

**STATE OF VERMONT  
DEPARTMENT OF BANKING, INSURANCE, SECURITIES  
& HEALTH CARE ADMINISTRATION**

In re: Nationwide Mutual Insurance )  
Company, Nationwide Mutual )  
Fire Insurance Company, and ) DOCKET NO. 06-077-I  
Nationwide Property & Casualty )  
Insurance Company )  
)

**CONSENT ORDER**

1. Pursuant to the authority contained in Vermont law, including but not limited to, 8 V.S.A. §§ 10-13, 3564-3566, 3573-3574, 4726 and 4804, the Commissioner of the Department of Banking, Insurance, Securities and Health Care Administration (the "Department") is charged with administering and enforcing the insurance laws and regulations of the State of Vermont and its authorized to conduct periodic examinations of insurers and licensees to determine whether they are in compliance with said laws and regulations.

2. Nationwide Mutual Insurance Company, NAIC #23787, Nationwide Mutual Fire Insurance Company, NAIC #23779, and Nationwide Property & Casualty Insurance Company, NAIC #37877, are Ohio companies, and are registered to conduct business in Vermont. This Consent Order shall refer to all three entities collectively as "Nationwide" or "the Company."

3. On or about May 11, 2000 a market conduct examination of the Company was completed. The examination covered a period up to December 31, 1997, and addressed

uninsured motorist deductibles, policy cancellations and collision total loss claims, among other issues.

4. On or about July 7, 2005 a draft market conduct examination report was submitted to the Department. This examination was a follow up to the 2000 report, and detailed the examiner's findings of his examination of the Company's claims handling and underwriting for the period January 1, 2001 through December 31, 2003.

5. The draft examination report detailed violations of Vermont's insurance laws by the Company. The Company disputes many of the findings in the draft report.

6. Pursuant to 8 V.S.A. § 3573(c), the Commissioner may terminate or suspend an examination in order to pursue other regulatory action. In light of the Company's response to the draft examination report, and the Company's cooperation with the Department to address the substantive findings of the examiner, the Commissioner elects to terminate the present market conduct examination of Nationwide.

7. The Department and the Company have agreed to resolve this matter without further litigation.

8. The Department acknowledges the Company has cooperated fully in the examination and the Department's investigation.

9. In consideration of the mutual covenants contained herein, and in light of the operational changes that occurred at the Company since the inception of the follow up examination, the Company and the Department agree as follows:

- a. The Company agrees to complete the corrective actions already initiated to ensure accurate submission of electronic data to examiners and compliance with record retention requirements.

- b. The Company agrees to use only licensed personnel as adjusters.
- c. The Company agrees to revise the wording of termination notices, to provide greater detail when terminating a policy for “substantial increase in hazard.”<sup>1</sup> The Company further agrees to implement procedures to ensure that termination requirements are met, including the service of notice by certified mail.
- d. The Company agrees to revise its documentation of claims handling for automobile total loss claims, to provide greater detail of the actions taken in the claims process.
- e. The Company agrees to the following practices for using published automobile guides in evaluating total losses. The Company agrees to use only guides that actually are published. Values derived from such published guides must be further adjusted, to reflect the cost of a comparable vehicle in the local area market when one is available at the time of settlement, or if a comparable vehicle is not available, then direct quotes from at least two qualified dealers in the local market may be substituted to adjust the value from the published guide. The Company agrees to document the bases for all adjustments, including those applied within the published guides if any, from the baseline published values.
- f. The Company shall prepare and submit a proposal for the Department’s approval, due within ninety (90) days of the signing of this order that will set forth the manner in which the company will comply with Vermont

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<sup>1</sup> For instance, where the hazard is increased because the property is not occupied by the owner, the termination letter should state this, rather than a generic reference to an increased hazard.

10. The Company shall pay an administrative penalty of \$5,000.00.

11. Nothing in this Consent Order shall be construed to preclude the Department from examining the Company or exercising any other regulatory authority.

12. Nothing in this Consent Order shall be construed as an admission of guilt or liability by the Company for any purpose other than those specifically set forth herein.

It is so ORDERED, this 7<sup>th</sup> day of February, 2006.

Vermont Department of Banking, Insurance  
Securities and Health Care Administration

  
by: Paulette Thabault  
Commissioner

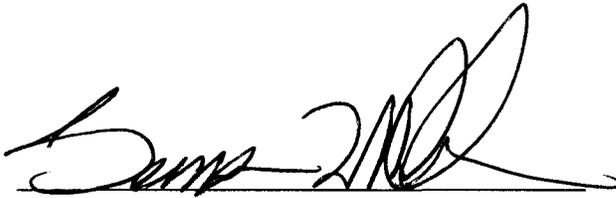
**Insurers Consent**

**Nationwide Mutual Insurance Company, Nationwide Mutual Fire Insurance Company and Nationwide Property & Casualty Insurance Company hereby consent to the contents and terms of this Consent Order and to all representations made herein.**

The person executing this Consent Order on behalf of Nationwide Mutual Insurance Company, Nationwide Mutual Fire Insurance Company and Nationwide Property & Casualty Insurance Company is an officer and has the power to bind the companies to the terms of this Consent Order. After careful consideration, Nationwide executes this Consent Order knowingly and voluntarily.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



Signature

1/19/07

Date

Terrance Williams

Print Name

Regional Vice-President

Title New England Regional Office