

STATE OF ARIZONA

JUL 18 1995

DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE  
By 

1 In the Matter of )  
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 Respondents. )

Docket No. 95-158

CONSENT ORDER

10 A market conduct examination was conducted of  
 11 Nationwide General Insurance Company ("NGIC"), Nationwide  
 12 Mutual Fire Insurance Company ("NMFIC"), Nationwide Mutual  
 13 Insurance Company ("NMIC"), Nationwide Property and Casualty  
 14 Insurance Company ("NPCIC"), Employers Insurance of Wausau, A  
 15 Mutual Company ("EIW") and Wausau Underwriters Insurance Company  
 16 ("WUIC"), by Market Conduct Examiners ("the Examiners") for the  
 17 Arizona Department of Insurance ("ADOI"). Based on the Report  
 18 of Market Conduct Examination ("the Report"), it is alleged that  
 19 Respondents have violated Section 20-1631(C) of the Arizona  
 20 Revised Statutes, Title 20, and Arizona Administrative Code  
 21 Rules ("A.A.C. R") 4-14-801 (now 6-20-801).

22 The Respondents wish to resolve this matter without  
 23 formal adjudicative proceedings and hereby agree to a Consent  
 24 Order.

25 The Director of Insurance of the State of Arizona  
 26 ("the Director") enters the following Findings of Fact and  
 27 Conclusions of Law, which are neither admitted nor denied by  
 28 Respondent, and the following Order.

FINDINGS OF FACT

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3 1. Respondents are is authorized to transact property and  
4 casualty insurance pursuant to Certificates of Authority issued  
5 by the Director.

6 2. The Examiners were authorized by the ADOI to conduct a  
7 market conduct examination of Respondents. The on-site  
8 examination, covering the period from May 1, 1990 to January 17,  
9 1994, was concluded as of April 5, 1994 and a Report of  
10 Examination ("the Report") was written.

11 3. The Director issued a Consent Order ("1991 Order")  
12 naming the above-listed Companies as Respondents which was filed  
13 on July 31, 1991 following a market conduct examination (1990  
14 Examination) as of March 13, 1990. This document ordered in  
15 pertinent part as follows:

16 Respondents shall cease and desist from . . . failing  
17 to pay the appropriate amounts of taxes and fees in  
18 first-party automobile total losses [and] from failing  
19 to pay interest on claims not paid within thirty (30)  
20 days of receipt although Respondent had received all  
21 information necessary to settle the claim.

22 4. The Examiners reviewed 83 first party automobile  
23 total-loss claim files, which represented approximately 10% of  
24 the first party total loss claims reported since the 1990  
25 Examination, and found that Respondents had failed to pay the  
26 full amount of applicable sales taxes and/or license fees due on  
27 two (2) claims. Respondents failed to pay a total of \$120.22  
28 which was due to these claimants.

5. The Examiners reviewed 51 personal automobile  
cancellations. Of these, Respondents cancelled two (2) personal  
automobile policies which had been effective for more than 60  
days on the basis of prior accidents.

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CONCLUSIONS OF LAW

1. By failing to pay the full amount of sales taxes required for the purchase of comparable automobiles to first-party claimants in their settlement of first-party automobile total loss claims, Respondents violated A.A.C. Rule 4-14-801(H)(1)(b).

2. Respondents violated A.R.S. § 20-1631(C) by cancelling policies which had been effective for more than 60 days for reasons other than those cited therein.

ORDER

Respondents having admitted the jurisdiction of the Director to enter the Order set forth herein, having waived the Notice of Hearing, and having consented to the entry of the Order set forth hereinafter, and there being no just reason for delay:

**IT IS HEREBY ORDERED THAT:**

1. Within thirty (30) days of the filed date of this Order, Respondents shall pay \$72.75 to the claimant of Claim #111519 and shall pay \$47.47 to the claimant of Claim #701416. In addition to these amounts, Respondents shall pay each claimant interest on the amounts stated above at the rate of ten percent (10%) per annum calculated from the date the claim was received by the insured to the date the amount is paid.

2. The payments listed in Paragraph 1 shall be accompanied by a letter to the insureds which is acceptable to the Director. A list of payments, giving the name and address of each party to whom payments were made, the base amount of the payment, the amount of interest paid, and the date of payment,

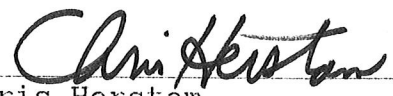
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shall be provided to the ADOI within 60 days of the filed date of this Order.

3. The ADOI shall be permitted, through authorized representatives, to verify Respondents have fully complied with all requirements of this Order, and the Director may separately order Respondents to comply.

4. The April 5, 1994 Report of Examination, to include any objections to the Report by Respondents, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 18th day of July, 1995.

  
Chris Herstam  
Director of Insurance

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CONSENT TO ORDER

1. Respondents Nationwide General Insurance Company, Nationwide Mutual Fire Insurance Company, Nationwide Mutual Insurance Company, Nationwide Property and Casualty Insurance Company, Employers Insurance of Wausau A Mutual Company and Wausau Underwriters Insurance Company have reviewed the foregoing Consent Order.

2. Respondents are aware of their right to a hearing at which hearing Respondents may be represented by counsel, present evidence and cross-examine witnesses. Respondents have irrevocably waived their right to such public hearing and to any court appeals relating thereto.

3. Respondents admit the jurisdiction of the Director of Insurance, State of Arizona, and consent to the entry of this Consent Order.

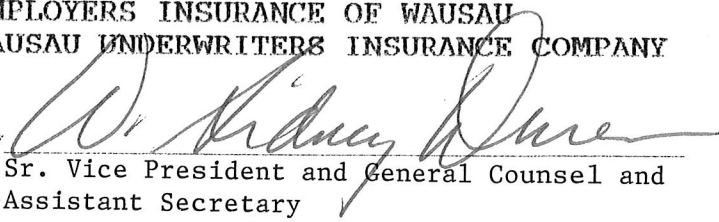
4. Respondents state that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.

5. Respondents acknowledge that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this matter against them and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.

6. W. Sidney Druen represents that as (see below) he is an officer of Respondents and that, as such, he is authorized by it to enter into this Consent Order on its behalf.

NATIONWIDE GENERAL INSURANCE COMPANY  
NATIONWIDE MUTUAL FIRE INSURANCE CO.  
NATIONWIDE MUTUAL INSURANCE COMPANY  
NATIONWIDE PROPERTY AND CASUALTY  
INSURANCE COMPANY  
EMPLOYERS INSURANCE OF WAUSAU  
WAUSAU UNDERWRITERS INSURANCE COMPANY

June 30, 1995  
(Date)

By   
Sr. Vice President and General Counsel and  
Assistant Secretary

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COPY of the foregoing mailed/delivered  
this 18th day of July , 1995, to:

- Charles R. Cohen  
Deputy Director
- Gregory Y. Harris  
Executive Assistant Director
- Erin Klug  
Executive Assistant to the Director
- Jimmy R. Potts  
Examinations Coordinator  
Market Conduct Examinations Division
- Saul Saulson  
Supervisor  
Market Conduct Examinations Division
- Deloris E. Williamson  
Assistant Director  
Rates & Regulations Division
- Gary Torticill  
Assistant Director and Chief Financial Examiner  
Corporate & Financial Affairs Division
- Cathy O'Neil  
Assistant Director  
Consumer Services and Investigations
- Dean Ehler  
Supervisor  
Property and Casualty Section
  
- George K. Macklin, Counsel  
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One Nationwide Plaza  
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