

MARTIN O'MALLEY
Governor

ANTHONY G. BROWN
Lt. Governor



BETH SAMMIS
Acting Commissioner

KAREN STAKEM HORNIG
Deputy Commissioner

NANCY GRODIN
Associate Commissioner
Compliance & Enforcement

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May 6, 2011

Robin Coe, Senior Regulatory Analyst
GMAC Insurance
500 W. Fifth Street
P.O. Box 3199
Winston-Salem, NC 27102-3199

RE: Consent Order –National General Assurance Company

Dear Ms. Coe:

Enclosed, please find a Consent Order acceptable to the Maryland Insurance Administration. Please have the Consent Order signed and return it to my attention no later than May 25, 2011.

Please note that a case number on the Consent Order will be assigned after it is executed.

Thank you for your cooperation in this matter. Should you have any questions or concerns, please contact me at (410) 468-2321.

Sincerely,



Jason Decker, P&C Chief Examiner
Compliance & Enforcement Unit

Enclosure

IN THE MATTER OF THE

* BEFORE THE STATE OF MARYLAND

MARYLAND INSURANCE COMMISSIONER

* INSURANCE COMMISSIONER

v.

NATIONAL GENERAL ASSURANCE
COMPANY
(NAIC #42447)
500 West Fifth Street
Winston-Salem, North Carolina 27101

* CASE NO. MIA-2011-

CONSENT ORDER

The Maryland Insurance Commissioner ("Commissioner") and National General Assurance Company ("Respondent"), pursuant to §§ 2-108 and 2-204 of the Insurance Article, Md. Code Ann., (the "Insurance Article"), and any other applicable sections, enter into this Consent Order ("Order") as follows:

EXPLANATORY STATEMENT AND FINDINGS OF FACT

1. At all times relevant to this Order, Respondent has held and currently holds a certificate of authority from the Maryland Insurance Administration ("Administration") to operate as an insurer.

2. Respondent admits to the facts and accepts the Administration's conclusions as stated in Paragraphs 3 through 8, but denies liability to any third party as a result of the violations noted in this Order. Both Respondent and the Administration agree to the conditions of the Order and the remedial measures set forth herein. Respondent executes this Order knowingly and voluntarily. The parties acknowledge that this Order is in the public interest and both parties desire to resolve this matter without further proceedings.

3. The Administration conducted an investigation (#MCPC-90-2010-I) into the activities of Respondent.

4. Based on the results of the investigation, the Administration concluded that Respondent violated §§ 11-341 and 27-216 of the Insurance Article.

5. § 11-341, entitled, "**Prohibited contracts and policies**," provides in pertinent part:

An insurer may not make or issue an insurance contract or policy of insurance of a kind to which this subtitle applies, except in accordance with the filings that are in effect for the insurer as provided in this subtitle.

6. § 27-216, entitled "**Improper premiums and charges**," provides in pertinent part:

b) *Improper premiums and charges generally; exceptions.* –

(1) A person may not willfully collect a premium or charge for insurance that:

(i) exceeds or is less than the premium or charge applicable to that insurance under the applicable classifications and rates as filed with and approved by the Commissioner;

7. Respondent wrote motor vehicle insurance policies throughout the State of Maryland that included a fifty dollar (\$50.00) Acquisition Expense Load ("AEL") fee as part of the policies' premium. For policies cancelled during the period of June 25, 2006 until November 22, 2010, Respondent improperly retained the entire \$50.00 AEL fee. Respondent's rating rules did not specify that the AEL fee was fully earned and instead indicated that cancellations would be refunded on a pro-rata basis for cancellations that were initiated by the Respondent and 90% of pro-rata for cancellations requested by the policyholder.

8. As a result of the Administration's investigation, Respondent paid restitution to the affected policyholders in the amount of \$127,610.27, plus interest of \$19,882.70, for a total of \$147,492.97

WHEREFORE, pursuant to §§ 2-108 and 4-113(d)(1) of the Insurance Article, it is hereby ORDERED by the Commissioner and consented to by Respondent:

A. Respondent shall pay an administrative penalty to the State of Maryland for the violations stated herein in the amount of fifty thousand dollars (\$50,000.00) contemporaneously with Respondent's execution of this Order. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number or name. Unpaid penalties will be referred to the Central Collection Unit for collections.

B. The executed Order and payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Compliance and Enforcement, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202.

C. Respondent agrees that no amounts paid pursuant to Paragraph A of this Order shall be included in or recoverable as expenses in any rate filing filed with the Administration or any other regulatory authority.

D. For the purposes of the Administration and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Order.

E. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action for violations not specifically identified in this Order, including, but not limited to, specific consumer complaints received by the

Administration, nor shall anything herein be deemed a waiver of the right of the Respondent to contest other proceedings by the Administration. Additionally, Respondent understands and agrees that this Order addresses and resolves only the administrative actions by the Compliance and Enforcement Section of the Administration relating to the Investigation. This Order shall not be construed to resolve or preclude any potential or pending civil, administrative, or criminal action or prosecution by any other person, entity or governmental authority, including, but not limited to, the Insurance Fraud Division of the Administration, regarding any conduct by the Respondent including the conduct that is the subject of this Order.

F. Respondent has had the opportunity to have this Order reviewed by legal counsel of its choosing, and is aware of the benefits gained and obligations incurred by the execution of the Order. Respondent waives any and all rights to any hearing or judicial review of this Order to which it would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Order.

G. This Order contains the entire agreement between the parties relating to the administrative actions addressed herein. This Order supersedes any and all earlier agreements or negotiations, whether oral or written. All time frames set forth in this Order may be amended or modified only by subsequent written agreement of the parties.

H. On behalf of Respondent, the undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and does in fact have the authority to bind Respondent to the obligations stated herein.

I. This Order shall be effective upon signing by the Commissioner or her designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

J. Failure to comply with the terms of this Order may subject Respondent to further legal and/or administrative action.

It is so ORDERED, this _____ day of _____, 2011.

ELIZABETH SAMMIS
ACTING INSURANCE COMMISSIONER

By: _____
Nancy Grodin, Associate Commissioner
Compliance & Enforcement

RESPONDENT'S CONSENT

RESPONDENT hereby CONSENTS to the representations made in, and to the terms of, the above Consent Order. The undersigned hereby represents that he or she has the authority to bind National General Assurance Company to the terms of this Consent Order resolving investigation number MCPC-90-2010-I.

Name: _____

Signature: _____

Title: _____

Date: _____