

JUN 19 2019

STATE OF ARIZONA
DEPARTMENT OF INSURANCE DEPT OF INSURANCE
BY MEK 6/19/19

In the Matter of:)
)
WESTERN GENERAL INSURANCE COMPANY,)
NAIC # 27502)
)
Respondent.)
_____)

No. 19A-065-INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department") has received evidence that **WESTERN GENERAL 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. Western General Insurance Company ("WGIC") at all material times held a certificate of authority to transact insurance as a property and casualty insurer in Arizona.

2. On May 17, 2011, the Department filed a Consent Order In the Matter of Western General Insurance Company, Docket No. 11A-044-INS (the "2011 Order"). The 2011 Order required WGIC to:

b. accurately apply rating surcharges and policy fees used to determine policy premium in accordance with the Company's filed rating plans.

3. From December 15, 2016 through February 9, 2018, WGIC issued 998 new personal automobile insurance policies through its Private Passenger Auto Program administered by Sun Coast General Insurance Agency, Inc. ("Sun Coast") to Arizona policyholders using rates that had not been filed and approved by the Director. This resulted in overcharges to these policies totaling \$52,474.23.

1 4. From January 15, 2017 through February 9, 2018, WGIC renewed 1700 personal
2 automobile insurance policies to Arizona policyholders through its Private Passenger Auto
3 Program administered by Sun Coast using rates that had not been filed and approved by the
4 Director. This resulted in overcharges to these renewed policies totaling \$162,907.61.

5 **CONCLUSIONS OF LAW**

6 1. The Director has jurisdiction over this matter.

7 2. WGIC was in violation of A.R.S. §20-385 (A) due to its failure to verify that its
8 general agent Sun Coast had filed and received approval of all rates and supplementary rate
9 information and all changes and amendments to those rates made by it for use in this state
10 within 30 days after they became effective for WGIC's personal auto liability and physical
11 damage Private Passenger Auto Program.

12 3. The conduct alleged above constitutes a violation of Title 20, within the meaning
13 of A.R.S. § 20-220(A)(2).

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

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

21 . . .

22 . . .

ORDER

IT IS HEREBY ORDERED THAT:

1. WGIC shall file and accurately apply filed private passenger automobile rates to all new business and renewal policies.

2. Within 30 days of the filed date of this Order, WGIC shall refund the \$215,381.84 overcharges plus 10% interest to its policyholders accompanied with the refund cover letter approved by the Department.

3. Within 30 days of the filed date of this Order, WGIC shall submit to the Department evidence that it has refunded all monies owed and for those policyholders WGIC is unable to locate, evidence of the steps WGIC intends to take to locate these policyholders including the delivery of funds to the State of Arizona Department of Revenue Unclaimed Property Department.

4. The Department may, through authorized representatives, verify that WGIC has complied with all provisions of this Order.

5. WGIC shall immediately pay a civil penalty of \$75,000.00 to the Director for deposit into the State General Fund.

DATED AND EFFECTIVE this 19th day of June, 2019.

KEITH A SCHRAAD
Director of Insurance

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. Robert M. Ehrlich represents that he is the President of Western General
21 Insurance Company and, as such, is authorized to enter this Consent Order on its behalf.

22
23 6/3/2019

24 Date

WESTERN GENERAL INSURANCE COMPANY

By :


Robert M. Ehrlich, President

1 COPIES of the foregoing mailed/delivered
2 this 20th day of June, 2019, to:

3 WESTERN GENERAL INSURANCE COMPANY
4 c/o Robert M. Ehrlich, President
5 5230 Las Virgenes Road, Suite 100.
6 Calabasas, CA 91302
7 Respondent

8 Scott Greenberg, Deputy Director
9 Mary Kosinski, Regulatory Legal Affairs Officer
10 Catherine O'Neil, Consumer Legal Affairs Officer
11 Erin Klug, Assistant Director, Market Oversight Division
12 Kurt Regner, Assistant Director, Financial Affairs Division
13 Maria Ailor, Market Conduct Oversight Administrator

14 Arizona Department of Insurance
15 100 N. 15th Ave., Suite 102
16 Phoenix, Arizona 85007-2624

17 *Francine Martinez*
18 Francine Martinez
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