STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Market Conduct Report

Of

Integon National Insurance Company

August 4, 2017

The Market Conduct Division of the Connecticut Insurance Department examined the books and records of Integon National Insurance Company by survey using a sample period of January 1, 2015 through December 31, 2015. The examination was limited to Connecticut business.

Integon National Insurance Company is domiciled in the State of North Carolina. By authority granted under Section 38a-15 of the Connecticut General Statutes, this examination was conducted by Market Conduct examiners of the State of Connecticut Insurance Department at the Department's office in Hartford, Connecticut.

The purpose of the survey examination was to evaluate the company's market conduct practices in the State of Connecticut. The examiners reviewed material supplied by the company, which included internal audits, disaster recovery plans, procedures and controls, complaints, advertising, new business, claims, and underwriting, during the period of examination.

The Department's findings are as follows:

Forty (40) instances where individual producers were not appointed to write new business.

Three (3) instances where bodily injury claims were settled within fifteen days from the date of loss.

As it relates to the issues listed above, the company was not in compliance with applicable Connecticut Statutes and Regulations.

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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IN THE MATTER OF:
INTEGON NATIONAL INSURANCE COMPANY: DOCKET MC 17-83

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STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Integon National Insurance Company and the State of Connecticut Insurance Department by and through Katharine L. Wade, Insurance Commissioner, to wit:

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WHEREAS, pursuant to a Market Conduct examination, the Commissioner alleges the following with respect to Integon National Insurance Company:

1. Integon National Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of North Carolina and is licensed to transact property and casualty insurance in the State of Connecticut. The NAIC company code number is 29742.

2. From March 1, 2017 through August 4, 2017, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period January 1, 2015 through December 31, 2015.

3. During the period under examination, Respondent failed to follow established practices and procedures to ensure compliance with statutory requirements resulting in instances of:

   a) individual producers acting as agents of Respondent without required appointment

   b) bodily injury claims settled within fifteen days from the date of loss

4. The conduct described in paragraph three is in violation of Sections 38a-702m and 52-572a of the Connecticut General Statues, and constitutes cause for the imposition of a fine or other administrative penalty under Sections 38a-2, 38a-41 and 38a-817 of the Connecticut General Statutes.

1. WHEREAS, Respondent admits the allegations in paragraphs three and four of Article I of this Stipulation and Consent Order; and

2. WHEREAS, Respondent agrees to undertake a complete review of its practices and procedures, with respect to those areas of concern, as described in the Market Conduct Report and this Stipulation, so that those areas of concern are compliant with Connecticut Statutes; and

3. WHEREAS, Respondent agrees to provide the Insurance Commissioner with a full report of findings and a summary of actions taken to comply with the requirements of paragraph two of this Section within ninety (90) days of the date of this document; and

4. WHEREAS, Respondent agrees to pay a fine in the amount of $75,000 for the violations described herein; and

5. WHEREAS, Respondent, being desirous of terminating administrative action without the necessity of a formal hearing or further litigation, does consent to the making of this Consent Order and voluntarily waives:

   a. any right to notice and a hearing; and

   b. any requirements that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and

   c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Department has jurisdiction of the subject matter of this administrative proceeding.

2. That Integon National Insurance Company is ordered to pay a fine in the amount of Seventy-Five Thousand Dollars ($75,000).

Integon National Insurance Company

By: Robin Lopez
(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that she/he has duly executed this Stipulation and Consent Order on this 21st day of September 2017, for and on behalf of Integon National Insurance Company; that she/he is the Market Conduct Specialist of such company, and she/he has authority to execute and file such instrument.

By: Robin Lopez

STATE OF North Carolina

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COUNTY OF Forsyth

On the 21st day of September 2017, before me personally appeared Robin Lopez, sealer of the foregoing Stipulation and Consent Order, acknowledged same to be her/his act and deed.

Lori I. Marsh

Notary Public/Commissioner of The Superior Court

LORI I. MARSH
Notary Public, North Carolina
Davidson County
My Commission Expires
9/4/2021

Section Below To Be Completed by State of Connecticut Insurance Department

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Dated at Hartford, Connecticut this 28 day of September 2017.

Katharine L. Wade

Katharine L. Wade
Insurance Commissioner