

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, OCTOBER 19, 2011

111030167

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2011-00201

BRISTOL WEST INSURANCE COMPANY  
and  
BRISTOL WEST CASUALTY 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 of the Code of Virginia by failing to provide the information required by statute in insurance policies; violated § 38.2-502 by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-1905 C by assigning points under a safe-driver insurance policy to any vehicle other than the vehicle customarily driven by the operator responsible for incurring points; 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 §§ 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, and 38.2-2212 F by failing to properly terminate 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; violated §§ 38.2-305 B, 38.2-517 A 3, 38.2-604 B, 38.2-610 A, 38.2-2202 A, 38.2-2202 B, and 38.2-2234 by failing to accurately provide the required notices to insureds; violated § 38.2-1905 A by

failing to notify insureds in writing when their policies were surcharged for at-fault accidents; violated §§ 38.2-1812 and 38.2-1833 for paying commissions to agencies that were not appointed by the Defendants; and violated §§ 38.2-510 A 1, 38.2-510 A 3 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.

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 Seventy-five Thousand Four Hundred Dollars (\$75,400), 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 July 13, 2011, and confirmed that restitution was made in accordance with its letter to the Bureau dated July 13, 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:

Christina Austin, Director – Compliance, Bristol West Insurance Group, 5990 West Creek Road, Independence Ohio 44131; 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.