

MAR 1 2001

DEPT. OF INSURANCE  
BY                     

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

**ATLANTA CASUALTY COMPANY,**

NAIC #21792;

**Respondent**

) Docket No. 01A-057-INS

) CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a market conduct examination of Atlanta Casualty Company ("ACC"). The Report of Examination of the Market Conduct Affairs of ACC alleges that ACC has violated A.R.S. §§20-461, 20-462, 20-2110, and A.A.C. R20-6-801.

ACC wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

**FINDINGS OF FACT**

- 1. ACC is authorized to transact property and casualty insurance pursuant to a Certificate of Authority issued by the Director.
- 2. The Examiners were authorized by the Director to conduct a market conduct examination of ACC. The on-site examination covered the time period from January 1, 1997 through September 1, 1999, and was concluded on January 27, 2000. Based on the findings, the Examiners prepared the "Report of Examination of the Market Conduct Affairs of Atlanta Casualty Company" dated January 27, 2000.
- 3. The Examiners reviewed 134 of 4,423 personal automobile policy files that were canceled or nonrenewed during the time frame of the examination and found that

1 ACC canceled 74 policies for underwriting reasons, but failed to provide the insureds  
2 with a Summary of Rights.

3 4. The Examiners reviewed 60 of 60 first party automobile total loss settlement  
4 claims paid and 14 of 14 third party automobile total loss claims paid during the time  
5 frame of the examination and found as follows:

6 a. ACC failed to pay 33 insureds the sum of \$503.29 for sales tax, title,  
7 registration and air quality tax fees.

8 b. ACC failed to pay interest on one first party claim not paid within 30  
9 days of receipt of acceptable proof of loss.

#### 10 11 **CONCLUSIONS OF LAW**

12 1. ACC violated A.R.S. § 20-2110(A) by failing to provide insureds with a  
13 Summary of Rights when canceling their personal automobile policies

14 2. ACC violated A.A.C. R20-6-801(H)(1)(b) and A.R.S. §20-461(A)(6) by failing  
15 to pay first party total loss claimants the full amount of applicable taxes, license fees  
16 and other fees incident to transfer of evidence of ownership of comparable  
17 automobiles.

18 3. ACC has violated A.R.S. §20-462(A) by failing to pay interest on a first party  
19 claim not paid within 30 days after its receipt of an acceptable proof of loss.

20 4. ACC has violated A.R.S. §20-461(A)(6) by failing to pay third party total loss  
21 claimants the full amount of applicable taxes, license fees and other fees incident to  
22 transfer of ownership of comparable automobiles.

23 5. Grounds exist for the entry of the following Order, pursuant to A.R.S. §§20-  
24 220, 20-456 and 20-2117.

1 ORDER

2 **IT IS ORDERED THAT:**

3 1. ACC shall cease and desist from:

4 a. Failing to provide insureds with a Summary of Rights in its notice of  
5 cancellation and nonrenewal of personal automobile policies.

6 b. Failing to pay all first and third party automobile total loss claimants,  
7 all applicable taxes, license fees and other fees incident to transfer of evidence of  
8 ownership of comparable automobiles,

9 2. Within 90 days of filed date of this Order, ACC shall submit to the Arizona  
10 Department of Insurance, for approval, evidence that corrections have been  
11 implemented and communicated to the appropriate personnel regarding all of the  
12 items mentioned in Paragraph 1 of the Order section of this Consent Order. Evidence  
13 of corrective action and communication thereof includes, but is not limited to memos,  
14 bulletins, E-mails, correspondence, procedures manuals, print screens and training  
15 materials.

16 3. Within 90 days of the filed date of this Order, ACC shall pay \$441.64 in  
17 unpaid taxes, title registration fees and air quality fees, plus interest at the legal rate of  
18 ten percent (10%) per annum until the date the claims are paid, to the 11 first party  
19 total loss claimants with claims of \$5.00 or more listed in Exhibit A of this Order.

20 4. ACC shall pay the insured, first party claim file 02500681-06, with date of  
21 loss of March 29, 1997, interest at the legal rate of 10% per annum, until the date  
22 interest is paid.

23 5. Within 90 days of the filed date of this Order, ACC shall pay \$25.15 in  
24 unpaid taxes, title registration fees and air quality fees to the claimant in the third party  
25 claim file 06332986-01, with a May 28, 1998 date of loss.

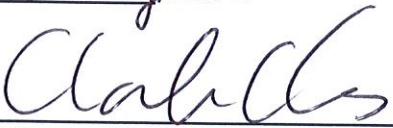
1           6. Each payment made in accordance with Items 3, 4 and 5 above shall be  
2 accompanied by a letter to either the insured or claimant in a form approved by the  
3 Director. ACC shall list the payments, giving the name and address of each party  
4 paid, the amount of the payment, the amount of interest paid, and the date of payment,  
5 and shall provide this list to the Department, within 90 days of the filed date of this  
6 Order.

7           7. The Department shall be permitted, through authorized representatives, to  
8 verify that ACC has complied with all provisions of this Order.

9           8. ACC shall pay a civil penalty of \$6,000.00 to the Director for deposit in the  
10 State General Fund in accordance with A.R.S. §20-220(B). This civil penalty shall be  
11 provided to the Market Conduct Examinations Section of the Department prior to the  
12 filing of this Order.

13           9. The Report of Examination of the Market Conduct Affairs of Atlanta Casualty  
14 Company, dated January 27, 2000, including the letter submitted in response to the  
15 Report of Examination, shall be filed with the Department after the Director has filed  
16 this Order.

17 DATED at Phoenix, Arizona this 28<sup>th</sup> day of February, 2001.

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19   
20 Charles R. Cohen  
21 Director of Insurance  
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**EXHIBIT A**  
**FAILURE TO PAY THE CORRECT TAXES, TITLE REGISTRATION FEES AND AIR**  
**QUALITY FEES ON FIRST PARTY TOTAL LOSS SETTLEMENTS**

VIOLATIONS OF A.A.C. R20-6-801(H)(1)(b), and A.R.S. §20-461(A)(6)

<u>Claim Number</u>	<u>Date of Loss</u>	<u>Taxes Owed</u>	<u>Fees Owed</u>	<u>Total Owed</u>
03055003-03	03/20/98	\$	\$ 13.75	\$ 13.75
02468053-01	02/20/97		13.75	13.75
06332943-01	04/11/98	108.80	1.75	110.55
06319033-01	07/24/98	44.55	1.75	46.30
05456241-04	10/15/97	15.06	-0-	15.06
05513142-04	07/15/98	30.65	1.75	32.40
06159124-01	10/27/98	36.44	1.75	38.19
06320460-01	02/16/99	10.35	1.75	12.10
06592617-01	02/25/99	4.59	1.75	6.34
06521862-01	10/22/98	63.96	1.75	65.71
06101490-01	03/10/98	85.99	1.50	<u>87.49</u>
				\$441.64

1 **CONSENT TO ORDER**

2 1. Atlanta Casualty Company has reviewed the attached Consent Order.

3 2. Atlanta Casualty Company admits the jurisdiction of the Director of  
4 Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the  
5 entry of the Conclusions of Law and Order.

6 3. Atlanta Casualty Company is aware of its right to a hearing, at which it  
7 may be represented by counsel, present evidence and cross-examine witnesses.  
8 Atlanta Casualty Company irrevocably waives its right to such notice and hearing and  
9 to any court appeals related to this Order.

10 4. Atlanta Casualty Company states that no promise of any kind or nature  
11 whatsoever was made to it to induce it to enter into this Order and that it has entered  
12 into this Order voluntarily.

13 5. Atlanta Casualty Company acknowledges that the acceptance of this  
14 Order by the Director of Insurance, State of Arizona, is solely to settle this matter  
15 against it and does not preclude any other agency or officer of this state or its  
16 subdivisions or any other person from any other civil or criminal proceedings, whether  
17 civil, criminal, or administrative, as may be appropriate now or in the future.

18 6. Edward B. Stevens who holds the office of  
19 President of Atlanta Casualty Company, is authorized to enter  
20 into this Order for it and on its behalf.

21 **ATLANTA CASUALTY COMPANY**

22  
23 2/21/01  
24 Date

23 By: ERS Stevens  
24

1 COPY of the foregoing mailed/delivered  
2 this 1st day of March 2001, to:

- 3 Sara Begley  
Deputy Director  
4 Mary Butterfield  
Assistant Director  
5 Consumer Affairs Division  
6 Paul J. Hogan  
Chief Market Conduct Examiner  
7 Market Conduct Examinations Section  
8 Deloris E. Williamson  
Assistant Director  
Rates & Regulations Division  
9 Steve Ferguson  
Assistant Director  
10 Financial Affairs Division  
11 Alexandra Shafer  
Assistant Director  
12 Life and Health Division  
13 Nancy Howse  
Chief Financial Examiner  
14 Terry Cooper  
Fraud Unit Chief

15  
16 DEPARTMENT OF INSURANCE  
2910 North 44th Street, Second Floor  
17 Phoenix, AZ 85018

18 ATLANTA CASUALTY COMPANY  
19 Mr. Edward B. Stevens, President  
3169 Holcomb Bridge Road  
20 Norcross, GA 30071

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