

JUL 21 2010

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of:)
)
TITAN INDEMNITY COMPANY,)
)
NAIC # 13242,)
)
Respondent.)

Docket No. 10A-096-INS

CONSENT ORDER

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

Titan Indemnity 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. Titan Indemnity 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 Titan Indemnity 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 Titan Indemnity Company" dated December 31, 2008.

3. The examiners reviewed 52 of 751 private passenger automobile cancellations and 18 of 18 private passenger automobile non-renewals, cancelled or non-renewed for underwriting reasons during the time frame of the examination and

1 found that TIC failed to provide a compliant Summary of Rights for 52 cancellations
2 and 2 non-renewals.

3 4. The examiners reviewed 50 of 507 private passenger automobile total
4 loss claim files processed by the Company during the time frame of the examination
5 and found that TIC failed to correctly calculate and fully pay sales tax, title, registration,
6 air quality and other fees payable in the settlement of 8 total losses.

7 5. During the review of the Company's private passenger automobile claim
8 settlement practices, TIC resettled 8 claims resulting in total restitution to claimants of
9 \$636.22, plus \$44.05 interest. During the review the Company also completed a self-
10 audit of the remaining total loss claims and made additional restitution payments of
11 \$1,659.85, plus interest of \$223.09, on 53 total loss claims.

12 6. The examiners reviewed 150 of 5,160 private passenger automobile
13 claim files settled during the time frame of the examination and found 63 claims-related
14 documents and/or correspondence in which the Company failed to identify the
15 appropriate insuring company.

16 **CONCLUSIONS OF LAW**

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

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

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

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1 4. Grounds exist for the entry of the following Order in accordance with
2 A.R.S. §§20-220, 20-456 and 20-2117.

3 **ORDER**

4 **IT IS HEREBY ORDERED THAT:**

5 1. Titan Indemnity Company shall:

6 a. provide insureds with a compliant Summary of Rights in the event of
7 an adverse underwriting decision.

8 b. correctly calculate and fully pay sales tax, title, registration, air quality
9 and other fees payable in the settlement of total losses.

10 c. correctly identify the appropriate insuring company on claims related
11 documents and correspondence.

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

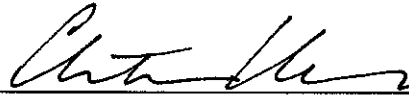
19 3. The Department shall through authorized representatives, verify that TIC
20 has complied with all provisions of this Order.

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

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1 5. The Report of Target Market Examination of Titan Indemnity Company of
2 December 31, 2008, including the letter with their objections to the Report of
3 Examination, shall be filed with the Department upon the filing of this Order.

4 DATED at Arizona this 15th day of July, 2010.

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

2 1. Titan Indemnity Company has reviewed the foregoing Order.

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

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

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

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

18 6. David Arango, who holds the office of
19 Vice President of Titan Indemnity Company is authorized to enter into
20 this Order for them and on their behalf.

21
22 **TITAN INDEMNITY COMPANY**

23
24
25 July 8, 2010
Date

By

David Arango

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

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

Dean Ehler

8 Assistant Director

Property and Casualty Division

9 Steve Ferguson

Assistant Director

10 Financial Affairs Division

David Lee

11 Chief Financial Examiner

Alexandra Shafer

12 Assistant Director

Life and Health Division

13 Chuck Gregory

14 Special Agent Supervisor

Investigations Division

15
16 DEPARTMENT OF INSURANCE

2910 North 44th Street, Suite 210

17 Phoenix, AZ 85018

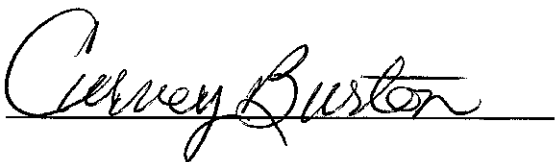
18
19
20 Lorraine Diaz-Richardson

Sr. Market Conduct Analyst

21 Titan Indemnity Company

One Nationwide Plaza, 1-35-104

22 Columbus, Ohio 43215-2220

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