

JUL 22 2008

DEPT OF INSURANCE

BY



STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

**BENCHMARK INSURANCE COMPANY,**  
NAIC # 41394,  
Respondent.

) Docket No. 08A-122-INS  
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**CONSENT ORDER**

Examiners for the Department of Insurance (the "Department") conducted a targeted examination of Benchmark Insurance Company ("BIC"). In the Report of Target Market Examination of the Market Conduct Affairs of Benchmark Insurance Company, the examiners allege that BIC violated ARS §§ 20-1631 and 20-2110.

BIC wishes to resolve this matter without further proceedings, neither admits nor denies the following Findings of Fact and Conclusions of Law, and consents to the entry of the following Order set forth below.

**FINDINGS OF FACT**

1. BIC 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 BIC. The examination covered the time period from July 1, 2004 to December 31, 2005 and concluded on February 13, 2007. Based on their findings, the examiners prepared the "Report of Target Market Examination of Benchmark Insurance Company" dated December 31, 2005.

3. The examiners reviewed 19 of 62 personal automobile policies cancelled mid-term by the Company for underwriting reasons during the time frame of the examination and found that BIC failed to include a Summary of Rights with 19 cancellations.

1 4. The Examiners reviewed 19 of 62 personal automobile policies cancelled  
2 mid-term by the Company during the time frame of the examination and found that BIC  
3 cancelled 19 policies mid-term for reasons not allowed by statute.

4 **CONCLUSIONS OF LAW.**

5 1. BIC violated ARS §20-2110 by failing to send policyholders a compliant  
6 Summary of Rights in the event of an adverse underwriting decision.

7 2. BIC violated ARS §20-1631(D) by canceling policies mid-term for reasons  
8 not allowed by statute.

9 3. Grounds exist for the entry of the following Order in accordance with  
10 ARS §§ 20-220 and 20-2117.

11 **ORDER**

12 **IT IS HEREBY ORDERED THAT:**

13 1. Benchmark Insurance Company shall cease and desist from:

14 a. Failing to provide policyholders with a compliant Summary of  
15 Rights in the event of an adverse underwriting decision.

16 b. Canceling policies mid-term for reasons not allowed by statute.

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

24 3. The Department shall, through authorized representatives, verify that BIC  
25 has complied with all provisions of this Order.

1           4.     BIC shall pay a civil penalty of \$15,500.00 to the Director for remission to  
2 the State Treasurer for deposit in the State General Fund in accordance with ARS §20-  
3 220(B). BIC shall submit the civil penalty to the Market Oversight Division of the  
4 Department prior to the filing of this Order.

5           5.     The Report of Target Market Examination of Benchmark Insurance  
6 Company as of December 31, 2005, including the letter accepting the Report of  
7 Examination, shall be filed with the Department upon the filing of this Order.

8  
9 DATED this 18<sup>th</sup> day of July, 2008.

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13 Christina Urias  
14 Director of Insurance  
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**CONSENT TO ORDER**

1. Benchmark Insurance Company has reviewed the foregoing Order.

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

4. Benchmark 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. Benchmark 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. Patricia J. Schaffran, who holds the office of Secretary and Treasurer of Benchmark Insurance Company, is authorized to enter into this Order for them and on their behalf.

**BENCHMARK INSURANCE COMPANY**

7-2-08  
Date

By Patricia J. Schaffran

1 COPY of the foregoing mailed/delivered  
2 this 22nd day of July, 2008, to:

3 Gerrie Marks

Deputy Director

4 Mary Butterfield

Assistant Director

5 Consumer Affairs Division

6 Paul J. Hogan

Market Oversight Administrator

7 Market Oversight Division

Dean Ehler

8 Assistant Director

Property and Casualty Division

9 Steve Ferguson

Assistant Director

10 Financial Affairs Division

David Lee

11 Chief Financial Examiner

12 Alexandra Schafer

Assistant Director

13 Life and Health Division

Terry L. Cooper

14 Fraud Unit Chief

15 DEPARTMENT OF INSURANCE

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19 Charles R. Cohen

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