

1 3. The examiners reviewed 50 of 437 non-renewals and 78 of 78
2 cancellations, either non-renewed or cancelled due to an adverse underwriting decision
3 during the time frame of the examination and found that ASIC failed to provide a
4 compliant Summary of Rights to all 128 policyholders.

5 4. The examiners found one claim authorization disclosure form, the
6 *Authorization to Obtain Information*, used during the time frame of the examination that
7 failed to specify that the authorization remains valid for no longer than the duration of
8 the claim and advise the individual or a person authorized to act on behalf of the
9 individual that they are entitled to receive a copy of the authorization form.

10 5. The examiners found 3 claim forms used by the Company during the time
11 frame of the examination that failed to contain a compliant fraud warning notice in at
12 least 12-point type. (see Exhibit A)

13 6. The examiners reviewed 13 of 13 property claims involving deductible
14 recovery settled during the time frame of the examination and found that ASIC failed to
15 return the proportionate deductible amount to 7 insureds and failed to promptly
16 reimburse the full deductible amount to another 2 insureds after full or partial recovery
17 from the at-fault parties.

18 7. The examiners reviewed 50 of 4,336 first party claim settlements
19 processed by the company during the time frame of the examination and found that
20 ASIC failed to disclose all pertinent benefits, coverages or other provisions to 15 first
21 party claimants.

22
23 **CONCLUSIONS OF LAW**

24 1. ASIC violated A.R.S. §20-2110 by failing to send a compliant Summary of
25 Rights to policyholders cancelled or non-renewed due to an adverse underwriting

1 decision.

2 2. ASIC violated A.R.S. §20-2106(8)(b) and (9) by using a claim
3 authorization form that failed to contain a compliant *Authorization for the Release of*
4 *Information*.

5 3. ASIC violated A.R.S. §20-466.03 by using claim forms that failed to
6 contain a compliant fraud warning notice.

7 4. ASIC violated A.R.S §20-220(A)(2) and A.R.S §20-462 by failing to
8 completely and/or promptly reimburse the proportionate amount of the deductible after
9 full or partial recovery.

10 5. ASIC violated A.A.C. R20-6-801(D)(1) by failing to fully disclose all
11 benefits, coverages or other provisions to first party claimants.

12 6. Grounds exist for the entry of the following Order in accordance with
13 A.R.S. §§20-220 and 20-456 and 20-2117.

14
15 **ORDER**

16 **IT IS HEREBY ORDERED THAT:**

- 17 1. American Summit Insurance Company shall:
- 18 a. provide policyholders a compliant Summary of Rights if their policy is
19 cancelled or non-renewed as the result of an adverse underwriting decision.
- 20 b. use claim authorization disclosure forms that contain a compliant
21 *Authorization for the Release of Information*.
- 22 c. use claim forms that contain a compliant fraud warning notice.
- 23 d. correctly calculate and pay the Transaction Privilege Tax on
24 manufactured home, residential dwelling and homeowner claim settlements.
- 25 e. promptly reimburse the insureds full deductible after subrogation

1 recovery.

2 f. fully disclose all pertinent benefits, coverages or other provisions to
3 first party claimants.

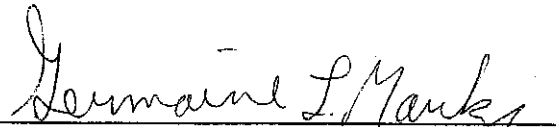
4 2. Within 90 days of the filed date of this Order, American Summit Insurance
5 Company shall submit to the Arizona Department of Insurance, for approval, evidence
6 that ASIC implemented corrections and communicated these corrections to the
7 appropriate personnel, regarding the issues outlined in Paragraph 1 of the Order
8 section of this Consent Order. Evidence of corrective action and communication
9 thereof includes, but is not limited to, memos, bulletins, E-mails, correspondence,
10 procedures manuals, print screens, and training materials.

11 3. The Department shall, through authorized representatives, verify that
12 ASIC has complied with all provisions of this Order.

13 4. American Summit Insurance Company shall pay a civil penalty of
14 \$25,000.00 to the Director for remission to the State Treasurer for deposit in the State
15 General Fund in accordance with A.R.S. §20-220(B). ASIC shall submit the civil
16 penalty to the Market Oversight Division of the Department prior to the filing of this
17 Order.

18 5. The Report of Target Market Conduct Examination of American Summit
19 Insurance Company of December 31, 2011, including the letter with their objections to
20 the Report of Examination, shall be filed with the Department upon the filing of this
21 Order.

22 DATED at Arizona this 5th day of June, 2013.

23
24 
25

Germaine L. Marks
Director of Insurance

1 **CONSENT TO ORDER**

2 1. American Summit Insurance Company has reviewed the foregoing Order.

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

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

18 6. Darren Parmeter, who holds the office of
19 President and COO of American Summit Insurance Company, is
20 authorized to enter into this Order for them and on their behalf.

21 **AMERICAN SUMMIT INSURANCE COMPANY**

22
23 5/21/13
24 Date

23 By D Parmeter
24

1 COPY of the foregoing mailed/delivered
2 this 6th day of June, 2013, to:

3 Germaine L. Marks
4 Director of Insurance

5 Mary Butterfield
6 Assistant Director
7 Consumer Affairs Division

8 Helene I. Tomme
9 Market Examinations Supervisor
10 Market Oversight Division

11 Dean Ehler
12 Assistant Director
13 Property and Casualty Division

14 Kurt Regner
15 Assistant Director
16 Financial Affairs Division

17 David Lee
18 Chief Financial Examiner

19 Alexandra Shafer
20 Assistant Director
21 Life and Health Division

22 Chuck Gregory
23 Special Agent Supervisor
24 Investigations Division

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

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American Summit Insurance Company
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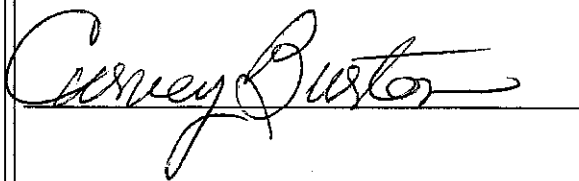


EXHIBIT A

Fraud Warning Statement – The Company failed to provide a fraud warning statement in at least 12-point type on three (3) claim forms. These represent three (3) violations of A.R.S. § 20-466.03.

The following table lists the claim forms which fail to include a compliant fraud warning statement:

	Specimen Form / Letter Description	Form #
1	Cause of Loss Questionnaire and Affidavit	None
2	Schedule of Contents	None
3	Burglary/Theft Loss Statement	None