

JUL 21 2010

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of:)
)
VICTORIA SPECIALTY INSURANCE COMPANY,)
)
NAIC # 10777,)
)
Respondent.)

Docket No. 10A-095-INS

CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a target market conduct examination of Victoria Specialty Insurance Company ("VSIC"). In the Report of Target Market Conduct Examination of the Market Conduct Affairs of Victoria Specialty Insurance Company, the examiners allege that Victoria Specialty Insurance Company violated A.R.S. §§20-461, 20-462, 20-2110, and A.A.C. R20-6-801.

Victoria Specialty Insurance Company wishes to resolve this matter without formal proceedings, neither admits nor denies the following Findings of Fact and Conclusions of Law, and consents to the entry of the Order.

FINDINGS OF FACT

1. Victoria Specialty Insurance 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 conduct examination of Victoria Specialty Insurance Company. The examination covered the time period from January 1, 2008 through December 31, 2008 and concluded on April 13, 2010. Based on their findings, the examiners prepared the "Report of Target Market Conduct Examination of Victoria Specialty Insurance Company" dated December 31, 2008.

3. The examiners reviewed 52 of 545 private passenger automobile

1 cancellations and 16 of 16 private passenger automobile non-renewals, cancelled or
2 non-renewed for underwriting reasons during the time frame of the examination and
3 found that VSIC failed to provide a compliant Summary of Rights for 52 cancellations
4 and 2 non-renewals.

5 4. The examiners reviewed 50 of 443 private passenger automobile total
6 loss claim files processed by the Company during the time frame of the examination
7 and found that VSIC failed to correctly calculate and fully pay sales tax, title,
8 registration, air quality and other fees payable in the settlement of 11 total losses.

9 5. During the review of the Company's private passenger automobile claim
10 settlement practices, VSIC resettled 11 claims resulting in total restitution to claimants
11 of \$756.36, plus \$108.19 interest. During the review the Company also completed a
12 self-audit of the remaining total loss claims and made additional restitution payments
13 of \$9,590.81, plus interest of \$1,590.07, on 105 total loss claims.

14 6. The examiners reviewed 100 of 2,998 private passenger automobile
15 claim files settled during the time frame of the examination and found 13 claims-related
16 documents and/or correspondence in which the Company failed to identify the
17 appropriate insuring company.

18 **CONCLUSIONS OF LAW**

19 1. VSIC violated A.R.S. §20-2110 by failing to send policyholders a
20 compliant Summary of Rights in the event of an adverse underwriting decision.

21 2. VSIC violated A.R.S. §§20-461(A)(6), 20-462(A) and A.A.C. R20-6-
22 801(H)(1)(b) by failing to correctly calculate and fully pay sales tax, title registration, air
23 quality and other fees and interest payable in the settlement of total losses.

24 3. VSIC violated A.R.S. §20-461(A)(1) by failing to identify the appropriate
25 insuring company on written claims related documents and correspondence.

1 **CONSENT TO ORDER**

2 1. Victoria Specialty Insurance Company has reviewed the foregoing Order.

3 2. Victoria Specialty Insurance Company admits the jurisdiction of the
4 Director of Insurance, State of Arizona, neither admits nor denies the foregoing
5 Findings of Fact and Conclusions of Law, and consents to the entry of the Order.

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

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

13 5. Victoria Specialty Insurance Company acknowledges that the acceptance
14 of 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. David Arango, who holds the office of
19 Vice President of Victoria Specialty Insurance Company is authorized
20 to enter into this Order for them and on their behalf.

21
22 **VICTORIA SPECIALTY INSURANCE COMPANY**

23
24
25 July 8, 2010
Date

By 

1 COPY of the foregoing mailed/delivered
this 21st day of July, 2010, to:

- 2
- 3 Gerrie Marks
Deputy Director
- 4 Mary Butterfield
Assistant Director
- 5 Consumer Affairs Division
- 6 Helene I. Tomme
Market Examinations Supervisor
- 7 Market Oversight Division
- 8 Dean Ehler
Assistant Director
- 9 Property and Casualty Division
- 10 Steve Ferguson
Assistant Director
- 11 Financial Affairs Division
- 12 David Lee
Chief Financial Examiner
- 13 Alexandra Shafer
Assistant Director
- 14 Life and Health Division
- 15 Chuck Gregory
Special Agent Supervisor
- 16 Investigations Division

17 DEPARTMENT OF INSURANCE
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20 Lorraine Diaz-Richardson
Sr. Market Conduct Analyst

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