

MARKET CONDUCT EXAMINATION REPORT

OF

DIRECT GENERAL INSURANCE COMPANY

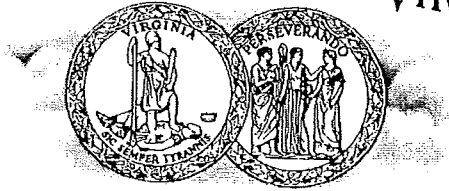
AS OF

March 31, 2017

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

**Property and Casualty Division
Market Conduct Section**

COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

I, Karen S. Gerber, Senior Insurance Market Examiner of the Bureau of Insurance, do hereby certify that the annexed copy of the Market Conduct Examination Report of Direct General Insurance Company as of March 31, 2017, conducted at the company's office in Winston-Salem, N.C., is a true copy of the original Report on file with the Bureau and also includes a true copy of the company's response to the findings set forth therein, and a true copy of the Bureau's review letters and the State Corporation Commission's Order in Case No. INS-2018-00038 finalizing the Report.

IN WITNESS WHEREOF, I have
hereunto set my hand and affixed
the official seal of the Bureau
at the City of Richmond, Virginia,
this 7th day of May, 2018.

Karen S. Gerber
Examiner in Charge

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INTRODUCTION

Pursuant to the authority of § 38.2-1317 of the Code of Virginia, a comprehensive examination has been made of the private passenger automobile line of business written by Direct General Insurance Company Incorporated at its office in Winston Salem, North Carolina.

The examination commenced July 17, 2017 and concluded January 16, 2018. Andrea D. Baytop, Eric Ellerbe, William T. Felvey, Karen S. Gerber, Melody S. Morrisette, and Latitia Orange, examiners of the Bureau of Insurance, and Joyclyn M. Morton, Market Conduct Manager of the Bureau of Insurance, participated in the work of the examination. The examination was called in the Market Action Tracking System on March 07, 2017 and was assigned the examination number of VA-VA097-12. The examination was conducted in accordance with the procedures established by the National Association of Insurance Commissioners (NAIC).

COMPANY PROFILE

Direct General Insurance Company ("DGIC") was incorporated under the laws of the state of Florida on December 15, 1990 as Independent Property and Casualty Insurance Company ("IPC"), and began operations on January 1, 1991. Effective March 6, 1997, in contemplation of the company being sold to Direct General Corporation, IPC re-domesticated to the state of Tennessee. On March 14, 1997, Direct General Corporation acquired all of the outstanding capital stock of IPC and its name was changed to its present title. On December 28, 2000, DGIC was re-domesticated from Tennessee to South Carolina. On March 30, 2007, Elara Holdings acquired 100% of the issued and outstanding stock of DGC, and therefore DGIC. The acquisition was approved by the South Carolina Department of Insurance pursuant to a final Order dated March 29, 2007. Elara Holdings maintains indirect control of DGIC as a long - term investment in an operating subsidiary.

The Ultimate Controlling Persons of Elara Holdings are Calera Capital Investors III, L.L.C. and TPG Advisors V, Inc. On December 19, 2007, DGIC was re-domesticated from South Carolina to Indiana.

The table below indicates when the company was licensed in Virginia and the lines of insurance that the company was licensed to write in Virginia during the examination period. All lines of insurance were authorized on May 28, 2004.

GROUP CODE: 2538	DGIC
NAIC Company Number	42781
LICENSED IN VIRGINIA	5/28/2004
LINES OF INSURANCE	
Accident and Sickness	
Aircraft Liability	
Aircraft Physical Damage	
Animal	
Automobile Liability	X
Automobile Physical Damage	X
Boiler and Machinery	
Burglary and Theft	
Commercial Multi-Peril	
Credit	
Farmowners Multi-Peril	
Fidelity	
Fire	
General Liability	
Glass	
Homeowners Multi-Peril	
Inland Marine	
Miscellaneous Property	
Ocean Marine	
Surety	
Water Damage	
Workers' Compensation	

The table below shows the company's premium volume and approximate market share of business written in Virginia during 2016 for the line of insurance included in this examination.* This business was developed through independent agents.

COMPANY AND LINE	PREMIUM VOLUME	MARKET SHARE
Direct General Insurance Company		
Private Automobile Liability	\$11,380,014	.40%
Private Automobile Physical Damage	\$4,047,331	.18%

* Source: The 2017 Annual Statement on file with the Bureau of Insurance and the Virginia Bureau of Insurance Statistical Report.

SCOPE OF THE EXAMINATION

The examination included a detailed review of the company's private passenger automobile line of business written in Virginia for the period beginning April 1, 2016 and ending March 31, 2017. This review included rating, underwriting, policy terminations, claims handling, forms, policy issuance*, statutory notices, agent's licensing, complaint-handling, and information security practices. The purpose of this examination was to determine compliance with Virginia insurance statutes and regulations and to determine that the company's operations were consistent with public interest. The Report is by test, and all tests applied during the examination are reported.

This Report is divided into three sections, Part One – The Examiners' Observations, Part Two – Corrective Action Plan, and Part Three – Recommendations. Part One outlines all of the violations of Virginia insurance laws that were cited during the examination. In addition, the examiners cited instances where the company failed to adhere to the provisions of the policies issued in Virginia. The Other Law Violations portion of Part One notes violations of other related laws that apply to insurers.

In Part Two, the Corrective Action Plan identifies the violations that rise to the level of a general business practice and are subject to a monetary penalty.

In Part Three, the examiners list recommendations regarding the company's practices that require some action by the company. This section also summarizes the violations for which the company was cited in previous examinations.

The examiners may not have discovered every unacceptable or non-compliant activity in which the company engaged. The failure to identify, comment on, or criticize specific company practices does not constitute an acceptance of the practices by the Bureau.

* Policies reviewed under this category reflected the company's current practices and, therefore, fell outside of the exam period.

STATISTICAL SUMMARY

The files selected for the review of the rating and underwriting, termination, and claims handling processes were chosen by random sampling of the various populations provided by the company. The relationship between population and sample is shown on the following page.

In other areas of the examination, the sampling methodology is different. The examiners have explained the methodology for those areas in corresponding sections of the Report.

The details of the errors will be explained in Part One of this Report. General business practices may or may not be reflected by the number of errors shown in the summary.

AREA	<u>Population</u>		<u>FILES</u>	<u>FILES NOT</u>	<u>FILES WITH</u>	<u>ERROR</u>
	<u>DGIC</u>	<u>TOTAL</u>				
Private Passenger Auto						
New Business ¹	<u>10895</u> 40	<u>10895</u> 40	38	0	18	47%
Renewal Business	<u>5479</u> 25	<u>5479</u> 25	25	0	11	44%
Co-Initiated Cancellations ²	<u>668</u> 35	<u>668</u> 35	20	0	18	90%
All Other Cancellations ³	<u>10552</u> 18	<u>10552</u> 18	17	0	12	71%
Nonrenewals	<u>45</u> 7	<u>45</u> 7	7	0	7	100%
Claims						
Auto ⁴	<u>5175</u> 89	<u>5175</u> 89	87	0	35	40%

Footnote ¹- Two policies were duplicates and were not reviewed.

Footnote ²- Thirteen policies were coded in the wrong categories and not reviewed; two policies were duplicates and not reviewed.

Footnote ³- One file was a duplicate and was not reviewed.

Footnote ⁴- One claim was created in error and was not reviewed. One claims was reported in error and was not reviewed.

PART ONE - THE EXAMINERS' OBSERVATIONS

This section of the Report contains all of the observations that the examiners provided to the company. These include all instances where the company violated Virginia insurance statutes and regulations. In addition, the examiners noted any instances where the company violated any other Virginia laws applicable to insurers.

RATING AND UNDERWRITING REVIEW

Automobile New Business Policies

The Bureau reviewed 38 new business policy files. During this review, the examiners found overcharges totaling \$879.00 and undercharges totaling \$621.00. The net amount that should be refunded to insureds is \$879.00 plus six percent (6%) simple interest.

- (1) The examiners found three violations of § 38.2-305 A of the Code of Virginia. The company failed to specify accurate information in the policy. The company failed to list all of the applicable forms on the declarations page.
- (2) The examiners found 17 violations of § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau.
 - a. In one instance, the company failed to use the correct discounts and/or surcharges.
 - b. In two instances, the company failed to provide evidence of fault for an accident and/or a conviction for a moving violation to support the surcharge applied.
 - c. In two instances, the company failed to use the correct symbol.
 - d. In one instance, the company failed to use the correct tier eligibility criteria.
 - e. In two instances, the company failed to use the correct base and/or final rates.

- f. In three instances, the company failed to follow the filed premium determination rule.
 - g. In five instances, the company failed to follow its filed rules.
 - h. In one instance, the company failed to follow its driver assignment rule.
- (3) The examiners found one violation of § 38.2-2206 of the Code of Virginia. The company failed to provide Uninsured Motorist (UM) limits equal to the liability limits of the policy and did not obtain a written rejection of the higher limits.
- (4) The examiners found three violations of § 38.2-2234 E of the Code of Virginia. The company failed to provide evidence that the credit score was obtained less than 90 days prior to the new business effective date.

Automobile Renewal Business Policies

The Bureau reviewed 25 renewal business policy files. During this review, the examiners found overcharges totaling \$357.00 and undercharges totaling \$941.00. The net amount that should be refunded to insureds is \$357.00 plus six percent (6%) simple interest.

- (1) The examiners found one violation of § 38.2-305 A of the Code of Virginia. The company failed to specify accurate information in the policy. The company failed to list all of the applicable forms on the declarations page.
- (2) The examiners found 11 violations of § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau.
- a. In two instances, the company failed to provide evidence of fault for an accident and/or a conviction for a moving violation to support the surcharge applied.
 - b. In one instance, the company failed to use the correct symbol.
 - c. In five instances, the company failed to follow the filed premium

determination rule.

d. In three instances, the company failed to follow its filed driver assignment rule.

- (3) The examiners found three violations of § 38.2-2234 B of the Code of Virginia. The company failed to update the insured's credit score at least once in a three year period.

TERMINATION REVIEW

The Bureau requested cancellation files in several categories due to the difference in the way these categories are treated by Virginia insurance statutes, regulations, and policy provisions. The breakdown of these categories is described below.

Company-Initiated Cancellations – Automobile Policies

NOTICE MAILED PRIOR TO THE 60TH DAY OF COVERAGE

The Bureau reviewed nine automobile cancellations that were initiated by the company where the cancellation notice was mailed prior to the 60th day of coverage in the initial policy period. During this review, the examiners found no overcharges and undercharges totaling \$45.00.

- (1) The examiners found six violations of § 38.2-610 A of the Code of Virginia. The company failed to provide the insured with written notice of an adverse underwriting decision (AUD).
- (2) The examiners found one violation § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau. The company failed to calculate the earned premium correctly.
- (3) The examiners found seven violations of § 38.2-2208 A of the Code of Virginia. The company failed to obtain valid proof of mailing the cancellation notice to the insured.

- (4) The examiners found one occurrence where the company failed to comply with the provisions of the insurance policy. The company failed to provide advance notice of cancellation to the insured.

NOTICE MAILED AFTER THE 59TH DAY OF COVERAGE

The Bureau reviewed 11 private passenger automobile cancellations that were initiated by the company where the notice was mailed on or after the 60th day of coverage in the initial policy period. During this review, the examiners found no overcharges and undercharges totaling \$165.00.

- (1) The examiners found seven violations of § 38.2-610 A of the Code of Virginia. The company failed to provide the insured with written notice of an adverse underwriting decision (AUD).
- (2) The examiners found three violations § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau. The company failed to calculate the earned premium correctly.
- (3) The examiners found seven violations of § 38.2-2208 A of the Code of Virginia. The company failed to obtain proof of mailing the cancellation notice to the insured.
- (4) The examiners found four violations of § 38.2-2208 B of the Code of Virginia.
 - a. In three instances, the company failed to provide proper notice of cancellation to the lienholder.
 - b. In one instance, the company failed to obtain valid proof of mailing the notice of cancellation to the lienholder.
- (5) The examiners found seven violations of § 38.2-2212 D of the Code of Virginia. The company cancelled the policy for a reason not permitted by the statute.
- (6) The examiners found 11 violations of § 38.2-2212 E of the Code of Virginia.

- a. In four instances, the company failed to send the cancellation notice to the insured.
 - b. In seven instances, the company failed to mail the notice of cancellation to the insured at least 45 days prior to the effective date of cancellation.
- (7) The examiners found one occurrence where the company failed to comply with the provisions of the insurance policy. The company failed to provide the required number of days' notice to the lienholder

All Other Cancellations – Automobile Policies

NONPAYMENT OF THE PREMIUM

The Bureau reviewed 12 private passenger automobile cancellations that were initiated by the company for nonpayment of the policy premium. During this review, the examiners found overcharges totaling \$66.12 and undercharges totaling \$367.55. The net amount that should be refunded to insureds is \$66.12 plus six percent (6%) simple interest.

- (1) The examiners found seven violations § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau. The company failed to calculate the earned premium correctly.
- (2) The examiners found two violations of § 38.2-2208 B of the Code of Virginia. The company failed to obtain valid proof of mailing the notice of cancellation to the lienholder.
- (3) The examiners found nine violations of § 38.2-2212 E of the Code of Virginia. The company failed to advise the insured of the right to request a review by the Commissioner of Insurance.

REQUESTED BY THE INSURED

The Bureau reviewed five automobile cancellations that were initiated by the insured where the cancellation was to be effective during the policy term. During this review, the

examiners found overcharges totaling \$17.31 and no undercharges. The net amount that should be refunded to insureds is \$17.31 plus six percent (6%) simple interest.

The examiners found one violation § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau. The company failed to calculate the earned premium correctly.

Company-Initiated Non-renewals – Automobile Policies

The Bureau reviewed seven automobile non-renewals that were initiated by the company.

- (1) The examiners found seven violations of § 38.2-610 A of the Code of Virginia. The company failed to provide the insured with written notice of an adverse underwriting decision (AUD).
- (2) The examiners found seven violations of § 38.2-2208 A of the Code of Virginia. The company failed to obtain valid proof of mailing the nonrenewal notice to the insured.
- (3) The examiners found five violations of § 38.2-2208 B of the Code of Virginia. The company failed to obtain valid proof of mailing the notice of nonrenewal to the lienholder.
- (4) The examiners found one violation of § 38.2-2212 C of the Code of Virginia. The company refused to renew a private passenger automobile policy due to one or more claims submitted under the Other Than Collision and towing coverages.
- (5) The examiners found two violations of § 38.2-2212 E of the Code of Virginia. The company failed to provide the specific reason for the non-renewal in the notice to the insured.

Other Law Violations

Although not a violation of Virginia insurance laws, the examiners noted the following

as a violation of another Virginia law.

The examiners found one violation of § 46.2-482 of the Code of Virginia. The company failed to file an SR-26 within 15 days of cancelling the policy as required by the Virginia Motor Vehicle Code.

CLAIMS REVIEW

Private Passenger Automobile Claims

The examiners reviewed 87 automobile claims for the period of April 1, 2016 through March 31, 2017. The findings below appear to be contrary to the standards set forth by Virginia insurance statutes and regulations. During this review, the examiners found overpayments totaling \$4,832.56 and underpayments totaling \$8,340.82. The net amount that should be paid to claimants is \$8,329.84 plus 6% simple interest.

- (1) The examiners found six violations of 14 VAC 5-400-30. The company failed to document the claim file sufficiently to reconstruct events and/or dates that were pertinent to the claim.
- (2) The examiners found 14 violations of 14 VAC 5-400-40 A. The company obscured or concealed from a first party claimant, directly or by omission, benefits, coverages, or other provisions of an insurance policy that were pertinent to the claim.
 - a. In seven instances, the company failed to accurately inform an insured of his Transportation Expenses coverage when the file indicated the coverage was applicable to the loss.
 - b. In seven instances, the company failed to accurately inform an insured of his benefits or coverages, including rental benefits, available under the Uninsured Motorist Property Damage coverage (UMPD) and/or Underinsured Motorist coverage (UIM) when the file indicated the

coverage applied to the loss.

These findings occurred with such frequency as to indicate a general business practice.

- (3) The examiners found one violation of 14 VAC 5-400-50 C. The company failed to make an appropriate reply within ten working days to pertinent communications from a claimant, or a claimant's authorized representative that reasonably suggested a response was expected.
- (4) The examiners found two violations of 14 VAC 5-400-60 B. The company failed to notify the insured, in writing, every 45 days of the reason for the company's delay in completing the investigation of the claim.
- (5) The examiners found three violations of 14 VAC 5-400-70 A. The company failed to deny a claim or part of a claim in writing and/or failed to keep a copy of the written denial in the claim file.
- (6) The examiners found 15 violations of 14 VAC 5-400-70 D. The company failed to offer the insured an amount that was fair and reasonable as shown by the investigation of the claim or failed to pay a claim in accordance with the insured's policy provisions.
 - a. In ten instances, the company failed to pay the insured's UMPD claim properly when Collision and UMPD coverage applied to the claim.
 - b. In one instance, the company failed to pay the proper sales and use tax, title fee, and/or license fee on a first party total loss settlement.
 - c. In three instances, the company failed to pay the claim in accordance with the policy provisions under the insured's Medical Expense Benefits coverage.
 - d. In one instance, the company failed to pay the claim in accordance with

the policy provisions under the insured's Collision or Other than Collision coverage.

These findings occurred with such frequency as to indicate a general business practice.

- (7) The examiners found four violations of 14 VAC 5-400-80 D. The company failed to provide the vehicle owner a copy of the estimate for the cost of repairs prepared by or on behalf of the company.
 - a. In three instances, the company failed to provide a copy of the repair estimate to the insured.
 - b. In one instance, the company failed to provide a copy of the repair estimate to the claimant.
- (8) The examiners found three violations of § 38.2-510 A 1 of the Code of Virginia. The company misrepresented pertinent facts or insurance policy provisions relating to the coverage at issue.
- (9) The examiners found two violations of § 38.2-510 A 3 of the Code of Virginia. The company failed to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies.
- (10) The examiners found one violation of § 38.2-510 A 6 of the Code of Virginia. The company failed to make a prompt, fair, and equitable settlement of a claim in which liability was reasonably clear.
- (11) The examiners found seven occurrences where the company failed to comply with the provisions of the insurance policy.
 - a. In two instances, the company failed to include the lienholder on the check issued in payment of the insured's Collision claim.
 - b. In three instances, the company paid an insured more than the insured

was entitled to receive under the terms of his policy.

- c. In one instance, the company paid the entire physical damage claim under the excess UMPD coverage when the primary Collision Coverage was available.
- d. In one instance, the company issued payment under the incorrect coverage.

FORMS REVIEW

The examiners reviewed the company's policy forms and endorsements used during the examination period and those that are currently used for the line of business examined. From this review, the examiners verified the company's compliance with Virginia insurance statutes and regulations.

To obtain copies of the policy forms and endorsements used during the examination period for the line of business listed below, the Bureau requested copies from the company. In addition, the Bureau requested copies of new and renewal business policy mailings that the company was processing at the time of the Examination Data Call. The details of these policies are set forth in the Policy Issuance Process Review section of the Report. The examiners then reviewed the forms used on these policies to verify the company's current practices.

Automobile Policy Forms

POLICY FORMS USED DURING THE EXAMINATION PERIOD

The company provided copies of 22 forms that were used during the examination period to provide coverage on policies insuring risks located in Virginia.

The examiners found two violations of § 38.2-2220 of the Code of Virginia. The company used policy forms that were not in the precise language of the standard forms filed and adopted by the Bureau.

POLICY FORMS CURRENTLY USED

The examiners found no additional forms to review.

POLICY ISSUANCE PROCESS REVIEW

To obtain sample policies to review the company's policy issuance process for the line of business examined, the examiners requested new and renewal business policy mailings that were sent after the company received the Examination Data Call. The company was instructed to provide duplicates of the entire packet that was provided to the insured. The details of these policies are set forth below.

For this review, the examiners verified that the company enclosed and listed all of the applicable policy forms on the declarations page. In addition, the examiners verified that all required notices were enclosed with each policy. Finally, the examiners verified that the coverages on the new business policies were the same as those requested on the applications for those policies.

Automobile Policies

The company provided five new business policies mailed on April 26 and 28, 2017. In addition, the company provided five renewal business policies mailed on April 26 and 28, 2017.

NEW BUSINESS POLICIES

The examiners found five violations of § 38.2-305 A of the Code of Virginia. The company failed to specify accurate information in the policy as required by the statute. The company listed forms on the declarations page that were not applicable to the policy.

RENEWAL BUSINESS POLICIES

The examiners found six violations of § 38.2-305 A of the Code of Virginia. The company failed to specify accurate information in the policy as required by the

statute.

- a. In one instance, the company failed to list the vehicle owner as a named insured or as a person having an insurable interest.
- b. In five instances, the company listed forms on the declarations page that were not applicable to the policy.

STATUTORY NOTICES REVIEW

To obtain sample policies to review the content of the statutory notices that the company is required to provide to insureds and used by the company for the line of business examined, the examiners used the same new business policy and renewal business policy mailings that were previously described. The details of these policies have been set forth previously under the Review of the Policy Issuance Process section of the Report. The examiners verified that the notices used by the company on all applications, on all policies, and those special notices used for vehicles issued on risks located in Virginia complied with the Code of Virginia.

General Statutory Notices

The examiners found one violation of § 38.2-610 A of the Code of Virginia. The company's AUD notice did not comply with the requirements of the statute.

Statutory Vehicle Notices

- (1) The examiners found two violations of § 38.2-1905 A of the Code of Virginia. The company failed to include all of the information required by the statute in its Point Surcharge Notice.
- (2) The examiners found one violation of 38.2-2202 A of the Code of Virginia. The company's Medical Expense Benefits notice was not in the precise wording required by the statute.

- (3) The examiners found three violations of § 38.2-2202 B of the Code of Virginia.
- a. In two instances, the rejection of higher uninsured motorist limits notice was not the precise language as required by the statute.
 - b. In one instance, the rejection of higher uninsured motorist limits notice was not in boldface type as required by the statute.

Other Notices

The company provided copies of 13 other notices that were used during the examination period.

The examiners found no violations in this area.

LICENSING AND APPOINTMENT REVIEW

A review was made of new business private passenger automobile policies to verify that the agent of record for those policies reviewed was licensed and appointed to write business for the company as required by Virginia insurance statutes. In addition, the agent or agency to which the company paid commission for these new business policies was checked to verify that the entity held a valid Virginia license and was appointed by the company.

Agency

The examiners found two violations of § 38.2-1812 of the Code of Virginia. The company failed to appoint an agency within 30 days of the date of application.

Agent

The examiners found no violations in this area.

COMPLAINT-HANDLING PROCESS REVIEW

A review was made of the company's complaint-handling procedures and record of complaints to verify compliance with § 38.2-511 of the Code of Virginia.

The examiners found no violations in this area.

PRIVACY AND INFORMATION SECURITY PROCEDURES REVIEW

The Bureau requested a copy of the company's Information Security Program that protects the privacy of policyholder information in accordance with § 38.2-613.2 of the Code of Virginia.

The company provided its written information security procedures.

PART TWO – CORRECTIVE ACTION PLAN

Business practices and the error tolerance guidelines are determined in accordance with the guidelines contained in the NAIC Market Regulation Handbook. A seven percent (7%) error criterion was applied to claims handling. Any error ratio above this threshold for claims indicates a general business practice. In some instances, such as filing requirements, forms, notices, and agent licensing, the Bureau applies a zero tolerance standard. This section identifies the violations that were found to be business practices of Virginia insurance statutes and regulations.

General

Direct General Insurance Company shall:

Provide a Corrective Action Plan (CAP) with their response to this Report.

Rating and Underwriting Review

Direct General Insurance Company shall:

- (1) Correct the errors that caused the overcharges and undercharges, and send refunds to the insureds or credit the insureds' accounts the amount of the overcharge as of the date the error first occurred.
- (2) Include six percent (6%) simple interest in the amount refunded and/or credited to the insureds' accounts.
- (3) Complete and submit to the Bureau the enclosed file titled "Rating Overcharges Cited during the Examination." By returning the completed file to the Bureau, the company acknowledges that they have refunded or credited the overcharges listed in the file.
- (4) Specify accurate information in the policy by listing all forms applicable to the policy on the declarations page.

- (5) Use the rules and rates on file with the Bureau. Particular attention should be focused on the use of points for accidents and convictions, symbols, base and/or final rates, premium determination rule, and driver assignment.
- (6) Update the insured's credit information at least once in a three year period or when requested by the insured.
- (7) Obtain signed written rejection of Uninsured Motorists Limits equal to the liability limits selected by the insured.
- (8) Maintain evidence of when credit information was obtained.

Termination Review

Direct General Insurance Company shall:

- (1) Correct the errors that caused the overcharges and undercharges and send refunds to the insureds or credit the insureds' accounts the amount of the overcharge as the date the error first occurred.
- (2) Include six percent (6%) simple interest in the amount refunded and/or credited to the insureds' accounts.
- (3) Complete and submit to the Bureau the enclosed file titled "Termination Overcharges Cited during the Examination." By returning the completed file to the Bureau, the company acknowledges they have refunded or credited the overcharges listed in the file.
- (4) Provide the insured with a written notice of an Adverse Underwriting Decision.
- (5) Calculate return premium according to the filed rules and policy provisions.
- (6) Obtain valid proof of mailing the cancellation notice to the insured and lienholder.
- (7) Provide proper notice of cancellation to the insured and lienholder.
- (8) Cancel private passenger automobile policies when the notice is mailed after the

59th day of coverage only for those reasons permitted by § 38.2-2212 of the Code of Virginia.

- (9) Send the cancellation notice at least 45 days before the effective date of cancellation when the notice is mailed after the 59th day of coverage.
- (10) Provide proper notice of the insured's right to have the cancellation reviewed by the Commissioner of Insurance.

Claims Review

Direct General Insurance Company shall:

- (1) Correct the errors that caused the underpayments and overpayments, and send the amount of the underpayment to insureds and claimants.
- (2) Include six percent (6%) simple interest in the amount paid to the insureds and claimants.
- (3) Complete and submit to the Bureau the enclosed file titled "Claims Underpayments Cited During the Examination." By returning the completed file to the Bureau, the company acknowledges that they have paid the underpayments listed in the file.
- (4) Document the claim file that all applicable coverages have been discussed with the insured. Particular attention should be given to Transportation Expenses coverage, and Uninsured Motorist coverage including rental benefits.
- (5) Offer the insured an amount that is fair and reasonable as shown by the investigation of the claim, and pay the claim in accordance with the insured's policy provisions.

Forms Review

Direct General Insurance Company shall:

Use the precise language of the standard automobile forms as adopted by the Bureau.

Policy Issuance Process Review

Direct General Insurance Company shall:

Specify accurate information in the policy as required by the statute by listing only applicable forms on the declarations page.

Statutory Notices Review

Direct General Insurance Company shall:

- (1) Amend the language within the AUD Notice to be substantially similar to the prototype set forth in Administrative Letter 2015-07.
- (2) Amend the Point Surcharge Notice to comply with § 38.2-1905 A of the Code of Virginia.
- (3) Amend the Medical Expense Benefits Notice to comply with § 38.2-2202 A of the Code of Virginia.
- (4) Develop a Notice of Optional Uninsured Motorist Coverage that complies with § 38.2-2202 B of the Code of Virginia.

Licensing and Appointment Review

Direct General Insurance Company shall:

Appoint agencies within 30 days of the application.

PART THREE – EXAMINERS' RECOMMENDATIONS

The examiners also found violations that did not appear to rise to the level of business practices by the company. The company should carefully scrutinize these errors and correct the causes before these errors become business practices. The following errors will not be included in the settlement offer:

RECOMMENDATIONS

We recommend that the company take the following actions:

Terminations

- The company should ensure the full cancellation date is displayed on its cancellation notices.
- The company should remove the Right to Review language from cancellation notices mailed within the first 59 days of coverage.
- The company should remove cancellation codes from its cancellation notices sent to insureds.
- The company should use complete words and sentences on its cancellation notices when citing the reason for the cancellation.

Claims

- The company should document the claim file when all applicable coverages have been discussed with the insured.
- The company should provide copies of vehicle repair estimates prepared by or on behalf of the company to insureds and claimants.
- The company should properly represent pertinent facts or insurance provisions relating to the coverages at issue.
- The company should acknowledge correspondence that reasonably suggests a reply is expected from insureds and claimants within ten business days.
- The company should notify the insured every 45 days from the date of notification of a first party claim the reason for the delay in the investigation of the claim.

- The company should make all claim denials in writing and keep a copy in the claim file.
- The company should make a prompt, fair, and equitable settlement of a claim in which liability was reasonably clear.
- The company should include the lienholder on checks where applicable.
- The company should make payments to the insured for the amount he/she is entitled to receive under the terms of the policy.
- The company should make claim payments under the correct coverage.
- The company should amend the letter sent to insureds acknowledging receipt of a claim. The letter should reflect that a UMPD deductible of \$200.00 may apply, but the \$200.00 deductible would not apply if the responsible third party is identified.

Policy Issuance Process

- The company should only list forms and endorsements in the coverage section of the declarations page.
- The company should amend its application to reflect the per occurrence amount for transportation expense coverage. There is no per day limit amount in Virginia.
- The company attached applicable endorsements to the policy.
- Amend the "Product and Fee Summary, Arbitration Agreement and Producer Compensation Disclosure" to accurately represent the terms of the insurance policy.

Statutory Notices

- The company should remove the TDD number (804-371-9206) from their notices. This number is no longer used by the Bureau.
- The company should amend its Med Pay Options (RN) notice to comply with the requirements of § 38.2-2202 A of the Code of Virginia.
- The company should replace the word "Comprehensive" with "Other Than Collision" (OTC) on their Transportation Expense Coverage notice [(VA016 A (03-08)].
- The company should remove the right to review language from their

Notice of Cancellation [DC_DIRFCCAN070616. TXT-27-000004429], if the notice is used to cancel policies within the first 60 days of coverage.

SUMMARY OF PREVIOUS EXAMINATION FINDINGS

The Bureau conducted two prior market conduct examinations of the private passenger automobile line of business of Direct General Insurance Company.

During the private passenger automobile examination of Direct General Insurance Company as of December 31, 2007, the company violated §§ 38.2-305 A, 38.2-502, 38.2-510 A 1, 38.2- 510 A 3, 38.2-510 A 6, 38.2-511, 38.2-604.1, 38.2-610, 38.2-1812, 38.2-1833, 38.2-1905 A, 38.2-1906 D, 38.2-2202, 38.2-2208, 38.2-2212, 38.2-2214, and 38.2-2220 of the Code of Virginia; as well as 14 VAC 5-390-40 D, 14 VAC 5-390-40 F, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, and 14 VAC 5-400-80 D of the Virginia Administrative Code.

During the private passenger automobile examination of Direct General Insurance Company as of December 31, 2011, the company violated §§ 38.2-305 A, 38.2-502, 38.2-510 A 1, 38.2- 510 A 3, 38.2-517 A, 38.2-604 B, 38.2-610 A, 38.2-1905 C, 38.2-1906 D, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, 38.2-2220, and 38.2-2234 A of the Code of Virginia; as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Virginia Administrative Code.

ACKNOWLEDGEMENT

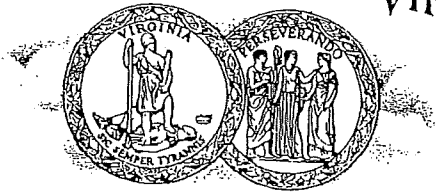
The courteous cooperation extended by the officers and employees of the company during the course of the examination is gratefully acknowledged.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen S. Gerber".

Karen S. Gerber
Senior Insurance Market Examiner

COMMONWEALTH OF VIRGINIA



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

P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

January 23, 2018

VIA UPS 2nd DAY DELIVERY

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

RE: Market Conduct Examination
Direct General Insurance Company (NAIC# 42781)
Examination Period: April 1, 2016 - March 31, 2017

Dear Ms. Lopez:

The Bureau of Insurance (Bureau) has conducted a market conduct examination of the Direct General Insurance Company (Company) for the period of April 1, 2016 through March 31, 2017. The preliminary examination report (Report) has been drafted for the Company's review.

Enclosed with this letter is a copy of the Report and copies of review sheets that have been added, withdrawn or revised since January 16, 2018. Also enclosed are several technical reports that will provide you with the specific file references for the violations listed in the Report.

Since there appears to have been a number of violations of Virginia insurance laws and regulations on the part of the Company, I would urge you to closely review the Report. Please provide a written response. The Company does not need to respond to any particular item with which it agrees. If the Company disagrees with an item or wishes to further comment on an item, please do so in Part One of the Report. Please be aware that the examiners are unable to remove an item from the Report or modify a violation unless the Company provides written documentation to support its position. When the Company responds, please do not include any personal identifiable or privileged information (names, policy numbers, claim numbers, addresses, etc.). The Company should use exhibits or appendices to reference any of this information. In addition, please use the same format (headings and numbering) as found in the Report. If the Company fails to respond in the format of the Report the response will be returned to the Company to be put in the correct order. By adhering to this practice, it will be much easier to track the responses against the Report.

Secondly, the Company must provide a corrective action plan that addresses all of the issues identified in the examination, again using the same headings and numberings as are used in the Report.

Thirdly, if the Company has comments it wishes to make regarding Part Three of the Report, please use the same headings and numbering for the comments. In particular, if the examiners identified issues that were numerous but did not rise to the level of a business practice, the Company should outline the actions it is taking to prevent those issues from becoming a business practice.

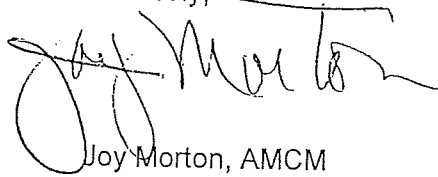
Finally, we have enclosed an Excel file that the company must complete and return to the Bureau with the company's response. This file lists the review items for which the examiners identified overcharges (rating and terminations) and underpayments (claims).

The company's response and the spreadsheet mentioned above must be returned to the Bureau by February 26, 2018.

After the Bureau has received and reviewed the company's response, we will make any justified revisions to the Report. The Bureau will then be in a position to determine the appropriate disposition of the market conduct examination.

We look forward to your reply by February 26, 2018.

Sincerely,



Joy Morton, AMCM
Manager
Market Conduct Section
Property & Casualty Division
(804) 371-9540
joy.morton@scc.virginia.gov



February 21, 2018

VIA EMAIL (joy.morton@scc.virginia.gov)
Ms. Joy Morton, Manager
Market Conduct Section, P&C Division
Virginia Bureau of Insurance
1300 E. Main Street
Richmond, Virginia 23219

**Re: Market Conduct Examination
Direct General Insurance Company (NAIC# 42781)
Examination Period: April 1, 2016 – March 31, 2017**

Dear Ms. Morton:

PART ONE – THE EXAMINERS’ OBSERVATIONS

POLICY ISSUANCE PROCESS REVIEW

Automobile Policies

NEW BUSINESS POLICIES (2)

(2). We continue to respectfully disagree that any misrepresentation has been made. The Summary is not attached to the insurance contract and is not listed on the Dec page as applicable. The Summary is utilized by our agency to further support/document that certain disclosures have been made and the applicants understanding of those. The form expressly provides in the Client Acknowledgment section that the document is not a contract for insurance that the premiums listed are estimates and the policy if issued will contain the terms and conditions of coverage. The auto coverages will be removed from the summary as a concession.

PART TWO – CORRECTIVE ACTION PLAN

Rating and Underwriting Review

- (1). Refunds have been sent to the insureds for the amount of the overcharge.
- (2). Simple interest of six (6) percent was included with refunds.
- (3). The “Rating Overcharges Cited during the Examination” worksheet is completed and included with this response.
- (4). System changes have been implemented to only list the applicable forms on the declarations page.
- (5). We will use the rules and rates that are on file with the Bureau.

- (6). Credit information will be updated at least once every three years or when requested by the insured.
- (7). Signed written rejection of Uninsured Motorists Limits equal to the liability limits selected by the insured will be maintained in the file.
- (8). Evidence of when credit information was obtained will be maintained.

Termination Review

- (1). Refunds have been sent to the insureds for the amount of the overcharge.
- (2). Simple interest of six (6) percent was included with refunds.
- (3). The Termination Overcharges Cited during the Examination” worksheet is completed and included with this response.
- (4). Insured’s will be provided with a written notice of Adverse Underwriting Decisions.
- (5). Return premiums will be calculated in accordance with filed rules and policy provisions.
- (6). Credit information will be updated at least once every three years or when requested by the insured.
- (7). Written rejection of Uninsured Motorists Limits will be obtained.
- (8). After the 59th day of coverage private passenger automobile policies will only be cancelled for those reasons permitted by 38.2-2212 of the Code of Virginia.
- (9). Cancellations will be sent at least 45 days before the effective date of the cancellation when the notice is mailed after the 59th day of coverage.
- (10). Cancellations have been modified to properly advise the insured of the right to have the cancellation reviewed by the Commissioner of Insurance

Claims Review

- (1). Due to errors in claim processing payments have been made to insureds and claimants.
- (2). Simple interest of six (6) percent was included with the payments.
- (3). The “Claims Underpayments Cited During the Examination” spreadsheet is completed and included with this response.
- (4). Claim files will be documented that all applicable coverages have been discussed with the insured.
- (5). We will offer the insured an amount that is fair and reasonable as shown by the claim investigation.

Forms Review

We have made the necessary modifications to the standard automobile forms so that they contain the precise language of the forms adopted by the Bureau.

Statutory Notices Review

- (1). The language within the AUD notice has been amended to be substantially similar to the prototype set forth in Administrative letter 2015-07.
- (2). The Point Surcharge notice has been amended to comply with 38.2-1905 A of the Code of Virginia.
- (3). The Medical Expense Benefits notice has been amended to comply with 38.2-2202 A of the Code of Virginia.
- (4). A Notice of Optional Uninsured Motorist Coverage has been developed and complies with 38.2-2202 B of the Code of Virginia.

Licensing and Appointment Review

We will appoint agencies within 30 days of the applications.

PART THREE – EXAMINERS’ RECOMMENDATIONS

Terminations

- (1). System modifications have been made to ensure the full date is displayed on cancellation notices.
- (2). The Right to Review language has been removed from cancellation notices mailed within the first 59 days of coverage.
- (3). System modifications have been made to prevent codes from printing on the cancellation notices.
- (4). System modifications have been made to print full cancellation reasons with no abbreviations.

Claims

- (1). Claim files will be documented that all applicable coverages have been discussed with the insured.
- (2). Copies of the vehicle repair estimates will be provided to insureds and claimants.
- (3). Pertinent facts and insurance provisions relating to coverages will be properly represented.
- (4). Correspondence from insureds and claimants that suggest a reply is expected will be acknowledged within ten business days.
- (5). If delays are necessary in the investigation of claim the insured will be notified every 45 days.
- (6). All claim denials will be made in writing and a copy will be placed in the claim file.
- (7). When liability is reasonably clear we will make a prompt, fair and equitable settlement.
- (8). Lienholders will be included on checks when applicable.
- (9). Payments will be made to the insured for the amount he/she is entitled to receive under the terms of the policy.
- (10). Payments will be made under the applicable coverage.
- (11). The letter sent to insureds acknowledging receipt of claim has been modified to reflect that a UM deductible of \$200 may apply but would not apply if the responsible third party is identified.

Policy Issuance Process

- (1). System modifications have been made to ensure only applicable forms and endorsements are listed on the declaration page.
- (2). Our application has been amended to reflect the per occurrence amount for transportation expense coverage.

Statutory Notices

- (1). The TDD number (804-371-9206) has been removed from notices.
- (2). The Med Pay Options notice has been changed to comply with the requirements of 38.2-2202 A.
- (3). The word comprehensive has been replaced with Other Than Collision on the Transportation Expense Coverage notice.
- (4). The right to review language has been removed from cancellation notices within the first 60 days of coverage.



Should you need additional information please contact me at Robin.Lopez@ngic.com or 336-435-2612.

Sincerely,

A handwritten signature in black ink that reads "Robin Lopez". The signature is written in a cursive style.

Robin Lopez
Market Conduct Specialist
National General Holdings Corp.

COMMONWEALTH OF VIRGINIA



P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

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

February 27, 2018

VIA UPS 2nd DAY DELIVERY

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

RE: Market Conduct Examination
Direct General Insurance Company (NAIC# 42781)
Examination Period: April 1, 2016 – March 31, 2017

Dear Ms. Lopez:

The Bureau of Insurance (Bureau) has concluded its review of the company's response of February 21, 2018. Based upon the Bureau's review of the company's letter, we are now in a position to conclude this examination. Enclosed is the final Market Conduct Examination Report (Report) of Direct General Insurance Company (Company) and the review sheets that were changed as a result of the Company's response. The Report has been amended as shown below:

Part One – Examiners' Observations

Policy Issuance- New Business

- (2) After additional review, the violations in this Section have been withdrawn. A Recommendation has been added to the Report. The Report has been renumbered to reflect this change.

Policy Issuance- Renewal Business

- (2) After additional review, the violations for MPA006 and MPA009 have been withdrawn from the Report and included in the Recommendation referenced above. The Report has been renumbered to reflect this change.

Based on the Bureau's review of the Report and the company's responses, it appears that a number of Virginia insurance laws and regulations have been violated, specifically:

Sections 38.2-305 A, 38.2-610 A, 38.2-1812, 38.2-1905 A, 38.2-1906 D, 38.2-2202 A, 38.2-2202 B, 38.2-2208 A, 38.2-2208 B, 38.2-2212 C, 38.2-2212 D, 38.2-2212 E, 38.2-2220,

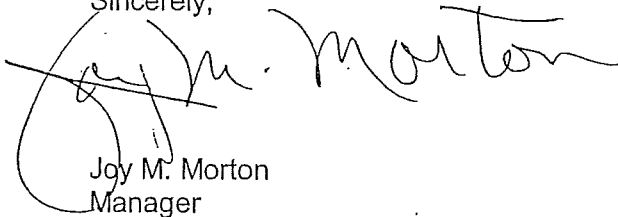
Ms. Lopez
February 27, 2018

38.2-2234 B, 38.2-2234 E of the Code of Virginia; and 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Virginia Administrative Code.

Violations of the laws mentioned above provide for monetary penalties of up to \$5,000 for each violation as well as suspension or revocation of an insurer's license to engage in the insurance business in Virginia.

In light of the above, the Bureau will be in further communication with you shortly regarding the appropriate disposition of this matter.

Sincerely,

A handwritten signature in black ink that reads "Joy M. Morton". The signature is written in a cursive style with a large initial "J" and "M".

Joy M. Morton
Manager
Market Conduct Section
Property and Casualty Division
(804) 371-9540
joy.morton@scc.virginia.gov



STATE CORP COMMISSION
BUREAU OF INSURANCE
18 MAR 23 AM 10:31

March 20, 2018

Rebecca Nichols
Deputy Commissioner
Property and Casualty
Bureau of Insurance
1300 E. Main Street
Richmond, Virginia 23218

**Re: Market Conduct Examination Settlement Offer
Direct General Insurance Company
Ecase/Docket number: INS-2018-00038**

Dear Ms. Nichols:

This will acknowledge receipt of the Bureau of Insurance's letter dated March 8, 2018, concerning the above referenced matter.

We wish to make a settlement offer on behalf of the insurance company listed below for the alleged violations of §§ 38.2-305 A, 38.2-610 A, 38.2-1812, 38.5-1905 A, 38.2-1906 D, 38.2-2202 A, 38.2-2202 B, 38.2-2208 A, 38.2-2208 B, 28.2-2212 C, 38.2-2212 D, 38.2-2212 E, 38.2-2220, 38.2-2234 B, 38.2-2234 E of the Code of Virginia; as well as 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Virginia Administrative Code.

1. We enclose with this letter a check payable to the Treasurer of Virginia in the amount of \$41,400.00.
2. We agree to comply with the corrective action plan set forth in the company's letter of February 21, 2018.
3. We confirm that restitution was made to 22 consumers for \$10,228.23 in accordance with the company's letter of February 21, 2018.
4. We further acknowledge the company's 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,

Direct General Insurance Company

A handwritten signature in black ink that reads "Jeffrey Weissmann".

(Signed)

Jeffrey Weissmann
(Type or Print Name)

General Counsel; Secretary
(Title)

3/20/2018
(Date)

Enclosure

COMMONWEALTH OF VIRGINIA



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

P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

National General Management Corp. has tendered to the Bureau of Insurance the settlement amount of \$41,400.00 by their check numbered 4000199663 and dated March 14, 2018, a copy of which is located in the Bureau's files.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 26, 2018

SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2018-00038

DIRECT GENERAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Direct General Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in a certain instance violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by statute in the insurance policy; §§ 38.2-610 A, 38.2-1905 A, 38.2-2202 A, and 38.2-2202 B of the Code by failing to accurately provide the required notices to insureds; § 38.2-1812 of the Code for paying commissions to agencies that are not appointed by the Defendant; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; §§ 38.2-2208 A, 38.2-2208 B, 38.2-2212 C, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; § 38.2-2220 of the Code by failing to use forms in the precise language of standard forms previously filed and adopted by the Commission; § 38.2-2234 B of the Code by failing to update the insured's credit information at least once in a three-year period; § 38.2-2234 E of the Code by failing to rate the policy with proper credit information; 14 VAC 5-400-40 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*

("Rules"), and 14 VAC 5-400-70 D of the Commission's Rules by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in company correspondence dated February 21, 2018, confirmed that restitution was made to 22 consumers in the amount of Ten Thousand Two Hundred Twenty-eight Dollars and Twenty-three Cents (\$10,228.23), has tendered to Virginia the sum of Forty-one Thousand Four Hundred Dollars (\$41,400), and waived its right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Jeffrey Weissmann, General Counsel, Secretary, Direct General Insurance Company, 5630
University Parkway, Winston-Salem, North Carolina 27105; and a copy shall be delivered to the
Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy
Commissioner Rebecca Nichols.

20240909