

JUN 2 2006

STATE OF ARIZONA

DEPT OF INSURANCE

DEPARTMENT OF INSURANCE

BY CB

In the Matter of:

) Docket No. 06A-085-INS

) **TITAN INSURANCE COMPANY,**

) NAIC # 36269,

) Respondent.

) **CONSENT ORDER**

7 Examiners for the Department of Insurance (the "Department") conducted a
8 target market examination of Titan Insurance Company ("Titan"). In the Report of
9 Target Market Examination of Titan, the Examiners allege that Titan violated A.R.S. §
10 20-1632.01.

11 Titan wishes to resolve this matter without formal proceedings, neither admits
12 nor denies that the following Findings of Fact are true, and consents to the entry of the
13 following Conclusions of Law and Order.

14 **FINDINGS OF FACT**

15 1. Titan is authorized to transact property and casualty insurance pursuant
16 to a Certificate of Authority issued by the Director.

17 2. The Director authorized the Examiners to conduct a target market
18 examination of Titan. The examination covered the time period from January 1, 2004
19 through December 31, 2004 and concluded on December 1, 2005. Based on the
20 examination findings, the Examiners prepared the "Report of Target Market
21 Examination of Titan Insurance Company" dated December 31, 2004.

22 3. The Department previously conducted a market conduct examination of
23 Titan. The on-site examination was concluded as of November 12, 1999. As a result,
24 a Consent Order (the "2001 Consent Order"), was filed by the Director on April 9, 2001,
25 Docket No. 01A-095-INS. The 2001 Consent Order stated in part as follows:

1 "Titan shall cease and desist from committing the following practices:...

2 h. Failing to provide a minimum seven-day grace period after the date
3 through which the insured's premium has been paid before canceling personal
4 automobile policies for nonpayment of premium."

5 4. The Examiners reviewed 12 of 27,519 non-pay mid-term cancellation files
6 and 62 of 2,471 non-pay non-renewal cancellation files cancelled by the Company
7 during the examination period and found that Titan failed to provide the minimum 7
8 day grace period, after the premium due date, on 62 non-pay non-renewal
9 cancellations.

10 **CONCLUSIONS OF LAW.**

11 1. Titan violated A.R.S § 20-1632.01 by failing to provide a minimum seven
12 day grace period, after the premium due date, before canceling personal automobile
13 policies for nonpayment of premium.

14 2. Grounds exist for the entry of the following Order in accordance with
15 A.R.S. § 20-220.

16 **ORDER**

17 **IT IS HEREBY ORDERED THAT:**

18 1. Titan Insurance Company shall cease and desist from failing to provide a
19 minimum seven day grace period, after the premium due date, before canceling
20 personal automobile policies for nonpayment of premium.

21 2. Within 90 days of the filed date of this Order, Titan shall submit to the
22 Arizona Department of Insurance, for approval, evidence that corrections have been
23 implemented and communicated to the appropriate personnel, regarding the issues
24 outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of
25 corrective action and communication thereof includes, but is not limited to, memos,

1 bulletins, E-mails, correspondence, procedures manuals, print screens, and training
2 materials.

3 3. The Department shall be permitted, through authorized representatives,
4 to verify that Titan has complied with all provisions of this Order.

5 4. Titan shall pay a civil penalty of \$40,000.00 to the Director for remission
6 to the State Treasurer for deposit in the State General Fund in accordance with A.R.S.
7 § 20-220(B). The civil penalty shall be provided to the Market Oversight Division of the
8 Department prior to the filing of this Order.

9 5. The Report of Target Market Examination of Titan Insurance Company as
10 of December 31, 2004, including the letter with their objections to the Report of
11 Examination, shall be filed with the Department upon the filing of this Order.

12
13 DATED at Phoenix, AZ this 1ST day of June, 2006.

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16 _____
17 Christina Urias
18 Director of Insurance
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1 **CONSENT TO ORDER**

2 1. Titan Insurance Company has reviewed the foregoing Order.

3 2. Titan Insurance Company admits the jurisdiction of the Director of
4 Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the
5 entry of the Conclusions of Law and Order.

6 3. Titan Insurance Company is aware of the right to a hearing, at which it
7 may be represented by counsel, present evidence and cross-examine witnesses. Titan
8 Insurance Company irrevocably waives the right to such notice and hearing and to any
9 court appeals related to this Order.

10 4. Titan Insurance Company states that no promise of any kind or nature
11 whatsoever was made to it to induce it to enter into this Consent Order and that it has
12 entered into this Consent Order voluntarily.

13 5. Titan Insurance Company acknowledges that the acceptance of this
14 Order by the Director of the Arizona Department of Insurance is solely for the purpose
15 of settling this matter and does not preclude any other agency or officer of this state or
16 its subdivisions or any other person from instituting proceedings, whether civil, criminal,
17 or administrative, as may be appropriate now or in the future.

18 6. JOHN F. CAMPBELL, who holds the office of
19 Sr. Vice President of Titan Insurance Company, is authorized to enter into
20 this Order for them and on their behalf.

21
22 5/22/06
Date

21 **TITAN INSURANCE COMPANY**
By John F. Campbell

1 COPY of the foregoing mailed/delivered
2 this 2nd day of June , 2006, to:

3 Gerrie Marks
4 Deputy Director
5 Mary Butterfield
6 Assistant Director
7 Consumer Affairs Division
8 Paul J. Hogan
9 Market Oversight Administrator
10 Market Oversight Division
11 Dean Ehler
12 Assistant Director
13 Property & Casualty Division
14 Steve Ferguson
15 Assistant Director
16 Financial Affairs Division
17 Alan Griffieth
18 Chief Financial Examiner
19 Alexandra Schafer
20 Assistant Director
21 Life and Health Division
22 Terry L. Cooper
23 Fraud Unit Chief

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29 Randall L. Orr, Associate General Counsel
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