

MAY 23 2018

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

STATE OF NEBRASKA	)	
DEPARTMENT OF INSURANCE,	)	
	)	CONSENT ORDER
PETITIONER,	)	
	)	
VS.	)	CAUSE NO. C-2391
	)	
AMERICAN FAMILY INSURANCE	)	
COMPANY (NAIC #10386), AMERICAN	)	
FAMILY MUTUAL INSURANCE COMPANY,	)	
S.I., f/k/a AMERICAN FAMILY MUTUAL	)	
INSURANCE COMPANY (NAIC #19275), and	)	
AMERICAN STANDARD INSURANCE	)	
COMPANY OF WISCONSIN (NAIC #19283)	)	
	)	
RESPONDENTS.	)	

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Robert M. Bell, and American Family Insurance Company, American Family Mutual Insurance Company, S.I. f/k/a AMERICAN FAMILY MUTUAL INSURANCE COMPANY, and American Standard Insurance Company of Wisconsin ("Respondents"), mutually stipulate and agree as follows.

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondents pursuant to Neb. Rev. Stat. §§ 44-101.01, 44-135, and 44-303 et seq. Said jurisdiction and control have been present at all times material hereto.

2. Respondents are affiliated Wisconsin domiciled insurance companies licensed to engage in the business of insurance in the State of Nebraska.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition captioned State of Nebraska Department of Insurance vs. American Family Insurance Company, American Family Mutual Insurance Company, and American Standard Insurance Company of Wisconsin, Cause Number C-2391, on April 18, 2018. A copy of the Petition and Notice of Hearing was served upon Respondents' registered mailing

address 6000 American Pkwy, Madison, WI 53783 by certified mail, return receipt requested and Respondents' agent for service of process, CSC-Lawyers Incorporating Service Co., 233 South 13th St., Suite 1900, Lincoln, NE 68508, by certified mail, return receipt requested.

2. The Department has jurisdiction over Respondents in the above-described administrative proceeding.

3. Respondents violated Neb. Rev. Stat. §§. 44-516, 44-1524, and 44-1525(13) and is subject to penalty pursuant to § 44-1529 as a result of the following conduct:

- a. On or about September 8, 2015, Respondent American Family Insurance Company introduced an automobile liability policy product in Nebraska termed 'Advance.' Notices of cancellation of the Advance product, including cancellation notices for nonpayment of premium, were mailed to insureds via 'proof of mail' from the introduction of the Advance product from September 8, 2015, forward. Proof of mail is neither certified nor registered mail.
- b. On or about September 9, 2016, John Koenig, an Insurance Claims Investigator with the Department, sent an inquiry to Respondent American Family Insurance Company regarding compliance with Nebraska law on cancellation notices of automobile liability policies.
- c. On or about September 26, 2016, Respondent American Family Insurance Company began to send out cancellation notices on the Advance product via certified mail. From September 8, 2015 through September 25, 2016, said Respondent sent hundreds of cancellation notices to Nebraskans who had been insured with the Advance product via proof of mail, not certified or registered mail as required by law.
- d. On or about November 9, 2016, Respondent American Family Insurance Company responded to Mr. Koenig's request for information on the notices of cancellation after Mr. Koenig had granted a time extension for response. In its response, said Respondent admitted that the Advance product cancellation notices were sent via proof of mail, not certified or registered mail. Additionally, said Respondent self-reported that its affiliated companies, American Family Mutual Insurance Company and American Standard Insurance Company of Wisconsin, had sent automobile liability insurance cancellation notices for its 'Classic' product via proof of mail from December 16, 2015 to September 25, 2016. Classic product notices of cancellations utilized certified mail beginning September 26, 2016.
- e. On or about November 18, 2016, Respondent American Family Insurance Company provided Mr. Koenig with an additional response regarding its Advance product with information on another insured inadvertently missed in the initial response.

4. In the spirit of cooperation and in order to avoid further expense and loss of time, Respondents enter into this Consent Order freely and voluntarily. Respondents were informed of their right to a public hearing. Respondents waive their right to a hearing and acknowledge that by doing so, Respondents also waive their right to confrontation of witnesses, production of evidence, and judicial review.

5. Respondents admit the allegations set forth paragraph 3 of this section and are willing to amicably resolve all pending matters to avoid the uncertainty and expense of litigation.

CONCLUSIONS OF LAW

Respondents conduct as stipulated above constitutes a violation of Neb. Rev. Stat. §§ 44-516, 44-1524, and 44-1525(13) and is subject to disciplinary action pursuant to Neb. Rev. Stat. § 44-1529.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by the Respondents, American Family Insurance Company, American Family Mutual Insurance Company, S.I. f/k/a American Family Mutual Insurance Company, and American Standard Insurance Company of Wisconsin that Respondents shall:

1. Provide the Department with a written description of how the mailing of notices of cancellation for nonpayment of premium for automobile liability policies complies with Nebraska law, specifically Neb. Rev. Stat. § 44-516 as it exists today, and what quality control measures are in place to prevent similar issues in the future. Respondents conducted internal audits of the personal auto cancellation notice mailing practices in both February and June 2017. The audits confirmed compliance with Neb. Rev. Stat. § 44-516 as it now exists. Audits will be performed in 2018, 2019 and 2020 to assure continued compliance and Respondents will provide the Department with a summary of the results of the future audits.
2. Pay an administrative fine in the amount of \$15,000 due within 30 days after the Director of Insurance or his designee approves and signs this Consent Order.

The Department of Insurance will continue to retain jurisdiction over this matter. If Respondents fail to pay the amount required as specified under this Consent Order, additional administrative action shall be taken by the Petitioner, which may include revocation of Respondents' Nebraska certificate of authority. In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his/her signature below.

Robert M Bell

Robert M. Bell #22390
Attorney for Petitioner
941 O Street, Suite 400
Lincoln, NE 68508
402-471-4650

5/23/2018
Date

Leslie A. Even

American Family Insurance Company,
American Family Mutual Insurance Company, S.I. and
American Standard Insurance Company of
Wisconsin, Respondents

5/10/18
Date

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

On this 10 day of May, 2018, Leslie Even personally appeared before me and read this Consent Order, stated that he/she had the authority to sign on behalf of American Family Insurance Company, American Family Mutual Insurance Company, S.I., and American Standard Insurance Company of Wisconsin executed this consent order, and acknowledged the same to be his/her voluntary act and deed.



[Signature]
Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. American Family Insurance Company, American Family Mutual Insurance Company, S.I., and American Standard Insurance Company of Wisconsin, Cause No. C-2391.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Bruce R. Ramge
BRUCE R. RAMGE
Director of Insurance

5-23-2018
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Consent Order was served upon Respondents by mailing a copy to Respondents' mailing address registered with the Department, 6000 American Pkwy, Madison, WI 53783, by certified mail, return receipt requested, on this 23 day of May, 2018.

I also certify that an additional copy of the foregoing Consent Order was provided to Respondents by mailing a copy to Respondents' agent for service of process registered with the Department, is CSC-Lawyers Incorporating Service Co., 233 South 13th St., Suite 1900, Lincoln, NE 68508, by certified mail, return receipt requested, on this 23 day of May, 2018.

Brandis Bauer

