

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

OCT 03 2013

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D.)
DOAK, Insurance Commissioner,)
Petitioner,)
vs.)
SENECA INSURANCE COMPANY, an)
insurance company licensed to act as bail surety in)
the State of Oklahoma,)
Respondents.)

CASE NO. 13-0982-DIS

CONDITIONAL ADMINISTRATIVE ORDER
AND NOTICE OF RIGHT TO BE HEARD

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, by and through counsel and alleges and states as follows:

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101-7301, and the Oklahoma Bail Bond Act, 59 O. S. §§ 1301-1340.

3. Respondent Seneca Insurance Company (“the Company”) is an insurance company licensed to act as bail surety in the State of Oklahoma holding NAIC number 10936.

FINDINGS OF FACT

1. Pursuant to Oklahoma Administrative Code 365:25-5-41(C), the Company is required to maintain a special deposit equal to at least a ten-to-one (10:1) ratio of outstanding liability-to-deposit. The Company’s deposit and outstanding liability for the months of January 2013 through August 2013 are as follows:

Month & Year	Liability Reported	Deposit Requirement	Actual Deposit	Deposit Excess (Shortage)
Jan-13	16,261,998.00	1,626,199.80	1,800,000.00	173,800.20
Feb-13	17,397,248.00	1,739,724.80	1,800,000.00	60,275.20
Mar-13	18,527,164.00	1,852,716.40	1,800,000.00	(52,716.40)
Apr-13	19,251,920.00	1,925,192.00	1,800,000.00	(125,192.00)
May-13	19,194,589.00	1,919,458.90	1,800,000.00	(119,458.90)
Jun-13	19,359,636.00	1,935,963.60	1,800,000.00	(135,963.60)
Jul-13	20,108,526.00	2,010,852.60	1,800,000.00	(210,852.60)
Aug-13	20,231,988.00	2,023,198.80	1,800,000.00	(223,198.80)

2. Between January 2013 and August 2013, the Company's outstanding liability increased by \$3,969,990, but the Company did not increase its deposit.

3. On August 8, 2013, Oklahoma Insurance Department ("Department") personnel sent an E-mail to the Company for a mid-year review, and notified the Company that its deposit was short of the legal requirement. The Company was given a due date of August 29, 2013, by which it was to increase the deposit.

4. On August 15, 2013, the Company responded via E-mail and notified the Department of its intention to purchase a certificate of deposit to cover the shortfall in its deposit.

5. On October 3, 2013, the Company notified the Department of its intention to purchase a certificate of deposit in the amount of \$500,000.00 to cover the shortfall in its deposit.

6. As of the date of this Conditional Order, the Company has not deposited additional securities in order to bring its liability-to-deposit ratio within the limits mandated by OAC 365:25-5-41(C).

CONCLUSIONS OF LAW

1. The allegations are found to be true and correct, and Seneca Insurance Company has violated 59 O.S. § 1310(A)(7) by failing to comply with a proper rule of the Commissioner.

2. Seneca Insurance Company has violated OAC 365:25-5-41 by exceeding a liability-to-deposit of 10:1.

3. Pursuant to 59 O.S. § 1310(B), any bondsman or company violating a provision of the Bail Bond Act, 59 O.S. §§ 1301-1340, may be subject to a fine of not less than \$250 but not more than \$2,500.

ORDER

IT IS THEREFORE ORDERED that Seneca Insurance Company shall deposit additional securities with the Oklahoma Insurance Department sufficient to bring its liability-to-deposit ratio within the prescribed limitations. If Seneca Insurance Company does not make said deposit on or before the 30th day after its receipt of this Order, the Company's license privilege and authorization to do business in the State of Oklahoma shall be **SUSPENDED**.

IT IS FURTHER ORDERED that Seneca Insurance Company is **CENSURED** and **FINED** Two Thousand Five Hundred Dollars (\$2,500.00).

The Company is further notified that it may request a hearing within 30 days of the receipt of this Order concerning this action, and upon such request, the Oklahoma Insurance Department shall conduct a hearing before an independent hearing examiner. A request for hearing shall be made in writing to Buddy Combs, Oklahoma Insurance Department, Legal Division, 3625 NW 56th Suite 100, Oklahoma City, Oklahoma 73112, and **give an explanation of Respondent's actions alleged herein and any defenses thereto.**

If Respondent does not request a hearing within the 30 days allotted, this Order shall become a FINAL ORDER on the 31st day following the receipt of the Order.

WITNESS My Hand and Official Seal this 3rd day of October, 2013.



JOHN D. DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

A handwritten signature in cursive script, reading "Buddy Combs", written over a horizontal line.

Buddy Combs
Assistant General Counsel
3625 NW 56th Street, Suite 100
Oklahoma City, Oklahoma, 73112
Tel. (405) 521-2746
Fax (405) 522-0125

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing *Conditional Administrative Order and Notice of Right to Be Heard* was mailed certified, return receipt requested, on this 3rd day of October, 2013, to:

Seneca Insurance Company
ATTN: Legal Division
160 WATER ST FL 16
NEW YORK, NY 10038

A handwritten signature in cursive script, reading "Buddy Combs", written over a horizontal line.

Buddy Combs

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 0320 0004 4249 3766

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
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Total Postage & Fees	\$



Sent To

Seneca Insurance Company
 Attn: Legal Division
 160 Water St., Fl 16
 New York, NY 10038
 sms/13-0982-DIS/Cond Ord

PS Form 3800, January 2004 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

OKLAHOMA INSURANCE DEPARTMENT
 Legal Division

Seneca Insurance Company
 Attn: Legal Division
 160 Water St., Fl 16
 New York, NY 10038
 sms/13-0982-DIS/Cond Ord

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 No If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
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4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7001 0320 0004 4249 3766**