

OCT 15 1990

DEPARTMENT OF INSURANCE  
By     *lee*    

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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In the Matter of:	)	
NATIONAL CASUALTY COMPANY,	)	No. 7158
Respondent.	)	CONSENT ORDER

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The Department of Insurance ("Department"), having filed a Complaint in the above-captioned case against Respondent National Casualty Company; National Casualty Company having been duly served with a copy of the Complaint; having waived its right to a hearing to contest those charges and to present evidence; having admitted the jurisdiction of the Department; having admitted that the following Findings of Fact and Conclusions of Law are true for purposes of this proceeding only; and having consented to the entry of this Order; the Director of the Department of Insurance makes the following Findings of Fact and Conclusions of Law and enters the following Order:

FINDINGS OF FACT

- Respondent, National Casualty Company of Southfield Michigan ("National Casualty"), offers and sells disability insurance within the meaning of A.R.S. § 20-448(B).
- National Casualty's disability insurance policies are sold to Arizona residents.
- In 1988, National Casualty had a policy of declining applications for insurance from applicants who did not speak English. This policy applied to everyone.

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4. In 1988, National Casualty received applications from at least three Arizona residents: Xing Zeng, Chi-Yen Zeng and Jie-Wei Feng. Upon learning that these persons did not speak English, National Casualty declined to issue policies to them.

5. In April, 1990, National Casualty amended its policy with regard to primary applicants who do not speak English as set forth in Exhibit "A," attached hereto.

CONCLUSIONS OF LAW

1. The Director of Insurance has jurisdiction over National Casualty Company.

2. The prior policy of National Casualty to decline, ab initio, all applications of non-English speaking persons constituted unfair discrimination in violation of A.R.S. § 20-448(B).

3. Grounds exist for the Director to impose a civil penalty under A.R.S. § 20-456(A).

4. Grounds existed under the prior policy of National Casualty for the Director to have issued a cease and desist order under A.R.S. § 20-456(B).

ORDER

IT IS HEREBY ORDERED THAT,

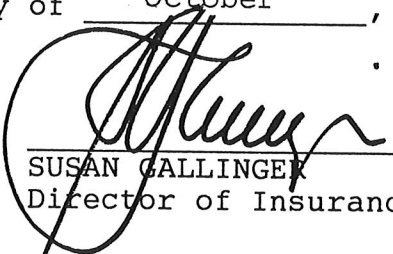
1. Respondent National Casualty Company cease and desist from denying insurance coverage to non-English speaking persons solely on the basis that they cannot speak English and shall follow the policy as set forth in Exhibit A, attached hereto and

1 incorporated herein.

2           2. Respondent National Casualty Company consider the  
3 applications of Xing Zeng, Chi Yen Zeng and Wei Tei Feng on the  
4 same basis as English speaking applicants, including all  
5 underwriting requirements. In connection with this Order,  
6 Respondent National Casualty Company shall notify the foregoing  
7 persons that it will consider their applications on the same basis  
8 as English speaking persons and will attempt to complete  
9 underwriting thereon. Within forty-five (45) days of the entry of  
10 this Order, Respondent shall submit a verified statement to the  
11 Director of Insurance that it has complied with this Order.

12           3. Respondent National Casualty Company pay a civil  
13 penalty of \$500 pursuant to A.R.S. § 20-456(A).

14           DATED this 15th day of October, 1990.

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18 SUSAN CALLINGER  
19 Director of Insurance  
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1 coverage to non-English speaking persons and no longer refuses  
2 coverage solely because an applicant does not speak English.

3 6. William L. Gulley represents that he is General  
4 Counsel of National Casualty Company, and is authorized to enter  
5 into the foregoing Consent Order and to bind National Casualty  
6 Company to the terms of the Consent Order.

7 NATIONAL CASUALTY COMPANY

8  
9 DATE: 9/26/90

By: *William L. Gulley*  
William L. Gulley

10 APPROVED AS TO FORM AND CONTENT:

11  
12 *Leon D. Bess*  
13 LEON D. BESS  
14 Attorney for National  
Casualty Company

15 ROBERT K. CORBIN, Attorney General  
16 PATRICK M. MURPHY, Chief Counsel  
17 Financial Fraud Division

18 By *W. Mark Sendrow*  
19 W. MARK SENDROW  
20 Assistant Chief Counsel  
Department of Insurance

21 COPY of the foregoing mailed  
22 this 15th day of October,  
23 1990, to:

24 Mark Sendrow  
25 Assistant Chief Counsel  
1275 West Washington, Room 259  
26 Phoenix, Arizona 85007

1 Joe Hennelly, Deputy Director  
2 Mary Butterfield, Supervisor  
3 Department of Insurance  
3030 North 3rd Street, Suite 1100  
Phoenix, Arizona 85012

4 Leon D. Bess  
5 BESS & DYSART, P.C.  
2800 North Central, Suite 2080  
6 Phoenix, Arizona 85004-1019

7 Sunny Yen  
8 P.O. Box 17326  
9 Mesa, Arizona 85212

*Chris Crawford*

10 Consent/001

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1                   POLICY REGARDING NON-ENGLISH SPEAKING APPLICANTS

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3                   National Casualty Company will accept and underwrite

4 applications from applicants who do not speak English. However,

5 the company will still require answers to all medical questions on

6 the application to its satisfaction. If the information disclosed

7 on the application is not satisfactory to the company, it will

8 attempt to conduct a personal history interview with the applicant,

9 as it frequently does in any event, to obtain the necessary

10 information. If the company is unable to get the medical

11 information required, it will take appropriate underwriting action

12 to protect the company as well as the applicant. This policy is

13 necessary to protect against adverse selection and to enable the

14 company to make an informed decision in the risk selection process.

15 National Casualty Company will not decline to underwrite any

16 application solely on the basis the applicant does not speak

17 English.

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25                   Exhibit "A"

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