STATE OF ARIZONA

JUL 29 2011

DEPARTMENT OF INSURANCE

DEPI	OF-INSORANCI
BY_	

In the Matter of:)
21 st CENTURY INSURANCE COMPANY OF THE SOUTHWEST,) No. 11A- <u>10</u> 1- INS)
(NAIC # 10245)) CONSENT ORDER
Respondent.)))

The State of Arizona Department of Insurance ("Department") has received evidence that 21st Century Insurance Company of the Southwest ("Respondent") violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

- 21st Century Insurance Company of the Southwest ("21st Century") holds a Certificate of Authority in Arizona to transact insurance as a property and casualty insurer.
- 2. From June 25, 2007 through March 17, 2010¹, 21st Century mailed cancellation notices to 2,303 Arizona private passenger automobile insurance policyholders with retroactive cancellation effective dates.
- 3. On or about September, 2009, the Department notified 21st Century that its practice of mailing cancellation notices with retroactive effective dates violated A.R.S. § 20-1632.01(B).

Five six-month periods.

4. 21st Century conducted a self-audit to identify, all covered claims which occurred in the period of time between the stated effective date of cancellation and the date the cancellation notice was mailed on all policies cancelled for non-payment of premium from June 21, 2007 through April 23, 2010 and identified one covered claim.

CONCLUSIONS OF LAW

- 1. The Director has jurisdiction over this matter.
- 2. Respondent's conduct, as alleged above, violates the provision that the cancellation or nonrenewal of any motor vehicle insurance policy cancelled or nonrenewed for nonpayment of premium by the insurer after the grace period is effective on the date the notice of cancellation or nonrenewal is mailed to the policyholder, within the meaning of A.R.S. § 20-1632.01(B).
- 3. Respondent's conduct constitutes the violation of any provision of Title 20, within the meaning of ARS §20-220(A)(1).
- 4. Grounds exist for the Director to impose a civil penalty not to exceed one thousand dollars for each violation and not to exceed an aggregate of ten thousand dollars within any six-month period, with respect to unintentional violations and a penalty not to exceed five thousand dollars for each violation and not to exceed an aggregate of fifty thousand dollars within any six-month period with respect to intentional violations, pursuant to ARS §20-220(B).

. .

1	

3

5

6

7

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

ORDER

IT IS ORDERED THAT:

- 1. 21st Century shall abide by its oral agreement to end its violative practice and amend its electronic system effective April 23, 2010 so that the cancellation effective date is the mailing date of the notice of cancellation.
- 2. 21st Century shall reopen the one covered claim that occurred during the audit period and shall pay all amounts determined to be owed on that claim along with all appropriate interest.
- 3. On or before July 15, 2011, 21st Century shall report the results of the self-audit to the Department.
- 21st Century shall immediately pay a civil penalty of \$90,000 to the Director for deposit into the State General Fund.

DATED AND EFFECTIVE this 28th day of July, 2011.

CHRISTINA URIAS Director of Insurance

CONSENT TO ORDER

- Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.
- Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.

- 3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.
- 4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.
- 5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter against it and does not preclude any other agency, officer, or subdivision of this state including the Department from instituting civil or criminal proceedings as may be appropriate now or in the future not related to this matter.
- 6. Respondent acknowledges that this Consent Order is a public record and may be released in response to a request from the public. Respondent also acknowledges that the Department will post the status of Respondent's license on its website. The Department may, at its discretion, release the content of this Consent Order.
- 7. Anthony James Desantis represents that he is the President of 21st Century Insurance Company of the Southwest and that, as such, he is authorized to enter this consent order on its behalf.

21st Century Insurance Company of the Southwest

7/19/11 Date

Anthony James Desantis, President

1.	COPIES of the foregoing mailed/delivered this 29th day of July , 2011, to:
2	
3	Anthony J. Desantis, President 21 st Century Insurance Company of the Southwest 3 Beaver Valley Road
4	Wilmington, DE 19803-1115 Respondent
5	Mary E. Kosinski, Executive Assistant for Regulatory Affairs
6	Mary Butterfield, Assistant Director Catherine M. O'Neil, Consumer Legal Affairs Officer
7	Steve Ferguson, Financial Affairs Division Maria Chavira, Market Oversight Division
8	Department of Insurance 2910 North 44 th Street, Suite 210
9	Phoenix, Arizona 85018
10	erney Buston
11	Curvey Walters Burton
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	