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BEFORE THE INSURANCE COMMISSIONER
 OF THE STATE OF UTAH

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

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.

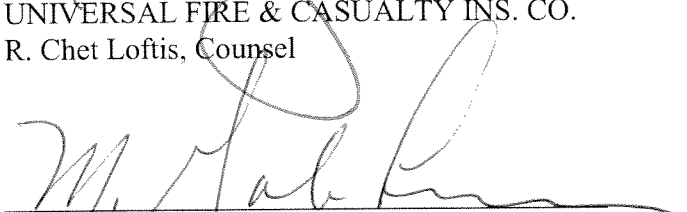
4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

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 3rd 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:

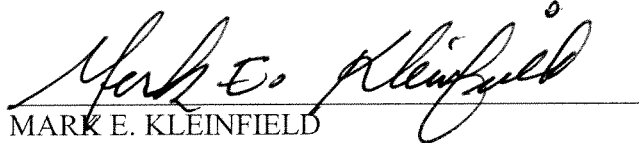
ORDER

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 10th 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.