

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 8, 2022

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2022-00051

FARMERS INSURANCE EXCHANGE,
MID-CENTURY INSURANCE COMPANY,
TRUCK INSURANCE EXCHANGE,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Farmers Insurance Exchange, Mid-Century Insurance Company and Truck Insurance Exchange (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-304 A of the Code of Virginia ("Code") by using a written binder for a period exceeding sixty (60) days; § 38.2-305 B of the Code by failing to provide the required notice to insureds; § 38.2-317 A of the Code by failing to obtain approval for policy forms available for use; § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions, or terms of an insurance policy; § 38.2-510 A 1 of the Code by failing to represent pertinent facts or insurance policy provisions relating to coverages at issue with such frequency as to indicate a general business practice; § 38.2-511 of the Code by failing to maintain a complete record of written complaints received by the Defendants as required by statute; § 38.2-1318 C of the Code by failing to provide Commission personnel with convenient access to files, documents and records during an examination; §§ 38.2-1905 A and 38.2-2129 of the Code by failing to include all required information in notices provided to insureds;

§ 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 rates and supplementary rate information for use in Virginia on or before the date they became effective; § 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 in effect for the Defendants; §§ 38.2-2114 A, 38.2-2114 C, 38.2-2212 D, 38.2-2212 E and 38.2-2212 F of the Code by failing to terminate insurance policies properly; § 38.2-2220 of the Code by failing to use the precise language of standard automobile forms filed and adopted by the Commission; § 38.2-2223 of the Code by including additional provisions or more favorable coverage in standard automobile forms without obtaining approval from the Commission prior to use; as well as 14 VAC 5-400-40 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* of the Virginia Administrative Code by failing to fully disclose to an insured all pertinent coverages of an insurance policy under which a claim is presented; Rule 14 VAC 5-400-70 D by failing to offer to a first party claimant a fair and reasonable amount as shown by the investigation of the claim; and Rule 14 VAC 5-400-80 D by failing to provide copies of the Defendants' prepared repair estimates to the vehicle owner 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 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 company correspondence dated June 4, 2021, November 12, 2021, and March 28, 2022; have confirmed restitution was made to 52 consumers in the amount of Twenty-one Thousand Six Hundred Eighty-one Dollars and Eighty-three Cents (\$21,681.83); have tendered to the Treasurer of Virginia the sum Eighty-six Thousand Four Hundred Dollars (\$86,400); 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.

A COPY of this order shall be sent by the Clerk of the Commission by electronic mail to: Kristina Ceja, Regulatory Affairs Specialist II, at kristina.ceja@farmersinsurance.com, 6301 Owensmouth Avenue, Woodland Hills, California 91367; 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.