

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

APR 06 2018

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D.)
DOAK, Insurance Commissioner,)
)
Petitioner,)
vs.)
)
DIRECT NATIONAL INSURANCE)
COMPANY, a licensed insurance company in)
the State of Oklahoma,)
)
Respondent.)

CASE NO. 18-0103-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, Sandra G. LaVenue, 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. §§ 101-7401.

2. Respondent Direct National Insurance Company ("Respondent") is a property and casualty insurer licensed in the State of Oklahoma Certificate of Authority number 5624 (NAIC CoCode number 23736).

3. On or before July 1 of each year, "[an] annual fee of Seven Hundred Fifty Dollars (\$750.00) shall be paid to the Insurance Commissioner to be expended by the Insurance Commissioner for the purpose of investigation of suspected insurance fraud

and civil or administrative action in cases involving suspected insurance fraud." 36 O.S. § 362. This fee (the "Anti-Fraud Assessment fee") is required to be paid by each of following: "Life, accident and health insurers; property and casualty insurers; county mutual fire insurers; mutual benefit associations; fraternal benefit societies; reciprocal insurers; motor service clubs; title insurers; nonprofit insurers; health maintenance organizations (HMOs); service warranty associations; surplus lines carriers; multiple employer welfare arrangements (MEWAs); trusts which write surety policies; prepaid dental plan organizations; and accredited reinsurers." Ibid.

4. Pursuant to 36 O.S. § 619(A)(1) and (B), any insurance company violating any provision of any statute for which the Commissioner has jurisdiction may be subject to a civil penalty of not more than Five Thousand Dollars (\$5,000.00) for each occurrence.

ALLEGATIONS OF FACT

5. As a licensed property and casualty insurer in the State of Oklahoma, Respondent is required to pay an Anti-Fraud Assessment fee to the Oklahoma Insurance Department ("OID"). 36 O.S. § 362.

6. Based upon OID records, Respondent failed to pay its 2017 Anti-Fraud Assessment fee on or before July 1, 2017.

7. On September 29, 2017, the OID's Legal Division sent Respondent a letter notifying it of the failure to pay the Anti-Fraud Assessment fee and requiring payment to be made no later than November 15, 2017.

8. OID did not receive payment of the Anti-Fraud Assessment fee until March 23, 2018.

ALLEGED VIOLATIONS OF LAW

9. Respondent violated 36 O.S. § 362 by failing to pay its 2017 Anti-Fraud Assessment fee on or before July 1, 2017.

ORDER

IT IS THEREFORE ORDERED by the Insurance Commissioner that Respondent is **FINED ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500.00)**. The \$1,500.00 civil fine is to be paid within thirty (30) days of this Order made payable to the Oklahoma Insurance Department. The \$1,500.00 civil fine shall be paid by money order or cashier's check.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that this Order is a Conditional Order. Unless the Respondent requests a hearing with respect to the Allegations of Fact set forth above within thirty (30) days of the date of mailing of this Order, this Order and the penalties set forth above shall become a Final Order on the thirty-first day following the date of mailing this Order. A request for hearing should be in writing addressed to Sandra G. LaVenue, Oklahoma Insurance Department, Legal Division, 3625 NW 56th St., Suite 100, Oklahoma City, Oklahoma 73112. The request for hearing must state the grounds for the request to set aside or modify the Order.

Any such hearing shall be conducted according to the procedures for contested cases under the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.*, and the Oklahoma Administrative Procedures Act, 75 O.S. §§ 308a *et seq.* If the Respondent serves a timely request for hearing on the Oklahoma Insurance Department, this Conditional Order shall act as notice of the matters to be reviewed at the hearing, and the

Allegations of Fact, Alleged Violations of Law, and penalties imposed in this Conditional Order shall be considered withdrawn, pending final resolution at the hearing.

WITNESS My Hand and Official Seal this 10th day of April, 2018.



JOHN D. DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

A handwritten signature in black ink, appearing to read "Sandra G. LaVenue", written over a horizontal line.

Sandra G. LaVenue
Senior Counsel
Oklahoma Insurance Department
3625 NW 56th St., Suite 100
Oklahoma City, OK 73112
(405) 521-2746

CERTIFICATE OF MAILING

I, Sandra G. LaVenu, 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 by certified mail, with postage prepaid and return receipt requested, on this 6th day of April, 2018, to:

Direct National Insurance Company
425 W. Capitol Ave., Suite 1800
Little Rock, AR 72201-3525

Certified Mail Number
9214 8902 0982 7500 0068 57

and that a copy was delivered to:

Comptroller Division



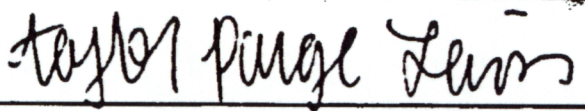
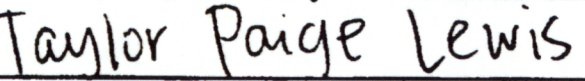
Sandra G. LaVenu
Senior Counsel

Date Produced: 04/16/2018

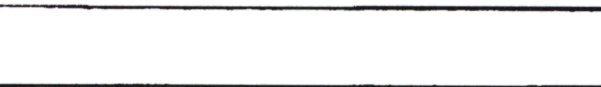
OKLAHOMA INSURANCE DEPARTMENT:

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