

1 3. The Department previously conducted a market conduct examination of
2 Owners. The on-site examination was concluded as of April 1, 1994. As a result, a
3 Consent Order (the "2001 Consent Order"), was filed by the Director on January 18,
4 2001. The 2001 Consent Order stated in part as follows:

5 "Auto-Owners Insurance Company and Owners Insurance Company shall cease and
6 desist from the following:

7 b. Developing premiums for commercial policies that are not consistent with their
8 filed rates and rules.

9 4. The Examiners reviewed 50 of 2,686 commercial automobile policies
10 administered by the Company during the time frame of the Examination and found as
11 follows:

12 a. Owners incorrectly classified the risk on four policies.

13 b. Owners incorrectly applied its filed rates and rules to the premium
14 determination of four policies.

15 5. The Examiners reviewed 50 of 213 commercial general liability policies
16 administered by the Company during the time frame of the examination and found that
17 Owners failed to use the correct classification on the risk in the premium determination
18 of two policies.

19 6. The Examiners reviewed 61 of 5,626 commercial package policies
20 administered by the Company during the time frame of the examination and found that
21 Owners failed to use the correct classification on the risk in the premium determination
22 of one policy.

23 7. The Examiners reviewed 42 of 42 commercial general liability policies
24 that were canceled by the Company during the time frame of the examination and
25 found that Owners failed to mail seven cancellation notices by certified mail.

1 date the claim was received by the Company, to the date of the payment, to the nine
2 claimants listed in Exhibit A of this Order.

3 4. Each payment made pursuant to paragraph 3 above shall include a letter
4 to the insured in a form previously approved by the Director. A list of payments, giving
5 the name and address of each party paid, the amount of the payment, the amount of
6 interest paid, and the date of payment, shall be provided to the Department within 90
7 days of the filed date of this Order.

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

10 6. Owners shall pay a civil penalty of \$7,500.00 to the Director for deposit in
11 the State General Fund in accordance with A.R.S. §§ 20-220(B). The civil penalty
12 shall be provided to the Market Conduct Examinations Section of the Department prior
13 to the filing of this Order.

14 7. The Report of Examination of the Market Conduct Affairs of Owners as of
15 September 15, 2002, including the letter submitted in response to the Report of
16 Examination, shall be filed with the Department upon the filing of this Order.

17
18 DATED at Phoenix, Arizona this 22 day of March, 2004.

19
20 
21 _____
22 Christina Urias
23 Director of Insurance
24
25

EXHIBIT A

First-Party Commercial Automobile Total Loss Claim Refunds

Claim Number	Amount Due Insured
45242201	\$49.00
450013601	\$38.30
4574401	\$117.22
450302101	\$735.44
450305001	\$10.00
TOTAL	\$949.96

Third-Party Commercial Automobile Total Loss Claim Refunds

Claim Number	Amount Due Insured
450074301	\$12.55
450080101	\$23.32
450236501	\$72.60
TOTAL	\$108.47

Subrogated Claim (Improper Deductible Applied)

Claim Number	Amount Due Insured
45458301	\$500.00
TOTAL	\$500.00

CONSENT TO ORDER

1. Owners Insurance Company has reviewed the foregoing Order.

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

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

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

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

6. William Woodbury, who holds the office of Senior Attorney of Owners Insurance Company, is authorized to enter into this Order for it and on its behalf.

OWNERS INSURANCE COMPANY

2-27-04

Date

By William Woodbury

1 COPY of the foregoing mailed/delivered
2 this 24th day of March, 2004, to:

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

24 DEPARTMENT OF INSURANCE
25 2910 North 44th Street, Suite 210
Phoenix, AZ 85018

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