

MAY 18 2015

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE

BY MS

No. 15A-050 - INS

In the Matter of:

**EQUITY INSURANCE COMPANY,  
NAIC # 28746**

Respondent.

**CONSENT ORDER**

The State of Arizona Department of Insurance ("Department") has received evidence that **Equity Insurance Company** ("Respondent") violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

**FINDINGS OF FACT**

1. Equity Insurance Company ("Equity") at all material times held a certificate of authority to transact insurance as a property and casualty insurer in Arizona.

2. From January 1, 2014 through December 31, 2014, Equity non-renewed four (4) personal automobile insurance policies issued to Arizona policyholders that had been in effect for more than sixty (60 days) at the time the notice of non-renewal was mailed.

3. Equity provided information to the policyholders explaining why the policies were not renewed, and the reasons provided are not permitted by Arizona statute.

4. From January 1, 2014 through December 31, 2014, Equity non-renewed four (4) personal automobile insurance policies issued to Arizona policyholders and failed to provide a compliant Summary of Rights to all four policyholders.

...

1 5. From January 1, 2014 through December 31, 2014, Equity non-renewed four (4)  
2 personal automobile insurance policies issued to Arizona policyholders and failed to state the  
3 specific facts that constitute the reasons for the nonrenewal.

4 **CONCLUSIONS OF LAW**

5 1. The Director has jurisdiction over this matter.

6 2. Equity violated ARS §20-1631(D) by failing to non-renew personal automobile  
7 insurance policies that have been in effect for sixty (60) days for reasons permitted by statute.

8 3. Equity violated ARS §20-2110 by failing to send policyholders a compliant  
9 Summary of Rights in the event of an adverse underwriting decision.

10 4. Equity violated ARS §20-1632(A) by failing to state the specific facts that  
11 constitute the reasons for nonrenewal when non-renewing personal automobile insurance  
12 policies.

13 5. Grounds exist for the Director to suspend, revoke or refuse to renew  
14 Respondent's certificate of authority or to impose a civil penalty pursuant to ARS §20-220(A).

15 6. The Director may impose, in lieu of or in addition to suspension or revocation a  
16 penalty not to exceed an aggregate of ten thousand dollars within any six-month period for  
17 unintentional violations or a penalty not to exceed an aggregate of fifty thousand dollars within  
18 any six-month period for intentional violations, within the meaning of ARS § 20-220(B).

19 **ORDER**

20 **IT IS ORDERED THAT:**

- 21 1. Equity Insurance Company shall:  
22 a. use only reasons allowed by statute to non-renew private passenger  
23 automobile policies.  
24

1            b. provide insureds a compliant Summary of Rights in the event of an adverse  
2 underwriting decision.

3            c. state the specific facts that constitute the reasons for nonrenewal when non-  
4 renewing personal automobile insurance policies.

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

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

13           4. Equity shall pay a civil penalty of \$12,000.00 to the Director for deposit into the  
14 State General Fund.

15           DATED AND EFFECTIVE this 18<sup>th</sup> day of May, 2015.

16  
17           *Germaine L. Marks*  
18           GERMAINE L. MARKS  
19           Director of Insurance  
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1 **CONSENT TO ORDER**

2 1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law  
3 and Order.

4 2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona,  
5 and admits the foregoing Findings of Fact and consents to the entry of the foregoing  
6 Conclusions of Law and Order.

7 3. Respondent is aware of its right to notice and a hearing at which it may be  
8 represented by counsel, present evidence and examine witnesses. Respondent irrevocably  
9 waives its right to such notice and hearing and to any court appeals relating to this Consent  
10 Order.

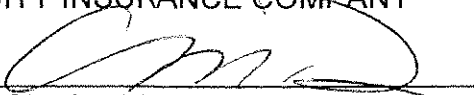
11 4. Respondent states that no promise of any kind or nature whatsoever, except as  
12 expressly contained in this Consent Order, was made to it to induce it to enter into this Consent  
13 Order and that it has entered into this Consent Order voluntarily.

14 5. Respondent acknowledges that the acceptance of this Consent Order by the  
15 Director is solely to settle this matter against it and does not preclude any other agency, officer,  
16 or subdivision of this state including the Department from instituting civil or criminal  
17 proceedings as may be appropriate now or in the future not related to this matter.

18 6. Respondent acknowledges that this Consent Order and its content is a public  
19 record.

20 7. Charles M. Davis represents that he is the President of Equity Insurance  
21 Company and, as such, is authorized to enter this Consent Order on its behalf.

22  
23 5/8/2015  
24 Date

EQUITY INSURANCE COMPANY  
By :   
Charles M. Davis, President

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COPIES of the foregoing mailed/delivered  
this 18<sup>th</sup> day of May, 2015, to:

Equity Insurance Company  
c/o Charles M. Davis, President  
4315 Lake Shore Dr., Suite J.  
Waco, TX 76710-1970

Respondent

Mary E. Kosinski, Executive Assistant for Regulatory Affairs  
Yvonne Hunter, Assistant Director  
Catherine M. O'Neil, Consumer Legal Affairs Officer  
Kurt Regner, CFE, Assistant Director  
Erin Klug, Assistant Director  
Maria Ailor, Market Oversight Division  
Department of Insurance  
2910 North 44<sup>th</sup> Street, Suite 210  
Phoenix, Arizona 85018

  
Maidene Scheiner