

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, JANUARY 24, 2012

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COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2011-00242

GRANITE STATE INSURANCE COMPANY,  
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 §§ 38.2-517 A 3, 38.2-604 B, 38.2-604.1 B, 38.2-1905 A, 38.2-2202 B, and 38.2-2230 of the Code of Virginia by failing to accurately provide the required notices to insureds; 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 Defendant; violated § 38.2-2201 B by failing to obtain authorization from the insureds prior to paying the medical provider; violated §§ 38.2-2208 B and 38.2-2212 F by failing to properly terminate policies; and violated § 38.2-510 A, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-60 B, 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 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 the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of Eighteen Thousand One Hundred Dollars (\$18,100), waived its right to a hearing, and confirmed that restitution was made to five consumers in the amount of One Thousand Four Hundred Sixty Dollars and Forty-two Cents (\$1,460.42).

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:

Allan L. Wadsworth, Manager, Market Conduct Unit, Law Department, 175 Water Street, 18<sup>th</sup> Floor, New York, New York 10038; 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.