

BEFORE THE INSURANCE COMMISSIONER 06 JUN 15 PM 2: 26
OF THE
COMMONWEALTH OF PENNSYLVANIA ADMIN HEARINGS OFFICE

IN RE: : VIOLATIONS:
: :
UNIVERSAL UNDERWRITERS : Sections 4(a) and 4(h) of the Act of
INSURANCE COMPANY : June 11, 1947, P.L. 538, No. 246
7045 College Boulevard : (40 P.S. §§1184)
Overland Park, KS 66211 :
: :
Respondent. : Docket No. MC06-05-004

CONSENT ORDER

AND NOW, this 15th day of June, 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 Universal Underwriters Insurance Company, and maintains its address at 7045 College Boulevard, Overland Park, Kansas 66211.
- (b) By letter dated September 30, 2005, Respondent disclosed to the Department that, during the course of a recent market conduct examination conducted by the state of Kansas, it was noted premium rates charged some commercial lines policies for car dealers and aftermarket service companies exceeded that justified under their filed rating plan.
- (c) Respondent, as a result of this discovery, determined it to be necessary to identify and quantify the degree to which the problem existed in other states.
- (d) Respondent retained an independent forensic consulting firm to conduct a policy-by-policy review of similar policies issued in all states, including Pennsylvania.

- (e) By letter dated April 26, 2006, Respondent reported final results of the independent review, which identified 222 Pennsylvania policyholders for 337 policies who were charged excess premium, totaling \$637,676.60.
- (f) Respondent has agreed to make retroactive premium adjustments to all affected policyholders in Pennsylvania who were charged premium on new or renewal policies on or after January 1, 2002 that exceeded the justified rate allowed by the filed rating plan at the time of policy issuance.
- (g) Respondent has further agreed to pay interest at a rate acceptable to the Department on all premium adjustments made to affected policyholders.

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) Sections 4(a) and 4(h) of the Casualty and Surety Rate Regulatory Act, No. 246 (40 P.S. § 1184), which requires every insurer to file with the Insurance

Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan which it proposes to use in this Commonwealth and prohibits an insurer from making or issuing a contract or policy with rates other than those approved.

(c) Respondent's violations of Sections 4(a) and (h) of the Casualty and Surety Rate Regulatory Act, No. 246 (40 P.S. § 1184) are punishable under Section 16 of the Casualty and Surety Rate Regulatory Act:

(i) imposition of a civil penalty not to exceed \$50 for each violation or not more than \$500 for each such wilful violation;

(ii) suspension of the license of any insurer which fails to comply with an Order of the Commissioner within the time limited by such Order, or any extension thereof which the Commissioner may grant.

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 that are in violation of Pennsylvania statutes or regulations.

(b) Respondent shall provide the Department with proof of all premium adjustments and interest paid to affected Pennsylvania policyholders within 30 days from 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.

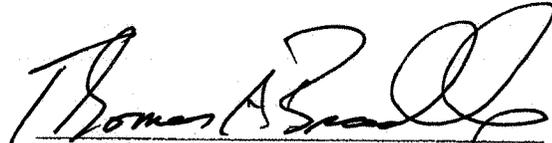
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

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.

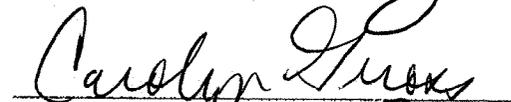
11. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent

Order is not effective until executed by the Insurance Commissioner or a duly authorized Deputy Insurance Commissioner.

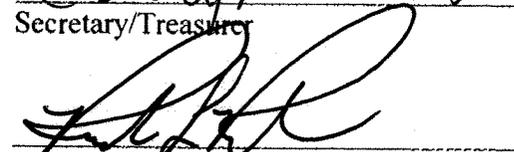
BY: UNIVERSAL UNDERWRITERS
INSURANCE COMPANY, Respondent



President/Vice President



Secretary/Treasurer



RANDOLPH L. ROHRBAUGH
Deputy Insurance Commissioner
Commonwealth of Pennsylvania