

SIRCON FILE: 5944/MBF  
E-CASE: 157

**STATE OF MINNESOTA  
COMMISSIONER OF COMMERCE**

In the Matter of the Certificates of Authority of

**CONSENT ORDER**

AIG Advantage Insurance Company, NAIC No. 25232;

AIG Centennial Insurance Company, NAIC No. 34789;

AIG National Insurance Company, NAIC No. 36587;

AIG Premier Insurance Company, NAIC No. 20796;

American International Insurance Company, NAIC No. 32220;

Birmingham Fire Insurance Company of Pennsylvania, NAIC No.  
19402;

Commerce and Industry Insurance Company, NAIC No. 19410;

Granite State Insurance Company, NAIC No. 23809;

New Hampshire Indemnity Company, NAIC No. 23833; and

The Insurance Company of the State of Pennsylvania, NAIC No. 19429,

all are corporations doing business in the State of Minnesota

To: AIG Personal Lines Claims  
13010 Morris Road  
Alpharetta, GA 30004

1. The Commissioner of Commerce Glenn Wilson (Commissioner) has advised AIG Advantage Insurance Company, AIG Centennial Insurance Company, AIG National Insurance Company, AIG Premier Insurance Company, American International Insurance Company, Birmingham Fire Insurance Company of Pennsylvania, Commerce and Industry Insurance Company, Granite State Insurance Company, New Hampshire Indemnity Company, and The

Insurance Company of the State of Pennsylvania (collectively, Respondents) that as a result of an investigation by the Commissioner concerning Respondents' conduct as corporations engaged in the business of insurance in Minnesota, the Commissioner is prepared to commence formal proceedings in accordance with the provisions of Minn. Stat. § 45.027 (2006) against Respondents certificates of authority based on allegations that:

A. Certain of Respondents' insureds or claimants with automobile insurance claims were required to pay claim amounts that should have been paid by Respondents.

B. Respondents paid an alleged "prevailing rate" to Minnesota body shops that was less than the total charged by the body shops for certain repair costs.

C. Respondents' insurance policy has no policy provision providing for Respondents' payment of a "prevailing rate."

D. Minn. Stat. § 72A.201, subd. 6(2)(a) (2006) requires Respondents to pay all costs for the satisfactory repair to the insured's or claimant's vehicles.

E. Respondents' conduct violates Minn. Stat. § 72A.201, subd. 6(2)(a) (2006).

2. Respondents acknowledge being informed of their rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and Respondents hereby waive those rights. Respondents further acknowledge that they have been represented by legal counsel throughout these proceedings.

3. Respondents have agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2006) and Minn. R. 1400.5900 (2005).

4. The following Order is in the public interest.

**NOW, THEREFORE, IT IS HEREBY ORDERED** that, pursuant to Minn. Stat. § 45.027 (2006), Respondents shall each pay a \$2,000 civil penalty to the state of Minnesota for a cumulative civil penalty of \$20,000.

**IT IS FURTHER ORDERED** that Respondents shall cease and desist from any violations of Minn. Stat. §72A.201, subd. 6(2)(a) (2006).

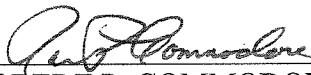
**IT IS FURTHER ORDERED** that Respondents will contact any and all insureds or claimants on the list provided by the Commissioner to Respondents within 30 days of execution of this Order to provide reimbursement for the amount each insured or claimant has paid out-of-pocket to body shops where Respondents paid less than the total charged by the body shop for certain repair costs.

This Order shall be effective upon signature on behalf of the Commissioner.

Dated: 11/29/2007.

GLENN WILSON  
Commissioner

By:

  
\_\_\_\_\_  
ROBERT P. COMMODORE  
Director of Investigations  
Market Assurance Division

85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101  
Telephone: (651) 296-2488

## CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of AIG Advantage Insurance Company, AIG Centennial Insurance Company, AIG National Insurance Company, AIG Premier Insurance Company, American International Insurance Company, Birmingham Fire Insurance Company of Pennsylvania, Commerce and Industry Insurance Company, Granite State Insurance Company, New Hampshire Indemnity Company, and The Insurance Company of the State of Pennsylvania (collectively, Respondents), states that s/he has read the foregoing Consent Order; that s/he knows and fully understands its contents and effect; that s/he is authorized to execute this Consent to Entry of Order on behalf of Respondents; that s/he has been advised of Respondents' right to a hearing and hereby waives that right; that Respondents have been represented by legal counsel in this matter; and that s/he consents to entry of this Order by the Commissioner of Commerce. It is further understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

AIG Advantage Insurance Company  
AIG Centennial Insurance Company  
AIG National Insurance Company  
AIG Premier Insurance Company  
American International Insurance Company  
Birmingham Fire Insurance Company of Pennsylvania  
Commerce and Industry Insurance Company  
Granite State Insurance Company

New Hampshire Indemnity Company

The Insurance Company of the State of Pennsylvania

By: 

Its: VP

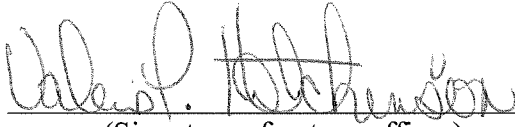
STATE OF Delaware

COUNTY OF New Castle

Signed or attested before me on 11/28/07 (date)

by John G. Colona (name(s) of person(s)).

(stamp)

  
(Signature of notary officer)

Title (and Rank)  
My Commission expires: 4-10-08