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UTAH STATE
INSURANCE DEPT.

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**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF UTAH**

COMPLAINANT:

UTAH INSURANCE DEPARTMENT

RESPONDENT:

EZ AUTO INSURANCE COMPANY
P.O. Box 971000
Orem, UT 84097-1000
Utah Company Id. No. 13998

STIPULATION AND ORDER

Docket No. 2012-151 PC

Enf. Case No. 3226

STIPULATION

1. Respondent, EZ Auto Insurance Company, is an insurer domiciled in the State of Utah and authorized to do business in this state, Utah Company Identification No. 13998.
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.

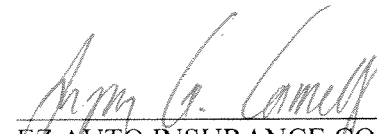
3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

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 5th day of October, 2012.



EZ AUTO INSURANCE COMPANY
Lynn Gordon Connelly, President/Chairman



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. An examination of Respondent's financial condition was conducted by the Utah Insurance Department for the period January 1, 2008 through December 31, 2010.
2. Findings during the exam resulted in eight non-compliance issues as set forth in paragraphs 3 through 10 below.
3. Some agency appointments were not maintained in compliance with Utah Code Ann. §31A-23a-115(1)(b) and Utah Admin. Code R590-244-9. Respondent established compliance during the course of the examination.
4. Respondent was using Managing General Agents (MGAs) who were not licensed as such, in violation of Utah Code Ann. § 31A-23a-103(1)(c). Respondent established compliance during the examination.
5. At the time of the examination, the Board of Directors was comprised of a majority of inside directors which was not in compliance with Utah Code Ann. § 31A-5-407(3).
6. Respondent's Audit Committee was comprised of inside directors, which was not in compliance with Utah Code Ann. § 31A-5-412.
7. Respondent had not complied with Utah Admin. Code R590-254-7(4) which limits a lead audit partner's engagement to five consecutive years. Respondent has since come into compliance.
8. Respondent was using an unlicensed claims adjuster, which is not in compliance with Utah Code Ann. § 31A-26-201. During the examination, Respondent came into compliance.

9. Certain representations made in Respondent's advertising material were not in compliance with Utah Admin. Code R590-154 and R590-130. During the examination, Respondent established compliance.

10. A segment of Respondent's assets were held in the custody of a broker dealer that did not meet the minimum tangible net worth requirements of Utah Admin. Code R590-178-3(C)(3). The company established compliance during the examination.

11. Respondent cooperated fully during the examination and are now in compliance in each area.

12. Respondent has agreed to an administrative forfeiture in the amount of \$5,500.00.

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

CONCLUSIONS OF LAW

1. In not maintaining current agency appointments, Respondent violated Utah Code Ann. § 31A-23a-115(1)(b) and Utah Admin. Code Rule R590-244-9.

2. In utilizing the services of an unlicensed Managing General Agent, Respondent violated Utah Code Ann. § 31A-23a-103(1)(c).

3. In having a majority of its Board of Directors be inside directors, Respondent violated Utah Code Ann. § 31A-5-407(3).

4. In having its Audit Committee comprised wholly of inside directors, Respondent violated Utah Code Ann. § 31A-5-412(2)(b).

5. In failing to limit a lead audit partner's engagement to five consecutive years,

Respondent violated Utah Admin. Code Rule R590-254-7(4).

6. In utilizing the services of an unlicensed claims adjuster, Respondent violated Utah Code Ann. § 31A-26-201(1)(b).

7. Certain representations in Respondent's advertising material were in violation of Utah Admin. Code Rules R590-154 and R590-130.

8. In having a segment of its invested assets in the custody of a broker/dealer that did not meet the minimum tangible net worth requirements, Respondent violated Utah Admin. Code Rule R590-178-3(C)(3).

9. A total administrative forfeiture of \$5,500.00 is appropriate in this matter.

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:

Respondent, United Insurance Company, is assessed an administrative forfeiture in the amount of \$5,500.00 to be paid to the Department within 30 days of the issuance of this Order.

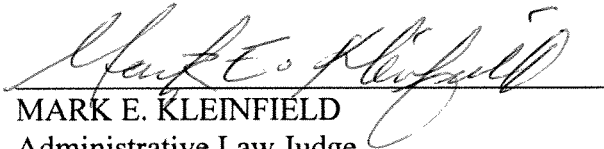
NOTIFICATION

You are hereby notified that a failure to obey and Order of the Commissioner may subject you to further penalties, including forfeiture of up to \$5,000.00 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 \$10,000.00 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.

DATED this 16th day of October, 2012.

NEAL T. GOOCH
Insurance Commissioner



MARK E. KLEINFELD

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