

1 3. Century-National issued Business Auto ("BAP")
2 policies. Century-National rated BAP policies other than in
3 accordance with its rates and rules filed with the Department by:

4 a. issuing 11 policies which contained an
5 endorsement increasing the policy deductible and required that
6 the insured notify it of all drivers prior to driving a
7 scheduled vehicle, without a reduction in premium.
8 Century-National's filings did not provide for the issuance of
9 this endorsement.

10 b. issuing 4 policies on which it failed to apply
11 surcharges as required by its filings.

12 c. applying a 10% "transfer credit" to one policy,
13 without documenting the policy file with any facts supporting
14 the credit.

15 d. using both the additive and multiplicative
16 approaches to combining modifiers for premium modification
17 although no method of combining modifiers was filed with the
18 Department.

19 4. Century-National cancelled Personal Automobile ("PA")
20 policies in effect for 60 days or more other than in accordance
21 with Arizona law by:

22 a. cancelling a total of 6 policies for reasons
23 other than the grounds for cancellation permitted by A.R.S. §
24 20-1631(B).

25 b. cancelling 104 policies without advising the
26 insureds of the right to complain to the Director and of
27 possible eligibility for insurance through the automobile
28 assigned risk plan.

1 c. cancelling 2 policies without providing 10 days'
2 notice of cancellation to the insureds.

3 These policies were cancelled for reasons other than
4 nonpayment of premium.

5 5. Century-National cancelled 52 PA policies for
6 nonpayment of premium without providing the insureds with notice
7 of the right to complain to the Director.

8 6. Century-National nonrenewed PA policies in effect for
9 60 days or more other than in accordance with Arizona law by:

10 a. nonrenewing 2 policies on grounds that each
11 insured had 2 losses during the policy period.

12 b. nonrenewing one policy which had been effective
13 for more than 60 days for nonpayment of premium although the
14 premium was not yet due.

15 c. nonrenewing 20 policies because the agents who
16 had originally sold the policies to the insureds no longer
17 represented Century-National.

18 d. nonrenewing 16 policies without advising the
19 insureds of the right to complain to the Director and of
20 possible eligibility for insurance through the automobile
21 assigned risk plan.

22 e. refusing to renew 3 PA policies because the agent
23 was late in requesting the renewals. New policies were written
24 with lapses in coverage and the renewal discount was not allowed.

25 f. nonrenewing an additional seventy-five 75 PA
26 policies for reasons not allowed by statute.

27 7. Century-National failed to acknowledge receipt of
28 notifications of 10 PA claims within 10 working days.

1 8. Century-National failed to complete its investigation
2 of 29 claims within 30 days after notification of the claims,
3 and the claim files did not contain evidence that the
4 investigations could not reasonably have been completed during
5 that time.

6 9. Century-National failed to pay the full amount of
7 sales taxes and fees due on 44 first-party automobile total loss
8 claims. A total of \$1,071.42 was due these claimants in
9 addition to the amounts paid by Century-National at the time of
10 settling these claims. The amount of \$1,071.42, plus interest,
11 has been paid to these claimants.

12 10. Century-National failed pay to the full actual cash
13 value ("ACV") shown in the claim files on 16 first party total
14 loss settlements, without documenting the reason for the
15 deviation. A total of \$6,492.14 was owing to these insureds and
16 has been paid in full with interest.

17 CONCLUSIONS OF LAW

18 1. Century-National violated A.R.S. § 20-398(A) by using
19 an unfiled endorsement on certain BAP policies.

20 2. Century-National violated A.R.S. § 20-400.01(A) by
21 developing premiums for commercial risks in a manner not
22 consistent with filings made by Century-National pursuant to
23 A.R.S. § 20-385(A).

24 3. Century-National violated A.R.S § 20-400.01(B) by
25 making an adjustment to the full manual premium developed for
26 commercial risks without adequate justification for the
27 adjustments.

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1 4. Century-National violated A.R.S. § 20-1631(B) (now
2 A.R.S. § 20-1631(C)) by cancelling or nonrenewing PA policies
3 which had been in effect for more than 60 days for reasons other
4 than those listed in that statute.

5 5. Century-National violated A.R.S. § 20-1631(E) (now
6 20-1631(F)) by nonrenewing PA policies where the writing agents
7 no longer represented Century-National.

8 6. Century-National violated A.R.S. § 20-1632(A) by
9 failing to notify PA insureds of policy cancellation at least 10
10 days in advance of the effective date of cancellation.

11 7. Century-National violated A.R.S. § 20-1632(A)(1) by
12 failing to include notice of the insureds' right to complain to
13 the Director in notices of cancellation and violated A R.S. §
14 20-1632(A)(2) by failing to include notice of the insureds'
15 possible eligibility for the assigned risk plan in notices of
16 cancellation and nonrenewal sent to PA insureds.

17 8. Century-National violated A.R.S. § 20-1632.01(B) by
18 failing to include notice of the insureds' right to complain to
19 the Director in notices of cancellation for nonpayment of
20 premium.

21 9. Century-National violated A.R.S §§ 20-1632.01(B) and
22 20-385(A) by nonrenewing PA policies and failing to give renewal
23 discounts on those policies because the agents were late in
24 requesting renewals.

25 10. Century-National violated A.A C. R6-20-801(E)(1) by
26 failing to acknowledge notification of automobile total loss
27 claims within ten (10) working days.

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1 11. Century-National violated A.A.C. R6-20-801(F) by
2 failing to complete the investigation of automobile total loss
3 claims within (30) days of notification.

4 12. Century-National violated A.C.C. R6-20-801(H)(1)(b)
5 and A.R.S. § 20-461(A)(6) by failing to pay the full amount of
6 sales taxes and license fees required for the purchase of
7 comparable automobiles to first party claimants in their
8 settlement of total loss claims.

9 13. Century-National violated A.A C R6-20-801(H)(1)(c) by
10 failing to document the reasons that first party total loss
11 claims were paid other than on the basis of the ACV shown in the
12 claim files.

13 14. Grounds exist for the entry of all provisions of the
14 following Order.

15 ORDER

16 Century-National having admitted the jurisdiction of the
17 Director to enter this Order, having waived the Notice of
18 Hearing and the Hearing, having waived any and all rights to
19 appeal this Order, and having consented to the entry of this
20 Order and there being no just reason for delay:

21 **IT IS ORDERED THAT:**

- 22 1. Century-National shall cease and desist from:
23 a. issuing unfiled endorsements;
24 b. failing to advise PA insureds of their right to
25 complain to the Director following policy cancellation or
26 nonrenewal;

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1 c. failing to advise PA insureds of their possible
2 eligibility in the assigned risk plan in notices of cancellation
3 or nonrenewal for reasons other than nonpayment of premium;

4 d. failing to pay the full amount of sales taxes and
5 license fees due in settlements of first party automobile total
6 loss claims.

7 2. Century-National shall develop and submit to the
8 Department, within sixty (60) days of the filed date of this
9 Report, written action plans to ensure that:

10 a. personnel responsible for personal lines
11 cancellations and nonrenewals are familiar with statutes
12 concerning cancellations and nonrenewals including A.R.S. §§
13 20-1631, 20-1632 and 20-1632.01.

14 b. all claims personnel comply with all provisions
15 of A.A.C. R6-20-801 and A.R.S. §§ 20-461 in processing total
16 loss claims.

17 3. The Department shall be permitted, through authorized
18 representatives, to verify that Century-National has fully
19 complied with all requirements of this Order.


20 4. Century-National shall pay a civil penalty of
21 \$22,000.00 to the Director for deposit in the State General
22 Fund. The civil penalty shall be provided to the Market Conduct
23 Examinations Division of the Department on or before December 8,
24 1995.

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5. The September 24, 1992 Report of Examination, to include the objections to the Report by Respondents, shall be filed with the Department after this Order has been filed.

DATED at Phoenix, Arizona this 22nd day of December, 1995.


Chris Herstam
Director of Insurance

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CONSENT TO ORDER

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2 1. Respondent, Century-National Insurance Company, has
3 reviewed the foregoing Consent Order.

4 2. Respondent is aware of its right to a hearing at which
5 hearing Respondent may be represented by counsel, present
6 evidence and cross-examine witnesses. Respondent has irrevocably
7 waived its right to such public hearing and to any court appeals
8 relating thereto.

9 3. Respondent admits the jurisdiction of the Director of
10 Insurance, State of Arizona, and consents to the entry of this
11 Consent Order.

12 4. Respondent states that no promise of any kind or
13 nature whatsoever was made to it to induce it to enter into this
14 Consent Order and that it has entered into this Consent Order
15 voluntarily.

16 5. Respondent acknowledges that the acceptance of this
17 Order by the Director of Insurance, State of Arizona, is solely
18 for the purpose of settling this matter against it and does not
19 preclude any other agency or officer of this state or
20 subdivision thereof from instituting other civil or criminal
21 proceedings as may be appropriate now or in the future.

22 6. Kevin Wilson represents that as
23 Vice President he is an officer of Century-National
24 Insurance Company and that, as such, he is authorized by it to
25 enter into this Consent Order on its behalf.

26 CENTURY-NATIONAL INSURANCE COMPANY

27 12/5/95
28 (date)

By Kevin Wilson

1 COPY of the foregoing mailed/delivered
this 22nd day of December , 1995, to-

2 Charles R. Cohen
3 Deputy Director
4 Gregory Y. Harris
5 Executive Assistant Director
6 Lewis D. Kowal
7 Chief Administrative Law Judge
8 Erin H. Klug
9 Chief Market Conduct Examiner
10 Saul R. Saulson
11 Examinations Supervisor
12 Market Conduct Examinations Division
13 Mary Butterfield
14 Assistant Director
15 Life & Health Division
16 Deloris E. Williamson
17 Assistant Director
18 Rates & Regulations Division
19 Gary Torticill
20 Assistant Director and Chief Financial Examiner
21 Corporate & Financial Affairs Division
22 Cathy O'Neil
23 Assistant Director
24 Consumer Services Division
25 John Gagne
26 Assistant Director
27 Investigations Division
28 Dean Ehler
Supervisor
Property and Casualty Section

DEPARTMENT OF INSURANCE
2910 North 44th Street, Suite 210
Phoenix, AZ 85018

Kevin Wilson, Vice President
Century-National Insurance Company
P.O. Box 3999
North Hollywood, California 91609-9990

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