 prohibits unfair methods of competition and unfair or deceptive acts or practices such as the following: Failing to promptly act on claims communications, refusing to pay claims without a reasonable investigation, failing to affirm or deny coverage within a reasonable time after proof of loss is received, and compelling policyholders to institute litigation to recover a proper settlement by offering a substantially lower amount than what is due to the insureds.

The Company is in compliance with these aspects of this statute. There are no findings.

Standard 6 requires that the Company have a policy for reporting suspected fraudulent claims to the relevant authorities. Further, MCL 500.4507 requires that the Company provide this information at the request of the Commissioner of Insurance. The Company reports all suspected fraudulent activity to the NICB. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 9: Denied and Closed Without Payment Claims are handled in accordance with policy provisions and state law. NAIC *Handbook,* Chapter 16.

Findings:
Examiners found the Claims Closed Without Payment were properly documented and provided sufficient evidence to show reason for not paying the claim in compliance with Company policy. Statistics on why the claims were denied is as follows:

- Private Passenger Auto Comp and Collision: 35 were claims lower than the deductible, 14 claims were subrogated, 13 were claims made while vehicles were parked and cause was unknown. The remainder of the Claims Closed Without Payment were for the following reasons: Claim cancelled by policyholder, or no response or documentation from policyholder. All files contained adequate documentation to support the Company's position.

There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

3. Claims Closed With Payment – Homeowners

The examiners requested the population of Claims Closed With Payment – Homeowners.

File Data	Population Size	Maximum Number of Failures Permitted in Sample	Stage 1 Sample Size	Date Sample Pulled	Errors Found
Claims Closed With Payment - Homeowners	6,413	2	88	1/7/2013	0

Standard 1: The initial contact by the regulated entity with the claimant is within the required time frame. NAIC *Handbook*, Chapter 16.

Findings:
The Company initial contact for all claims was between one and four days. The Company attempts to contact claimant within 24 hours. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 2*:* Timely investigations are conducted. NAIC *Handbook,* Chapter 16.

Findings:
MCL 500.2026(1)(c) requires the Company to implement reasonable standards for the prompt investigation of claims. The sampled files that warranted investigations were completed within one year. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 3: Claims are resolved in a timely manner. NAIC *Handbook,* Chapter 16.

Findings:
Of the 88 sampled files, two Homeowners files closed with payment showed payments later than 60 days; one involved a lawsuit for a bodily injury claim and the other due to a theft – delay caused by obtaining police report. There was no claim which the Company was liable to pay 12 percent (12%) interest for late payments. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 4**:** The regulated entity responds to claims in a timely manner. NAIC *Handbook,* Chapter 16.

Findings:
The Company policy is to respond to a new claim within 24 business hours or less. All sample claims were responded to in a timely manner. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 5: Claim files are adequately documented. NAIC *Handbook,* Chapter 16.

Findings:
All sampled files were adequately documented electronically in the Company's network programs, ClaimCenter/OnBase. All internal company document requirements were met without exception. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes. NAIC *Handbook,* Chapter 16.

Findings:
In sampled files, the Company met all internal and state requirements for salvage, release of claims payments and referral of suspicious claims to the NICB. There are no findings.

For the period under review, the Company had an "Agency Draft Program". This program gave agents (producers) the authority to pay claims under a specific amount for each claim type. These paper file claims were reviewed and found to be in compliance with the Company program.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

4. Claims Closed Without Payment - Homeowners

The examiners requested the population of Claims Closed Without Payment – Homeowners.

File Data	Population Size	Maximum Number of Failures Permitted in Sample	Stage 1 Sample Size	Date Sample Pulled	Errors Found
Claims Closed Without Payment - Homeowners	1,622	2	87	1/9/2013	0

Standard 9: Denied and Closed Without Payment claims are handled in accordance with policy provisions and state law. NAIC *Handbook,* Chapter 16.

Findings:
Of the 88 Claims Closed Without Payment – Homeowners, 56 were not paid because the insured withdrew the claim after finding the damage is less than the deductible. Fourteen were not paid because claim was not a covered loss. Eight were not paid because the damaged property was poorly maintained. The rest of the Claims Closed Without Payment were closed for the following reasons: Claim was paid under another claim number, claim was settled, and property was not damaged. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

B. COMPLAINT HANDLING PRACTICES

Standard 1: All complaints are recorded in the required format on the regulated entity's complaint register. NAIC *Handbook,* Chapter 16.

MCL 500.2026(2):

> The failure of a person to maintain a complete record of all the complaints of its insureds which it has received since the date of the last examination is an unfair method of competition and unfair or deceptive act or practice in the business of insurance. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition thereof, and the time it took to process each complaint. For purposes of this subsection, "complaint" means a written communication primarily expressing an allegation of acts which would constitute violation of this chapter. If a complaint relating to an insurer is received by an agent of the insurer, the agent shall promptly forward the complaint to the insurer unless the agent resolves the complaint to the satisfaction of the insured within a reasonable time. An insurer shall not be deemed to have engaged in an unfair method of competition or an unfair or deceptive act or practice in the business of insurance in violation of this chapter because of the failure of an agent who is not also an employee to forward a written complaint as required by this subsection.

Findings:
The Company provided the complaint register for DIFS and in-house complaints for Michigan. There were a total of 27 complaints for 2009, 27 for 2010, and 35 for 2011, giving a total of 89 complaints for the examination period.

After review of all the complaint files, examiners found all complaints on the complaint register, as required by MCL 500.2026(2). There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 2: The regulated entity has adequate complaint handling procedures in place and communicates such procedures to policyholders. NAIC *Handbook,* Chapter 16.

Findings:
The response letters to the complaints are computer generated requesting additional information. The complaint is then forwarded to the proper manager for further handling upon receipt of additional information. This is in compliance with the Company's complaint handling timeline of 30 days. The form letters included information on how to complain to DIFS, unless the complaint came from DIFS. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

Standard 3: The Company takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations, and contract language. NAIC *Handbook,* Chapter 16.

Findings:
After reviewing all 89 complaint files for the examination period, examiners found no instance in which the company failed to properly address the complainant's concern. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this Standard.

Company Response:
No Company response was made.

Standard 4: The time frame within which the regulated entity responds to complaints is in accordance with applicable statutes, rules and regulations. NAIC *Handbook,* Chapter 16.

Findings:
For the 89 complaints under review, from the date the complaint was received until closed the Company's average response time was 14 days. There were three complaint files that were

closed after 30 days. These files were not closed due to the complainant's failure to respond or submit requested documentation in a timely manner. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

C. CANCELLATION, NON-RENEWAL AND RESCISSION PRACTICES

The examiners requested the population of Cancellation, Non-Renewal and Rescission policies written in the state of Michigan for the period under review.

1. Private Passenger Automobile

File Data	Population Size	Maximum Number of Failures Permitted in Sample	Stage 1 Sample Size	Date Sample Pulled	Errors Found
Cancellation / Non-Renewals and Rescission Practices - Private Passenger Auto	19,813	13	203	1/7/2013	0

Standard 8: Cancellation/Non-Renewal, Discontinuance and Declination notices comply with policy provisions, state laws and regulated entity guidelines. NAIC *Handbook*, Chapter 16.

MCL 500.3224(2) and (3):

> (2) For the provisions of this chapter only, no cancellation shall be effective unless a written notice of cancellation is mailed by certified mail, return receipt requested, to the insured at the last address known to the insurer either through its records, the personal records of the agent who wrote the policy, or as supplied by the insured.
> (3) The notice shall be mailed at least 20 days prior to the effective date of cancellation. For the purpose of this chapter only, delivery of such written notice by the insurer shall be the equivalent of mailing. The notice shall contain the reasons for the cancellation and shall state in bold type that the insured has the statutory right within 7 days from the date of mailing to appeal to the department. The commissioner shall approve the form of the cancellation notice.

Findings:
From a population of 19,813 Cancelled or Non-Renewed Private Passenger Auto policies from the examination period, a random sample of 203 files was reviewed for compliance with State of

Michigan statute, rules and regulations, as well as Company guidelines. From this sample, the following information was obtained:

- 134 policies were cancelled at the insured's request
- 61 policies were cancelled for non-payment
- three policies were cancelled because the agency that serviced the account is no longer with the Company
- three policies were cancelled by the company and non-renewed due to: driver point accumulation over six points; failure to provide proof of no-fault insurance six months immediately preceding application; and driver convicted within the preceding three years of reckless driving
- two policies were rewritten and renewed

All cancellations were done in compliance with Company policy. Notification sent to Private Passenger Auto policyholders complied with the applicable statute and company regulation. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

2. Homeowners

The examiners requested the population of Cancellation, Non-Renewal and Rescission policies written in the state of Michigan for the period under review.

File Data	Population Size	Maximum Number of Failures Permitted in Sample	Stage 1 Sample Size	Date Sample Pulled	Errors Found
Cancellation/ Non-Renewals and Rescission - Homeowners	19,518	12	191	1/10/2013	0

Findings:
From a population of 19,518 Cancellation or Non-Renewal and Rescission - Homeowners policies from the examination period, a sample of 191 files was reviewed for compliance with State of Michigan statute, rules and regulations, as well as Company guidelines. From this sample, the following information was obtained:

- 124 policies were cancelled or non-renewed due to insured's request
- 40 policies were cancelled or non-renewed due to non-payment

- 18 policies were cancelled or non-renewed because the home was not owner-occupied; one specifically noted that the home was a foreclosure
- two policies were cancelled or non-renewed due to the poor physical condition of the home
- six policies were cancelled or non-renewed because the agency that serviced the account no longer represented the company for personal lines
- one policy was cancelled or non-renewed for excessive claims history

The above reasons are allowed under Michigan's Essential Insurance Act, MCL 500.2101 et seq., well documented and were properly described on the notice sent to the policyholder. There are no findings.

Recommendations:
No further action is required at this time. The Company is in compliance with all statutes, rules, regulations and internal guidelines relevant to this standard.

Company Response:
No Company response was made.

V. ACKNOWLEDGEMENT

This examination report of Hastings Mutual Insurance Company is respectfully submitted to the Director of the Department of Insurance and Financial Services, State of Michigan.

The courteous cooperation and assistance of the officers and employees of the Company extended to the examiners during the course of the examination is hereby acknowledged.

In addition to the undersigned, Market Conduct Examiners Zachary Dillinger and Sherry Barrett participated in the examination.

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Lynell A. Cauther, Examiner, MCM
Examiner-in-Charge
Department of Insurance and Financial Services
Market Conduct Section
June 14, 2013