

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

1
2
3
4 In the Matter of:)
5)
6 HORACE MANN INSURANCE CO. and)
7 TEACHERS INSURANCE CO.)
8 Respondents.)
9 _____) Case D96-02

STIPULATED AGREEMENT AND ORDER

10 The Division of Insurance, Department of Commerce and
11 Economic Development ("the division"), Horace Mann Insurance Co.
12 ("Horace Mann"), and Teachers Insurance Co. ("Teachers") stipulate
13 and agree to the following in resolution of this matter.

I. FACTS

14
15 1. Horace Mann and Teachers are both members of The
16 Horace Mann Companies corporate family, and are both admitted
17 insurers in the State of Alaska with each holding a certificate of
18 authority issued by the division.

19 2. Both Horace Mann and Teachers are obligated to
20 comply with AS 21.36.220, the statute providing requirements which
21 an insurer must follow in communicating to an insured notice of
22 cancellation of an insurance policy.

23 3. On March 14, 1995, a consumer complaint was brought
24 to the attention of the division by Laverne Barnica, an insured
25 under a personal automobile insurance policy issued by Teachers.
26

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
ANCHORAGE BRANCH
1031 W. FOURTH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 263-5100

1 A subsequent investigation by the division revealed that Horace
2 Mann and Teachers had violated provisions of AS 21.36.220 on
3 numerous occasions involving many insureds.

4 4. Horace Mann and Teachers provided documentation to
5 the division during the course of the investigation establishing
6 over 50 instances during the period from January 1, 1994 until May
7 2, 1995, in which an Alaska insured was given inadequate notice of
8 cancellation.

9 5. Horace Mann, Teachers and the division desire to
10 resolve all existing violations of AS 21.36.220 through this
11 Stipulated Agreement and Order.

12 II. STIPULATION

13 6. Horace Mann and Teachers each admit to a "practice"
14 in violation of AS 21.36.220. This admission applies to all
15 existing violations of the statute by both insurers as of the date
16 this document is signed by the division's attorney.

17 7. Horace Mann and Teachers agree to jointly pay a fine
18 for the above "practice," pursuant to AS 21.36.320, in the total
19 amount of \$25,000, with \$10,000 suspended.

20 8. Horace Mann and Teachers agree to not intentionally
21 or knowingly violate Alaska's insurance code (AS 21).

22 9. If Horace Mann or Teachers, or their agents and
23 employees, are found to have intentionally or knowingly violated
24 AS 21 during a three year period commencing with the date this
25 Stipulated Agreement and Order is approved by the director, the
26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

director may suspend either or both insurers' certificate(s) of authority, require payment of the suspended fine, as well as seek all penalties available in AS 21.36.320.

DATED: 3/18/96

BRUCE M. BOTELHO
ATTORNEY GENERAL

By: David G. Stebing
David G. Stebing
Assistant Attorney General
Representing the Division
of Insurance

DATED: March 27, 1996

HORACE MANN INSURANCE CO.

By: William S. Hunkle
Its: Vice President
Property and Casualty Division

DATED: March 27, 1996

TEACHERS INSURANCE CO.

By: William S. Hunkle
Its: Vice President
Property and Casualty Division

ORDER

IT IS ORDERED that this Stipulated Agreement and Order is approved and adopted in full resolution of the issues addressed herein, and shall constitute the final order in this matter.

DATED this 8th day of April, 1996.

Marianne K. Burke
Marianne K. Burke
Director of Insurance
State of Alaska