

AUG 31 2006

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of:
21st CENTURY INSURANCE COMPANY OF THE
SOUTHWEST, NAIC # 10245,
Respondent.

) Docket No. 06A-179-INS
)
)
)
)
)

CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a target market examination of 21st Century Insurance Company of the Southwest ("21st Century"). In the Report of Target Market Examination of 21st Century, the Examiners allege that 21st Century violated A.R.S. §20-1632.01.

21st Century wishes to resolve this matter without formal proceedings, neither admits nor denies that the following Findings of Fact and Conclusions of Law are true, and consents to the entry of the following Order.

FINDINGS OF FACT

1. 21st Century is authorized to transact property and casualty insurance pursuant to a Certificate of Authority issued by the Director.

2. The Director authorized the Examiners to conduct a target market examination of 21st Century. The examination covered the time period from January 1, 2004 through December 31, 2004 and concluded on October 12, 2005. Based on the examination findings, the Examiners prepared the "Report of Target Market Examination of 21st Century Insurance Company" dated December 31, 2004.

3. The Examiners reviewed 62 of 1429 mid-term cancellation files and 62 of 1532 non-renewal cancellation files cancelled for non-payment of premium during the examination period and found that 21st Century failed to provide the minimum 7 day grace period, after the premium due date, on 47 mid-term cancellations and 49 non-

1 renewal cancellations. The Company performed a system change, effective December
2 14, 2005, which corrected the situations which lead to the violation.

3 4. In its previous Market Conduct Examination of the Company, dated as of
4 December 21, 1999, the Department found that "a final notice of cancellation was sent
5 after the seven day grace period and the notice was effective on the date mailed as
6 required by A.R.S. § 20-1631.01."

7 **CONCLUSIONS OF LAW.**

8 1. 21st Century's practices regarding the cancellation of private passenger
9 automobile insurance policies were found to be inconsistent with the Department's
10 interpretation of A.R.S §20-1632.01, in that they failed to provide a minimum seven day
11 grace period, after the premium due date, before canceling personal automobile
12 policies for nonpayment of premium.

13 2. Grounds exist for the entry of the following Order in accordance with
14 A.R.S. § 20-220.

15 **ORDER**

16 **IT IS HEREBY ORDERED THAT:**

17 1. 21st Century Insurance Company of the Southwest ("21st Century")
18 agrees to provide a minimum seven day grace period, after the premium due date,
19 before canceling personal automobile policies for nonpayment of premium.

20 2. The Department shall be permitted, through authorized representatives,
21 to verify that 21st Century has complied with all provisions of this Order.

22 3. The Report of Target Market Examination of 21st Century Insurance
23 Company of the Southwest as of December 31, 2004, including the letter with their
24 objections to the Report of Examination, shall be filed with the Department upon the
25 filing of this Order.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DATED at Phoenix, AZ this 31st day of August, 2006.



Christina Urias
Director of Insurance

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CONSENT TO ORDER

1. 21st Century Insurance Company of the Southwest (21st Century") has reviewed the foregoing Order.

2. 21st Century admits the jurisdiction of the Director of Insurance, State of Arizona, neither admits nor denies the foregoing Findings of Fact and Conclusions of Law, and consents to the entry of the Order.

3. 21st Century is aware of the right to a hearing, at which it may be represented by counsel, present evidence and cross-examine witnesses. 21st Century Insurance Company irrevocably waives the right to such notice and hearing and to any court appeals related to this Order.

4. 21st Century 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. 21st Century 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. Michael J. Cassanego, who holds the office of Secretary of 21st Century Insurance Company of the Southwest, is authorized to enter into this Order for them and on their behalf.

21st CENTURY INSURANCE COMPANY OF THE SOUTHWEST

8-16-06
Date

By 

1 COPY of the foregoing mailed/delivered
2 this 31st day of August , 2006, 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 Dean Ehler
12 Assistant Director
13 Property & Casualty 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

S. David Childers, Esq.
21st Century Insurance Company of the Southwest
C/O Low & Childers, P.C.
2999 N. 44th Street, Suite 250
Phoenix, AZ 85018

24 
25 _____