

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF:)

ALLIED PROPERTY AND CASUALTY)
INSURANCE COMPANY)
NAIC #42579)

ORDER AND CONSENT)
TO ORDER)

AMCO INSURANCE COMPANY)
NAIC #19100)

DIVISION DOCKET NO: 71285)

DEPOSITORS INSURANCE COMPANY)
NAIC #42587)

NATIONWIDE INSURANCE COMPANY OF)
AMERICA)
NAIC #25453)

NATIONWIDE AFFINITY INSURANCE)
COMPANY OF AMERICA)
NAIC #26093)

NATIONWIDE AGRIBUSINESS INSURANCE)
COMPANY)
NAIC #28223)

NATIONWIDE MUTUAL INSURANCE)
COMPANY)
NAIC #23787)

COMES NOW the Iowa Insurance Division ("Division"), pursuant to the provisions of the Iowa Unfair Trade Practices Act - Iowa Code Chapter 507B (2011) and the Iowa Casualty Insurance Act – Iowa Code Chapter 515F (2011), regarding Allied Property and Casualty Insurance Company, AMCO Insurance Company, Depositors Insurance Company, Nationwide Insurance Company of America, Nationwide Affinity Insurance Company of America, Nationwide Agribusiness Insurance Company, and

Nationwide Mutual Insurance Company (collectively the "Company"). The Company admits the violations contained in this Order and consents to the entry of this Order. The Company also admits that the Iowa Insurance Division has personal jurisdiction over it and subject matter jurisdiction over this matter.

PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Susan E. Voss, enforces the Iowa Unfair Trade Practices Act - Iowa Code Chapter 507B and the Iowa Casualty Insurance Act - Iowa Code Chapter 515F pursuant to Iowa Code §505.8 (2011).
2. The Company consists of corporations authorized to do business in the state of Iowa.
3. The Company has engaged in acts or practices within the state of Iowa constituting violations of Iowa Code Chapters 507B and 515F.

FACTUAL BACKGROUND

4. Paragraphs 1-3 above are incorporated herein by reference.
5. Iowa Code § 507B.4(7)(b) (2011) defines as an unfair method of competition and unfair or deceptive act, making or permitting any unfair discrimination between insureds of the same class for essentially the same hazard the amount of premium, policy fees, or rates charged for any policy or contract of insurance other than life or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever.

6. Iowa Code § 515F.4(1) (2011) states that "Rates shall not be excessive, inadequate, or unfairly discriminatory."

7. The Company's private passenger automobile insurance rating plan includes Accident Free Discount and/or Accident Forgiveness variables in the Company's filed and approved rating program. Accident Free Discount provides a discount to policyholders who have not had a chargeable accident for a specified period of time; Accident Forgiveness is a feature that may be purchased or rewarded if the policyholder has only one chargeable accident with damages under the filed threshold of the given state ("under threshold") for a specified period of time ("Accident Free Discount and/or Accident Forgiveness Rating Variables").

8. In November 2009, the Division received a consumer complaint concerning a policyholder's premium increase at the time of renewal on a private passenger automobile policy. Initially, the Company believed this was an isolated instance involving an error in manually coding a certain chargeable accident under threshold. The Company conducted further research and determined that additional policies had experienced a premium increase caused by manual coding of accidents relating to the Accident Free Discount and/or Accident Forgiveness Rating Variables ("Coding Errors").

9. The Company sent letters to all the affected policyholders informing them of the Coding Errors in their policy premiums and notifying the policyholders to expect a related refund or credit.

10. As of February 15, 2011, the Company has provided premium refunds and/or credits, including interest, to all policyholders impacted by the Coding Errors and implemented programming and training to disallow future errors.

11. The Company provided the Division with information that the Coding Errors resulted in refunds or credits, including interest, of \$382,757 to Iowa policyholders; with a total of 1,721 policies impacted in Iowa.

12. During mid 2010, the Division conducted an examination of the Company regarding credits, refunds and interest paid for a subset of the Coding Errors confirmed to that point by the Company.

VIOLATIONS

13. Paragraphs 1-12 are incorporated herein by reference.

14. The Company has violated Iowa Code §§ 515F.4(1) (2011) and 507B.4(7)(b) (2011) by failing to follow filed rates resulting in overcharging policyholders.

AGREEMENT AND UNDERTAKINGS

15. Paragraphs 1-14 are incorporated herein by reference.

16. The Company represents that it has corrected the cause(s) of the Coding Errors. The Company further represents that it has completed the payment of refunds and/or credits and related interest payments to all affected policyholders caused by the Coding Errors.

17. The Company represents that it has reviewed procedures with employees for proper coding of certain accidents under threshold.

18. The Company represents that it will ensure current and future employees are adequately trained regarding proper coding for certain accidents under threshold.

19. The Company agrees to submit two (2) reports to the Division to certify that the modifications to its policy system are functioning properly and in accordance with statutory requirements. The first report will be submitted to the Division on August 1, 2011. The Company will then submit an additional report thereafter on August 1, 2012. During the time period for the Company's reporting requirements, if any failure impacting policyholders occurs to properly code and administer the above mentioned programming for Accident Free Discount or Accident Forgiveness Rating Variables, the Company will advise the Division within ten (10) days of confirmation.

20. Nothing contained in this Order shall be construed to deprive any person or entity of any private right of action under any law.

21. Nothing contained in this Order shall be construed to limit the authority of the Division to enforce laws, regulations, or rules against the Company.

22. The Iowa Insurance Division reserves its right to take administrative action for any violation of the Iowa insurance statutes and/or regulations unknown to the Division at the date of the signing of this Order and Consent to Order.

ORDER

WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code §§505.8, 507B.7 and 515F.19 as follows:

A. The Company shall not charge and shall not retain premiums for rates charged to Iowa policyholders if those rates are not in accordance with the rates filed with and approved by the Division.

B. The Company is bound and shall abide by the representations it has made and agreed to as stated in the Agreement and Undertakings Section above.

C. **Monitoring.** The Company shall submit to an audit of its procedures, systems, and billing records by an independent examiner approved by the Division and paid for by the Company. The independent examiner shall conduct its review twenty-four (24) months from the date of the signing of this Order or at such other date as determined by the Division. The findings of this examination shall be filed with the Company and the Division. If the independent examination finds that problem(s) exist with the Company's above noted programming, the examiner shall make a recommendation as to what is required to eliminate the problem. Within forty-five (45) days of receipt of the examiner's findings, the Company shall file a plan of corrective action with the Division setting forth the steps to be taken by the Company to implement the recommendations of the independent examiner or, if the Company disagrees with a recommendation, setting forth an alternative method for addressing any problem noted in the findings. Any plan of corrective action must include specific deadlines for implementation of action steps.

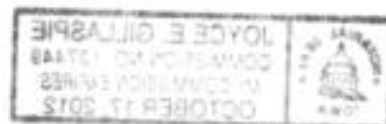
D. The Company agrees to pay a civil penalty in the amount of \$50,000 and costs in the amount of \$2,000 for violating Iowa Code Chapters 515F and 507B. Upon the signing of this order, a check totaling \$52,000 shall be remitted to the Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319 with attention to Robert Koppin, Enforcement Bureau Chief.

Dated this 16 day of MAY, 2011.

SUSAN E. VOSS
Commissioner of Insurance



BY: ROSANNE MEAD
Assistant Insurance Commissioner



CONSENT TO ORDER

I, W. Kim Austen, a duly authorized signatory for Allied Property and Casualty Insurance Company, AMCO Insurance Company, Depositors Insurance Company, Nationwide Insurance Company of America, Nationwide Affinity Insurance Company of America, Nationwide Agribusiness Insurance Company, and Nationwide Mutual Insurance Company, have read, understood, and do knowingly consent to this Order in its entirety. By executing this consent, I understand that I am waiving Allied Property and Casualty Insurance Company, AMCO Insurance Company, Depositors Insurance Company, Nationwide Insurance Company of America, Nationwide Affinity Insurance Company of America, Nationwide Agribusiness Insurance Company, and Nationwide Mutual Insurance Company's rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review. I also understand that this Order is considered final administrative action that shall be reported by the Division to the National Association of Insurance Commissioners. I also understand that this Order is a public record under Iowa Code chapter 22, that will be disclosed to other state regulatory authorities, upon request, pursuant to Iowa Code section 505.8(6)(c). I also understand that the information contained in the Order will be posted to the Division's web site and a notation will be made to the publicly available web site record that administrative action has been taken against the company.

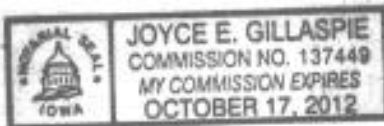
Dated this 11 day of May, 2011.

W Kim Austen

Authorized signatory on behalf of:
Allied Property and Casualty Insurance Company
AMCO Insurance Company
Depositors Insurance Company
Nationwide Insurance Company of America
Nationwide Affinity Insurance Company of America
Nationwide Agribusiness Insurance Company
Nationwide Mutual Insurance Company

Subscribed and sworn before me by W. Kim Austen on this 11th day of May, 2011.

Joyce E. Gillaspie



Notary Public for the State of Iowa

