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N.H. INSURANCE DEPARTMENT

CONSENT ORDER

DATED MARCH 6, 2007

BY THE HONORABLE ROGER A. SEVIGNY
INSURANCE COMMISSIONER OF THE
STATE OF NEW HAMPSHIRE

IN THE MATTER OF:

UNIVERSAL UNDERWRITERS INSURANCE COMPANY
(Referred To As "UUIC")

Docket No. INS 07-005-MC

WHEREAS, UUIC, a member of the Zurich Group domiciled in the State of Kansas, is a foreign insurer licensed by the New Hampshire Insurance Commissioner ("Commissioner") to do the business of insurance in New Hampshire, and

WHEREAS, in correspondence dated September 22, 2005, UUIC informed the Commissioner of a regulatory compliance issue that arose in Kansas as a result of a Kansas Insurance Department market conduct examination, and involving rates charged to Kansas policyholders under its "Unicover" insurance program that offers commercial package-type policies for car dealers and automotive aftermarket service companies, and

WHEREAS, in the September 22, 2005 correspondence UUIC reported it was engaged in the process of quantifying the extent to which there were similar problems in New Hampshire, and found that certain residents of New Hampshire were insured under the same "Unicover" program, that preliminary estimates showed that one New Hampshire policyholder was charged more premium than that permitted under the filed rating plan, that UUIC was in the process of verifying the estimate and that it was UUIC's intention to extend retroactive premium adjustments to all affected policyholders in New Hampshire who were charged premiums that exceeded the amount justified under its filed rating program for new and renewal policies incepting subsequent to January 1, 2002, once the extent of the problem was identified, and

WHEREAS, the Commissioner resolved to monitor the issue and allow UUIC to complete its review, and

WHEREAS, in correspondence dated May 19, 2006, UUIC's representative reported that 765 New Hampshire policies issued during the period January 1, 2002 - September 30, 2005 were reviewed and 76 New Hampshire policyholders for 146 policies were identified to receive premium refunds totaling \$522,463.76 and,

WHEREAS, 29 other policies were identified as "undercharged" by \$209,253.56 although UUIC and the commissioner agreed that no additional premiums would be retroactively assessed, and

WHEREAS, during discussion and communication with the Department during the period June - September 2006, UUIC identified 6 additional policies for which refunds were indicated, and

WHEREAS, during August and September 2006, UUIC mailed premium refund checks plus interest to New Hampshire policyholders for the 152 policies totaling \$654,931.87 and

WHEREAS, at the request of the New Hampshire Insurance Department ("Department"), UUIC agreed to issue additional refunds in the amount of \$167,650.04 for 24 additional policies issued to large commercial insureds who were identified as being overcharged and who received such refunds in January 2007, and

WHEREAS, New Hampshire RSA 412:16 XII states:

No insurer shall make or issue a contract or policy except in accordance with the filings that are in effect for the insurer as provided in this chapter. , and

WHEREAS, the Commissioner finds the 176 policies issued at rates in excess of those permitted under UUIC's filed rating plan constitute 176 instances of noncompliance with RSA 412:16, and

WHEREAS, the 29 policies issued at rates less than those permitted by UUIC's filed rating plan constitute 29 instances of noncompliance with RSA 412:16, and

WHEREAS, UUIC has since instituted measures and implemented corrective procedures and safeguards to prevent a reoccurrence of this compliance issue, such measures including use of an automated rating tool, training sessions for all underwriters, use of scheduled compliance audits with on-going monitoring of operations and integration with the compliance department of the parent Zurich, and

WHEREAS, the Commissioner received a confidential report prepared by Department staff and dated January 11, 2007 that summarizes this issue,

NOW, THEREFORE, it is ordered as follows:

1. UUIC shall re-file the complete and current version of its package-type rating plan used in New Hampshire for auto dealers and automotive aftermarket service companies.

2. UUIC shall submit to a follow-up targeted market conduct examination to be initiated by the Commissioner within the next 12 months to determine the level of UUIC's compliance with its filed rating plan. In lieu of his own examination, this provision may be waived by the Commissioner should New Hampshire exercise an opportunity to engage as an active participant in a collaborative market conduct action initiated within the next 12 months that includes examination of a sample of New Hampshire package-type policies and large commercial risks according to specifications agreed to by the Commissioner.

3. UUIC shall pay the sum of \$25,125 as a monetary penalty to the Department in settlement of noncompliance referenced above, payment of such amount to be suspended pending "Pass Standard" results of the aforementioned follow-up examination or New Hampshire specific portion of the collaborative market conduct action.

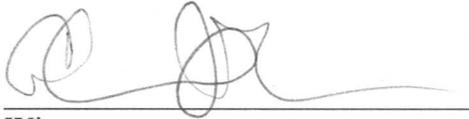
4. UUIC shall pay the sum of \$3,000 to the State of New Hampshire Insurance Department within 15 days of the date of this Order to compensate for administrative costs incurred by the Department to address the compliance issue.

5. UUIC shall share with the Commissioner at the time that each is completed, a summary of the results of any internal periodic compliance reviews conducted during 2006, 2007 and 2008 as they relate to this issue and New Hampshire business.

6. If UUIC fails to comply with the terms of this Order, either in whole or in part, the Commissioner may, at his option, either issue an Order to Show Cause pursuant to RSA 400-A:17 and hold a hearing on the subject matter of this issue, or enforce this Order in the Merrimack County Superior Court including initiation of an action for assessment of any and all civil penalties recoverable in connection with, or as a result of, the matter described above.

This matter is settled effective upon the date of UUIC's performance of the terms hereof and the Commissioner's satisfaction with the results of the follow-up examination.

NEW HAMPSHIRE INSURANCE
DEPARTMENT



Witness

Dated: 3-7-07

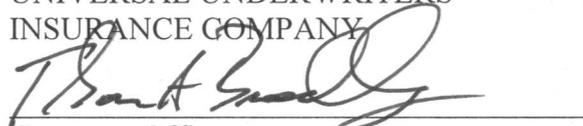


UNIVERSAL UNDERWRITERS
INSURANCE COMPANY



Witness

Dated: 03/14/07


Company Officer
Title: PRESIDENT & CEO