STATE OF ARIZONA FILED

MAY 18 2007

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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In the Matter of: Docket No. 07A-093-INS COUNTRY PREFERRED INSURANCE COMPANY. NAIC # 21008,

Respondent.

CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a targeted examination of Country Preferred Insurance Company ("CPIC"). In the Report of Target Market Examination of the Market Conduct Affairs of CPIC, the Examiners allege that CPIC violated A.R.S. §20-1631.

CPIC 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. CPIC 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 CPIC. The examination covered the time period from July 1, 2004 to December 31, 2005 and was concluded on December 19, 2006. Based on their findings, the Examiners prepared the "Report of Target Market Examination of Country Preferred Insurance Company" dated December 31, 2005.
- 3. The Examiners reviewed 23 of 23 personal automobile policies nonrenewed during the time frame of the examination and found that CPIC non-renewed 22 policies with fewer than three at-fault accidents. However, in each of the cases, the producers were instructed to offer a policy in an affiliate company.

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4. The Examiners reviewed 23 of 23 personal automobile policies nonrenewed during the time frame of the examination and found that CPIC failed to provide two insureds with 45 days advance notice of intent to non-renew.

CONCLUSIONS OF LAW.

- CPIC violated A.R.S §20-1631(E) by non-renewing policies with fewer than three at-fault accidents and failing to provide insureds with 45 days advance notice of intent to non-renew.
- 2. Grounds exist for the entry of the following Order in accordance with A.R.S. § 20-220.

<u>ORDER</u>

IT IS HEREBY ORDERED THAT:

- 1. Country Preferred Insurance Company shall cease and desist from:
- a. The practice of transferring to affiliates by non-renewing personal automobile policies with fewer than three at-fault accidents and offering to write the policy in an affiliate.
- b. Failing to provide insureds with 45 days advance notice of intent to non-renew.
- 2. Within 90 days of the filed date of this Order, CPIC shall submit to the Arizona Department of Insurance, for approval, evidence that corrections have been implemented and communicated to the appropriate personnel, regarding the issues outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of corrective action and communication thereof includes, but is not limited to, memos, bulletins, E-mails, correspondence, procedures manuals, print screens, and training materials.
 - 3. The Department shall be permitted, through authorized representatives,

to verify that CPIC has complied with all provisions of this Order.

- 4. CPIC shall pay a civil penalty of \$22,000.00 to the Director for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. \$20-220(B). The civil penalty shall be provided to the Market Oversight Division of the Department prior to the filing of this Order.
- 5. The Report of Target Market Examination of Country Preferred Insurance Company as of December 31, 2005, including the letter accepting the Report of Examination, shall be filed with the Department upon the filing of this Order.

DATED at Phoenix, AZ this	15 day of	Mary	, 2007.
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Christina Urias Director of Insurance

CONSENT TO ORDER

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

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Executive Vic	ce President 8	Š.							
Chief Operati	ing Officer	of	Country	Preferred	Insur	ance	Com	pany,	is
authorized to enter into this Order for them and on their behalf.									
	Chief Operati	Executive Vice President 8 Chief Operating Officer		Executive Vice President & Chief Operating Officer of Country	Executive Vice President & Chief Operating Officer of Country Preferred	Executive Vice President & Chief Operating Officer of Country Preferred Insura	Executive Vice President & Chief Operating Officer of Country Preferred Insurance	Executive Vice President & Chief Operating Officer of Country Preferred Insurance Com	Executive Vice President & Chief Operating Officer of Country Preferred Insurance Company,

Date

COUNTRY PREFERRED INSURANCE COMPANY

By Barbara A. Baurer
Executive Vice President & Chief Operating Officer

1	COPY of the foregoing mailed/delivered
2	this <u>18th</u> day of <u>May</u> , 2007, to:
3	Gerrie Marks
4	Deputy Director Mary Butterfield
5	Assistant Director Consumer Affairs Division
6	Paul J. Hogan Market Oversight Administrator
7	Market Oversight Division
8	Dean Ehler Assistant Director
9	Property and Casualty Division Steve Ferguson
10	Assistant Director Financial Affairs Division
11	Alan Griffieth Chief Financial Examiner
12	Alexandra Schafer
13	Assistant Director Life and Health Division
14	Terry L. Cooper Fraud Unit Chief
15	
16	DEPARTMENT OF INSURANCE 2910 North 44th Street, Suite 210
17	Phoenix, AZ 85018
18	
19	Henry E. Bruens, CFE
20	Supervisor, Corporate Internal Auditing Coordinator, Market Conduct Exams
21	Country Preferred Insurance Company
22	1701 N. Towanda Avenue Bloomington, Illinois 61702-2020
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25	Uney Duston