

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 30, 2012

REGISTRAR'S OFFICE  
REGISTRATION CONTROL CENTER  
2012 JUL 30 P 13: 52

120730247

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2012-00143

AMERICAN ECONOMY INSURANCE COMPANY,  
AMERICAN STATES INSURANCE COMPANY,  
GENERAL INSURANCE COMPANY OF AMERICA,  
FIRST NATIONAL INSURANCE COMPANY  
OF AMERICA,  
SAFECO INSURANCE COMPANY OF AMERICA,  
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Economy Insurance Company, American States Insurance Company, General Insurance Company of America, First National Insurance Company of America, and Safeco Insurance Company of America (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated 14 VAC 5-335-10 *et seq.* of the Commission's Rules Governing Claims-Made Liability Insurance Policies ("Rules"), by issuing claims-made forms that did not comply with the Rules since January 1, 2005, the effective date of the regulation.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia ("Code") 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 the sum of One Thousand Dollars (\$1,000) per company for an amount totaling Five Thousand Dollars (\$5,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated May 31, 2012.

The Bureau 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.

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

Accordingly, IT IS ORDERED THAT:

(1) The offer of American Economy Insurance Company, American States Insurance Company, General Insurance Company of America, First National Insurance Company of America, and Safeco Insurance Company of America in settlement of the matter set forth herein be, and it is hereby, accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Merilyn Overton, Business Analyst II, Liberty Mutual Group, 350 East 96<sup>th</sup> Street, Indianapolis, Indiana 46240; 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.