

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 18, 2004

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2004-00130

FEDERAL INSURANCE COMPANY,  
GREAT NORTHERN INSURANCE COMPANY,  
PACIFIC INDEMNITY COMPANY,  
and  
VIGILANT INSURANCE COMPANY,

Defendants

JUN 18 P 4:30

DOCUMENT CONTROL

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendants, each of which is duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, violated the Code of Virginia and the Virginia Administrative Code as follows: Federal Insurance Company violated §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317 A, 38.2-1812, 38.2-1822, 38.2-1833, 38.2-1906 D, 38.2-2014, 38.2-2124, 38.2-2125, and 38.2-2220 of the Code of Virginia, as well as 14 VAC 5-390-40 D and 14 VAC 5-400-40 A; Great Northern Insurance Company violated §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317 A, 38.2-1833, 38.2-1906 D, 38.2-2014, and 38.2-2220 of the Code of Virginia; Pacific Indemnity Company violated §§ 38.2-231, 38.2-305, 38.2-317 A, 38.2-1833, 38.2-1906 D, 38.2-2124, 38.2-2125, and 38.2-2220 of the Code of Virginia; and Vigilant Insurance Company violated §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317 A, 38.2-1812, 38.2-1822, 38.2-1833, 38.2-1906 D, 38.2-2014, 38.2-2125, and 38.2-2220 of the Code of Virginia.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or

revoke Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that Defendants have committed the aforesaid alleged violations.

Defendants has been advised of their right to a hearing in this matter, whereupon Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein Defendants have tendered to the Commonwealth of Virginia the sum of sixty-five thousand dollars (\$65,000), waived their right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of Defendants, and the recommendation of the Bureau of Insurance, is of the opinion that Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Federal Insurance Company cease and desist from any conduct that constitutes a violation of §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317 A, 38.2-1812, 38.2-1822, 38.2-1833, 38.2-1906 D, 38.2-2014, 38.2-2124, 38.2-2125 or 38.2-2220 of the Code of Virginia, or 14 VAC 5-390-40 D or 14 VAC 5-400-40 A; Great Northern Insurance Company cease and desist from any conduct which constitutes a violation of §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317 A, 38.2-1833, 38.2-1906 D, 38.2-2014 or 38.2-2220 of the Code of Virginia; Pacific Indemnity Company cease and desist from any conduct which constitutes a violation of §§ 38.2-231, 38.2-305, 38.2-317 A, 38.2-1833, 38.2-1906 D, 38.2-2124, 38.2-2125 or 38.2-2220 of the Code of Virginia; and Vigilant Insurance Company cease and desist from any conduct which constitutes a violation of §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317 A, 38.2-1812, 38.2-1822, 38.2-1833, 38.2-1906 D, 38.2-2014, 38.2-2125 or 38.2-2220 of the Code of Virginia; and

(3) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Amelia C. Lynch, Senior Vice President and Deputy Compliance Officer, Chubb & Son, 15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615; and the Bureau of Insurance in care of Deputy Commissioner Mary M. Bannister.