

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

P.O. BOX 1157
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RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

May 30, 2018

VIA UPS 2nd DAY DELIVERY

Robin Lopez
Market Conduct Specialist
Integon National Insurance Company
5630 University Parkway
Winston-Salem, NC 27105

RE: Market Conduct Examination
Integon Casualty Insurance Company (NAIC# 27930)
Integon National Insurance Company (NAIC# 29742)
National General Insurance Company (NAIC# 23728)
Examination Period: April 1, 2016 – March 31, 2017

Dear Ms. Lopez:

All outstanding issues related to the market conduct examination have been resolved. The Bureau of Insurance (Bureau) is now in a position to settle the examination.

A review of the Market Conduct Examination Report of Integon Casualty Insurance Company, Integon National Insurance Company and National General Insurance Company indicates that the companies violated the following insurance laws and regulations: §§ 38.2-305 A, 38.2-305 B, 38.2-510 A1, 38.2-604 B, 38.2-610 A, 38.2-1318, 38.2-1822 A, 38.2-1833, 38.2-1905 A, 38.2-1906 A, 38.2-1906 D, 38.2-2202 A, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, 38.2-2212 F, 38.2-2214, 38.2-2220, 38.2-2230, and 38.2-2234 A of the Code of Virginia; and 14 VAC 5-400-30, 14 VAC 5-400-40 A and 14 VAC 5-400-70 D of the Virginia Administrative Code to indicate a general business practice.

Violations of the laws and regulations mentioned above may result in monetary penalties of up to \$1,000 for each violation as well as suspension or revocation of an insurer's license to engage in the business of insurance in Virginia. Any violation that is knowingly and willfully committed is subject to a penalty of \$5,000 per violation.

In view of the above violations, the Bureau is willing to recommend a favorable disposition of this matter to the State Corporation Commission, subject to the following conditions:

1. The companies submit a check made payable to the Treasurer of Virginia in the amount of \$50,100.00.
2. The companies submit a written statement that they agree to comply with the corrective action plan set forth in their March 23, 2018 and May 18, 2018 letters.

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3. The companies submit a written statement that they understand that they are entitled to a hearing on this matter and that they waive their right to a hearing by making an offer of settlement.

In the event that the companies are agreeable to the settlement offer set forth above, the Bureau is enclosing a settlement letter outlining the proposed settlement. An authorized representative of the companies must sign, date, and return, **on the companies' letterhead**, the letter accompanied by the payment to the Bureau by June 15, 2018.

If the Bureau does not receive a settlement offer or a request for an informal discussion, the Bureau will move the State Corporation Commission to institute proceedings against the companies to show cause why they should not be penalized the maximum penalties permitted for the violations listed above.

Sincerely,



Rebecca Nichols
Deputy Commissioner
Property and Casualty Division

Enclosure

Rebecca Nichols
Deputy Commissioner
Property and Casualty
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

RE: Market Conduct Examination Settlement Offer
Ecase/Docket Number: INS-2018-00161

Dear Ms. Nichols:

This will acknowledge receipt of the Bureau of Insurance's letter dated May 30, 2018, concerning the above referenced matter.

We wish to make a settlement offer on behalf of the insurance companies listed below for the alleged violations of §§ 38.2-305 A, 38.2-305 B, 38.2-510 A1, 38.2-604 B, 38.2-610 A, 38.2-1318, 38.2-1822 A, 38.2-1833, 38.2-1905 A, 38.2-1906 A, 38.2-1906 D, 38.2-2202 A, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, 38.2-2212 F, 38.2-2214, 38.2-2220, 38.2-2230, and 38.2-2234 A of the Code of Virginia; and 14 VAC 5-400-30, 14 VAC 5-400-40 A and 14 VAC 5-400-70 D of the Virginia Administrative Code to indicate a general business practice.

1. We enclose with this letter a check payable to the Treasurer of Virginia in the amount of \$50,100.00.
2. We agree to comply with the corrective action plan set forth in the companies' letters of March 23, 2018 and May 18, 2018.
3. We confirm that restitution was made to 33 consumers for \$29,804.63 in accordance with the companies' letters of March 23, 2018 and May 18, 2018.
4. We further acknowledge the companies' right to a hearing before the State Corporation Commission in this matter and waive that right if the State Corporation Commission accepts this offer of settlement.

This offer is being made solely for the purpose of a settlement and does not constitute, nor should it be construed as, an admission of any violation of law.

Sincerely,

Integon Casualty Insurance Company
Integon National Insurance Company
National General Insurance Company

(Signed)

(Type or Print Name)

(Title)

(Date)

Enclosure