

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 8, 2017

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2017-00206

UNITED STATES FIRE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that United States Fire Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-316 A and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy form filing requirements; § 38.2-502 (1) of the Code by misrepresenting the terms of the policy; § 38.2-508 (2) of the Code by failing to comply with practices to prevent unfair discrimination; § 38.2-514 B of the Code by failing to make proper disclosure in the explanation of benefits; § 38.2-1812 A of the Code by paying commissions to agents that are not properly licensed and appointed; § 38.2-1822 A of the Code by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1833 A (1) of the Code by failing to comply with agent appointment requirements; § 38.2-3405 B of the Code by improperly allowing the subrogation of a claims payment; § 38.2-3407.1 B of the Code by failing to comply with the requirement for the payment of interest on claim proceeds; § 38.2-3407.4 A of the Code by failing to file for approval its explanation of benefits forms prior to use; and 14 VAC 5-400-30 A, 14 VAC 5-400-50 A, 14 VAC 5-400-50 D, 14 VAC 5-400-60 A,

14 VAC 5-400-60 B, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D 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 a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 Virginia the sum of Twenty-Five Thousand Dollars (\$25,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan contained in the Bureau's letter dated October 13, 2017.

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 the Defendant 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:
Caren Alvarado, Vice President Regulatory Affairs and Compliance, Fairmont Specialty, A&H
Division, 5 Christopher Way, 3rd Floor, Eatontown, New Jersey 07724; and a copy shall be
delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of
Deputy Commissioner Julie S. Blauvelt.