

JUN 19 1996

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY WLB

In the Matter of	)	Docket No. 96A-100
	)	
ATLANIA CASUALTY COMPANY	)	CONSENT ORDER
	)	
Respondent.	)	
	)	

The Department conducted a market conduct examination of the Atlanta Casualty Company, NAIC #21792 ("Atlanta"). Based upon the Report of Market Conduct Examination (the "Report") prepared by the Department's Market Conduct Examiners ("the Examiners"), Atlanta has violated A.R.S. §§ 20-462 and 20-1632, and Arizona Administrative Rule ("A.A.C. R") 20-6-801.

Atlanta wishes to resolve this matter without formal adjudicative proceedings and hereby agrees to a Consent Order.

The Director of Insurance of the State of Arizona ("the Director") enters the following Findings of Fact and Conclusions of Law, which are neither admitted nor denied by Atlanta, and the following Order.

FINDINGS OF FACT

1. Atlanta is authorized to transact vehicle insurance pursuant to a Certificate of Authority issued by the Director.

2. The Examiners were authorized by the Department to conduct a market conduct examination of Atlanta. The on-site examination was completed on September 10, 1995.

3. The Examiners reviewed 257 policy files cancelled or non-renewed by Atlanta from November 16, 1993 through September 10, 1995. Of these, Atlanta cancelled one personal automobile policy (0.4%) for reasons other than non-payment of premium

1 without notifying the insured at least ten days prior to the  
2 cancellation date. The cancellation notice was mailed eight  
3 days prior to the cancellation date.

4 4. The Examiners reviewed 225 third party claims with  
5 loss dates from April 1, 1993 through June 2, 1995. Of these,  
6 Atlanta failed to respond to one third-party claim (0.4%) within  
7 ten working days of receiving notice of the claim. Atlanta  
8 responded to the claimant's attorney 21 working days after  
9 receiving claim notification.

10 5. The Examiners reviewed 488 first party automobile  
11 total loss claims with dates of loss from April 1, 1993 through  
12 August 16, 1995. Of these, they found that:

13 a. Atlanta failed to pay any or all of the  
14 applicable sales taxes and/or license fees due five claimants  
15 (1.0%). The amount of \$1,774.22, plus interest, remains due and  
16 owing to the claimants.

17 b. The Company determined the actual cash value of  
18 four vehicles (0.8%) on a basis other than the value of a  
19 comparable automobile in the local market area or two dealer  
20 quotations, as set forth in A.A.C.R20-6-801(H)(1)(b).

21 c. Atlanta failed to acknowledge three  
22 communications from first-party claimants (0.6%) within ten  
23 working days of receipt.

24 d. Atlanta paid six claims (1.2%) more than 30 days  
25 after the receipt of an acceptable proof of loss which contained  
26 all information necessary for claim adjudication, but did not  
27 pay interest to the claimants.

28 . . . . .



1 Order set forth hereinafter, and there being no just reason for  
2 delay:

3 IT IS HEREBY ORDERED THAT:

4 1. Within 30 days of the filed date of this order,  
5 Atlanta shall pay the five total loss claimants listed in  
6 Exhibit 7 of the Report, attached as Exhibit A of this Order,  
7 the full amount of sales taxes and/or license fees not  
8 previously paid, totalling \$1,774.22 plus interest at the rate  
9 of ten percent (10%) per annum calculated from the date Atlanta  
10 received each claim to the date the amounts due are paid to the  
11 claimants.

12 2. Within 30 days of the filed date of this Order,  
13 Atlanta shall pay interest at the rate of 10% per annum to the  
14 six claimants listed in Exhibit 7 of the Report, attached as  
15 Exhibit A of this Order, on the amount of each claim not paid  
16 within 30 days after Atlanta had received an acceptable proof of  
17 loss which contained all information necessary for claim  
18 adjudication. Interest shall be calculated from the date the  
19 claim was received by Atlanta to the date of payment.  
20 pay interest thereon.

21 3. The payments listed in Paragraphs 1 and 2 above shall  
22 be accompanied by a letter to the insureds acceptable to the  
23 Director. A list of payments, giving the name and address of  
24 each party to whom payments were made, the base amount of the  
25 payment, the amount of interest paid, and the date of payment,  
26 shall be provided to the Department when all payments have been  
27 made. This list shall be submitted after all payments have been  
28 . . . . .

1 made, but no later than 45 days after the filed date of this  
2 Order.

3 4. The Department shall be permitted, through authorized  
4 representatives, to verify Atlanta has fully complied with all  
5 requirements of this Order.

6 5. The September 10, 1995 Report of Examination, to  
7 include any objections to the Report filed by Atlanta, shall be  
8 filed with the Department.

9 DATED at Phoenix, Arizona this 19<sup>th</sup> day of June, 1996.

*Chris Herstam*

Chris Herstam  
Director of Insurance

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1 COPY of the foregoing mailed/delivered  
2 this 19th day of June , 1996, to:

3 Charles R. Cohen  
4 Deputy Director  
5 Gregory Y. Harris  
6 Executive Assistant Director  
7 Lewis D. Kowal  
8 Chief Administrative Law Judge  
9 Erin H. Klug  
10 Chief Market Conduct Examiner  
11 Saul R. Saulson  
12 Examinations Supervisor  
13 Market Conduct Examinations Division  
14 Mary Butterfield  
15 Assistant Director  
16 Life & Health Division  
17 Deloris E. Williamson  
18 Assistant Director  
19 Rates & Regulations Division  
20 Gary Torticill  
21 Assistant Director and Chief Financial Examiner  
22 Corporate & Financial Affairs Division  
23 Cathy O'Neil  
24 Assistant Director  
25 Consumer Services Division  
26 John Gagne  
27 Assistant Director  
28 Investigations Division  
John King  
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24 *Carney W. Buxton*