

JUL 12 2007

DEPT OF INSURANCE
BY 

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:)
)
AMERICAN INTERNATIONAL INSURANCE COMPANY,)
)
NAIC # 32220,)
)
Respondent.)

Docket No. 07A-131-INS

CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a targeted examination of American International Insurance Company, ("AIIIC"). In the Report of Target Market Examination of the Market Conduct Affairs of American International Insurance Company, the examiners allege that AIIIC violated ARS §20-263.

AIIIC 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. AIIIC 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 AIIIC. The examination covered the time period from July 1, 2004 to December 31, 2005 and concluded on April 6, 2007. Based on their findings, the examiners prepared the "Report of Target Market Examination of American International Insurance Company" dated December 31, 2005.

3. The examiners reviewed 25 of 387 personal automobile policies surcharged for at-fault accidents and 25 of 96 personal automobile policies placed in higher rated tiers due to at-fault accidents issued during the time frame of the

1 examination and found that AIIIC failed to notify 50 insureds that an at-fault accident
2 was the reason for their premium increase.

3 **CONCLUSIONS OF LAW.**

4 1. AIIIC violated ARS §20-263(A) by failing to notify personal automobile
5 policyholders that an at-fault accident was the reason for a premium increase.

6 2. Grounds exist for the entry of the following Order in accordance with ARS
7 §20-220.

8 **ORDER**

9 **IT IS HEREBY ORDERED THAT:**

10 1. American International Insurance Company, shall cease and desist from:

11 a. Failing to provide notice to insureds that an at-fault accident was
12 the reason for a premium increase.


13 2. Within 90 days of the filed date of this Order, AIIIC shall submit to the
14 Arizona Department of Insurance, for approval, evidence that AIIIC implemented
15 corrections and communicated these corrections to the appropriate personnel,
16 regarding the issues outlined in Paragraph 1 of the Order section of this Consent
17 Order. Evidence of corrective action and communication thereof includes, but is not
18 limited to, memos, bulletins, E-mails, correspondence, procedures manuals, print
19 screens, and training materials.

20 3. The Department shall, through authorized representatives, verify that
21 AIIIC has complied with all provisions of this Order.

22 4. AIIIC shall pay a civil penalty of \$25,000.00 to the Director for remission to
23 the State Treasurer for deposit in the State General Fund in accordance with ARS §20-
24 220(B). AIIIC shall submit the civil penalty to the Market Oversight Division of the
25 Department prior to the filing of this Order.

1 5. The Report of Target Market Examination of American International
2 Insurance Company as of December 31, 2005, including the letter accepting the Report
3 of Examination, shall be filed with the Department upon the filing of this Order.
4

5 DATED at Phoenix, AZ this 11th day of July, 2007.

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8 _____
9 Christina Urias
10 Director of Insurance
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1 **CONSENT TO ORDER**

2 1. American International Insurance Company has reviewed the foregoing
3 Order.

4 2. American International Insurance Company admits the jurisdiction of the
5 Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and
6 consents to the entry of the Conclusions of Law and Order.

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

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

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

19 6. ESTA L. CAIN, who holds the office of
20 Senior Vice Pres. of American International Insurance Company, is
21 authorized to enter into this Order for them and on their behalf.

22 **AMERICAN INTERNATIONAL INSURANCE COMPANY**

23
24 6/28/07

25 Date

By

Esta L. Cain

1 COPY of the foregoing mailed/delivered
2 this 12th day of July, 2007, 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

J. Michael Low, Esq.
American International Insurance Company
C/O Low & Childers, P.C.
2999 North 44th Street, Suite 250
Phoenix, Arizona 85018

23 
24 _____
25

Date: 7/10/07

Would you please have the Director review and sign the attached

Notice of Hearing

Consent Order

Other _____

Order

Regarding the

Revocation

Redomestication

Suspension

Release of Deposit

Civil Penalty

License Revoked

Withdrawal Merger Acquisition

Supervision

Surrender of Certificate or License

Cease & Desist

Other _____

Market Conduct Examination

of American International Ins. Co

This document was drafted by:

Gerrie Marks

Mary Kosinski

Kurt Regner

Market Oversight Division

Leslie Hess

Other

Approved

Deadline _____

SRM
Initials

7/10/07
Date

OK
CW
7-11-07

Comments:

