



1 1992, the Director entered a Consent Order, Docket No. 8402, which was filed on  
2 April 1, 1994 (the "1994 Order"). In pertinent part, the 1994 Order stated as follows:

3  
4 1. Respondent shall develop and document CP and CA premiums in  
5 accordance with ER and SR plans; include endorsements required by  
6 Respondents' filings and by filings made on Respondents' behalf; timely mail  
7 notices of cancellation, nonrenewal and premium increase or policy change to  
8 CP, CA, PA, PLSH and PLAN insureds;...not charge rates other than those  
9 filed with the ADOI; file rates and rules with the ADOI...

10 2. Within sixty (60) days of the Order's filed date, Respondent shall file with  
11 the ADOI the following:

12 f. Commercial umbrella and excess liability rates.

13 4. The Examiners reviewed 63 of 68 commercial package and 41 of 41  
14 commercial umbrella policies issued or renewed during the time frame of the  
15 examination and found as follows:

16 a. Coregis failed to have 60 commercial package policies and 41  
17 commercial umbrella policies countersigned by an Arizona licensed agent.

18 b. Coregis used three schedule rating worksheets for documenting  
19 premium adjustments to 30 commercial package policies that were not filed with the  
20 Department.

21 c. Coregis applied an unfiled credit or deviation on three commercial  
22 package policies.

23 d. Coregis failed to use the correct filed rates in determining the  
24 premiums of 29 commercial package and umbrella policies.

25 e. Coregis failed to include all known and correct losses in the  
experience rating calculations of nine commercial package policies.

f. Coregis failed to maintain adequate documentation to support the  
application of, or changes to, schedule rating credits/debits applied on 18 commercial  
package policies.



1 g. Coregis failed to issue a notice of premium increase or policy  
2 change to 27 commercial package policy insureds at least 60 days prior to the  
3 expiration of the policy.

4 5. The Examiners reviewed all commercial and electronic claim forms used  
5 by Coregis during the time frame of the examination and found that Coregis failed to  
6 include the proper Arizona Fraud warning on all commercial claims forms and  
7 electronic claim reporting forms.

8 6. Coregis's failure to use the correct filed rates in issuing and renewing  
9 commercial package and umbrella policies resulted in 13 insureds being overcharged  
10 a total of \$11,364.00. The Company has refunded \$11,364.00, plus \$1,911.08  
11 interest.

#### 12 CONCLUSIONS OF LAW

13 1. Coregis violated A.R.S. §§20-385(A), 20-400.01(A), and the 1994 Order  
14 by failing to file its schedule rating worksheets used as documentation for premium  
15 adjustments, applying unfiled credits or deviations on commercial package policies,  
16 failing to use the correct filed rates in determining commercial package and umbrella  
17 policy premiums and failing to include all known and correct losses in the experience  
18 rating calculations.

19 2. Coregis violated A.R.S. §20-400.01(B) and the 1994 Order by failing to  
20 maintain adequate documentation to support the application of and changes to  
21 scheduled rating credits and debits.

22 3. Coregis violated A.R.S. §20-466.03 by failing to include the proper  
23 Arizona Fraud warning notice on its claim forms.

24 4. Coregis violated A.R.S. §20-1677(A) and the 1994 Order by failing to  
25 issue a notice of premium increase or policy change to the insured 60 days prior to

1 the expiration of the policy.

2 5. Grounds exist for the entry of the following Order, in accordance with  
3 A.R.S. §§20-220, 20-397 and 20-400.03.

4 **ORDER**

5 **IT IS ORDERED THAT:**

6 1. Coregis Insurance Company shall:

7 a. Issue commercial package and umbrella policies in compliance  
8 with its filed rates and rules.

9 b. Use filed and approved schedule rating worksheets.

10 c. Include all known and correct losses in the experience rating  
11 calculations of commercial package policies.

12 d. Maintain adequate documentation of schedule rating  
13 credits/debits applied to the manual premium on commercial package policies.

14 e. Include the proper Arizona Fraud warning on all commercial  
15 claims forms and electronic claim reporting forms.

16 f. Issue a notice of premium increase or policy change to  
17 commercial package policy insureds 60-days prior to the expiration of the policy.

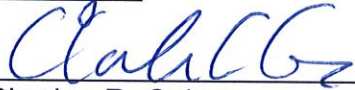
18 2. Within 90 days of the filed date of this Order, Coregis shall submit to the  
19 Director, for approval, evidence that corrections have been implemented and  
20 communicated to the appropriate personnel regarding all of the items mentioned in  
21 Paragraph 1 of the Order section of this Consent Order. Evidence of corrective action  
22 and communication thereof includes, but is not limited to memos, bulletins, E-mails,  
23 correspondence, procedures manuals, print screens and training materials.

24 3. The Department shall be permitted through authorized representatives,  
25 to verify that Coregis has complied with all provisions of this Order.

1           4.     Coregis shall pay a civil penalty of \$12,000 to the Director for deposit in  
2 the State General Fund in accordance with A.R.S. §20-220. This civil penalty shall be  
3 provided to the Market Conduct Examinations Section of the Department prior to the  
4 filing of this Order.

5           5.     The Report of Examination of the Market Conduct Affairs of Coregis  
6 dated October 12, 2000, including the letter submitted in response to the Report of  
7 Examination, shall be filed with the Department after the Director has filed this Order.

8 DATED at Phoenix, Arizona this 3<sup>rd</sup> day of January, 2002.

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11 Charles R. Cohen  
12 Director of Insurance  
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1 CONSENT TO ORDER

2 1. Coregis Insurance Company has reviewed the attached Consent Order.

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

6 3. Coregis Insurance 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 Coregis Insurance Company irrevocably waives its right to such notice and hearing  
9 and to any court appeals related to this Order.

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

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

18 6. Alfredo Bradley - Coar, who holds the office of  
19 General Counsel of Coregis Insurance Company, is authorized to  
20 enter into this Order for it and on its behalf.

21 **COREGIS INSURANCE COMPANY**

22 12/10/01

23 Date

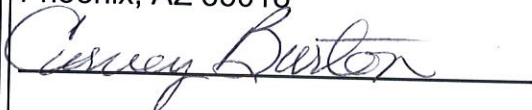
24 By: Alfredo Bradley - Coar

1 COPY of the foregoing mailed/delivered  
2 This 4th day of January 2002, to:

3 Sara Begley  
4 Deputy Director  
5 Mary Butterfield  
6 Assistant Director  
7 Consumer Affairs Division  
8 Paul J. Hogan  
9 Chief Market Conduct Examiner  
10 Market Conduct Examinations Section  
11 Deloris E. Williamson  
12 Assistant Director  
13 Rates & Regulations Division  
14 Steve Ferguson  
15 Assistant Director  
16 Financial Affairs Division  
17 Alexandra Shafer  
18 Assistant Director  
19 Life & Health Division  
20 Terry Cooper  
21 Manager  
22 Fraud Unit  
23 Nancy Howse  
24 Chief Financial Examiner  
25

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

19 S. David Childers, Esq.  
20 Coregis Insurance Company  
21 C/O Low & Childers, P.C.  
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