

SEP 24 1997

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY CO

In the Matter of	)	Docket No. 97A-163
	)	
<b>CONTRACTORS BONDING AND INSURANCE</b>	)	
<b>COMPANY, NAIC #37206,</b>	)	<b>CONSENT ORDER</b>
	)	
Respondent.	)	
	)	
	)	

Examiners for the Department of Insurance (the "Department") conducted a market conduct examination of Contractors Bonding and Insurance Company ("CBIC"). The Report of Examination of the Market Conduct Affairs of CBIC alleges that CBIC has violated A.R.S § 20-400.01.

CBIC wishes to resolve this matter without formal proceedings, admits to the following Findings of Fact, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent is authorized to transact property and casualty insurance pursuant to Certificates of Authority issued by the Director.

2. The Examiners were authorized by the Department to conduct a market conduct examination of Respondent. The on-site examination was concluded on February 29, 1996.

3. The Examiners reviewed 642 of the 21,411 bonds issued to Arizona principals from January 1, 1991 through December 27, 1995, and found that CBIC issued 31 bonds (5%) at rates other than the rates filed with the Department by ABC. These bonds were issued at the rates in effect at the time rates were quoted, rather than at the time the bonds were issued.

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CONCLUSIONS OF LAW

1. By issuing bonds at premiums not consistent with its filings made pursuant to A.R.S. § 20-385, CBIC violated A.R.S. § 20-400.01(A).
2. Pursuant to A.R.S. §§ 20-220 and 20-400.03, grounds exist for the entry of the following Order.

ORDER


**IT IS HEREBY ORDERED THAT:**

1. CBIC shall cease and desist from issuing bonds at premiums other than those determined pursuant to its filed rates and rules.
2. Within sixty (60) days of the filed date of this Order, CBIC shall submit for the approval of the Director a plan for corrective action to ensure that bonds will be issued at the rates in effect at the time of issuance, rather than the rates in effect at the time of quotation.
3. CBIC has refunded the amount of \$878.00 to the 16 principals who were charged higher premiums than those determined pursuant to CBIC's filed rates and rules.
4. The Department shall be permitted, through authorized representatives, to verify Respondents have fully complied with all requirements of this Order, and the Director may separately order Respondents to comply.
5. Respondents shall pay a civil penalty of \$1,500 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). The civil penalty shall be provided to the Market Conduct Examination Division of the Department prior to the filing of this Order.

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6. The March 1, 1996 Report of Examination, to include any objections to the Report by CBIC, shall be filed with the Department.

DATED at Phoenix, Arizona this 24 day of September, 1997.

  
John A. Greene  
Director of Insurance

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CONSENT TO ORDER

1. Respondent Contractors Bonding and Insurance Company has reviewed the foregoing Findings of Fact, Conclusions of Law, and Order.

2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the entry of the Conclusions of Law and Order.

3. Respondent is aware of its right to a hearing, at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals related to this Order.


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

5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely to settle this matter against it and does not preclude any other agency or officer of this state or its subdivisions or any other person from any other civil or criminal proceedings, as may be appropriate now or in the future.

6. Steven A. Gaines, who holds the office of President of Respondent, is authorized to enter into this Order for it and on its behalf.

**Contractors Bonding and Insurance Company**

7-8-97  
Date

By:   
Steven A. Gaines, President

1 COPY of the foregoing mailed/delivered  
2 this 24th day of September , 1997, to:

3 Charles R. Cohen  
4 Deputy Director  
5 Gregory Y. Harris  
6 Executive Assistant Director  
7 Erin H. Klug  
8 Chief Market Conduct Examiner  
9 Mary Butterfield  
10 Assistant Director  
11 Life & Health Division  
12 Deloris E. Williamson  
13 Assistant Director  
14 Rates & Regulations Division  
15 Gary Torticill  
16 Assistant Director and Chief Financial Examiner  
17 Corporate & Financial Affairs Division  
18 Cathy O'Neil  
19 Assistant Director  
20 Consumer Services Division  
21 John Gagne  
22 Assistant Director  
23 Investigations Division  
24 Terry L. Cooper  
25 Fraud Unit Chief

26 DEPARTMENT OF INSURANCE  
27 2910 North 44th Street, Suite 210  
28 Phoenix, AZ 85018

Steven A. Gaines, President  
Contractors Bonding and Insurance Company  
P.O. Box 9271  
Seattle, Washington 98109-0271

*Curvey Buxton*