

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 31, 2018

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2018-00187

THE GENERAL AUTOMOBILE INSURANCE
COMPANY, INC.

Defendant

SETTLEMENT ORDER

Based on a market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that The General Automobile Insurance Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by statute in the insurance policy; §§ 38.2-305 B, 38.2-517 A, 38.2-604 B, 38.2-604.1, 38.2-610 A, 38.2-2202 A, 38.2-2202 B, and 38.2-2230 of the Code by failing to accurately provide the required notices to insureds; § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; § 38.2-1318 of the Code by failing to provide convenient access to files, books and records; § 38.2-1812 E of the Code by paying commissions to a trade name that was not registered with the Bureau; § 38.2-1822 A of the Code by permitting an unlicensed agent to act on the Defendant's behalf; § 38.2-1833 of the Code by paying commissions to agencies or agents that are not appointed by the Defendant; § 38.2-1905 C of the Code by assigning points under a safe-driver insurance policy to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points;

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§ 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; §§ 38.2-2208 B, 38.2-2212 E, and 38.2-2212 F of the Code by failing to properly terminate insurance policies; § 38.2-2214 of the Code by using a rate classification statement other than the one filed and approved by the Bureau; § 38.2-2220 of the Code by failing to have mandatory standard forms available for use; §§ 38.2-510 A (1), 38.2-510 A (3), and 38.2-510 A (10) of the Code and 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* ("Rules"), 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 the 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 agreed to comply with the corrective action plan outlined in company correspondence dated April 12, 2018, May 29, 2018, and June 15, 2018; confirmed that restitution was made to 32 consumers in the amount of Thirteen Thousand Two Hundred Ninety-six Dollars and Six cents (\$13,296.06); tendered to Virginia the sum of Fifty Three Thousand Seven Hundred Dollars (\$53,700); and waived the right to a hearing.

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: John A. Hollar, President & Chief Operating Officer, The General Automobile Insurance Company, Inc., 2636 Elm Hill Pike, Suite 510, Nashville, Tennessee 37214; 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.