



1 included in one private passenger automobile application, *Applicant Statement* (form#  
2 4235 R0304), used during the time frame of the examination that failed to specify the  
3 authorization remains valid for no longer than one year from the date the authorization  
4 is signed and to advise the individual or a person authorized to act on behalf of the  
5 individual that they are entitled to receive a copy of the authorization form.

6 4. The examiners found two claim authorization disclosure forms used  
7 during the time frame of the examination that failed to specify the authorization remains  
8 valid for no longer than the duration of the claim and advise the individual or a person  
9 authorized to act on behalf of the individual that they are entitled to receive a copy of  
10 the authorization form. (Exhibit A)

11 5. The examiners reviewed 50 of 163 private passenger automobile policies  
12 non-renewed due to an adverse underwriting decision during the time frame of the  
13 examination and found that ISIC failed to provide a Summary of Rights at all on 36  
14 non-renewals and failed to provide a compliant Summary of Rights to all others.

15 6. The examiners reviewed 78 of 191 private passenger automobile policies  
16 cancelled or non-renewed for underwriting reasons during the time frame of the  
17 examination and found that ISIC non-renewed 34 and cancelled 4 policies, that had  
18 been in effect sixty (60) days, for reasons not allowed by statute.

19 7. The examiners reviewed 50 of 163 private passenger automobile policies  
20 non-renewed for underwriting reasons during the time frame of the examination and  
21 found that ISIC failed to provide a non-renewal notice at least 45-days before the  
22 effective date to 8 policyholders.

23 8. The examiners reviewed 50 of 163 private passenger automobile policies  
24 non-renewed for underwriting reasons during the time frame of the examination and  
25 found that ISIC used 38 non-renewal notices that failed to inform policyholders of their

1 right to complain to the Director and their possible eligibility for insurance through the  
2 automobile assigned risk plan.

3 9. The examiners reviewed 78 of 191 private passenger automobile policies  
4 cancelled or non-renewed for underwriting reasons during the time frame of the  
5 examination and found that ISIC failed to provide proof of mailing on 17 cancellations  
6 and 1 non-renewal.

7 10. The examiners reviewed 50 of 330 private passenger automobile total  
8 loss claims processed by the Company during the time frame of the examination and  
9 found that ISIC failed to correctly calculate and fully pay sales tax, license registration  
10 and/or air quality fees payable in the settlement of 18 total losses.

11 11. The examiners reviewed 50 of 116 private passenger automobile  
12 subrogation recovery claims processed by the Company during the time frame of the  
13 examination and found that ISIC failed to promptly reimburse the proportionate amount  
14 of the deductible after subrogation recovery to 3 insured claimants.

15 12. The examiners reviewed 50 of 2,128 private passenger automobile  
16 claims closed without payment during the time frame of the examination and found that  
17 the Company failed to provide 5 claimants with a claim denial in writing.

18 13. The examiners found that the Company incorrectly cited the California  
19 Department of Insurance and/or California statutes, instead of Arizona, in claims  
20 correspondence to 21 claimants during the time frame of the examination.

21 14. During the review of the Company's private passenger automobile claim  
22 settlement practices, ISIC reimbursed the 3 claimants owed subrogation recovery  
23 restitution of \$623.60, which included \$98.10 interest.

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25 . . . . .

1 **CONCLUSIONS OF LAW**

2 1. ISIC violated A.R.S. §20-2106(7)(b) and (9) by using an underwriting  
3 authorization form that failed to contain a compliant *Authorization for the Release of*  
4 *Information*.

5 2. ISIC violated A.R.S. §20-2106(8)(b) and (9) by using claim authorization  
6 forms that failed to contain a compliant *Authorization for the Release of Information*.

7 3. ISIC violated A.R.S. §20-2110 by failing to provide policyholders a  
8 compliant Summary of Rights in the event of an adverse underwriting decision.

9 4. ISIC violated A.R.S. §20-1631(D) by issuing private passenger  
10 automobile cancellations and non-renewals for reasons not allowed by statute.

11 5. ISIC violated A.R.S. §20-1632(A) by failing to mail nonrenewal notices at  
12 least 45-days before the effective date of the non-renewal.

13 6. ISIC violated A.R.S. §20-1632(A)(1) & (2) by failing to provide a non  
14 renewal notice that informs policyholders of their right to complain to the Director and  
15 their possible eligibility for insurance through the automobile assigned risk plan.

16 7. ISIC violated A.R.S. §20-1632(A) by failing to provide proof of mailing on  
17 private passenger automobile cancellations and non-renewals.

18 8. ISIC violated A.R.S §20-461(A)(6) and A.A.C. R20-6-801(H)(1)(b) by  
19 failing to correctly calculate and fully pay sales tax, license registration and/or air  
20 quality fees payable in the settlement of total losses.

21 9. ISIC violated A.R.S §20-461(A)(6) and A.A.C. R20-6-801(H)(4) by failing  
22 to reimburse the deductible on a timely basis after subrogation recovery.

23 10. ISIC violated A.R.S §20-461(A)(5) and A.A.C. R20-6-801(G)(1)(a) by  
24 failing to provide claimants with a written claim denial.

25 . . . . .



1 j. provide claimants with a written claim denial.

2 k. identify the correct state and/or state statutes on all claims-related  
3 documents and/or correspondence.

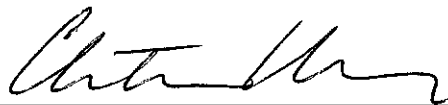
4 2. Within 90 days of the filed date of this Order, Infinity Select Insurance  
5 Company shall submit to the Arizona Department of Insurance, for approval, evidence  
6 that ISIC implemented corrections and communicated these corrections to the  
7 appropriate personnel, regarding the issues outlined in Paragraph 1 of the Order  
8 section of this Consent Order. Evidence of corrective action and communication  
9 thereof includes, but is not limited to, memos, bulletins, E-mails, correspondence,  
10 procedures manuals, print screens, and training materials.

11 3. The Department shall, through authorized representatives, verify that  
12 ISIC has complied with all provisions of this Order.

13 4. Infinity Select Insurance Company shall pay a civil penalty of \$41,000.00  
14 to the Director for remission to the State Treasurer for deposit in the State General  
15 Fund in accordance with A.R.S. §20-220(B). ISIC shall submit the civil penalty to the  
16 Market Oversight Division of the Department prior to the filing of this Order.

17 5. The Report of Target Market Examination of Infinity Select Insurance  
18 Company of December 31, 2010, including the letter with their objections to the Report  
19 of Examination, shall be filed with the Department upon the filing of this Order.

20 DATED at Arizona this 30<sup>th</sup> day of May, 2012.

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23 \_\_\_\_\_  
24 Christina Urias  
25 Director of Insurance

1 **CONSENT TO ORDER**

2 1. Infinity Select Insurance Company has reviewed the foregoing Order.

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

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

10 4. Infinity Select Insurance 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. Infinity Select Insurance Company acknowledges that the acceptance of  
14 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. MITCHELL SILVERMAN, who holds the office of  
19 ASSISTANT SECRETARY of Infinity Select Insurance Company, is authorized to  
20 enter into this Order for them and on their behalf.

21  
22 **INFINITY SELECT INSURANCE COMPANY**

23  
24 MAY 10, 2012  
25 Date

By 

1 COPY of the foregoing mailed/delivered  
2 this 31st day of May , 2012, to:

3 Gerrie Marks  
4 Deputy Director  
5 Mary Butterfield  
6 Assistant Director  
7 Consumer Affairs Division  
8 Helene I. Tomme  
9 Market Examinations Supervisor  
10 Market Oversight Division  
11 Dean Ehler  
12 Assistant Director  
13 Property and Casualty Division  
14 Kurt Regner  
15 Assistant Director  
16 Financial Affairs Division  
17 David Lee  
18 Chief Financial Examiner  
19 Alexandra Shafer  
20 Assistant Director  
21 Life and Health Division  
22 Chuck Gregory  
23 Special Agent Supervisor  
24 Investigations Division

25 DEPARTMENT OF INSURANCE  
2910 North 44th Street, Suite 210  
Phoenix, AZ 85018

Frances H. Hayes  
Sr. Regulatory Compliance Analyst  
Legal Compliance Department  
Infinity Insurance Companies  
3700 Colonnade Parkway  
Birmingham, Alabama 35243

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## **EXHIBIT A**

### **Claim Authorization Disclosure**

These forms fail to comply with A.R.S. § 20-2106(8)(b) and (9).

The following table summarizes these application form findings.

<b>Form Description / Title</b>	<b>Form #</b>	<b>Statute Provision</b>
Authorization to Disclose Health Information Form	None	8(b) and 9
Consent to Disclose and Release Form	None	8(b) and 9