



1 nonrenewed due to non-payment since the cancellation notice was not effective as of  
2 the mailing date and was backdated to the renewal date. Lists provided to the  
3 Examiners by the Company indicated that 935 policies were similarly cancelled.

4 4. The Examiners reviewed 150 of an unknown total number of first party  
5 automobile total loss claim files processed by the Company during the time frame of  
6 the Examination and found that Financial Indemnity failed to pay the correct amount of  
7 taxes and fees on 134 claims.

8 5. The Examiners reviewed 35 of an unknown total number of third party  
9 automobile total loss claim files processed by the Company during the time frame of  
10 the Examination and found that Financial Indemnity failed to include the appropriate  
11 taxes and fees on 32 claims.

12 6. Financial Indemnity's failure to pay all taxes and fees to first and third  
13 party automobile total loss claimants resulted in 166 claims being underpaid a total of  
14 \$8,158.54. Financial Indemnity's failure to pay the full actual cash value on first party  
15 automobile total loss settlements resulted in 5 claims being underpaid a total of  
16 \$717.52. Financial Indemnity's failure to reimburse an insured his deductible after the  
17 Company successfully subrogated a claim resulted in one insured being underpaid  
18 \$500.00. Financial Indemnity's failure to apply the correct driver discount when rating a  
19 policy resulted in one insured being overcharged \$28.00. All amounts payable to  
20 insureds and claimants were paid by the Company, plus \$854.91 interest, while the  
21 Examiners were on-site at Financial Indemnity.

#### 22 CONCLUSIONS OF LAW

23 1. Financial Indemnity violated A.R.S. §20-1632.01(B) by mailing personal  
24 automobile cancellation notices that were not effective as of the mailing date, were  
25 backdated to the renewal date.

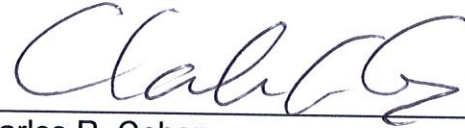




1 accordance with A.R.S. §§ 20-220(B) and 20-456. The civil penalty shall be provided  
2 to the Market Conduct Examination Section of the Department prior to the filing of this  
3 Order.

4 5. The Report of Examination of the Market Conduct Affairs of Financial  
5 Indemnity Company as of August 29, 2002, including the letter of objection to the  
6 Report of Examination, shall be filed with the Department upon the filing of this Order.

7 DATED at Phoenix, AZ this 19<sup>th</sup> day of December, 2002.

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10 Charles R. Cohen  
11 Director of Insurance  
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**CONSENT TO ORDER**

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2 1. Financial Indemnity Company has reviewed the foregoing Order.

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

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

13 5. Financial Indemnity Company acknowledges that the acceptance of this  
14 Order by the Director of the Arizona Department of Insurance is solely for the purpose  
15 of settling this matter and does not preclude any other agency or officer of this state or  
16 its subdivisions or any other person from instituting proceedings, whether civil, criminal,  
17 or administrative, as may be appropriate now or in the future.

18 6. Edward D. Cimini, Jr., who holds the office of  
19 Sr. Vice President of Financial Indemnity Company, is authorized to enter  
20 into this Order for them and on their behalf.

21 **FINANCIAL INDEMNITY COMPANY**

22 12-5-02  
23 Date

22 By Edward D. Cimini, Jr.  
23 \_\_\_\_\_



1 COPY of the foregoing mailed/delivered  
2 this 20<sup>th</sup> day of December, 2002, to:

3 Sarah Begley  
4 Deputy Director  
5 Mary Butterfield  
6 Assistant Director  
7 Consumer Affairs Division  
8 Paul J. Hogan  
9 Chief Market Conduct Examiner  
10 Deloris E. Williamson  
11 Assistant Director  
12 Rates & Regulations Division  
13 Steve Ferguson  
14 Assistant Director  
15 Financial Affairs Division  
16 Alan Griffieth  
17 Chief Financial Examiner  
18 Alexandra Schafer  
19 Assistant Director  
20 Life and Health Division  
21 Terry L. Cooper  
22 Fraud Unit Chief

23  
24  
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26 DEPARTMENT OF INSURANCE  
27 2910 North 44th Street, Suite 210  
28 Phoenix, AZ 85018

29  
30 J. Michael Low, Esq  
31 Financial Indemnity Company  
32 C/O Low & Childers, P.C.  
33 2999 North 44<sup>th</sup> Street  
34 Phoenix, AZ 85018

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