

**State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

IN THE MATTER OF:

**NATIONAL GENERAL
ASSURANCE COMPANY**

RESPONDENT.

DBR No. 18-IN-017

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation (“Department”) and National General Assurance Company (“Respondent”) as follows:

1. Respondent is an insurer licensed in the State of Rhode Island to issue property & casualty insurance policies including automobile insurance policies.
2. R.I. Gen. Laws § 27-29-13.2 is applicable to cancellation provisions for return of unearned premium.
3. In June 2018 the Department received a complaint regarding premium due on a cancelled automobile policy.
4. The Department contacted Respondent requesting an explanation of their unearned premium calculation.

5. Respondent explained that the Acquisition Expense indicated on the policy declarations was to be fully earned at issuance of the contract. Respondent had believed that they were in compliance with R.I. Gen. Laws § 27-29-13.2 as the Acquisition Expense is a fee and not premium and the fee was filed and approved in their rules manual. However, the fee was also included in the total premium amount on the declaration page of the complainant's contract.

6. There is no indication on the policy that the Acquisition Expense is fully earned, which means that if a policy were to be cancelled after the Acquisition Expense was paid, it would not be refunded in any part to the consumer.

7. The Department requested further information from Respondent. Specifically, how many RI automobile insurance policies had cancellation credits calculated with the Acquisition Expense fully earned.

8. The Department finds the unearned premium calculation is not in compliance with RI General Law 27-29-13.2 as there is no disclosure to the consumer in the policy that the Acquisition Expense is fully earned.

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 agrees to recalculate the Acquisition Expense for the three hundred eleven (311) cancelled policies, and Respondent agrees to issue refunds totaling five thousand six hundred seven dollars (\$5,607) plus interest to the impacted Rhode Island consumers.
- 2) Respondent agrees to disclose that fees are fully earned going forward.


- 3) Respondent agrees to pay an administrative fine of four thousand dollars (\$4,000) within thirty (30) days.
- 4) Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 et seq.
- 5) Enforcement. If the Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondent will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other action in accordance with applicable law.
- 6) Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve the Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients this 3/5th day of January, 2019.

Department of Business Regulation
By its Legal Counsel,


Matthew M. Gendron

National General Assurance Company
By its attorney,


Jeffrey Weissmann