

2. FACTS

2.1 STA Travel, Inc. ("STA") is a Texas-based producer of travel insurance that was first licensed as an insurance agent in Washington on September 18, 2003. STA is a travel agency that has 16 retail locations in the United States and specializes in international college student travel. STA solicits and sells travel insurance as part of its travel services.

2.2 When its Washington agent license expired on September 18, 2005, STA failed to renew it. Between September 18, 2005 and July 11, 2011, the date it finally was successful relicensing as a producer, STA sold 7,570 travel insurance policies in Washington with a gross premium of \$701,269.96. The Office of the Insurance Commissioner ("OIC") was only informed that STA was still selling travel insurance when in June 2011, its Seattle office manager called to report that her own license had lapsed some months earlier. Shortly thereafter, both the office manager and STA renewed their respective producer licenses.

2.3 During this period of time, STA employed 36 staff that were never licensed, and only two that were, one being the office manager. The OIC investigation revealed that STA believed that each individual employee did not need to be licensed to sell insurance because they could collectively function under the office manager's license.

3. APPLICABLE LAW AND ALLEGED VIOLATIONS

3.1 By soliciting travel insurance without being licensed as an insurance producer, STA violated RCW 48.17.060.

3.2 By knowingly accepting insurance business from unlicensed employees who were required to be licensed under RCW Title 48, STA violated RCW 48.17.530(1)(1).

3.3 RCW 48.17.063(2) states that any person who knowingly violates RCW 48.17.060 is guilty of a class B felony punishable under chapter 9A.20 RCW.

3.4 RCW 48.17.063(4)(a)(iii) states that if the Commissioner has cause to believe that any person has violated the provisions of RCW 48.17.060, the Commissioner may assess a civil penalty of not more than \$25,000 (Twenty Five Thousand Dollars) for each violation, after providing notice and an opportunity for a hearing in accordance with Chapters 34.05 and 48.04 RCW.

Notice of Hearing

No. 12-0052

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3.5. Pursuant to RCW 48.17.560, the Commissioner may impose a fine of not more than one thousand dollars for each violation of the insurance code in addition to or in lieu of revocation, suspension, or refusal to renew a producer's license.

4. SANCTIONS REQUESTED

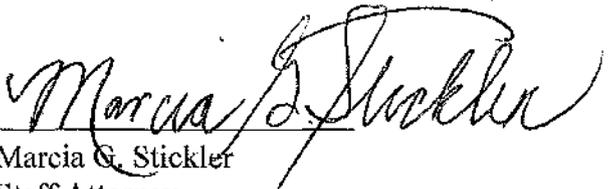
Pursuant to RCW 48.17.560, the Commissioner seeks imposition of a fine against STA in an amount to be determined at hearing.

5. NOTICE OF HEARING

The Commissioner will convene a hearing at a date, location, and time to be determined, to consider the allegations above and the sanctions to be imposed upon STA pursuant to RCW 48.04.010 and RCW 48.17.560. At the hearing, the Commissioner will present evidence showing that STA violated statutes effectuated by the Commissioner pursuant to his authority under RCW 48.02.060, and that the sanction requested above is authorized under the law. STA may cross-examine the Commissioner's witnesses and present any defenses, evidence, or arguments it may have in opposition.

Dated this 17th day of August, 2012.

MIKE KREIDLER
Insurance Commissioner

By: 
Marcia G. Stickler
Staff Attorney
Legal Affairs Division

CERTIFICATE OF SERVICE

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 NOTICE OF HEARING on the following individuals in the manner indicated:

Nick Bettinger, Counsel for STA Travel, Inc.
McDonald Sanders
777 Main Street, Suite 1300
Fort Worth, Texas 76102
(XXX) Via U.S. Mail

Timothy J. Parker
Carney Badley Spellman, P.S.
701 5th Avenue, Ste. 3600
Seattle, WA 98104
(XXX) Via U.S. Mail

Patricia Peterson, J.D., Chief Hearing Officer
Washington State Insurance Commissioner
5000 Capitol Blvd
Tumwater, WA 98501
(XXX) Via Hand Delivery

SIGNED this 17th day of August, 2012, at Tumwater, Washington.


Jodie Thompson

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000
www.insurance.wa.gov



OFFICE OF
INSURANCE COMMISSIONER

FILED

2012 FEB 17 10 10 AM

For information only
I am not a lawyer
Chief Financial Officer

February 24, 2012

Kathleen Magon, Land Product Manager
STA Travel
750 State Highway 121, Ste. 250
Lewisville, TX 75067

RE: STA Travel
Proposed Consent Order No. 12-0052

Dear Ms. Magon:

Enclosed are two originals of Washington State Office of Insurance Commissioner's Consent Order Levying a Fine. This Order will result in STA Travel paying a fine in lieu of other action relative to its License as an Insurance Producer.

Please sign and return both of the original Orders by March 26, 2012. Upon receipt, the Orders will be signed by me, entered with our office, and one of the executed originals will be returned to you for your records. You will then have 30 days in which to pay the fine. If you wish to include payment with the Orders, please make your check payable to the Office of the Insurance Commissioner and mail to Delia Zebroski, Fiscal Analyst, Operations Division, PO Box 40255, Olympia, Washington 98504-0255 or deliver to 5000 Capitol Blvd., Tumwater, WA 98501.

Should you have any questions regarding this matter, please feel free to contact me at (360) 725-7048.

Sincerely,

A handwritten signature in cursive script that reads "Marcia G. Stickler".

Marcia G. Stickler, Staff Attorney
Legal Affairs Division

Enclosures



OFFICE OF
INSURANCE COMMISSIONER

IN THE MATTER OF

STA TRAVEL, INC.,

Respondent.

ORDER NO. 12-0052

CONSENT ORDER
LEVYING A FINE

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.17.560, having reviewed the official records and files of the Office of the Insurance Commissioner ("OIC"), makes the following:

FINDINGS OF FACT:

1. STA Travel, Inc. ("STA") is a Texas-based producer of travel insurance that was first licensed as an insurance agent in Washington on September 18, 2003. STA is a travel agency that has 16 retail locations in the United States and specializes in international college student travel. STA sells travel insurance as part of its travel services.

2. When its agent license expired on September 18, 2005, STA failed to renew it. Between September 18, 2005 and July 11, 2011, the date it finally was successfully relicensed as a producer, STA sold 7,570 travel insurance policies in Washington with a gross premium of \$701,269.96.

3. During this period of time, STA employed 36 staff that were never licensed, and only two that were, one being the office manager. The OIC investigation revealed that STA believed that each individual employee did not need to be licensed to sell insurance because they could collectively function under the office manager's license.

4. The number of policies sold by unlicensed STA staff between June 27, 2009 and June 27, 2011 was 2,487 with gross premium of \$242,061.10.

CONCLUSIONS OF LAW:

1. By using unlicensed employees to sell, solicit, or negotiate insurance in this state, STA violated RCW 48.17.060.

~~WAC 284-17-420(4)~~

2. RCW 48.17.063(2) states that any person who knowingly violates RCW 48.17.060 is guilty of a class B felony punishable under chapter 9A.20 RCW.

3. RCW 48.17.063(4)(a)(iii) states that if the Commissioner has cause to believe that any person has violated the provisions of RCW 48.17.060, the commissioner may assess a civil penalty of not more than \$25,000 (Twenty Five Thousand Dollars) for each violation, after providing notice and an opportunity for a hearing in accordance with Chapters 34.05 and 48.04 RCW.

CONSENT TO ORDER:

STA, acknowledging its duty to comply fully with the applicable laws of the State of Washington, consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of STA's payment of a fine on such terms and conditions as are set forth below.

1. STA consents to the entry of this Order, waives any and all hearing rights, and further administrative or judicial challenges to this Order.

2. By agreement of the parties, the Insurance Commissioner will impose a fine of \$150,000.00 (One Hundred Fifty Thousand Dollars) to be paid by STA within thirty days of the date of the entry of this Order.

3. STA understands and agrees that any future failure to comply with the statutes that are the subject of this Order constitutes grounds for further penalties, which may be imposed in response to further violations.

4. STA's failure to timely pay this fine and to adhere to the conditions shall constitute grounds for revocation of its producer license and shall result in the recovery of the fine

through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED this _____ day of _____, 2012.

STA TRAVEL, INC.

Signature: _____

Printed Name: _____

Corporate Title: _____

ORDER

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby Orders as follows:

1. STA shall pay a fine in the amount of \$150,000.00 (One Hundred Fifty Thousand Dollars) within thirty days of the date of the entry of this Order.

2. STA's failure to pay the fine within the time limit set forth above shall result in the revocation of its producer license and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this _____ day of _____, 2012.

MIKE KREIDLER
Insurance Commissioner

By _____
Marcia G. Stickler
Legal Affairs Division