

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Market Conduct Report

of

National General Insurance Company

March 7, 2019

The Market Conduct Division of the Connecticut Insurance Department examined by survey the market conduct practices of National General Insurance Company using a sample period of January 1, 2017 through December 31, 2017. The examination survey was limited to Connecticut Property and Casualty insurance business.

National General Insurance Company has its home office in the State of Missouri. By authority granted under §38a-15 of the Connecticut General Statutes, this examination survey was conducted by Market Conduct examiners of the State of Connecticut Insurance Department (the Department) at the Department offices in Hartford, Connecticut.

The purpose of the examination survey was to evaluate the Company's market conduct practices in the State of Connecticut. The examiners reviewed the Company's survey response, which included new business, claims, complaints and underwriting information requested for the examination period.

The Department's findings are as follows:

- Eighty-nine (89) individuals acting as producers of National General Insurance Company were not appointed to write business in Connecticut.
- One (1) entity acting as producer of National General Insurance Company was not licensed to write business in Connecticut.
- Three (3) entities acting as producers of National General Insurance Company were not appointed to write business in Connecticut.
- Eleven (11) individuals acting as casualty adjusters for National General Insurance Company were not licensed to adjust claims in Connecticut.
- In twenty-two (22) instances, claimants were not compensated for loss of use as required by Connecticut Regulation.

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

-----X
IN THE MATTER OF:
NATIONAL GENERAL INSURANCE COMPANY:
-----X

DOCKET MC 19-31

STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between National General Insurance Company and the State of Connecticut Insurance Department by and through Andrew N. Mais, Insurance Commissioner, to wit:

I

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

1. National General Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of Missouri and is licensed to transact property and casualty insurance in the State of Connecticut. The NAIC company code number is 23728.
2. From February 7, 2019 through March 7, 2019, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period January 1, 2017 through December 31, 2017.
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) unlicensed entities soliciting, negotiating, or effecting insurance
 - c) entity producers acting as agents of Respondent without required appointment
 - d) unlicensed individuals acting as Casualty Adjusters
 - e) failure to undertake to pay claims for loss of use
4. The conduct described in paragraph three is in violation of Sections 38a-702b, 38a-702m, 38a-792 and 38a-816 of the Connecticut General Statutes, and 38a-334-2(c) and 38a-334-5(a) of the Connecticut Regulations 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.

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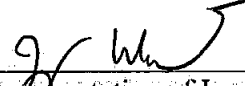
II

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 \$167,500 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 National General Insurance Company is ordered to pay a fine in the amount of One Hundred Sixty-Seven Thousand Five Hundred Dollars (\$167,500.00) for the violations herein above described.

National General Insurance Company

By: 

(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that she/he has duly executed this Stipulation and Consent Order on this 30 day of April 2019, for and on behalf of National General Insurance Company; that she/he is the Secretary and General Counsel of such company, and she/he has authority to execute and file such instrument.

By: [Signature]

STATE OF NY

SS

COUNTY OF NY

On the 30 day of April 2019, before me personally appeared Jeffrey Weissmann, sealer of the foregoing Stipulation and Consent Order, acknowledged same to be her/his act and deed.

Christina M. Butler
CHRISTINA M. BUTLER
NOTARY PUBLIC-STATE OF NEW YORK
No. 01BU6173350
Qualified in Nassau County
My Commission Expires August 27, 2019

Section Below To Be Completed by State of Connecticut Insurance Department

Dated at Hartford, Connecticut this 10th day of May 2019.

[Signature]
Andrew N. Mais
Insurance Commissioner