

1 to notify the insured of a pending cancellation for non-payment of premium and found
2 that the IDS forms failed to allow for timely payment of premiums postmarked by the due
3 date. IDS submitted revised notices to the Department which were effective on February
4 9, 2019 and March 9, 2019.

5 4. The Department reviewed the IDS Arizona Billing procedures for PPA
6 policies and sample copies of all IDS PPA notices used for cancellation for nonpayment
7 of premium and found that the IDS procedures and notices failed to make a monthly pay
8 plan available on PPA policies if a payment was not timely received or if a preauthorized
9 withdrawal was declined or returned for insufficient funds. IDS submitted revised notices
10 and billing procedures to the Department which were effective on February 9, 2019 and
11 March 9, 2019.

12 5. The Department reviewed IDS PPA form hmlt53, final notice of cancellation
13 for cancellation reasons other than non-payment of premium, and found that the IDS
14 notice did not include required language informing insureds of the specific facts that
15 constitute the reason for cancellation, their right to complain to the director, the insureds
16 possible eligibility for coverage in the assigned risk plan, and that all information given in
17 the notice was required to be provided pursuant to A.R.S. Title 20, Chapter 6, Article 11.
18 IDS submitted revised notices to the Department which were effective on February 9,
19 2019 and March 9, 2019.

20 6. The Department reviewed IDS PPA form hmlt53, final notice of cancellation
21 for non-payment of premium, and found that the IDS notice did not include required
22 language of the reasons for the cancellation and of the insureds right to complain to the
23 director. IDS submitted revised notices to the Department which were effective on
24 February 9, 2019 and March 9, 2019.

25 7. The Department also found that IDS PPA form hmlt53, final notice of

1 cancellation, failed to include the required language informing the insureds that the
2 Arizona Department of Transportation had been notified of the cancellation of the PPA
3 policy and that the insured's motor vehicle registration may be suspended. IDS
4 submitted revised notices to the Department which were effective on February 9, 2019
5 and March 9, 2019.

6 8. The Department reviewed the terms of IDS Arizona PPA policy form
7 number 21346 and found that the policy stated that notices of cancellation for
8 nonpayment of premium would be mailed at least seven-days after the premium due
9 date and would be effective on the date the notice was mailed.

10 9. The Department reviewed the IDS Arizona Billing procedures for PPA
11 policies cancelled by IDS for non-payment of premium during the time frame of the audit
12 and found that IDS initially afforded a seven-day grace period but backdated the
13 cancellation effective date on all policies, to the policy expiration date in cases of
14 nonpayment after an offer to renew and to the premium due date on mid-term
15 cancellations for nonpayment. IDS submitted evidence to the Department reflecting
16 changes in the cancellation procedures after the grace period effective February 9, 2019
17 and March 9, 2019.

18 10. The Department reviewed data provided by IDS identifying 149 PPA
19 policies cancelled by IDS for non-payment of premium during the time frame of the audit
20 and found that IDS initially afforded the seven-day grace period but backdated the
21 cancellation effective date on all 149 cases, to the policy expiration date in cases of
22 nonpayment after an offer to renew and to the premium due date on mid-term
23 cancellations for nonpayment. IDS submitted evidence to the Department reflecting
24 changes in the cancellation notices effective February 9, 2019 and March 9, 2019.

25 11. The Department reviewed sample copies of all IDS PPA and homeowner

1 cancellation and nonrenewal notices and found that IDS used the name Ameriprise Auto
2 & Home Insurance (“Ameriprise”) on its notices inferring that Ameriprise was an insurer
3 without first filing the dba with the Department. IDS amended its name to include DBA
4 “Ameriprise Auto & Home Insurance” on September 6, 2019.

5 12. The Department reviewed the terms of IDS Arizona homeowner policy form
6 number 21251, Arizona tenants policy form number 21252 and Arizona condominium
7 policy form number 21253 and found that the policies stated that they could be cancelled
8 for nonpayment of premium by notifying the policyholder 10 days before the date the
9 cancellation takes effect.

10 13. The Department reviewed IDS’s Arizona Billing and Cancellation
11 Procedures Manual for homeowner, tenant and condominium (“homeowner”) policies
12 and found that IDS backdated the cancellation effective date to the policy expiration date
13 in cases of nonpayment after an offer to renew and to the premium due date on mid-term
14 cancellations for nonpayment of premium despite policy provisions that stated IDS would
15 provide the insured with at least 10 days’ notice before the date cancellation takes effect.

16 14. The Department reviewed sample copies of IDS homeowner forms for
17 notice of pending cancellation for non-payment of premium and found that the IDS forms
18 failed to allow for timely payment of premiums postmarked by the due date. IDS
19 submitted revised notices to the Department which were effective on February 9, 2019.

20 **CONCLUSIONS OF LAW**

21 1. IDS violated A.R.S. §20-191 by failing to allow for timely payment of
22 premiums postmarked by the due date.

23 2. IDS violated A.R.S. §20-267(A) by failing to make a monthly pay plan
24 available on all motor vehicle liability policies insuring six or fewer motor vehicles.

25 3. IDS violated A.R.S. §20-443 (A)(1) by misrepresenting the terms of any

1 policy issued or to be issued or the benefits or advantages promised.

2 4. IDS violated A.R.S. §20-444(A) and (B) by deceptively inferring or
3 suggesting that Ameriprise Auto & Home Insurance was an insurer.

4 5. IDS violated A.R.S. §20-1632(A)(1) by failing to notify insureds of the
5 specific facts that constitute the reason for cancellation, of their right to complain to the
6 director, of their possible eligibility for coverage in the assigned risk plan and that all
7 information given in the notice was required to be provided pursuant to A.R.S. Title 20,
8 Chapter 6, Article 11.

9 6. IDS violated A.R.S. §20-1632.01(B) by failing to notify insureds of the
10 specific facts that constitute the reasons for cancellation and of their right to complain to
11 the director.

12 7. IDS violated A.R.S. §20-1632.01(A) by failing to provide a seven day grace
13 period.

14 8. IDS violated A.R.S. §28-4148(F) by failing to notify insureds that the
15 Arizona Department of Transportation had been notified of the cancellation of the private
16 passenger automobile policy and that the insured's motor vehicle registration may be
17 suspended.

18 9. The Director has the authority to suspend an insurer's certificate of
19 authority or assess other appropriate penalties if an insurer violates any provision of Title
20 20 other than a provision as to which refusal, suspension or revocation is mandatory
21 pursuant to A.R.S. § 20-220(A)(1).

22 10. If the Director finds grounds to suspend or revoke an insurer's certificate of
23 authority, the Director may impose, in lieu of or in addition to such suspension or
24 revocation, a penalty not to exceed one thousand dollars for each violation but not to
25 exceed an aggregate of ten thousand dollars within any six-month period with respect to

1 unintentional violations; and a penalty not to exceed five thousand dollars for each
2 violation but not to exceed an aggregate of fifty thousand dollars within any six-month
3 period with respect to intentional violations, within the meaning of A.R.S. § 20-220(B).

4 11. The Director has the authority to order an insurer to cease and desist if the
5 director finds that the insurer engaged in or is engaging in an unfair method of
6 competition or an unfair or deceptive act or practice pursuant to A.R.S. § 20-456(A).

7 12. If the Director finds that an act or practice is a violation of A.R.S. §§ 20-443
8 or 20-444, the Director may impose a penalty not to exceed one thousand dollars for
9 each act or violation but not to exceed an aggregate of ten thousand dollars within any
10 six-month period with respect to unintentional violations; and a penalty not to exceed
11 five thousand dollars for each violation but not to exceed an aggregate of fifty thousand
12 dollars within any six-month period with respect to intentional violations, within the
13 meaning of A.R.S. § 20-456(B).

14 **ORDER**

15 **IT IS HEREBY ORDERED THAT:**

16 1. American Family Connect Property and Casualty Insurance Company, fka
17 IDS Property Casualty Insurance Company shall:

18 a. file any and all required forms and notices to clearly identify the name
19 of the underwriting company.

20 b. cease backdating cancellation effective dates of homeowner policies to
21 the policy expiration date in cases of nonpayment after an offer to renew and to
22 the premium due date on mid-term cancellations for nonpayment of premium.

23 2. Within 90 days of the filed date of this Order, American Family Connect
24 Property and Casualty Insurance Company, fka IDS Property Casualty Insurance
25 Company shall submit to the Arizona Department of Insurance, for approval, evidence

1 that American Family Connect Property and Casualty Insurance Company, fka IDS
2 Property Casualty Insurance Company implemented corrections and communicated
3 these corrections to the appropriate personnel, regarding the issues outlined in
4 Paragraph 1 (a) of the Order section of this Consent Order. Evidence of corrective action
5 and communication thereof includes, but is not limited to, memos, bulletins, e-mails,
6 correspondence, procedures manuals, print screens, and training materials.

7 3. By September 1, 2020, American Family Connect Property and Casualty
8 Insurance Company, fka IDS Property Casualty Insurance Company shall submit to the
9 Arizona Department of Insurance, for approval, evidence that American Family Connect
10 Property and Casualty Insurance Company implemented corrections and communicated
11 these corrections to the appropriate personnel, regarding the issues outlined in
12 Paragraph 1 (b) of the Order section of this Consent Order. Evidence of corrective action
13 and communication thereof includes, but is not limited to, memos, bulletins, e-mails,
14 correspondence, procedures manuals, print screens, and training materials.

15 4. The Department shall, through authorized representatives, verify that
16 American Family Connect Property and Casualty Insurance Company, fka IDS Property
17 Casualty Insurance Company has complied with all provisions of this Order.

18 5. American Family Connect Property and Casualty Insurance Company, fka
19 IDS Property Casualty Insurance Company shall pay a civil penalty of \$50,000.00 to the
20 Director for remission to the State Treasurer for deposit in the State General Fund in
21 accordance with A.R.S. §§ 20-220(B) and 20-456(B). American Family Connect
22 Property and Casualty Insurance Company, fka IDS Property Casualty Insurance
23 Company shall submit the civil penalty to the Market Regulation and Consumer Services
24 Division of the Department prior to the filing of this Order.

25 DATED at Arizona this 5th day of May, 2020.

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Scott B. Greenberg, Deputy Director, for
Christina Corieri
Interim Director of Insurance

CONSENT TO ORDER

1. American Family Connect Property and Casualty Insurance Company, fka IDS Property Casualty Insurance Company has reviewed the foregoing Order.

2. American Family Connect Property and Casualty Insurance Company, fka IDS Property Casualty Insurance Company admits the jurisdiction of the Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the entry of the Conclusions of Law and Order.

3. American Family Connect Property and Casualty Insurance Company, fka IDS Property Casualty Insurance Company is aware of the right to a hearing, at which it may be represented by counsel, present evidence and cross-examine witnesses. American Family Connect Property and Casualty Insurance Company, fka IDS Property Casualty Insurance Company irrevocably waives the right to such notice and hearing and to any court appeals related to this Order.

4. American Family Connect Property and Casualty Insurance Company, fka IDS Property Casualty Insurance Company states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.

5. American Family Connect Property and Casualty Insurance Company, fka IDS Property Casualty Insurance Company acknowledges that the acceptance of this Order by the Director of the Arizona Department of Insurance is solely for the purpose of settling this matter and does not preclude any other agency or officer of this state or

1 its subdivisions or any other person from instituting proceedings, whether civil, criminal,
2 or administrative, as may be appropriate now or in the future.

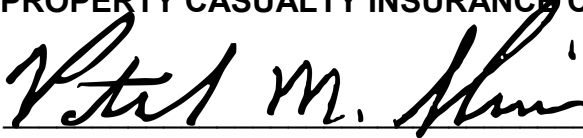
3 6. Patrick M. Shine, who holds the office of
4 General Counsel and Asst. Secretary American Family Connect Property and Casualty
5 Insurance Company, fka IDS Property Casualty Insurance Company, is authorized to
6 enter into this Order for them and on their behalf.

7
8 **AMERICAN FAMILY CONNECT PROPERTY AND
CASUALTY INSURANCE COMPANY, FKA IDS
9 PROPERTY CASUALTY INSURANCE COMPANY**

10 04/21/2020

11 Date

By



12 COPIES of the foregoing mailed this
13 7th day of May, 2020, to:

14 Jessica J. Stauffacher
15 President
16 American Family Connect Property and Casualty Insurance Company
17 fka IDS Property Casualty Insurance Company
3500 Packerland Drive
De Pere, WI 54115-9070

18 COPIES of the foregoing delivered, same date to:

19 Catherine M. O'Neil, Consumer Legal Affairs Officer
20 Mary E. Kosinski, Assistant Regulatory Legal Affairs Officer
21 Erin Klug, Assistant Director
22 Maria Ailor, Assistant Director
23 Sarah Borunda, Market Conduct Manager
24 Cheryl Hawley, Senior Market Analyst
25 Arizona Department of Insurance
100 North 15th Avenue, Suite 261
Phoenix, AZ 85007-2630

Ana Starcevic for
Francine Martinez