

1 during the time frame of the examination and found that HIC failed to provide a
2 compliant Summary of Rights to 13 non-renewed and 69 cancelled homeowner
3 policyholders.

4 4. The examiners reviewed 50 of 2,336 homeowner policies cancelled for
5 non-payment of premium during the time frame of the examination and found that HIC
6 failed to mail cancellation notices at least 10 days prior to the effective date of the
7 cancellation, as required by the Company's own policy form, to 3 policyholders.

8 5. The examiners found one claim denial letter, used by the Company
9 during the time frame of the examination that failed to contain a fraud warning notice in
10 at least twelve-point type.

11 6. The examiners reviewed 50 of 1,348 homeowner claims settled during
12 the time frame of the examination and found that HIC failed to correctly calculate and
13 pay the Transaction Privilege Tax on 30 homeowner settlements.

14 7. Following the examiner review of the Company's homeowner claim
15 settlement practices, HIC resettled 30 homeowner claims which resulted in restitution
16 payments to insureds of \$7,835.54, plus \$369.67 interest. During the review the
17 Company also made additional restitution of \$250.00, plus interest of \$13.08, to one
18 insured not reimbursed their deductible following subrogation recovery.

19 **CONCLUSIONS OF LAW**

20 1. Homesite Indemnity Company violated A.R.S. §20-2110 by failing to
21 provide insureds with a compliant Summary of Rights in the event of an adverse
22 underwriting decision.

23 2. HIC violated A.R.S. §20-443(A)(1) by failing to mail non-payment
24 cancellation notices at least 10 days prior the effective date of the cancellation, as
25 required by the Company's own policy form.

1 Order section of this Consent Order. Evidence of corrective action and communication
2 thereof includes, but is not limited to, memos, bulletins, E-mails, correspondence,
3 procedures manuals, print screens, and training materials.

4 4. The Department shall, through authorized representatives, verify that
5 Homesite Indemnity Company has complied with all provisions of this Order.

6 5. Homesite Indemnity Company shall pay a civil penalty of \$19,000.00 to
7 the Director for remission to the State Treasurer for deposit in the State General Fund
8 in accordance with A.R.S. §20-220(B). Homesite Indemnity Company shall submit the
9 civil penalty to the Market Oversight Division of the Department prior to the filing of this
10 Order.

11 6. The Report of Target Market Examination of Homesite Indemnity
12 Company of December 31, 2010, including the letter with their objections to the Report
13 of Examination, shall be filed with the Department upon the filing of this Order.

14 DATED at Arizona this 28th day of July, 2011.

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18 Christina Urias
19 Director of Insurance
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CONSENT TO ORDER

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

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

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

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

13 5. Homesite 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. Douglas A. BATTING, who holds the office of
19 President of Homesite Indemnity Company, is authorized to enter
20 into this Order for them and on their behalf.

21
22 **HOMESITE INDEMNITY COMPANY**

23
24
25 7/20/11
Date

By 

1 COPY of the foregoing mailed/delivered
2 this 29th day of July , 2011, 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

12 Alexandra Shafer

Assistant Director

13 Life and Health Division

Chuck Gregory

14 Special Agent Supervisor

Investigations Division

16 DEPARTMENT OF INSURANCE

2910 North 44th Street, Suite 210

17 Phoenix, AZ 85018

19 Maureen Fidler, Compliance Officer

20 Homesite Group Incorporated

99 Bedford Street

21 Boston, MA 02111

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