

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

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FILED

2010 NOV -5 A 11:43

Hearings Unit, DIC  
Patricia D. Petersen  
Chief Hearing Officer

*In The Matter of*

WILLIAM H. TANNER and ANCHOR  
BAY INSURANCE MANAGERS, INC.,

Licensees.

NO. 10-0204

ORDER SUSPENDING AND  
REVOKING LICENSES

To: William H. Tanner,  
15646 Cox Avenue N.W.  
Poulsbo, WA 98370

And To: Anchor Bay Insurance Managers, Inc.  
PO Box 2510  
Silverdale, WA 98383

**IT IS ORDERED AND YOU ARE HEREBY NOTIFIED** that your licenses are **SUSPENDED** effective three days after service of this Order pursuant to RCW 48.17.540(3) and that your licenses are **REVOKED**, effective November 20, 2010, pursuant to RCW 48.17.530 and RCW 48.17.540(2).

**THIS ORDER IS BASED ON THE FOLLOWING:**

1. William H. Tanner holds a Washington producer's and surplus line broker's license for the lines of property and casualty insurance. Mr. Tanner is the owner and president of Anchor Bay Insurance Managers, Inc., ("Anchor Bay" or "the Company"), a Washington corporation headquartered in Silverdale, Washington. Anchor Bay holds a Washington agency license and surplus line broker license for property and casualty insurance.
2. On or about March 30, 2010, Anchor Bay submitted its premium tax return for calendar year 2009 reflecting \$4,466,231.89 in total Washington premiums collected and \$89,325 in premium taxes due. These taxes were due on or before March 1, 2010, and have not been paid. The amount of delinquent taxes together with penalties now due and owing is \$107,190.
3. In October, 2010, the OIC initiated a financial examination of Anchor Bay due to the licensees' tax delinquency. The audit reflected, and Mr. Tanner admitted, that Anchor Bay had failed to maintain the premium taxes in its premium trust account and that the money the Company had collected for premium taxes had instead been spent on operating expenses.

Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255  
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4. The OIC's audit reflects that between January 2007 and October 2009, Anchor Bay engaged in the pattern of transferring money from its premium trust bank account into its operating bank account, using the money to pay operating expenses, and eventually remitting premium taxes when due from the operating account. When the Company's 2009 premium taxes fell due, the Company had insufficient funds in its operating account and insufficient funds in its premium trust account to pay them. According to Anchor Bay's financial officer, since January 2007, the Company had borrowed premium tax money in this fashion from its premium trust account in the total amount of \$452,000.

5. The OIC's audit of Anchor Bay's premium trust account records discovered continuous deficiencies in the account including a deficiency as of September 30, 2010, of \$108,365. The licensees have not replaced the funds they misappropriated from the premium trust account and the Commissioner finds pursuant to RCW 48.17.540(3) that the public welfare imperatively requires emergency action.

6. By failing to promptly pay insurance premiums received in a fiduciary capacity to the parties entitled thereto and by converting the funds to their own use, the Licensees violated RCW 48.17.480, RCW 48.17.600, RCW 48.15.180, and WAC 284-12-080.

7. By failing to remit premium taxes when due, the Licensees violated RCW 48.15.120 and RCW 48.14.060.

8. Pursuant to RCW 48.15.140, the Commissioner may revoke the license of any surplus line broker who fails to remit the premium tax required by that chapter or for any cause for which an insurance producer's license may be revoked under RCW Chapter 48.17. Pursuant to RCW 48.17.530, the Commissioner may revoke the license of any insurance producer for violating insurance laws or rules, improperly withholding, misappropriating or converting money received in the course of doing insurance business, or demonstrating incompetence, untrustworthiness, or financial irresponsibility. Pursuant to RCW 48.17.540(3), upon finding that the public welfare imperatively requires emergency action, the Commissioner may suspend such licenses until proceedings for revocation are concluded.

By reason of their conduct and violations of the Insurance Code and implementing regulations, Licensees William H. Tanner and Anchor Bay Insurance Managers, Inc. have shown themselves to be, and are so deemed by the Commissioner, untrustworthy and a source of injury and loss to the public and not qualified to be insurance producers or surplus line brokers in the State of Washington. Accordingly, the licenses of William H. Tanner and Anchor Bay Insurance Managers, Inc. are suspended effective three days after service of this Order and such licenses are revoked pursuant to RCW 48.17.530 and RCW 48.15.140 effective November 20, 2010.

**IT IS FURTHER ORDERED** that you return your insurance producer and surplus line broker license certificates to the Commissioner on or before the effective date of the revocation of your licenses, as required by RCW 48.17.530(4).

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**NOTICE CONCERNING YOUR RIGHT TO A HEARING.** Please note that a detailed summary of your right to contest this Order is attached. Briefly, if you are aggrieved by this Order, RCW 48.04.010 permits you to demand a hearing. Pursuant to that statute and others: You must demand a hearing, in writing, within 90 days after the date of this Order, which is the day it was mailed to you, or you will waive your right to a hearing. Your demand for a hearing must specify briefly the reasons why you think this Order should be changed. Upon receipt of your demand for hearing, you will be contacted by an assistant of the Chief Hearing Officer to schedule a teleconference with you and the Insurance Commissioner's Office to discuss the hearing and the procedures to be followed.

Please send any demand for hearing to Insurance Commissioner, attention Carol Sureau, Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40255, Olympia, WA 98504-0255.

ENTERED AT TUMWATER, WASHINGTON, this 2<sup>nd</sup> day of November, 2010.

MIKE KREIDLER  
Insurance Commissioner

By 

Charles D. Brown  
OIC Staff Attorney

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CERTIFICATE OF MAILING

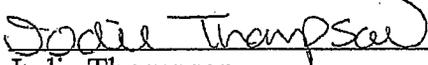
The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing ORDER SUSPENDING AND REVOKING LICENSES on the following individuals via US Mail.

William H. Tanner,  
15646 Cox Avenue N.W.  
Poulsbo, WA 98370

Anchor Bay Insurance Managers, Inc.  
PO Box 2510  
Silverdale, WA 98383

**SIGNED** this 2<sup>nd</sup> day of November, 2010, at Tumwater, Washington.

  
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Jodie Thompson