

STATE OF ARIZONA

AUG 19 2015

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE

BY MS

In the Matter of:

) Docket No. 15A-112-INS

) **SENTRY INSURANCE A MUTUAL COMPANY,**

) **CONSENT ORDER**

) NAIC # 24988,

) Respondent.

7 Examiners for the Department of Insurance (the "Department") conducted a  
8 target market conduct examination of Sentry Insurance A Mutual Company  
9 ("SIAMCO"). In the Report of Target Market Conduct Examination of the Market  
10 Conduct Affairs of Sentry Insurance A Mutual Company, the examiners allege that  
11 SIAMCO, violated A.R.S. §20-2110.

12 SIAMCO wishes to resolve this matter without formal proceedings, admits that  
13 the following Findings of Fact are true, and consents to the entry of the following  
14 Conclusions of Law and Order.

15 **FINDINGS OF FACT**

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

18 2. The Director authorized the examiners to conduct a target market  
19 conduct examination of SIAMCO. The examination covered the time period from  
20 January 1, 2014 through December 31, 2014 and concluded on June 8, 2015. Based  
21 on their findings, the examiners prepared the "Report of Target Market Conduct  
22 Examination of Sentry Insurance A Mutual Company," dated December 31, 2014.

23 3. The examiners reviewed 29 of 29 private passenger automobile non-  
24 renewals, 51 of 138 private passenger automobile cancellations, 50 of 650 homeowner  
25 non-renewals, 31 of 31 homeowner cancellations, and 79 of 79 dwelling fire non-

1 renewals, all non-renewed or cancelled for underwriting reasons during the time frame  
2 of the examination and found that SIAMCO failed to provide a compliant Summary of  
3 Rights for all 240 private passenger, homeowner and dwelling fire non-renewals and  
4 cancellations.

5 4. During the examiner review SIAMCO's private passenger auto total loss  
6 claim settlement practices, SIAMCO resettled one (1) claim which resulted in a  
7 restitution payment to a third-party claimant of \$71.16. SIAMCO also resettled one (1)  
8 Transaction Privilege Tax claim payment, which resulted in an additional restitution  
9 payment of \$6.97.

10  
11 **CONCLUSIONS OF LAW**

12 1. SIAMCO violated A.R.S. §20-2110 by failing to send policyholders a  
13 compliant Summary of Rights in the event of an adverse underwriting decision.

14 2. Grounds exist for the entry of the following Order in accordance with  
15 A.R.S. §§20-220 and 20-2117.

16  
17 **ORDER**

18 **IT IS HEREBY ORDERED THAT:**

19 1. Sentry Insurance A Mutual Company ("SIAMCO") shall provide its  
20 insureds with a compliant Summary of Rights in the event of an adverse underwriting  
21 decision.

22 2. Within 90 days of the filed date of this Order, SIAMCO shall submit to the  
23 Arizona Department of Insurance, for approval, evidence that SIAMCO implemented  
24 corrections and communicated these corrections to the appropriate personnel,  
25 regarding the issues outlined in Paragraph 1 of the Order section of this Consent

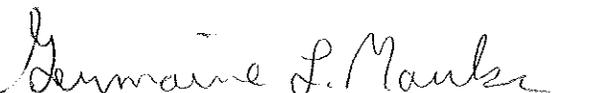
1 Order. Evidence of corrective action and communication thereof includes, but is not  
2 limited to, memos, bulletins, E-mails, correspondence, procedures manuals, print  
3 screens, and training materials.

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

6 4. SIAMCO shall pay a civil penalty of \$20,000.00 to the Director for deposit  
7 in the State General Fund in accordance with A.R.S. §20-220(B). This civil penalty  
8 shall be provided to the Market Conduct Examinations Section of the Department prior  
9 to the filing of this Order. Payment shall be submitted in the form of a check, made  
10 payable to the Arizona Department of Insurance.

11 5. The Report of Target Market Conduct Examination of Sentry Insurance A  
12 Mutual Company of December 31, 2014, including the letter with SIAMCO's objections  
13 to the Report of Examination, shall be filed with the Department upon the filing of this  
14 Order.

15 DATED at Arizona this 13<sup>th</sup> day of August, 2015.

17   
18 \_\_\_\_\_  
19 Germaine L. Marks  
20 Director of Insurance

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22 . . . . .  
23 . . . . .

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1 **CONSENT TO ORDER**

2 1. Sentry Insurance A Mutual Company has reviewed the foregoing Order.

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

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

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

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

18 6. Kenneth J. Erler, who holds the office of  
19 Secretary of Sentry Insurance A Mutual Company, is authorized  
20 to enter into this Order for them and on their behalf.

21  
22 **SENTRY INSURANCE A MUTUAL COMPANY**

23  
24 8/7/2015

25 Date

By

Kenneth J. Erler

1 COPY of the foregoing mailed/delivered  
this 19<sup>th</sup> day of August, 2015, to:

2  
3 Germaine L. Marks  
Director of Insurance

4 Darren Ellingson  
Deputy Director  
5 Director's Office

6 Yvonne R. Hunter  
Assistant Director  
7 Consumer Affairs Division

8 Kurt Regner  
Assistant Director  
9 Financial Affairs Division

10 David Lee  
Chief Financial Examiner

11 Erin Klug  
Assistant Director  
12 Rate & Form Division

13 Chuck Gregory  
Special Agent Supervisor  
14 Investigations Division

15 Helene I. Tomme  
Market Examinations Supervisor  
16 Market Oversight Division

17 DEPARTMENT OF INSURANCE  
2910 North 44th Street, Suite 210  
18 Phoenix, AZ 85018

19 Wendy Whitrock-Keller  
20 Director of Privacy & Corporate Compliance  
Sentry Insurance a Mutual Company  
21 1800 North Point Drive  
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23  
24   
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