

MARTIN O'MALLEY  
Governor

ANTHONY G. BROWN  
Lt. Governor



BETH SAMMIS  
Acting Commissioner

KAREN STAKEM HORNIG  
Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202  
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1-800-492-6116 TTY: 1-800-735-2258  
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April 14, 2010

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED  
REGULAR MAIL

Norma M. Matthews  
Lead Compliance Analyst  
National General Assurance Company  
P.O. Box 3199  
Winston-Salem, North Carolina 27102-3199

Re: *Maryland Insurance Commissioner v. National General Assurance  
Company*  
Case No.: MIA-2010-04-022

Dear Ms. Matthews:

The Maryland Insurance Commissioner has entered an Order taking disciplinary action against your company. A copy of the Order is attached and is self-explanatory. This Order is subject to your right to request a hearing as set forth on the last page of the Order.

If you have any questions regarding this Order, you may contact the Associate Commissioner of Compliance and Enforcement at 410-468-2235.

Sincerely,

*Sharon Kraus*  
Sharon Kraus  
Appeals Clerk

Enclosure

cc: Beth Sammis, Acting Commissioner  
Nancy Grodin, Associate Commissioner  
Mary Nevius, Assistant Attorney General  
Dudley B. Ewen, Chief Market Conduct Examiner

Recd 4/16/2010 nmm

IN THE MATTER OF THE  
MARYLAND INSURANCE COMMISSIONER  
  
v.  
  
NATIONAL GENERAL ASSURANCE  
COMPANY  
(NAIC #42447)  
P.O. Box 3199  
Winston-Salem, North Carolina 27102-3199

\* BEFORE THE STATE OF MARYLAND  
\*  
\* INSURANCE COMMISSIONER  
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\* CASE NO. MIA-2010-04-022

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CONSENT ORDER

The Maryland Insurance Commissioner ("Commissioner") and National General Assurance Company ("Respondent"), pursuant to Md. Code Ann., Insurance, § 2-201 *et seq.* ("Insurance Article") enter into this Consent Order as follows:

EXPLANATORY STATEMENT

1. At all times relevant to this Consent Order, Respondent held and currently holds a certificate of authority from the Maryland Insurance Administration ("the Administration") to operate as an insurance company.
2. The Administration conducted an investigation, file number MCPC-27-2009-I, into the activities of Respondent.
3. Based on the results of the investigation, the Administration concluded that Respondent had violated § 27-613 and § 27-605 of the Insurance Article and had failed to comply with the Administration's policy as articulated in Property and Casualty Bulletin 05-15 which was issued on December 2, 2005.
4. § 27-613, effective January 1, 2007 and entitled, "**Motor vehicle liability insurance policies,**" provides in pertinent part:

(d) At least 10 days before the date an insurer proposes to cancel a policy for nonpayment of premium, the insurer shall send to the insured, by certificate of mail, a written notice of intention to cancel for nonpayment of premium.

5. § 27-605 was the predecessor statute to § 27-613 and was in effect at the time when the violations began. It was entitled, "**Notice of intention to cancel for nonpayment of premium,**" and provided in pertinent part:

(d) At least 10 days before the date an insurer proposes to cancel a policy for nonpayment of premium, the insurer shall send to the insured, by certificate of mail, a written notice of intention to cancel for nonpayment of premium.

6. This Administration's Bulletin 05-15, dated December 2, 2005, advised all Property and Casualty insurers that the use of Certificate of Bulk Mail, PS Form 3606, "...does **not** meet the statutory requirement that the notice be sent by 'certificate of mailing' or 'certificate of mail' as it lacks independent verification of mailing by the post office."

7. Between June 25, 2006 and September 24, 2009, Respondent sent 11,883 motor vehicle cancellation notices for non-payment of premium using one Certificate of Bulk Mailing, United States Postal Service form PS Form 3606, May 1992, for multiple envelopes containing cancellation notices to Maryland insureds for non-payment of motor vehicle premium. Bulletin # 05-15 makes clear that the Administration takes the position that previously applicable § 27-605 of the Insurance Article, and currently applicable § 27-613 of the Insurance Article, require a certificate of mailing, signed by the United States Postal Service, for each individual cancellation notice. Respondent

states that its implementation of this bulk mailing method for notifying Maryland insureds of motor vehicle cancellations for non-payment was inadvertent.

8. Respondent admits to the violations of § 27-605 and § 27-613 of the Insurance Article as stated in paragraphs 3 through 7. Respondent denies liability to any third-party as a result of these violations.

**WHEREFORE**, pursuant to § 2-201 *et seq.* and § 4-113(d)(1) of the Insurance Article, the parties agree, and it is hereby **ORDERED** by the Commissioner that:

A. Respondent shall pay an administrative penalty to the State of Maryland for the violations stated herein in the amount of twenty-five thousand dollars (\$25,000.00) within thirty (30) days of the date the Commissioner or her designee signs this Consent Order.

B. Administrative penalties shall be payable to the Maryland Insurance Administration and shall identify the case number or name. Payment shall be sent to the attention of Appeals Clerk, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202. Unpaid penalties will be referred to the Central Collection Unit for collections.

C. Respondent agrees that no amounts paid under Paragraph A of this Consent 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 Consent Order will be kept and maintained in the regular

course of business by the Administration. The records and publications of the Administration will reflect this Consent Order.

E. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative or civil action for violations that are not specifically included in this Consent Order. Nor shall this Consent Order be deemed a waiver of the rights of Respondent to contest such other proceedings. Additionally, nothing herein shall be construed to resolve or preclude any actions or complaints that could be brought by other parties. Failure to comply with the terms of this Consent Order may subject Respondent to further legal and/or administrative action.

F. Respondent has had the opportunity to have this Consent Order reviewed by legal counsel of its choosing, and is aware of the benefits gained and obligations incurred by the execution of the Consent Order. Respondent waives any and all rights to any hearing or judicial review of this Consent 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 Consent Order.

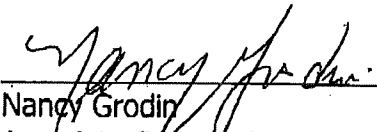
G. This Consent Order contains the Entire Agreement between the parties relating to the administrative actions addressed herein. This Consent Order supersedes any and all earlier agreements or negotiations, whether oral or written.

H. The undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain authority to bind Respondent to the obligations stated in this Consent Order. The undersigned affirms that he or she has such authority and binds Respondent to the terms stated herein with his or her signature.

I. This Consent Order shall be effective upon signature of the Commissioner or her designee and is a final order of the Commissioner under § 2-201 *et seq.* of the Insurance Article.

It is so **ORDERED** this 14 day of April, 2010.

ELIZABETH SAMMIS  
ACTING INSURANCE COMMISSIONER

  
By: Nancy Grodin  
Associate Commissioner  
Compliance and Enforcement

RESPONDENT'S CONSENT

**RESPONDENT hereby CONSENTS to the representations made in and to the terms of this Consent Order.**

Name: Robert Solomonic

Signature: Robert Solomonic

Title: VP of Product, Pricing & Analytics

Date: April 12, 2010