



# Illinois Department of Insurance

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JB Pritzker  
Governor

Dana Popish Severinghaus  
Acting Director

VIA ELECTRONIC MAIL

November 5, 2021

Mr. Sy Foguel, President  
c/o Gregory Orrson  
Amguard Insurance Company  
P.O. Box AH  
Wilkes Barre, PA. 18703

**Re: Amguard Insurance Company, NAIC 42390**  
***Market Conduct Examination Report Closing Letter***

Dear Mr. Foguel:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer  
Chief Market Conduct Examiner  
Illinois Department of Insurance  
320 West Washington St., 5th Floor  
Springfield, IL 62767  
Phone: 217-782-1790  
E-mail: Erica.Weyhenmeyer@Illinois.gov

**ILLINOIS DEPARTMENT OF INSURANCE  
MARKET CONDUCT EXAMINATION**

**OF**

**AMGUARD INSURANCE COMPANY**

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: March 3, 2021 – July 23, 2021

EXAMINATION OF: AmGUARD Insurance Company, NAIC 42390

LOCATION: P.O. Box AH Wilkes-Barre, PA. 18703

PERIOD COVERED: December 1, 2018 to December 1, 2020 and June 1, 2018 to December 1, 2020 for complaints.

EXAMINERS:

Karina Ruthenberg, MCM  
Lisa Crump, CIE, AMCM, FLMI, ACS, ALHC, AIAA  
Bradley Shoop, MCM  
Tony J. Taylor, DM, MBA, PMP, CSM, SA  
George Kalargyros, MCM, LPCS, Examiner-in-Charge  
Shelly Schuman, ACS, AIE, AMCM, CICS, FLMI, HIA,  
PAHM, Supervisory Insurance Examiner

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## I. FOREWORD

This is a market conduct examination report of AmGUARD Insurance Company (the “Company”). This examination was conducted remotely, at authorized offsite locations.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance (“IDOI” or “Department”).

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

## II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425).

The purpose of the examination was to determine if the Company complied with the Illinois Insurance Code (215 ILCS 5/1 et seq.), (820 ILCS 305/1 et seq.), the Illinois Administrative Code (50 Ill. Admin. Code 2902 and 9110), and to consider whether the Company's operations are consistent with the public interest for workers compensation. The primary period covered by this review is December 1, 2018 through December 1, 2020, and June 1, 2018 through December 1, 2020 for complaints, unless otherwise noted. Errors outside of this time discovered during the examination, however, may also be included in the report.

The examination involved the following business functions and lines of business: Department of Insurance and consumer complaints, company operations and management, producer licensing, underwriting, and rating, and claims handling practices for the Company's workers compensation line of business.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, products, forms, extra-contractual claim adjudication guidelines, and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

### III. SUMMARY

The following represent general findings, however specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS					
Criticism #	Statute/Rule	Description of Violation	Sample	# of Violations	Error %
001	820 ILCS 305/8.2 (d) (1)	Failure to pay medical providers within 30 days.	76	20	26.3%
002	820 ILCS 305/8.2 (d) (3)	Failure to pay interest within 30 days after bill payment.	76	7	10.85%
003	820 ILCS 305/8.2 (d) (3)	Failure to pay interest within 30 days after bill payment.	83	12	14.4%
004	820 ILCS 305/8.2 (d) (1)	Failure to pay medical providers within 30 days.	83	34	40.9%

#### IV. BACKGROUND

AmGUARD Insurance Company was initially formed in 1982 in Wilkes-Barre, Pennsylvania. The original GUARD companies, AmGUARD Insurance Company, and InterGUARD, Ltd., traded as AmGUARD Enterprises. By the mid-1980's, the group was renamed The GUARD Network and began trading under that name. The Company acquired NorGUARD Insurance Company in 1987 and Mutual Fire Insurance Company of Saco, Maine in 1995. The "GUARD Network", trading name became "GUARD Insurance Group" at the turn of the millennium. At that time, GUARD Financial Group, Inc., was introduced as the ultimate holding company, which, in turn, owned GUARD Insurance Group, Inc., and subsidiaries. In 2003, WestGUARD Insurance Company was formed.

GUARD Insurance Group, Inc. was purchased by Clal Insurance Enterprises Holdings, Ltd. In May of 2007 and introduced additional lines of coverage. The name GUARD Financial Group was assumed by a Clal subsidiary involved in the transaction (which was owned by Clal U.S. Holdings, Inc.). The companies continued to trade under the name GUARD Insurance Group until the group was purchased by National Indemnity Company (a subsidiary of Berkshire Hathaway Inc.) in October of 2012. The organization was rebranded Berkshire Hathaway GUARD Insurance Companies in 2013. After a corporate restructure in 2014 aimed at simplification, GUARD Financial Group, Inc., was merged into GUARD Insurance Group, Inc., which, in turn, was merged into WestGUARD Insurance Company –the entity that currently serves as the holding company. AmGUARD Insurance Company obtained its first license in Illinois on 12/01/2003. (EastGUARD Insurance Company and NorGUARD Insurance Company were also licensed on that date. WestGUARD Insurance Company is not licensed in IL).

AmGUARD Insurance Company has been an assigned risk servicing carrier in Illinois (through the NCCI Plan Administration RFP process) since January 1, 2016. In 2019, AZGUARD Insurance Company, a non-admitted excess and surplus lines carrier, was added to Berkshire Hathaway GUARD Insurance Companies.

AmGUARD Insurance Company, AZGUARD Insurance Company, EastGUARD Insurance Company, NorGUARD Insurance Company, and WestGUARD Insurance Company are members of Berkshire Hathaway GUARD Insurance Companies with its principal place of business at 39 Public Square, Wilkes-Barre, PA 18701. WestGUARD Insurance Company retains the rights to the names GUARD Insurance Group and GUARD Financial Group.



## V. METHODOLOGY

The market conduct examination covered business for the period of December 1, 2018 to December 1, 2020 and June 1, 2018 to December 1, 2020 for complaints. Specifically, the examination focused on a review of the following areas:

- a. Department of Insurance and Consumer Complaints
- b. Company Operations and Management
- c. Producer Licensing
- d. Marketing and Sales
- e. Underwriting and Rating
- f. Claims

The review of the categories was accomplished through the examination of policyholder, claims, and complaint files. Each of the categories were examined for compliance with Department regulations and applicable state laws.

The report states whether improper practices performed by the Company resulted in the failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid violations were cited in the report. The following methods were used to obtain the required samples and to assure a methodical selection:

### Department and Consumer Complaints

The Department requested the Company provide all files relating to workers compensation complaints received via the Department and those received directly from consumers.

### Producer Licensing

New business was reviewed to determine if solicitations had been made by duly licensed persons.

### Marketing and Sales

Documents pertaining to the marketing and sales of workers compensation products were requested.

### Underwriting and Rating

The underwriting of applicants for both voluntary and involuntary workers compensation coverage was selected based on inception date of the policy falling within the period of the examination. Policies were reviewed for rating accuracy, use of filed rates, and use of filed forms, for compliance with company and NCCI underwriting guidelines.

Cancellation and non-renewals of policyholders were requested based on the effective date of the transaction falling within the examination period. Cancellation and non-renewals were reviewed for their compliance with statutory requirements, the accuracy of reason given, NCCI rules (for involuntary business), and for any possible discrimination. *The Company indicated that there were no non-renewal policies for the involuntary business.*

### Claims

All claims were reviewed for compliance with policy contracts and applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq. and 820 ILCS 305/1 et seq.) and the Illinois Administrative Code (50 Ill. Admin. Code 2902 and 9110).

VI. SAMPLE SELECTION

Survey	Reviewed	% Reviewed
<b>CLAIMS ANALYSIS</b>		
Paid Claims	159	19%
Denied Claims	59	100%
Claims Closed without Payment	84	100%
<b>COMPLAINTS</b>		
Consumer Complaints	0	NA
Department of Insurance Complaints	7	100%
<b>UNDERWRITING AND RATING</b>		
New Business	162	15.4%
Renewal Business	190	7.4%
Non-Renewal Business	17	100%
Rating (New Business & Renewal Business)	100	2.7%
Cancelations	148	31.8%

## VII. FINDINGS

- a. Complaints
  - i. Consumer Complaints
    - 1. There were no consumer complaints during the experience period.
  - ii. Department of Insurance Complaints
    - 1. There were 7 files reviewed.
    - 2. No issues were noted with documents provided.
- b. Producer Licensing
  - i. There were 96 files reviewed.
  - ii. No issues were noted with documents provided.
- c. Marketing and Sales
  - i. The Company provides training to producers who market to consumers.
  - ii. Advertising, training materials and producer procedures were reviewed, and no issues were noted.
- d. Underwriting and Rating
  - i. New Business – Voluntary and Involuntary
    - 1. There were 162 files reviewed
    - 2. No exceptions were noted.
  - ii. Renewals – Voluntary and Involuntary
    - 1. There were 162 files reviewed
    - 2. No exceptions were noted.
  - iii. Nonrenewal – Voluntary
    - 1. There were 17 files reviewed
    - 2. No exceptions were noted.
  - iv. Rating – Voluntary and Involuntary (New Business & Renewals)
    - 1. There were 100 files reviewed.
    - 2. No exceptions were noted.
  - v. Canceled – Voluntary and Involuntary
    - 1. There were 113 files reviewed.
    - 2. No exceptions were noted.
  - vi. Canceled - Involuntary
    - 1. There were 148 files reviewed
    - 2. No exceptions were noted.
- e. Claims
  - i. Paid Claims – Voluntary
    - 1. In 20 files out of 76 reviewed for an error ratio of 26.3%, the Company failed to make payments to the medical provider within 30 days of receipt of the bill that contained all necessary information. This is a violation of 820 ILCS 305/8.2 (d) (1).

2. In seven files out of 76 reviewed for an error ratio of 10.85%, the Company failed to pay the required interest payment within 30 days after payment of the bill. This is a violation of 820 ILCS 305/8.2 (d) (3).
- ii. Paid Claims – Involuntary
    1. In 12 files out of 83 files reviewed, for an error ratio of 14.4%, the Company failed to pay the required interest payment within 30 days after payment of the bill. This is a violation of 820 ILCS 305/8.2 (d) (3).
    2. In 34 files out of the 83 files reviewed, the Company failed to make payment to the medical provider within 30 days of receipt of the bill that contained all necessary information. This is a violation of 820 ILCS 305/8.2 (d) (1).
  - iii. Closed Claims – Voluntary and Involuntary
    1. There were 85 files reviewed.
    2. No exceptions were noted.
  - iv. Claims Closed Without Payment – Voluntary and Involuntary
    1. There were 97 files reviewed.
    2. No exceptions were noted.

**EXAMINATION DRAFT REPORT SUBMISSION**

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

Karina Ruthenberg  
Lisa Crump  
Bradley Shoop  
Donna Lee Williams  
Tony J. Taylor  
George Kalargyros, Examiner-in-Charge  
Shelly Schuman, Supervisory Insurance Examiner

Respectfully submitted,

*George Kalargyros*

GEORGE KALARGYROS  
EXAMINER-IN-CHARGE

*Shelly Schuman*

SHELLY SCHUMAN  
SUPERVISING EXAMINER

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**AMGUARD INSURANCE COMPANY  
P.O. BOX AH  
WILKES BARRE, PA. 18703**

### STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance (“Department”) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Amguard Insurance Company (“the Company”), NAIC 42390, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of June 1, 2018 to December 1, 2020, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall pay medical providers within 30 days. 820 ILCS 305/8.2 (d)(1)
2. Institute and maintain policies and procedures whereby the Company shall pay interest within 30 days after bill payment. 820 ILCS 305.82 (d)(3)
3. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above two (2) orders within 30 days of execution of this Order.
4. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$21,500.00 to be paid within 10 days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.


On behalf of AMGUARD INSURANCE COMPANY

  
\_\_\_\_\_  
Signature

GREGORY ORANSON  
\_\_\_\_\_  
Name

VP INTERNAL AUDIT  
\_\_\_\_\_  
Title

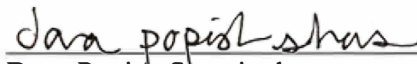
Subscribed and sworn to before me this  
27th day of October 2021.

  
\_\_\_\_\_  
Notary Public

Commonwealth of Pennsylvania - Notary Seal  
Kerry L. Garrett, Notary Public  
Luzerne County  
My commission expires November 28, 2021  
Commission number 1056338  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

DEPARTMENT OF INSURANCE of the  
State of Illinois:

DATE \_\_\_\_\_

  
\_\_\_\_\_  
Dana Popish-Severinghaus  
Acting Director

