

insurer to cancel automobile liability coverage on a prospective basis, as long as the requirements of all statutes and Regulations governing cancellation are met.”

4. The Department received a consumer complaint indicating that Respondent cancelled an automobile insurance policy without proper notification.

5. Respondent responded to the complaint advising that the policy was rescinded, not cancelled, on the basis that the scheduled automatic EFT payment, occurring after the effective date of the renewal, was insufficient. Thus giving cause to invoke rescission.

6. After reviewing Insurance Regulation 16, Respondent reversed its position on denial of complainant’s claim and reinstated the automobile policy without any lapse in coverage.


7. Upon inquiry, Respondent advised that there were eighty (80) policies between 01/31/2012 and 07/11/2013 that were rescinded in a similar manner.

THEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

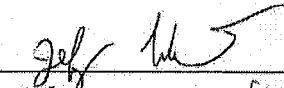
1. Respondent has identified two additional policy holders that were adversely impacted by the incorrect handling of the insufficient funds payments and applicable credits have been made to the respective policies.
2. Respondent has sent a reminder to their processing unit reinforcing Insurance Regulation 16 and has instituted appropriate training relative to the manual process of handling insufficient funds.
3. Respondent has also submitted filings to the Department revising their policy language to be in compliance with Insurance Regulation 16.
4. Respondent will pay a fine of \$7,500.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients the 19th March day of ~~February~~ 2014.

Department of Business Regulation
By its Legal Counsel,


Elizabeth Kelleher Dwyer

National General Insurance


Jeffrey Weisman General Counsel & Secretary