

AUG 16 2007

DEPT OF INSURANCE  
BY CS

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

**UNIVERSAL CASUALTY COMPANY,**  
NAIC # 42862,  
Respondent.

) Docket No. 07A-150-INS

) **CONSENT ORDER**

Examiners for the Department of Insurance (the "Department") conducted a targeted examination of Universal Casualty Company, ("UCC"). In the Report of Target Market Examination of the Market Conduct Affairs of Universal Casualty Company, the examiners allege that UCC violated ARS §§20-398 and 20-1632.01.

UCC wishes to resolve this matter without formal proceedings, neither admits nor denies the following Findings of Fact and Conclusions of Law and consents to the entry of the following Order.

**FINDINGS OF FACT**

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

2. The Director authorized the examiners to conduct a target market examination of UCC. The examination covered the time period from October 1, 2005 to September 30, 2006 and concluded on May 22, 2007. Based on their findings, the examiners prepared the "Report of Target Market Examination of Universal Casualty Company" dated September 30, 2006.

3. The examiners reviewed 11 of UCC's personal automobile forms in use during the time frame of the examination and found that UCC failed to file policy jacket UCCPPA1105 (AZ) and obtain approval from the Department for use of this form.

4. The examiners reviewed 421 of 1,151 personal automobile policies non-

1 renewed during the time frame of the examination and found that UCC failed to provide  
2 388 insureds with a seven-day grace period when their policies were non-renewed for  
3 nonpayment of premium.

4 **CONCLUSIONS OF LAW.**

5 1. UCC violated ARS §20-398 by failing to file and receive approval from the  
6 Department on a non-exempt personal automobile form.

7 2. UCC violated ARS §20-1632.01 by failing to provide a minimum seven  
8 day grace period, after the premium due date, on personal automobile policies non-  
9 renewed for nonpayment of premium.

10 3. Grounds exist for the entry of the following Order in accordance with ARS  
11 §20-220.

12 **ORDER**

13 **IT IS HEREBY ORDERED THAT:**

14 1. Universal Casualty Company, shall cease and desist from:

15 a. Failing to file and receive approval from the Department on non-  
16 exempt personal automobile forms.

17 b. Failing to provide a minimum seven day grace period, after the  
18 premium due date, on personal automobile policies non-renewed for nonpayment of  
19 premium.

20 2. Within 90 days of the filed date of this Order, UCC shall submit to the  
21 Arizona Department of Insurance, for approval, evidence that UCC implemented  
22 corrections and communicated these corrections to the appropriate personnel,  
23 regarding the issues outlined in Paragraph 1 of the Order section of this Consent  
24 Order. Evidence of corrective action and communication thereof includes, but is not  
25 limited to, memos, bulletins, E-mails, correspondence, procedures manuals, print

1 screens, and training materials.

2 3. The Department shall, through authorized representatives, verify that  
3 UCC has complied with all provisions of this Order.

4 4. UCC shall pay a civil penalty of \$15,000.00 to the Director for remission  
5 to the State Treasurer for deposit in the State General Fund in accordance with ARS  
6 §20-220(B). UCC shall submit the civil penalty to the Market Oversight Division of the  
7 Department prior to the filing of this Order.

8 5. The Report of Target Market Examination of Universal Casualty  
9 Company as of September 30, 2006, including the letter accepting the Report of  
10 Examination, shall be filed with the Department upon the filing of this Order.

11  
12 DATED at Phoenix, AZ this 14<sup>th</sup> day of August, 2007.

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

2 1. Universal Casualty Company has reviewed the foregoing Order.

3 2. Universal Casualty Company admits the jurisdiction of the Director of  
4 Insurance, State of Arizona, neither admits nor denies the foregoing Findings of Fact  
5 and Conclusions of Law and consents to the entry of the Order.

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

10 4. Universal Casualty 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. Universal Casualty 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. Mar C. Romanz, who holds the office of  
19 President & C.E.O. of Universal Casualty Company, is authorized to enter  
20 into this Order for them and on their behalf.

21 **UNIVERSAL CASUALTY COMPANY**

22  
23 8/7/2007  
Date

24 By Mar C Romanz  
25

1 COPY of the foregoing mailed/delivered  
2 this 16th day of August , 2007, 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 and 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

24  
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2910 North 44th Street, Suite 210  
Phoenix, AZ 85018

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28 Marc Romanz, President  
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