

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 13, 2011 CLERK'S OFFICE

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COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2011-00050

HORACE MANN INSURANCE COMPANY,
HORACE MANN PROPERTY & CASUALTY
INSURANCE COMPANY,

and

TEACHERS 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 §§ 38.2-304 and 38.2-2112 A of the Code of Virginia by using a binder in excess of sixty (60) days; violated § 38.2-305 A by failing to include accurate information in policies; 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 § 38.2-502 by misrepresenting benefits, advantages, or terms of insurance policies; violated § 38.2-1318 by failing to provide convenient access to the files, documents, and records; violated § 38.2-1812 for paying commissions to agencies that were not appointed by the Defendants; violated §§ 38.2-305 B, 38.2-604 A, 38.2-604.1 A, 38.2-610 A, 38.2-2118, 38.2-2124, 38.2-2125, 38.2-2126 A, 38.2-2210 A, and 38.2-2234 A by failing to provide proper notices to the insureds; violated §§ 38.2-2114 A, 38.2-2114 C, 38.2-2212 D, and 38.2-2212 E by failing to properly

terminate policies; violated §§ 38.2-2126 B and 38.2-2234 B by failing to update the insureds' credit information at least once in a three year period; and violated §§ 38.2-510 A 1, 38.2-510 A 3, 38.2-517 A, and 38.2-2201 B, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, and 14 VAC 5-400-70 D, for 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 Forty-eight Thousand Eight Hundred Dollars (\$48,800), waived their right to a hearing, agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau of Insurance dated January 14, 2011, and the Defendants have confirmed that restitution was made in accordance with their letters to the Bureau of Insurance dated October 20, 2010, and January 14, 2011.

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:

Stephanie Fuller, Director of Compliance, The Horace Mann Companies, #1 Horace Mann Plaza, Springfield, Illinois 62715; 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.