COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 19, 2012

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.   CASE NO. INS-2012-00261

AIU INSURANCE COMPANY,
                    Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance

("Bureau"), it is alleged that AIU Insurance Company ("Defendant"), duly licensed by the State

Corporation Commission ("Commission") to transact the business of insurance in the

Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 A of the Code of Virginia

("Code") by failing to provide the information required by the statute in the insurance policy;

violated § 38.2-317 A of the Code by delivering or issuing for delivery insurance policies or

endorsements without having filed such policy forms or endorsements with the Commission at

least thirty (30) days prior to their effective date; violated §§ 38.2-604 B, 38.2-610 A, 38.2-2118,

and 38.2-2126 A of the Code by failing to accurately provide the required notices to insureds;

violated § 38.2-1318 of the Code by failing to provide convenient access to files, documents, and

records; violated §§ 38.2-1812 and 38.2-1833 of the Code by paying commissions to

agents/agencies that were not appointed by the Defendant; violated § 38.2-1822 A of the Code

by knowingly permitting a person to act as an insurance agent without such person first obtaining

a license in the manner and form prescribed by the Commission; violated §§ 38.2-1906 A and

38.2-1906 D of the Code 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

§§ 38.2-2113 A, 38.2-2113 C, 38.2-2114 A, and 38.2-2114 C of the Code by failing to properly terminate insurance policies; and violated 14 VAC 5-400-30 and 14 VAC 5-400-70 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, 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 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 the sum of Thirty One Thousand Nine Hundred Dollars ($31,900), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated April 23, 2012, July 26, 2012, and August 29, 2012, and confirmed that restitution was made to fourteen (14) consumers in the amount of Fifty-nine Thousand Twelve Dollars and Twelve Cents ($59,012.12).

The Bureau 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.

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

Accordingly, IT IS ORDERED THAT:

(1) The offer of AIU Insurance Company in settlement of the matter set forth herein 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: Allan L. Wadsworth, Manager, Regulatory Affairs, Law Department, Chartis U.S., 100 Connell Drive, Suite 1, East Berkeley Heights, New Jersey 07922; 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.