

3. Without admitting the allegations of fact and conclusions of law contained herein, Respondent specifically denies that it violated any law or regulation of the Commonwealth.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Safeco Insurance Company of America and maintains its address at 1001 Fourth Avenue, Seattle, Washington 98154.
- (b) Respondent, at all relevant times hereto has been, a licensed insurance company authorized to conduct the business of insurance in Pennsylvania.
- (c) Since January, 2004, Respondent mailed 2,438 cancellation notices to Pennsylvania policyholders for non-payment of premiums on automobile insurance that failed to include or make required disclosures.
- (d) Multiple complaints received by the Pennsylvania Insurance Department from policyholders addressed notices that did not clearly advise them that their insurance may be cancelled and automobile registrations suspended by the Department of Transportation.

- (e) The cancellations were identified with language that included “NON-PAY WARNING NOTICE”, “Warning...Payment Not Yet Received”, and “RETURNED PAYMENT NOTICE”.

- (f) The cancellation notices failed to include a clearly identified mailing date, a disclosure that identified the cancellation date to be no less than 60 days of the mailing date, and a disclosure that advised the policyholder that his/her automobile registration may be suspended under the provisions of 75 Pa.C.S. § 1553.

- (g) During November, 2007, Respondent affirmed that the notices were sent to 2,438 policyholders since January, 2004 and that the notices did not include the aforementioned disclosures.

CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) Section 2006(2) of Act 68 of 1998 (40 P.S. § 991.2006(2)), requires cancellation notices to state the date, not less than 60 days after the date of the mailing or delivery, on which cancellation or refusal to renew shall become effective.
- (c) Respondent's activities described above in paragraphs 3(c) through 3(g) violate Section 2006(2) of Act 68 of 1998 (40 PS. § 991.2006(2)).
- (d) Section 2006(7) of Act 68 of 1998 (40 P.S. § 991.2006(7)), requires cancellation notices to clearly state that when coverage is to be terminated due to nonresponse to a citation under 75 Pa.C.S. § 1533, or suspension of operating privilege for failure to respond to a citation or nonpayment of a fine, coverage shall not terminate if the insured provides the insurer with proof that the insured has responded to all citations and paid all fines and penalties and that he has done so on or before the termination date of the policy.
- (e) Respondent's activities described above in paragraphs 3(c) through 3(g) violate Section 2006(7) of Act 68 of 1998 (40 PS. § 991.2006(7))
- (f) Violations of Sections 2006 of Act 68 of 1998 are punishable by the following, under Section 2013 of the Act (40 P.S. § 991.2013): Any individual or insurer who violates any of the provisions of this article may be sentenced to pay a fine not to exceed five thousand dollars (\$5,000.00).

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department 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 send an offer to reinstate or rewrite coverage to the affected consumers at the consumers' option. Proof of the reinstatement offers shall be provided to the Insurance Department within 3 (three) months from the date of this Order.

- (c) Respondent shall pay a civil penalty of Forty-Thousand Dollars (\$40,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to Ginny Baker, Administrative Assistant, Department of Insurance, Bureau of Licensing and Investigations, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

7. In the event the Insurance Department 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, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

8. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department 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.

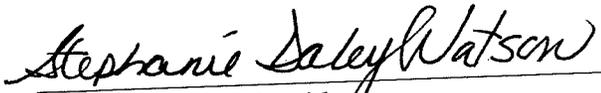
9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

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

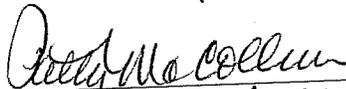
11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

12. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee 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 delegee.

BY: SAFECO INSURANCE COMPANY OF
AMERICA, Respondent



President / Vice President
Stephanie Daley-Watson



Secretary / Treasurer
Patty McCollum



COMMONWEALTH OF PENNSYLVANIA
By: Ronald A. Gallagher, Jr.
Deputy Insurance Commissioner