



1 policies issued during the time frame of the examination and found that YAIC failed to  
2 fully document and accurately apply rating point surcharges used to determine the  
3 premium on 9 surcharged policies. During the review of the Company's private  
4 passenger automobile policy surcharge rating practices, YAIC made restitution  
5 payments to all policyholders owed refunds which resulted in total restitution payments  
6 of \$152.00.

7 4. The examiners reviewed 21 of 21 private passenger automobile policies,  
8 in effect more than sixty (60) days, cancelled for non-payment of premium during the  
9 time frame of the examination and found that YAIC failed to include in the notice the  
10 insureds right to complain to the director in all 21 cancellation notices sent to  
11 policyholders. The Department's records reflect that YAIC has subsequently revised its  
12 cancellation notice form to include the required language.

13 5. The examiners reviewed 122 policies in effect for more than sixty (60)  
14 days that had been non-renewed for non-payment of premium, during the time frame of  
15 the examination and found that YAIC failed to send non-renewal notices for non-  
16 payment of premium to all 122 policyholders. The Department's records reflect that  
17 YAIC has subsequently revised its procedures with respect to non-renewal notices, and  
18 such procedures are in compliance with Arizona law.

19 6. The examiners reviewed 100 partial loss and total loss paid claims settled  
20 during the time frame of the examination and found that YAIC failed to promptly  
21 investigate claims within thirty (30) days after receipt of the claim notice in 9 claim  
22 settlements.

23 7. The examiners found one claim authorization disclosure form, the  
24 *Authorization to Release Confidential Health Information*, used during the time frame of  
25 the examination that failed to specify: the purposes for which the information is

1 collected, that the authorization remains valid for no longer than the duration of the  
2 claim and advise the individual or a person authorized to act on behalf of the individual  
3 that they are entitled to receive a copy of the authorization form. The Department's  
4 records reflect that YAIC's claim authorization disclosure form has been revised to  
5 include the required language.

6 8. The examiners found one claim form, the *Authorization to Release*  
7 *Confidential Health Information*, used by the Company during the time frame of the  
8 examination that failed to contain a compliant fraud warning notice. The Department's  
9 records reflect that YAIC's claim form has been revised to include the required fraud  
10 warning notice.

11 9. The examiners reviewed a total of 111 partial loss and total loss paid  
12 claims, and claims closed without payment settled during the time frame of the  
13 examination and found that YAIC failed to produce and make accessible claim  
14 documents including; denial letters, damage estimates, adjuster notes and record of  
15 payments, that permitted examiners to reconstruct events and dates pertinent to 56  
16 claim settlements. The examiners determined that YAIC discontinued a third party  
17 computer software system and transitioned to a new system. The 111 paid claims  
18 referenced above were related to the discontinued system, and no accessibility findings  
19 were identified in the new system.

20 10. The examiners reviewed 84 private passenger automobile total loss claims  
21 processed by the Company during the time frame of the examination and found that  
22 YAIC failed to correctly calculate and fully pay appropriate tax, license registration  
23 and/or air quality fees payable in the settlement of 56 total losses. During the review of  
24 the Company's private passenger automobile total loss claim settlement practices,  
25 YAIC made restitution payments to all claimants owed refunds which resulted in

1 restitution payments of \$6,354.47, plus \$121.12 interest, for a total of \$6,475.59.

2  
3 **CONCLUSIONS OF LAW**

4 1. YAIC violated A.R.S. §20-385 by failing to fully document and accurately  
5 apply rating point surcharges used to determine the premium for private passenger  
6 automobile policies.

7 2. YAIC violated A.R.S. §20-1632.01(B) by failing to include the insureds  
8 right to complain to the Director in policy cancellation notices.

9 3. YAIC violated A.R.S. §20-1632.01 by failing to send non-renewal notices  
10 to policyholders cancelled for non-payment of premium.

11 4. YAIC violated A.R.S §§20-461(A)(6), and A.A.C. R20-6-801(F) by failing  
12 to promptly investigate claims within thirty (30) days after receipt of the claim notice.

13 5. YAIC violated A.R.S. §20-2106(6), (8)(b) and (9) by using claim  
14 authorization forms that failed to contain a compliant *Authorization for the Release of*  
15 *Information*.

16 6. YAIC violated A.R.S. §20-466.03 by using a claim form that failed to  
17 contain a compliant fraud warning notice.

18 7. YAIC violated A.R.S §§20-157, 20-157.01 and A.A.C. R20-6-801(C) by  
19 failing to maintain all notes and work papers pertaining to claim files in such detail that  
20 pertinent events and the dates of such events can be reconstructed.

21 8. YAIC violated A.R.S §§20-461(A)(6), and A.A.C. R20-6-801(H)(1)(b) by  
22 failing to correctly calculate and fully pay sales tax, license registration and/or air  
23 quality fees payable in the settlement of total losses.

24 9. Grounds exist for the entry of the following Order in accordance with  
25 A.R.S. §§20-220 and 20-456 and 20-2117.

1 **ORDER**

2 **IT IS HEREBY ORDERED THAT:**

3 1. Young America Insurance Company shall:

4 a. accurately document and apply filed surcharges to determine policy  
5 premium for private passenger automobile policies.

6 b. include the insureds right to complain to the Director in all policy  
7 cancellation notices.

8 c. send non-renewal notices to policyholders cancelled for non-payment  
9 of premium at renewal.

10 d. investigate claims within thirty (30) days after receipt of the claim  
11 notice.

12 e. use claim authorization disclosure forms that contain a compliant  
13 *Authorization for the Release of Information*.

14 f. use claim forms that contain a compliant fraud warning notice.

15 g. maintain claim files in such detail that pertinent events and the dates  
16 of such events can be reconstructed.

17 h. correctly calculate and fully pay sales tax and other fees payable in  
18 the settlement of total losses.

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



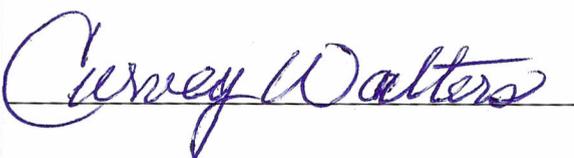


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