

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 20, 2010

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2010-00131

FOREMOST INSURANCE COMPANY
GRAND RAPIDS, MICHIGAN,

Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-2118 of the Code of Virginia by failing to have available for use a notice summarizing how the replacement cost provisions would apply; violated §§ 38.2-305 B, 38.2-610 A, and 38.2-2125 by failing to include accurate information in notices; and violated §§ 38.2-1812, 38.2-1822, and 38.2-1833 by improperly sharing commissions with unlicensed persons, and by failing to properly appoint agents and agencies.

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to

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the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Six Thousand Dollars (\$6,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letters to the Bureau of Insurance dated March 29, 2010, and April 29, 2010.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant 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 Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant 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:
Erin R. Smith, Compliance Specialist, Location 1455, Foremost Insurance Company,
5600 Beechtree Lane, SE, Caledonia, Michigan 49316-0050; 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.