

M. GALE LEMMON #4363  
 Assistant Attorney General  
 MARK L. SHURTLEFF #4666  
 Attorney General  
 Attorneys for Utah Insurance Department  
 160 East 300 South, Fifth Floor  
 P.O. Box 140874  
 Salt Lake City, UT 84114-0874  
 Telephone: 801.366.0375

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BEFORE THE INSURANCE COMMISSIONER  
 OF THE STATE OF UTAH

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**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT:**

UNIVERSAL FIRE & CASUALTY  
 INSURANCE COMPANY  
 3214 Chicago Drive  
 Hudsonville, MI 49426  
 Utah Org. Id. No. 14825

**STIPULATION AND ORDER**

Docket No. 2011-072 LC

Enf. Case No. 2792

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**STIPULATION**

1. Respondent, Universal Fire & Casualty Insurance Company (“Universal”) is a surety insurer domiciled in the State of Indiana and authorized to do business in the State of Utah, Utah Org. Id. No. 14825.

2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:

- a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;

- b. Respondent admits the Findings of Fact and Conclusions made therefrom;
- c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and
- d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.


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 has irrevocably waived its right to such hearing and to any appeal related thereto.

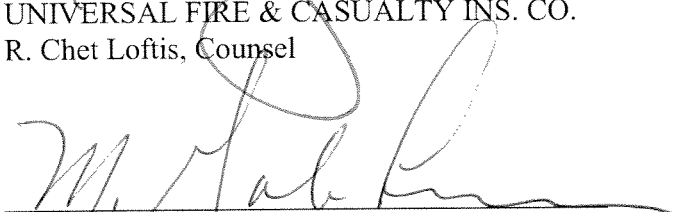
4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 3<sup>rd</sup> day of Mar, 2011.

  
UNIVERSAL FIRE & CASUALTY INS. CO.  
R. Chet Loftis, Counsel

  
UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon  
Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

**FINDINGS OF FACT**

1. Respondent Universal Fire & Casualty Insurance Company (“Universal”), is the underwriter of bail bonds issued through Real Bail Bond (“Real”), a bail bond surety agency licensed in the State of Utah, and contracted and designated by Universal.

2. On or about December 27, 2010, the Utah Insurance Department (“the department”) received a consumer complaint that AA La Guadalupana Bail Bonds (“Guadalupana”) failed to return collateral held for a bail bond within 10 days of being notified of the exoneration of a bail bond.

3. In the course of the investigation of the failure to timely return collateral, it was found that the bail bond in question had been issued by Guadalupana and by its agent Cheryl Lyman (“Lyman”) on Respondent Universal’s paper and power of attorney on June 25, 2010.

4. On or about June 28, 2007, Respondent Universal appointed/affiliated Guadalupana and its agent Lyman with the Department. However, Respondent Universal did not complete the process for authorizing Guadalupana or Lyman to act as its agent by executing a contract between Universal and Guadalupana or Lyman. Therefore, Respondent did not give Guadalupana authority to issue bail bonds and did not issue qualifying powers to Guadalupana.

5. Investigation showed that the power of attorney Guadalupana used to issue the bail bond in question had been issued by Respondent Universal to Real, not to Guadalupana.

6. Further investigation showed that during the period of 2008 through 2010 Respondent Universal accepted liability on no fewer than 402 bail bonds executed by Guadalupana that used powers of attorney issued to Real.

7. The investigation also showed that Real's bail bond surety license lapsed July 15, 2009, and its agency affiliation with Real terminated by law at that time. When the license was renewed July 15, 2010, the agency affiliation was not reinstated, and Respondent Universal accepted executed bail bonds from Real during the time the license was lapsed and then while there was no agency affiliation.

8. Respondent Universal cooperated in the Department's investigation.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

**CONCLUSIONS OF LAW**

1. Applicable Statutes & Rules:

a. Utah Code Ann. § 31A-23a-115 (2009). Appointment and contracting of individual and agency insurance producers.

b. Utah Code Ann. § 31A-23a-103(1)(c) (2009). Use of unlicensed agents.

2. In accepting liability on executed bail bonds from Real Bail Bonds during the time its license was lapsed and then while there was no agency association, Respondent Universal violated Utah Code Ann. §§ 31A-23a-103(1)(c) and 31A-23a-115(1)(a).

3. In appointing Guadalupana to act as its agent with the department when it had no agency contract with Guadalupana, Respondent Universal violated Utah Code Ann. § 31A-23a-115.

4. In accepting liability on bail bonds written by Guadalupana that used powers of attorney issued to Real, its contracted agent, Respondent violated Section 31A-23a-115.

5. An administrative forfeiture of \$20,000.00 is appropriate under the circumstances.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

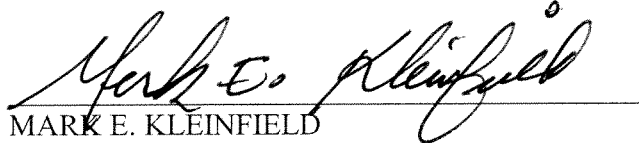
**ORDER**

**IT IS HEREBY ORDERED:**

1. Respondent Universal Fire & Casualty Insurance Company is hereby assessed an administrative forfeiture in the amount of \$20,000.00 to be paid to the Utah Department of Insurance within 30 days of the issuance of this Order.

DATED this 10<sup>th</sup> day of May, 2011.

NEAL T. GOOCH  
Insurance Commissioner



MARK E. KLEINFELD  
Administrative Law Judge  
Utah Insurance Department  
State Office Building, Room 3110  
Salt Lake City, Utah 84114  
Telephone: (801) 538-3800

**NOTIFICATION**

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeiture of up to \$5,000 per violation and the suspension or revocation of your license and the filing of an action in district court, which may impose forfeitures of up to \$10,000 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.



# Insurance Department

State of Utah

GARY R. HERBERT  
*Governor*

GREG BELL  
*Lieutenant Governor*

NEAL T. GOOCH  
*Commissioner*

## CERTIFICATE OF MAILING

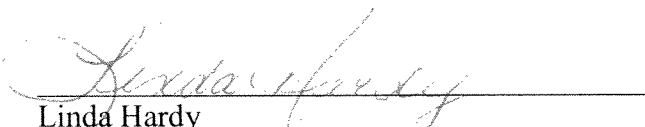
I do hereby certify that on this date I mailed, by regular mail postage prepaid, a true and correct copy of the attached:

### STIPULATION & ORDER

To the following:

Universal Fire & Casualty Insurance Company  
3214 Chicago Drive  
Hudsonville, MI 49426

DATED this 10<sup>th</sup> day of May, 2011

  
Linda Hardy

Utah Department of Insurance  
State Office Building, Room 3110  
Salt Lake City, UT 84114-6901

**UTAH  
Invoice**

Printed Date: May 10, 2011

Invoice Date: May 10, 2011  
Balance Due: \$0.00  
Due Date: May 11, 2011  
Invoice ID: 508083

UNIVERSAL FIRE CASUALTY INSURANCE COMPANY  
3214 CHICAGO DRIVE  
HUDSONVILLE MI 49426

<b>Item Description</b>	<b>Amount</b>
Monetary Penalty Company	\$20,000.00
<b>Original Amount Due</b>	<u>\$20,000.00</u>
<b>Payments Received</b>	
5/10/2011 Check	\$20,000.00
<b>Balance Due</b>	<u>\$0.00</u>

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**UTAH  
Invoice**

Printed Date: May 10, 2011

Invoice Date: May 10, 2011  
Balance Due: \$0.00  
Due Date: May 11, 2011  
Invoice ID: 508083

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department  
3110 State Office Building  
Salt Lake City, UT 84114-6901

**Detach and Return with Payment**