

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 31, 2008

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2008-00058

AIG CASUALTY COMPANY,
AMERICAN INTERNATIONAL SOUTH
INSURANCE COMPANY,
AMERICAN HOME ASSURANCE COMPANY,
NATIONAL UNION FIRE INSURANCE COMPANY
OF PITTSBURGH, PA,
and
THE INSURANCE COMPANY OF THE STATE
OF PENNSYLVANIA,

Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1906 D and 38.2-2214 of the Code of Virginia by failing to delay implementation of a rate filing and supplementary rate information filing made on the companies' behalf by a rate service organization.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of

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PROPERTY CONTROL

Virginia the sum of two thousand dollars (\$2,000) per company for an amount totaling ten thousand dollars (\$10,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated September 5, 2007.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (2) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Esta L. Cain, Senior Vice President and General Counsel, Personal Lines Division, American International Companies, One AIG Center, Wilmington, Delaware 19803; and the Bureau of Insurance in care of Deputy Commissioner Mary M. Bannister.