



2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, *supra*, or other applicable law.

### **FINDINGS OF FACT**

3. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

#### **Parties and Background**

- (a) Respondent is Bedford Grange Mutual Insurance Company and maintains its address at 477 West Pitt Street, Bedford, Pennsylvania 15522
- (b) Respondent holds a valid certificate of authority to act as a property/casualty insurer in the Commonwealth of Pennsylvania.
- (c) Respondent is engaged in the business of selling homeowners insurance in the Commonwealth of Pennsylvania.
- (d) On October 22, 2004, the Pennsylvania Insurance Department (the "Department") requested copies of Respondent's Personal Lines Homeowners underwriting guidelines, bulletins, directives, or other forms of underwriting procedures guidelines, bulletins, directives, or other forms of underwriting procedures ("Underwriting Guidelines") used in Pennsylvania, covering the period of January 1, 2004 through June 30, 2004.

- (e) Respondent responded to the Department's request, enclosing the requested information.
- (f) Respondent's Underwriting Guidelines providing that all Homeowner, Farmowner and Mobile homeowner policies must be rewritten onto the dwelling property program within 30 days of becoming unoccupied due to death or any reasons.

### **CONCLUSIONS OF LAW**

4. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Pennsylvania law provides that "basic property insurance shall be continued one hundred and eighty (180) days after the death of the named insured on the policy or until the sale of the property, whichever event occurs first, provide[d] that the premiums for the coverage are paid. 40 P.S. §636.1(a).
- (c) "Basic Property Insurance" is defined to include "all policies that provide insurance against direct loss to real or tangible personal property at a fixed location caused by perils defined and limited in the standard fire policy prescribed in section five hundred and six (506) of this act and in the extended coverage endorsement approved by the Insurance Commissioner pursuant to section three hundred and fifty-four (354) of this act and such

vandalism, malicious mischief, burglary, theft or such other classes of insurance as may be determined by the Insurance Commissioner, but shall not include insurance on motor vehicle, farm or such manufacturing risks as may be excluded by the Insurance Commissioner." 40 P.S. §636.1(b).

- (d) Respondent's Underwriting Guidelines violate 40 P.S. §636.1 by failing to continue basic property insurance for one hundred and eighty (180) days after the death of the named insured on the policy or until the sale of the property, whichever event occurs first, where premiums for the coverage are paid. 40 P.S. §636.1(a).
- (e) Respondent's violation of 40 P.S. §636.1 subjects Respondent to a fine of between five hundred and one thousand dollars. 40 P.S. § 481.
- (f) Respondent's violations of Section 4 of the UIPA subject the Respondent to a cease and desist order. 40 P.S. §1171.9.

### **ORDER**

5. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Within thirty (30) days of the date of this Order, Respondent shall revise and reissue its underwriting guidelines for use in Pennsylvania to ensure that the basic property insurance shall be continued one hundred and eighty (180) days after the death of the

named insured on the policy or until the sale of the property, whichever event occurs first, provide[d] that the premiums for the coverage are paid.

6. In the event the Deputy Insurance Commissioner finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Deputy Insurance Commissioner may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Deputy Insurance Commissioner may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, *supra*, or other relevant provision of law.

7. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, *supra*, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

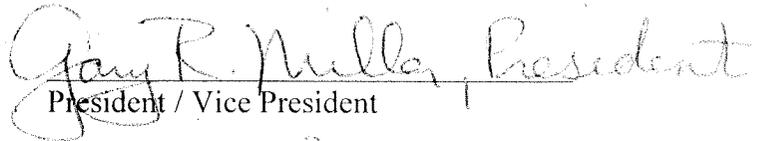
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order by the Insurance Department.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

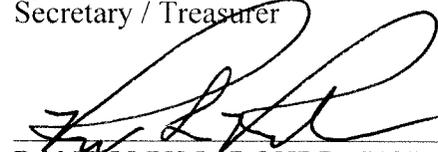
11. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner.

12. The signatory hereto on behalf of Respondent is duly authorized to execute this Consent Order and, by so doing, to bind Respondent to the terms hereof.

BY: BEDFORD GRANGE MUTUAL  
INSURANCE COMPANY, Respondent

  
President / Vice President

  
Secretary / Treasurer

  
RANDOLPH L. ROHRBAUGH  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania