

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of:

COMMONWEALTH CASUALTY COMPANY

No. 23A-023-INS

NAIC CoCode 13930

CONSENT ORDER

2500 North 24th Street
Phoenix, AZ 85008

Respondent.

The Arizona Department of Insurance and Financial Institutions (“Department”) alleges that Commonwealth Casualty Company (“Respondent”) violated provisions of Arizona Revised Statutes (“A.R.S.”) Title 20. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent is an Arizona domiciled property and casualty insurer. Respondent holds a certificate of authority, with lines of business in casualty without workers’ compensation, property, and vehicle insurance, issued by the Department on July 5, 2011.

2. During 2022 and 2023, the Department received multiple complaints from Arizona consumers alleging various misconduct by Respondent including, but not limited to, unfound denial of claim, failure to respond, and policy cancelation without consent.

3. The Department investigated these allegations and found the following:

Complaint Number 50564

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- 2 a) On or about October 5, 2022, A.G. submitted a complaint to the Department alleging that
- 3 Respondent denied his water-leak damage claim.
- 4 b) On or about October 24, 2022, the Department, via email correspondence sent to
- 5 scott@cccinsurance.com, requested that Respondent provide complete records and a
- 6 response to A.G.'s complaint by November 14, 2022. Respondent failed to respond.
- 7 c) On or about December 27, 2022, the Department sent a second email correspondence to
- 8 scott@cccinsurance.com, vjholdings@sbcglobal.net, and jerrykk@ccinsurance.net,
- 9 requesting a response by December 30, 2022. Respondent failed to respond.

10 **Complaint Number 51067**

- 11 d) On or about November 10, 2022, T.H. submitted a complaint to the Department alleging that
- 12 Respondent failed to communicate regarding a claim.
- 13 e) On or about November 15, 2022, the Department, via email correspondence sent to
- 14 scott@cccinsurance.com, requested that Respondent provide complete records and a
- 15 response to T.H.' complaint by December 7, 2022. Respondent failed to respond.
- 16 f) On or about March 24, 2023, the Department sent a second email correspondence to
- 17 royd@cccemail.com, scott@cccinsurance.com, vjholdings@sbcglobal.net, and
- 18 jerrykk@ccinsurance.net, requesting a response by March 29, 2023. Respondent provided a
- 19 response on April 11, 2023.

20 **Complaint Number 51204**

- 21 g) On or about November 17, 2022, O.S. submitted a complaint to the Department alleging that
- 22 Respondent wrongly denied his claim for a roof replacement.
- 23 h) On or about November 29, 2022, the Department, via email correspondence sent to
- 24 scott@cccinsurance.com, requested that Respondent provide complete records and a
- 25 response to O.S.'s complaint by December 19, 2022. Respondent failed to respond.

1 i) On or about January 30, 2023, the Department sent a second email correspondence to
2 scott@cccinsurance.com, vjholdings@sbcglobal.net, and jerrykk@ccinsurance.net,
3 requesting that Respondent provide a response by February 3, 2023. Respondent failed to
4 respond.

5 j) On or about February 15, 2023, the Department send a third email correspondence to
6 scott@cccinsurance.com and royd@cccemail.com, requesting a response on the same date.
7 Respondent provided an incomplete response on the same date. The response failed to
8 include the following information:

- 9 i. The completed Request for Information (“C-RFI”) Form;
- 10 ii. Explanation of Respondent’s determination that in order to review the policy,
11 O.S. will have to complete an entire roof replacement; when during the claims
12 investigation, it was determined only a small portion of the roof needed
13 replacement;
- 14 iii. A response regarding the roofing inspection report provided by O.S.;
- 15 iv. A copy of the repair estimates, invoices, etc;
- 16 v. A copy of the inspection reports used to make the claim determination;
- 17 vi. A copy of the policy and/or underwriting, highlighting the guidelines used to
18 make the claim determination;
- 19 vii. A written response to all issues presented in the complaint;
- 20 viii. A complete copy of the photos and videos;
- 21 ix. Copies of the settlement checks, or proof of payment if a resolution has taken
22 place; and
- 23 x. A complete copy of the claim file or a complete copy of the settlement release,
24 settlement date, the amount paid for each claim, coverage under which
25 payment has been made, and to whom payment has been issued if the claim

1 or claims have been settled; for total loss settlements, a breakdown of the
2 actual cash value, applicable taxes, license fees, and other fees.

3 **Complaint Number 51306**

- 4 k) On or about November 23, 2022, J.L. submitted a complaint to the Department alleging that
5 Respondent delayed the settlement of a claim.
- 6 l) On or about December 1, 2022, the Department, via email correspondence sent to
7 scott@cccinsurance.com, requested that Respondent provide complete records and response
8 to J.L.'s complaint by December 22, 2022. Respondent failed to respond.
- 9 m) On or about March 2, 2023, the Department send a second email correspondence to
10 scott@cccinsurance.com, requesting a response by March 10, 2023. Respondent provided
11 its response on March 6, 2023.

12 **Complaint Number 51420**

- 13 n) On or about December 5, 2022, S.C. submitted a complaint to the Department alleging that
14 Responded failed to respond to her correspondence and inquires related to a water loss claim.
- 15 o) On or about December 12, 2022, the Department, via email correspondence sent to
16 scott@cccinsurance.com, requested that Respondent provide complete records and a
17 response to S.C.'s complaint by January 4, 2023. Respondent failed to respond.
- 18 p) On or about January 7, 2023, the Department send a second email correspondence to
19 royd@cccemail.com and scott@cccinsurance.com, requesting a response by January 13,
20 2023. Respondent provided an incomplete response on January 12, 2023. The response was
21 missing the policy application and the declaration page.
- 22 q) On or about January 12, 2023, the Department requested additional information from
23 Respondent to be provided by January 28, 2023. Respondent's response was incomplete.
24 Respondent failed to address the complaint's allegation and Respondent's delays in
25 communication with S.C.

1 r) On or about January 31, 2023, the Department sent a follow-up correspondence to
2 scott@cccinsurance.com, requesting the missing information and a complete response by
3 February 2, 2023.

4 s) On the same date, January 31, 2023, the Department received an email correspondence from
5 scott@cccinsurance.com stating, “I will provide you with an answer to each of your queries
6 as soon as possible.” Respondent failed to provide a response.

7 t) On or about February 21, 2023, the Department sent yet another follow-up email
8 correspondence to scott@cccinsurance.com and royd@cccemail.com, advising that a
9 response and requested information was not provided to the Department, and requested a
10 response and complete information by February 24, 2023. Respondent ultimately provided
11 the missing information on February 21, 2023.

12 **Complaint Number 51538**

13 u) On or about December 14, 2022, K.E. submitted a complaint to the Department alleging
14 Respondent delayed her claim regarding a commercial truck trailer damage.

15 v) On or about December 21, 2022, the Department, via email correspondence sent to
16 scott@cccinsurance.com, requested that Respondent provide complete records and a
17 response to K.E.’s complaint by January 12, 2023. Respondent failed to respond.

18 w) On or about March 24, 2023, the Department send a second email correspondence to
19 royd@cccemail.com, scott@cccinsurance.com, vjholdings@sbcglobal.net, and
20 jerrykk@ccinsurance.net, requesting a response by March 29, 2023. Respondent provided a
21 response on March 29, 2023.

22 **Complaint Number 51710**

23 x) On or about December 29, 2022, T.G. submitted a complaint to the Department alleging that
24 Respondent denied a subrogation request for a vehicle repair because the policy holder
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1 insured by Respondent was uncooperative and the driver of the vehicle at the time of accident
2 was not listed on the insurance policy.

3 y) On or about December 30, 2022, the Department, via email correspondence set to
4 scott@cccinsurance.com, requested that Respondent provide complete records and a
5 response to T.G.'s complaint by January 23, 2023. Respondent failed to respond.

6 z) On or about March 24, 2023, the Department sent a second email correspondent to
7 scott@cccinsurance.com, vjholdings@sbcglobal.net, and jerrykk@ccinsurance.net,
8 requesting a response by March 29, 2023. Respondent failed to respond.

9 **Complaint Number 52120**

10 aa) On or about January 21, 2023, M.G. submitted a complaint to the Department alleging
11 Respondent canceled her vehicle insurance policy without explanation or justification.

12 bb) On or about January 24, 2023, the Department, via email correspondence sent to
13 royd@cccemail.com, requested that Respondent provide complete records and a response to
14 M.G.'s complaint by February 14, 2023. Respondent failed to respond.

15 cc) On or about February 15, 2023, the Department sent a second email correspondence to
16 royd@cccemail.com, requesting information by February 20, 2023. Respondent provided a
17 response on February 16, 2023.

18 **Complaint Number 52195**

19 dd) On or about January 26, 2023, D.D. submitted a complaint to the Department alleging that
20 Respondent unjustly denied his claim and failed to respond to his correspondence.

21 ee) On or about January 31, 2023, the Department, via email correspondence sent to
22 scott@cccinsurance.com, requested that Respondent provide complete records and a
23 response to D.D.'s complaint by February 21, 2023. Respondent failed to respond.

1 ff) On or about February 28, 2023, the Department send a second email correspondence to
2 scott@cccinsurance.com, requesting a response by March 3, 2023. Respondent responded
3 on March 1, 2023.

4 gg) On or about March 10, 2023, the Department requested additional information by March 17,
5 2023. Respondent failed to respond.

6 hh) On or about March 23, 2023, the Department sent a final request for the missing information
7 and provided a deadline of March 28, 2023, to respond. Respondent provided the requested
8 information on March 23, 2023.

9 **Complaint Number 52685**

10 ii) On or about February 23, 2023, A.G. submitted a complaint to the Department alleging that
11 Respondent demanded that he sign a roof exclusion form and that Respondent failed to
12 respond to his correspondence.

13 jj) On or about February 24, 2023, the Department, via email correspondence sent to
14 royd@cccemail.com, requested that Respondent provide complete records and a response to
15 A.G.'s complaint by March 3, 2023. Respondent failed to respond.

16 kk) On or about March 24, 2023, the Department sent a second email correspondence to
17 royd@cccemail.com, scott@cccinsurance.com, yjholdings@sbcglobal.net, and
18 jerrykk@ccinsurance.net, requesting the information by March 29, 2023. Respondent
19 provided a response on March 27, 2023.

20 **Complaint Number 52716**

21 ll) On or about February 26, 2023, T.O. submitted a complaint to the Department alleging that
22 Respondent failed to respond and to provide an update on the status of his claim.

23 mm) On or about March 2, 2023, the Department, via email correspondence sent to
24 scott@cccinsurance.com, requested that Respondent provide complete records and a
25 response to T.O.'s complaint by March 23, 2023. Respondent failed to respond.

1 nn) On or about March 23, 2023, the Department sent a second correspondence to
2 scott@cccinsurance.com, requesting a response by March 28, 2023. Respondent provided a
3 response on the same date.

4 **Complaint Number 52773**

5 oo) On or about February 28, 2023, E.C. submitted a complaint to the Department alleging that
6 Respondent paid a claim but later filed a complaint against E.C. to reimburse the payment.

7 pp) On or about March 15, 2023, the Department, via email correspondence sent to
8 scott@cccinsurance.com, requested that Respondent provide complete records and a
9 response to E.C.'s complaint by April 4, 2023. Respondent failed to respond.

10 qq) On or about April 5, 2023, the Department sent a second email correspondence to
11 scott@cccinsurance.com, requesting a response by April 11, 2022. Respondent failed to
12 respond.

13 **Complaint Number 52940**

14 rr) On or about March 9, 2023, J.M. Submitted a complaint to the Department alleging that
15 Respondent failed to respond to his telephone calls relating to the settlement amount.

16 ss) On or about March 13, 2023, the Department, via email correspondence sent
17 to scott@cccinsurance.com, requested that Respondent provide complete records and a
18 response to J.M.'s complaint by April 6, 2023. Respondent failed to respond.

19 tt) On or about April 7, 2023, the Department sent a second email correspondence
20 to scott@cccinsurance.com, requesting a response by April 14, 2023. Respondent provided
21 a response on April 11, 2023.

22 **Frequency of the Failure to Respond**

23 uu) Respondent failed to respond to the Department's initial request for a response and
24 information in each of the thirteen (13) complaints. In approximately nine (9) instances,
25 Respondent failed to respond or failed to provide a complete response and information after

1 the Department's second or third request for a response. As of the date of this Order,
2 Respondent did not provide a response or additional information for approximately four (4)
3 complaints.

4 **CONCLUSIONS OF LAW**

5 4. The Director has jurisdiction over this matter.

6 5. The Director has authority to conduct examinations and investigations of insurance matters
7 and to request the accounts, records, documents, files, assets and matters in the person's possession or
8 control pursuant to A.R.S. §§ 20-142(C) and 20-157(A).

9 6. Respondent's conduct, as alleged above, constitutes a violation of the requirement that a
10 person shall not commit or perform with such a frequency to indicate as a general business practice
11 failing to acknowledge and act reasonably and promptly upon communications with respect to claims
12 arising under an insurance policy. A.R.S. § 20-461(A)(2).

13 7. Respondent's conduct, as alleged above, constitutes a violation of the requirement that every
14 insurer, upon receipt of any inquiry from the Department, shall, within fifteen working days of receipt,
15 furnish the Department with an adequate response to the inquiry. Arizona Administrative Code R20-6-
16 801(E)(2).

17 8. Grounds exist for the Director to impose a civil penalty of up to five thousand dollars
18 (\$5,000.00) for each intentional act or violation but not to exceed an aggregate penalty of fifty thousand
19 dollars (\$50,000.00) in any six-month period. A.R.S. § 20-220(B)(2).

20 **ORDER**

21 IT IS ORDERED:

22 9. Respondent shall immediately pay a civil money penalty in the amount of **twenty-six**
23 **thousand dollars (\$26,000.00).**

24 10. Respondent shall provide to the Department all requested documents and information within
25 fifteen (15) business days of receipt of this Consent Order

1 11. Respondent shall provide timely and complete responses to any future inquires by the
2 Department, unless a written request for an extension is approved by the Department prior to the
3 deadline.

4 DATED AND EFFECTIVE this 7th day June, 2023.

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6 *Barbara Richardson*
7 _____
8 Barbara Richardson, Director
9 Arizona Department of Insurance and Financial Institutions
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CONSENT TO ORDER

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1. Respondent acknowledges that it has been served with a copy of the foregoing Consent Order in the above-referenced matter, has read it, is aware of its right to an administrative hearing in this matter and has knowingly and voluntarily waived that right.

2. Respondent accepts the personal and subject matter jurisdiction of the Department over it in this matter.

3. Respondent acknowledges that no promise of any kind or nature has been made to induce it to sign the Consent to Order and it has done so knowingly and voluntarily.

4. Respondent acknowledges and agrees that the acceptance of this Consent to Order by the Director is solely to settle this matter and does not preclude the Department from instituting other proceedings as may be appropriate now or in the future. Furthermore, and notwithstanding any language in this Consent Order, this Consent Order does not preclude in any way any other state agency or officer or political subdivision of this state from instituting proceedings, investigating claims, or taking legal action as may be appropriate now or in the future relating to this matter or other matters concerning Respondent, including but not limited to violations of Arizona’s Consumer Fraud Act. Respondent acknowledges that, other than with respect to the Department, this Consent Order makes no representations, implied or otherwise, about the views or intended actions of any other state agency or officer or political subdivision of the state relating to this matter or other matters concerning Respondent.

5. Respondent acknowledges and agrees that failure to correct the violations set forth above in this Consent Order, or any repeat findings of the above violations in the future, can result in disciplinary action which may include a greater civil money penalty and suspension or revocation of its license.

1 6. Jerry Kasabyan represents that he is the Chief Executive Officer of Commonwealth
2 Casualty Company and, as such, is authorized to enter this Consent Order on its behalf.

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Commonwealth Casualty Company

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05/31/2023

By: *Jerry Kasabyan*
Jerry Kasabyan, Chief Executive Officer

6 Date

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1 **ORIGINAL** of the foregoing filed
this 8th day of June, 2023, in the office of:

2
3 Barbara Richardson, Director
4 Arizona Department of Insurance and Financial Institutions
5 Attn: Ana Starcevic, Paralegal
6 100 North 15th Avenue, Suite 261
7 Phoenix, Arizona 85007
8 Ana.Starcevic@difi.az.gov

9 **COPY** of the foregoing delivered and/or emailed same date to:

10 Deian Ousounov, Assistant Director
11 Gio Espinosa, Regulatory Legal Affairs Officer
12 Maria Alior, Assistant Director
13 Noelani Spencer, Consumer Services Supervisor
14 Ana Starcevic, Paralegal
15 Arizona Department of Insurance and Financial Institutions
16 100 North 15th Avenue, Suite 261
17 Phoenix, AZ 85007

18 **COPY** of the foregoing transmitted electronically the same date to:

19 Commonwealth Casualty Company
20 Attn: Jerry Kasabyan, Chief Executive Officer
21 2500 North 24th Street
22 Phoenix, AZ 85008
23 jerrykk@cccinsurance.net
24 Respondent

25
Ana Starcevic
