

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 8, 2010

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COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2010-00210

AMERICAN STATES PREFERRED
INSURANCE COMPANY,
GENERAL INSURANCE COMPANY OF AMERICA,
INSURANCE COMPANY OF ILLINOIS,
SAFECO INSURANCE COMPANY OF AMERICA,
SAFECO INSURANCE COMPANY OF ILLINOIS,
and
SAFECO INSURANCE COMPANY OF INDIANA,

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 § 38.2-305 A of the Code of Virginia by failing to provide accurate information required by statute in their insurance policies; violated § 38.2-305 B by failing to include accurate information in their notices; violated § 38.2-317 A by failing to use forms on file with the Bureau; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated §§ 38.2-510 A 3 and 38.2-510 A 10 by failing to properly handle claims; violated § 38.2-511 by failing to maintain a complete complaint register; violated § 38.2-610 A by failing to provide insureds with written notice of an adverse underwriting decision; violated § 38.2-1318 by failing to provide convenient access to files, documents, and records relating to an examination; violated

§ 38.2-1812 E by paying commissions to a trade name that was not registered with the Bureau; violated § 38.2-1822 A by knowingly permitting unlicensed entities to act as agents on behalf of the companies; violated § 38.2-1833 by failing to properly appoint agents and agencies; violated § 38.2-1905 A by failing to notify insureds in writing when their policies were surcharged for at-fault accidents; violated § 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 §§ 38.2-604 B, 38.2-604 C, 38.2-604.1 B, 38.2-2124, 38.2-2202 A, and 38.2-2210 A for failing to include accurate information in their notices as required by these statutes; violated §§ 38.2-2113 C, 38.2-2114 A, 38.2-2208, and 38.2-2212 F by failing to properly terminate policies of insurance; violated §§ 38.2-2214 and 38.2-2220 for failing to use standard forms; violated § 38.2-2234 A by failing to include all information required by statute in their insurance credit disclosure notices; and violated 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, and 14 VAC 5-400-80 D by failing to properly handle claims.

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 Two Hundred One Thousand Dollars (\$201,000), 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 April 5, 2010, May 27, 2010, and August 6, 2010, and have confirmed that

restitution was made to 26 consumers in the amount of Four Thousand Four Hundred Sixty-three Dollars and Seventy-six Cents (\$4,463.76).

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: Mark Plesha, Regional Director, Market Conduct Services, Liberty Mutual Group, 175 Berkeley Street, Boston, Massachusetts 02117-0140; 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.