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STATE CORPORATION COMMISSION

CASE NO. INS-2016-00148

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that The Cincinnati Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-231 F, 38.2-2114 A, and 38.2-2114 C of the Code of Virginia ("Code") by failing to properly terminate insurance policies; violated § 38.2-304 of the Code by using an oral or written binder of insurance for more than 60 days as required by the statute; violated § 38.2-305 A of the Code by failing to provide the information required by the statute in the insurance policy; violated §§ 38.2-305 B, 38.2-2118, and 38.2-2125 of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-517 A of the Code by failing to properly handle claims; violated § 38.2-1812 of the Code by paying commissions to agencies/agents that are not appointed by the Defendant; violated § 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; violated §§ 38.2-1906.1 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 § 38.2-2220 of the Code by failing to use forms in the precise language of standard forms previously filed and adopted by the Commission; violated § 38.2-2234 E of the Code by failing to update the insured's credit information at least once in a three year period; and violated §§ 38.2-510 A (1) and 38.2-510 A (3) of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-50 D, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 50-400-10 *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 Forty-one Thousand Five Hundred Dollars (\$41,500), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated August 25, 2015, October 16, 2015, December 7, 2015, and June 1, 2016, and confirmed that restitution was made to 28 consumers in the amount of Twelve Thousand Nine Hundred Seventy-Five Dollars and Nine Cents (\$12,975.09), and agreed to the entry by the Commission of a cease and desist order with regards to Rule 14 VAC 5-400-50 D.

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.

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Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall cease and desist from any future conduct that constitutes a violation of Rule 14 VAC 5-400-50 D.

(3) 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:

Mark Welsh, Vice President – Regulatory & Consumer Relations, The Cincinnati Insurance Company, 6200 South Gilmore Road, Fairfield, Ohio 45014-5141; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Rebecca Nichols.