

State of Rhode Island and Providence Plantations  
DEPARTMENT OF BUSINESS REGULATION

Insurance Division

1511 Pontiac Avenue, Bldg. 69-2  
Cranston, Rhode Island 02920

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IN THE MATTER OF:

OHIO MUTUAL INSURANCE GROUP

RESPONDENT.

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CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation ("Department") and Ohio Mutual Insurance Group (<sup>OMIG</sup>~~"OHIG"~~) as follows: <sup>DAG</sup>

1. Respondent is an insurer licensed in the State of Rhode Island to issue property & casualty insurance policies including automobile insurance policies.
2. The Department received a consumer complaint indicating that OMIG sent the consumer to collections for earned premium on a policy that the insured did not renew.
3. The consumer had an automobile insurance policy with OMIG which expired on October 14, 2013. The customer indicated that he chose not to renew and did not respond to the renewal notice that would have renewed the insurance contract for another term.
4. OMIG responded to the complaint advising that the policy renewal was effective 10/15/2013 and was offered to the consumer and invoiced on 9/16/2013. When no payment was received, a cancellation notice was issued 10/23/2013 effective 11/10/2013. When no payment was received a final cancellation notice and bill was issued on 11/12/2013 for the "earned premium" from the 10/15/2013 renewal date to the 11/10/2013 effective date of cancellation.

5. R.I. Gen. Laws § 27-8-11 provides in relevant part that “(a) no contract of insurance or renewal of it shall be terminated by cancellation or failure to renew by the insurer until at least thirty (30) days after mailing...”...”except that when cancellation is for nonpayment of premium the notice shall be mailed to the named insured at the address shown on the policy at least ten (10) days prior to the effective date of cancellation.”

6. Insurance Regulation 16 provides in relevant part: “No insurer shall exercise its right to cancel a policy unless a written notice of cancellation is mailed or delivered to the named insured, at the address shown in the policy, at least (30) days prior to the effective date of cancellation, except that when cancellation is for non-payment of premium such notice shall be mailed or delivered to the named insured at the address in the policy at least ten (10) days prior to the effective date of cancellation and shall include or be accompanied by a statement of the reason therefore. This section shall not apply to the failure to renew a policy.” (emphasis added.)

7. An insurer may offer to renew an insurance policy by sending notice to the insured. The insured acceptance of that offer is made by submitting consideration in the form of a premium payment to the insurer. When the insured does not accept the offer by paying the premium, there is no renewal contract between the parties and no premium is owed.

8. In this instance OMIG sent the consumer to collections attempting to collect “earned premium” on a policy that the insured did not renew.

9. The Department further inquired of OMIG as to how such process is in compliance with Insurance Regulation 16.

10. After the intervention of the Department and review of Insurance Regulation 16, OMIG reversed its position waived the billed amount and closing that all collection activity.

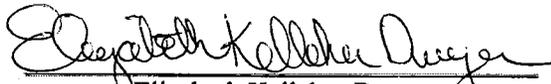
11. OMIG indicated that this was a general business practice and agreed to similar resolution, as outlined below, for all consumers adversely affected by this policy.

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. Eighteen (18) policyholders that paid premiums that were improperly invoiced in the amount of \$2,171; as a result, refunds plus 12% interest were issued
2. Fifty-nine (59) policyholders were sent to collections. Of these:
  - a) Eleven (11) policyholders made payments while in collections in the amount of \$1,053; as a result, refunds plus 12% interest were issued and all negative indications on credit reports have been erased.
  - b) Forty-eight (48) did not pay despite being pursued by collections; all amounts have been waived and have been removed from the collections process and any negative indications on their credit reports have been erased.
3. OMIG agrees that it will take every step possible to assure compliance with Insurance Regulation 16.
4. OMIG will pay a fine of \$5,000.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients the 28<sup>th</sup> day of March 2014.

Department of Business Regulation  
By its Legal Counsel,

  
Elizabeth Kelleher Dwyer

Ohio Mutual Insurance Group  
~~By its attorney,~~

  
VP Product Management