



1           3.   Respondent failed to file with the ADOI its program  
2 developed on 1975 and amended in 1982, calling for surcharges to  
3 be levied against carriers for delinquent reporting of  
4 statistical data.

5           4.   Respondent failed to uniformly implement the  
6 application of the "Incentive Assessment Procedures" and the  
7 collection of assessments in accordance with its developed rules.

8           5.   Respondent failed to file with the ADOI an exception  
9 rule prior to December of 1992, for its Individual Risk  
10 Modification Rating Plans, RP-1 and RP-2 for Financial  
11 Institutions Section III(A), (Special Rules for Rating Unique  
12 and Unusual Conditions) and Section III(B), (A Rating Sizable  
13 Risks).

14          6.   Respondent failed to file with the ADOI an exception  
15 rule after December 1992 for its Individual Risk Modification  
16 Plan, Loss Cost pages LCRP-1 and LCRP-2 for Financial  
17 Institutions, Section III(A) Special Rules for Rating Unique or  
18 Unusual Conditions.

19                                   CONCLUSIONS OF LAW

20          1.   By failing to file with the ADOI its program levying  
21 surcharges for delinquent reporting to statistical data,  
22 Respondent violated A.R.S. §§ 20-389(C)(1) through (5) and  
23 20-389(E).

24          2.   By failing to uniformly implement the application of  
25 the "Incentive Assessment Procedures" and the collection of  
26 assessments in accordance with its developed rules, Respondent  
27 violated A.R.S. § 20-389(B).

28          . . . . .

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

3. By failing to file with the ADOI an exception rule prior to December of 1992, for its Individual Risk Modification Rating Plans, RP-1 and RP-2 for Financial Institutions Section III(A), (Special Rules for Rating Unique and Unusual Conditions) and Section III(B), (A Rating Sizable Risks), Respondent violated A.R.S. § 20-385(A).

4. By failing to file with the ADOI an exception rule after December 1992 for its Individual Risk Modification Plan, Loss Cost pages LCRP-1 and LCRP-2 for Financial Institutions, Section III(A) Special Rules for Rating Unique or Unusual Conditions, Respondent violated A.R.S. § 20-385(A).

5. Grounds exist for the entry of all provisions of the following Order.

ORDER

Respondent having admitted the jurisdiction of the Director to enter the Order set forth herein, having waived the Notice of Hearing, and having consented to the entry of the Order set forth hereinafter, and there being no just reason for delay:

**IT IS HEREBY ORDERED THAT:**

1. Respondent shall cease and desist from failing to file all plans, programs and exceptions thereto with the ADOI.

2. Respondent has filed with the ADOI the following:

a. the SSA Incentive Assessment Procedure, including a description of each "Call Letter" item that is to be included in the procedure.

. . . . .  
. . . . .

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

b. an exception rule of its pre-1992 Rate Manual excluding Arizona from Section III(A) and III(B) of the Individual Risk Modification Rating Plans, RP1 and RP2.

c. an exception rule to its 1992 Manual of Rules and Procedures and Classifications, excepting Arizona for Section III(A) of the Individual Risk Modification Rating Plan, Loss Cost page LCRP-1 and LCRP-2.

3. Respondent has filed with the ADOI an action plan to insure fair and uniform application of the SAA Incentive Assessmnt Program, including a procedure for collecting assessment amounts due from all member companies that owe assessments according to the assessment procedure rules. This action plan should include the development of a program and a follow up system to determine the accurate number of days late and a billing procedure for the additional amounts due after day 20.

4. The ADOI shall be permitted, through authorized representatives, to verify that Respondent has fully complied with all requirements of this Order, and the Director may separately order AGIC to comply.

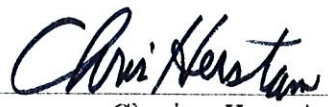
5. Respondent shall pay a civil penalty of One Thousand Dollar (\$1,000.00) to the Director for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. §20-220(B). Said amount shall be provided to the Administrative Law Division of the ADOI on or before October 28, 1994.

. . . . .  
. . . . .

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

6. The January 21, 1994 Report of Examination, to include any objections to the Report by Respondent, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 31st day of October, 1994.



Chris Herstam  
Director of Insurance

. . . . .  
. . . . .  
. . . . .  
. . . . .

CONSENT TO ORDER

1  
2 1. Respondent, The Surety Association of America, has  
3 reviewed the foregoing Consent Order.

4 2. Respondent is aware of its right to a hearing at which  
5 hearing Respondent may be represented by counsel, present  
6 evidence and cross-examine witnesses. Respondent has irrevocably  
7 waived their right to such public hearing and to any court  
8 appeals relating thereto.

9 3. Respondent admits the jurisdiction of the Director of  
10 Insurance, State of Arizona, and consents to the entry of this  
11 Consent Order.

12 4. Respondent states that no promise of any kind or  
13 nature whatsoever was made to it to induce it to enter into this  
14 Consent Order and that it has entered into this Consent Order  
15 voluntarily.

16 5. Respondent acknowledges that the acceptance of this  
17 Order by the Director of Insurance, State of Arizona, is  
18 solely for the purpose of settling this matter against it and  
19 does not preclude any other agency or officer of this state or  
20 subdivision thereof from instituting other civil or criminal  
21 proceedings as may be appropriate now or in the future.

22 6. Lloyd Provost represents that as  
23 president \_\_\_\_\_ he is an officer of Respondent and that, as such,  
24 he is authorized by it to enter into this Consent Order on its  
25 behalf.

**THE SURETY ASSOCIATION OF AMERICA**

26  
27  
28  
October 24, 1994

(Date)

By \_\_\_\_\_

  
Lloyd Provost, President

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

COPY of the foregoing mailed/delivered  
this 1st day of November , 1994, to:

- Gay Ann Williams  
Deputy Director
- Gregory Y. Harris  
Chief Administrative Law Judge
- Erin Klug  
Manager  
Market Conduct Examinations Division
- Saul Saulson  
Supervisor  
Examinations Section
- Bernard Hill  
Supervisor  
Property and Casualty Section
- Deloris E. Williamson  
Assistant Director  
Rates & Regulations Division
- Gary Torticill  
Assistant Director and Chief Financial Examiner  
Corporate & Financial Affairs Division
- Cathy O'Neil  
Assistant Director  
Consumer Services and Investigations

DEPARTMENT OF INSURANCE  
2910 North 44th Street, Suite 210  
Phoenix, AZ 85018

Lloyd Provost  
President  
The Surety Association of America  
100 Wood Avenue South  
Iselin, NJ 08830-2773

