

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 10, 2011

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COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2011-00107

PROPERTY & CASUALTY INSURANCE
COMPANY OF HARTFORD

and

TRUMBULL INSURANCE COMPANY,

Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed 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 §§ 38.2-305 A, 38.2-610 A and 38.2-2118 of the Code of Virginia by failing to accurately provide the required notices to insureds; violated § 38.2-317 A by delivering or issuing for delivery insurance policies or endorsements without having filed such policy forms or endorsements with the Commission at least thirty days prior to their effective date; violated §§ 38.2-510 A 1 and 38.2-510 A 10, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-70 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D, by failing to properly handle claims with such frequency as to indicate a general business practice; violated § 38.2-1318 by failing to properly terminate insurance policies; violated § 38.2-1833 by paying commissions for services as an agent to persons who were not properly licensed and appointed; violated § 38.2-1905 A by failing to notify insureds in writing when their policies were surcharged for at-fault accidents; violated § 38.2-1905 C by assigning points under a safe-driver insurance policy to a vehicle other than the

vehicle customarily driven by the operator responsible for incurring points; violated §§ 38.2-1906 A and 38.2-1906 D by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; violated §§ 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, and 38.2-2214 by failing to properly terminate insurance policies; violated § 38.2-2220 by using forms which did not contain the precise language of the standard forms filed and adopted by the Commission; and violated § 38.2-2234 B by using credit information from a consumer report for tier placement or rating renewal policies of motor vehicle insurance issued in the Commonwealth without updating the credit information at least once every three years.

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 Virginia the sum of Twenty-six Thousand One Hundred Dollars (\$26,100), waived their right to a hearing, agreed to comply with the Corrective Action Plan set forth in their letters to the Bureau of Insurance dated February 17, 2011, and March 18, 2011, and confirmed that restitution was made to 1,825 consumers in the amount of One Hundred Thousand Two Hundred Eighty-six Dollars and Thirty-six Cents (\$100,286.36).

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.

NOW 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.

Accordingly, IT IS 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 Rachel M. Pattison, Esquire, Associate Counsel, The Hartford, One Hartford Plaza, Law Department HO-1-09, Hartford, Connecticut 06155; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Mary M. Bannister.