

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

RECEIVED  
INSURANCE DEPARTMENT  
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ADMIN HEARINGS OFFICE

IN RE: : VIOLATIONS:  
: :  
GENERAL CASUALTY COMPANY : Section 5(a)(9) of the Unfair  
OF WISCONSIN : Insurance Practices Act, Act of  
One General Drive : July 22, 1974, P.L. 589, No. 205  
Sun Prairie, Wisconsin 53596 : (40 P.S. § 1171.5)  
: :  
Respondent. : Docket No. MC06-07-026

CONSENT ORDER

AND NOW, this *15<sup>th</sup>* day of *August*, 2006, this Order is hereby issued by the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. §101, et seq., or other applicable law.

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:

- (a) Respondent is General Casualty Company of Wisconsin, and maintains its address at One General Drive, Sun Prairie, Wisconsin 53596.
- (b) On August 8, 2005, the Market Conduct Division finalized a Market Conduct Examination conducted on Respondent for the period July 1, 2003 through June 30, 2004.
- (c) The Report of Examination specifically noted a violation for nonrenewal of a homeowner policy where the reason cited was "Agent no longer represents Company".
- (d) On March 30, 2006, the Market Conduct Division received a referral from the Philadelphia Regional Office that it had received several complaints involving nonrenewal notices issued by General Casualty Company of Wisconsin.

- (e) The reason stated on the nonrenewal notices was “Your Agent No Longer Represents Our Company”.
- (f) On April 20, 2006, the Department met with Respondent’s representatives to discuss their nonrenewal of homeowner policies because of agent termination.
- (g) Respondent acknowledged that between August 5, 2005 and April 21, 2006, a total of 171 homeowner policies had been nonrenewed due to agent termination. In addition, as of April 21, 2006, 71 policyholders were issued notices of nonrenewal which had not yet become effective.
- (h) Respondent was directed to contact all affected policyholders and extend an offer to reinstate the policies.
- (i) Respondent has contacted all affected policyholders and offered to reinstate coverage.

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) Section 5(a)(9) of Act 205 (40 P.S. § 1171.5) states that canceling any policy of insurance covering owner-occupied private residential properties or personal property of individuals that has been in force for sixty days or more or refusing to renew any such policy unless misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the company; or there has been a substantial change or increase in hazard in the risk assumed by the company subsequent to the date the policy was issued; or there is a substantial increase in hazards insured against by reason of willful or negligent acts or omissions by the insured; or the insured has failed to pay any premium when due whether such premium is payable directly to the company or its agent or indirectly under any premium finance plan or extension of credit; or for any other reasons approved by the Commissioner. "Agent no longer represents the Company" is not a permitted reason for nonrenewal.
- (c) Respondent's violations of Section 5(a)(9) of the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171.5) are punishable by the following, under Section 9 of the Unfair Insurance Practices Act (40 P.S. §1171.9):

- (i) cease and desist from engaging in the prohibited activity;
  - (ii) suspension or revocation of the license(s) of Respondent.
- (d) In addition to any penalties imposed by the Commissioner for Respondent's violations of the Unfair Insurance Practices Act (40 P.S. §§ 1171.1 - 1171.5), the Commissioner may, under Sections 10 and 11 of the Unfair Insurance Practices Act (40 P.S. §§ 1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:
- (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);
  - (ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars (\$1,000.00).

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) Respondent shall pay Fifty Thousand Dollars (\$50,000.00) to the Commonwealth of Pennsylvania in settlement of all violations contained in the Report.
  
- (c) Payment of this matter shall be made by check payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Harbert, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment must be made no later than thirty (30) days after the date of this Order.

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.

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.

BY: GENERAL CASUALTY COMPANY  
OF WISCONSIN, Respondent



\_\_\_\_\_  
President/Vice President



\_\_\_\_\_  
Secretary/Treasurer



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RANDOLPH L. ROHRBAUGH  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania