

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 20, 2020

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2020-00111

DAIRYLAND INSURANCE COMPANY,
and
PEAK PROPERTY AND CASUALTY INSURANCE CORPORATION,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Dairyland Insurance Company and Peak Property and Casualty Insurance Corporation (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated:

§ 38.2-305 A of the Code of Virginia ("Code") by failing to include the information required by the statute in the insurance policy;

§ 38.2-305 B of the Code by failing to provide the Important Information notice to policyholders;

§ 38.2-502 (1) of the Code by failing to properly represent the benefits, advantages, conditions or terms of an insurance policy;

§ 38.2-510 A 3 of the Code by failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;

§ 38.2-510 A 6 of the Code by failing to make a prompt, fair and equitable settlement of a claim in which liability was reasonably clear;

§ 38.2-604.1 of the Code by failing to have a Financial Information Collection and Disclosure Practices notice that complies with the statute;

§ 38.2-604 C of the Code by failing to accurately provide the required notice of information collection and disclosure practices to insureds;

§ 38.2-610 A of the Code by failing to have an adverse underwriting decision notice that complies with the statute;

§ 38.2-1318 C of the Code by failing to provide the examiners convenient access to files, documents, and records of the Defendants that are relevant to the examination;

§ 38.2-1822 A of the Code by allowing an entity to act as an agent without first obtaining a license from the Commonwealth of Virginia;

§ 38.2-1833 of the Code by failing to appoint an agent within thirty (30) days of the date of the insurance application;

§ 38.2-1905 A of the Code by failing to have an Accident Surcharge Point notice in compliance with the statute;

§ 38.2-1905 C of the Code by failing to properly assign points under the Safe Driver Insurance Plan;

§ 38.2-1906 A of the Code by failing to file with the Commission all rate and supplemental rate information for use in Virginia on or before the date they become effective;

§ 38.2-1906 D of the Code by failing to use the rate and supplementary rate information on file with the Bureau;

§ 38.2-2202 A of the Code by failing to include the Medical Expense Benefits Coverage Options notice in the precise language of the statute;

§ 38.2-2202 B of the Code by failing to include the Uninsured Motorist Optional Limits notice in the precise language of the statute;

§ 38.2-2210 A of the Code by failing to have the 60-day Cancellation Warning notice on or attached to the application;

§§ 38.2-2212 D, 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 failing to use the Rate Classification Statement in the form approved by the Commission;

§ 38.2-2230 of the Code by failing to offer, in writing, the option of purchasing rental reimbursement coverage, or otherwise failing to have a compliant Rental Reimbursement Coverage notice;

§ 38.2-2234 A of the Code by failing to have a compliant Automobile Insurance Credit Disclosure Notice; as well as,

14 VAC 5-400-30 of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* of the Virginia Administrative Code ("Rules"), by failing to properly document the claim file to sufficiently reconstruct events and/or dates that were pertinent to the claim;

14 VAC 5-400-40 A of the Rules by failing to fully disclose all pertinent benefits and coverages applicable to a claim;

14 VAC 5-400-60 B of the Rules by failing to notify the insured, in writing, every 45 days of the reason for the Defendants' delay in completing the investigation of a claim;

14 VAC 5-400-70 D of the Rules by failing to offer a fair and reasonable amount on a claim; and

14 VAC 5-400-80 D of the Rules by failing to provide claimants with a copy of the Defendants' prepared estimate as required by the Rules.

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 Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the corrective action plan outlined in the Defendants' correspondence dated July 1, 2019, October 10, 2019, April 13, 2020, and May 15, 2020; have confirmed restitution was made to 83 consumers in the amount of Sixty-two Thousand Four Hundred Ninety-two Dollars and Thirty-eight Cents (\$62,492.38); have tendered to the Treasurer of Virginia the sum of Seventy Eight Thousand Dollars (\$78,000); and have waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendants 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 Defendants, and the recommendation of the Bureau, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

1. The offer of the Defendants 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.

A COPY of this order shall be sent electronically by the Clerk of the Commission to: Liz Kilinski, Market Conduct Analyst, Sentry Insurance, at liz.kilinski@sentry.com; 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.