

DEC 20 2006

DEPT OF INSURANCE
BY CB

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

NATIONWIDE ASSURANCE COMPANY,
NAIC # 10723,
Respondent.

) Docket No. 06A-235-INS

) **CONSENT ORDER**

Examiners for the Department of Insurance (the "Department") conducted a target market examination of Nationwide Assurance Company ("NWA"). In the Report of Target Market Examination of the Market Conduct Affairs of Nationwide Assurance Company, the Examiners allege that Nationwide Assurance Company violated A.R.S. §§20-461, 20-466.03, and 20-1632.01.

Nationwide Assurance Company 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. Nationwide Assurance Company 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 Nationwide Assurance Company. The examination covered the time period from January 1, 2005 through December 31, 2005 and concluded on August 16, 2006. Based on the examination findings, the Examiners prepared the "Report of Target Market Examination of Nationwide Assurance Company" dated December 31, 2005.

3. The Examiners reviewed 60 of 766 personal automobile cancellation files cancelled by the Company during the time frame of the examination and found that

1 NWA sent 26 Cancellation Notices to policyholders with retroactive effective dates of
2 cancellation and failed to advise two policyholders of their right to complain to the
3 Director within 10 days of receipt of the cancellation notice.

4 4. The Examiners reviewed 15 claim forms used by the Company during the
5 time frame of the examination and found that NWA used three forms (*Authorization to*
6 *Disclose Health Information and other Records, Accident Report and Auto Evaluation*
7 *Form*) that failed to contain a fraud warning notice.

8 5. The Examiners reviewed 24 claim files processed by the Company during
9 the time frame of the examination and found that the Company failed to identify the
10 appropriate insuring company on 14 items, including claim correspondence, claim
11 forms, checks/drafts and salvage titles, found in nine separate files.

12 CONCLUSIONS OF LAW.

13 1. NWA violated A.R.S §20-1632.01(B) backdating cancellation notices and
14 failing to notify policyholders of their right to complain to the Director.

15 2. NWA violated A.R.S §20-466.03 by using claim forms that failed to
16 contain the required fraud warning notice.

17 3. NWA violated A.R.S §20-461(A)(1) by failing to identify the appropriate
18 insuring company on claim correspondence, claim forms, drafts/checks and salvage
19 titles.

20 4. Grounds exist for the entry of the following Order in accordance with
21 A.R.S. §§20-220 and 20-456.

22 ORDER

23 **IT IS HEREBY ORDERED THAT:**

- 24 1. Nationwide Assurance Company shall cease and desist from:
25 a. Backdating non-payment of premium Cancellation Notices.

1 b. Using cancellation notices that fail to notify the policyholder of their
2 right to complain to the Director with 10 days of receipt of the cancellation.

3 c. Using claim forms that fail to contain a compliant fraud warning notice.

4 d. Failing to identify the correct insuring Company on all
5 correspondence, claim forms, checks/drafts and salvage titles.

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

13 3. The Department shall be permitted, through authorized representatives,
14 to verify that NWA has complied with all provisions of this Order.

15 4. NWA shall pay a civil penalty of \$10,000.00 to the Director for remission
16 to the State Treasurer for deposit in the State General Fund in accordance with A.R.S.
17 §20-220(B). The civil penalty shall be provided to the Market Oversight Division of the
18 Department prior to the filing of this Order.

19 5. The Report of Target Market Examination of Nationwide Assurance
20 Company of December 31, 2005, including the letter with their objections to the Report
21 of Examination, shall be filed with the Department upon the filing of this Order.

22 DATED at Arizona this 18th day of December, 2006.

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24 
25 _____
Christina Urias
Director of Insurance

1 **CONSENT TO ORDER**

2 1. Nationwide Assurance Company has reviewed the foregoing Order.

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

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

18 6. Glenn W. Soden, who holds the office of Associate Vice President and
19 Secretary of Nationwide Assurance Company, is authorized to enter into this Order for
20 them and on their behalf.

21 **NATIONWIDE ASSURANCE COMPANY**

22
23 12/07/2008
24 Date

22
23 By 
24 Glenn W. Soden as Associate Vice President and Secretary

1 COPY of the foregoing mailed/delivered
2 this 20th day of December , 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 and 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

26 Cheryl L. Davis, Market Conduct Director
27 Nationwide Insurance
28 One Nationwide Plaza, 1-35-18
29 Columbus, Ohio 43215

30 
31 _____