



OFFICE OF
INSURANCE COMMISSIONER
HEARINGS UNIT

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Patricia D. Petersen
Chief Presiding Officer
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FILED
2012 OCT 24 11:20
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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:)	No. 12-0105
)	
ALTIG INTERNATIONAL CO.,)	FINAL ORDER TERMINATING
)	PROCEEDINGS
Licensee.)	

TO: Brian F. Kregger, Esq.
Kregger Beeghly, PLLC
999 Third Avenue, Suite 3000
Seattle, WA 98104-4088

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
Carol Surcau, Deputy Commissioner, Legal Affairs Division
Charles Brown, Sr. Staff Attorney, Legal Affairs Division
John F. Hamjc, Deputy Commissioner, Consumer Protection Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

On July 5, 2012, the Insurance Commissioner ("OIC") tendered a proposed Consent Order Levying a Fine and Placing Licensee on Probationary Status to Altig International Co. ("Altig"). Said Consent Order proposed that Altig agree to the imposition of a fine in the amount of \$150,000, with \$50,000 suspended on certain conditions, and placement of Altig's Washington insurance producer license on probation for two years, for alleged violations set forth therein. Specifically, the OIC alleged that Altig was employing 16 call center employees who were not licensed as insurance producers to make telephone insurance solicitation calls to consumers from its Redmond,

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Washington office; that between January 2011 and July 29, 2011 these unlicensed call center employees contacted 533 Washington residents who were policyholders of life insurance policies issued by American Income Life Insurance Company and offered them riders providing additional benefits; that neither the script the Licensee gave its representatives to use nor the recordings of the calls asked the consumer whether he agreed to the policy addition or to pay additional premium therefore; and, finally, that several of the consumers contacted by the OIC indicated they did not want the additional coverage and only realized it had been added when they noticed an increase in their automatic withdrawals for the premium.

Altig, by and through Brian F. Kregger, Esq., of Kregger Beeghly, PLLC, in Seattle rejected the OIC's proposed Consent Order and on July 31, 2012 filed a Demand for ~~Hearing to contest the matter.~~ Altig advised that, solely for purposes of its Demand for Hearing and the appeal thereunder, it did not contest the "Findings of Facts" and "Conclusions of Law" set forth in the proposed Consent Order but only contested the OIC's proposal to impose the fine and two year probation upon the Licensee.

In response to Altig's Demand for Hearing, on September 11, 2012 the undersigned held a first prehearing conference in this matter and the hearing was scheduled to commence on December 11, 2012.

Subsequently, however, on September 13, 2012 Altig filed a Notice of Withdrawal with the undersigned, withdrawing its Demand for Hearing, and on September 19, 2012 the parties filed their executed settlement agreement, entitled Consent Order Levying a Fine and Placing Licensee on Probationary Status. Said September 13, 2012 Notice of Withdrawal of demand for hearing and Consent Order filed September 19, 2012 in settlement of this matter are attached hereto and are by this reference incorporated herein.

It is noted that, relative to the Consent Order filed on September 19, 2012 in settlement of this matter, this was settled prior to any adjudicative proceeding. Therefore, for purposes of clarification, while this Consent Order includes statements identified as "Findings of Fact" and "Conclusions of Law," these are not Findings of Fact or Conclusions of Law which were made by an adjudicator after an adjudicative proceeding; rather, the statements contained in the attached Consent Order which are entitled "Findings of Fact" and "Conclusions of Law" are only statements which were agreed upon by the parties between themselves without involvement of any adjudicator or finder of fact.

ORDER

Based upon the above activity,

IT IS HEREBY ORDERED that this case has been settled prior to a hearing. Therefore, for purposes of clarification, while the Consent Order Levying a Fine and

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Placing Licensee on Probationary Status, executed by Altig and the OIC on September 13, 2012 and September 19, 2012, respectively, includes statements identified as "Findings of Fact" and "Conclusions of Law," these statements are not Findings of Fact or Conclusions of Law which were made by an adjudicator after an adjudicative proceeding; rather, the statements contained in the attached Consent Order entitled "Findings of Fact" and "Conclusions of Law" are only statements which were agreed upon by the parties between themselves without involvement of any adjudicator or finder of fact.

IT IS FURTHER ORDERED that, by agreement of the parties, this proceeding, Docket No. 12-0105, is hereby dismissed with prejudice.

Entered this 24th day of October, 2012, at Tumwater, Washington, pursuant to Title 48 RCW, Title 34 RCW and regulations pursuant thereto.



PATRICIA D. PETERSEN
Chief Presiding Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Brian Kroger, Esq., Mike Kreidler, Mike Watson, John F. Hamje, Carol Sureau, Esq. and Charles Brown, Esq..

DATED this 25th day of October, 2012.


KELLY A. CAIRNS

— KREGER BEEGHLY, PLLC —

ATTORNEYS

FILED

2012 SEP 14 12:11 PM
Brian F. Kreger
Direct Dial: 206-829-2757
E-Mail: bk@kregerbeeghly.com
Hon. Patricia D. Petersen
Chief Hearing Officer

September 13, 2012

Hon. Patricia D. Petersen
Chief Hearing Officer
Office of the Insurance Commissioner
Hearings Unit
5000 Capitol Blvd.
Tumwater, WA 98501

VIA PERSONAL DELIVERY

RE: In the Matter of Altig International Co., Licensee
OIC Matter No. 12-0105
NOTICE OF WITHDRAWAL OF DEMAND FOR HEARING

Dear Judge Petersen:

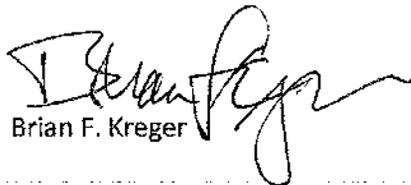
By this letter, Altig International Co. does hereby withdraw its Demand For Hearing in the above-referenced matter filed with the Office of the Insurance Commissioner on July 31, 2012, and received and filed in the Hearings Unit on August 2, 2012.

A copy of this formal Withdrawal of Demand For Hearing is being served also on Mr. Charles Brown, staff attorney with the Office of Insurance Commissioner.

Contemporaneous with this Notice of Withdrawal of Demand For Hearing, Altig International Co. has executed the Insurance Commissioner's Consent Order in OIC Matter No. 12-0105. Both original copies of that Consent Order, prepared by Mr. Brown and the Office of the Insurance Commissioner, are being delivered to Mr. Brown by personal delivery on this day.

On behalf of my client, we offer our thanks and appreciation for your attention and courtesy in handling this matter as Chief Hearing Officer for the Office of the Insurance Commissioner.

Sincerely,



Brian F. Kreger

C. Charles D. Brown, Esq.
Kreger Beeghly, PLLC File



OFFICE OF
INSURANCE COMMISSIONER

FILED

2012 SEP 19 AM 9:05

MIKE KREIDLER
Insurance Commissioner
Chief Executive Officer

In The Matter of

ALTIG INTERNATIONAL CO.,

Licensee.

NO. 12-0105

CONSENT ORDER
LEVYING A FINE AND
PLACING
LICENSEE ON PROBATIONARY
STATUS

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.17.060 and RCW 48.17.063, having reviewed the official records and files of the Office of the Insurance Commissioner ("OIC"), makes the following:

FINDINGS OF FACT:

1. Altig International Co. ("Licensee") is a Washington corporation that holds a Washington entity insurance producer license for the lines of life and disability insurance, WAOIC #200663.
2. Between January, 2011, and July 29, 2011, investigators from the Office of Insurance Commissioner visited the Licensee's office in Redmond, Washington where they found unlicensed employees of Licensee making telephone insurance solicitations. Follow up investigation revealed that of 20 call center representatives making insurance solicitation calls from this office, 16 were not licensed by the OIC.
4. Between January, 2011, and July 29, 2011, these unlicensed Licensee call center employees contacted 533 Washington residents who were policy holders of life insurance policies issued by American Income life Insurance Company ("AIL") and offered them riders providing additional benefits.
5. Licensee gave its call center representatives a script and recorded their calls. Neither the scripts nor the recordings of the calls reviewed by OIC investigators asked whether the customer agreed to the policy addition or agreed to pay additional premium and several of the consumers contacted by the OIC indicated they did not want the additional coverage and only



realized it had been added when they noticed an increase in their automatic withdrawals for the premium.

6. The AIL riders offered to Washington residents by the unlicensed call center employees of the Licensee were submitted to AIL by Licensee using the producer license and appointment of a licensed and appointed producer.

CONCLUSIONS OF LAW:

1. By knowingly accepting insurance business from unlicensed call center employees who were required to be licensed under RCW Title 48, the Licensee violated RCW 48.17.530.

2. Mere silence, when an offer is made, does not constitute an acceptance of the offer.

3. 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 the revocation, suspension, or refusal to renew a producer's license.

CONSENT TO ORDER:

Licensee, 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 the Licensee's payment of a fine and on such terms and conditions as are set forth below.

1. Licensee 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 (One Hundred Fifty Thousand Dollars), \$50,000 (Fifty Thousand Dollars) of which is suspended, on the conditions that Licensee commit no further violations of the statutes that are the subject of this Order for a period of two years from the date this Order is entered. Licensee understand 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 direct response to further violations, in addition to the imposition of the suspended portion of this fine.

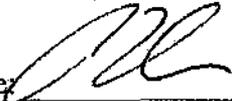
3. The producer license of Altig International Co. shall be placed on probationary status during the two year period for which a portion of the fine is suspended, which probation will be revoked and will result in automatic revocation of its licenses in the event Licensee commits further violations of the statutes which are the subject of this Order during the probationary period.

4. Licensee's failure to timely pay this fine and to adhere to the conditions as set forth above will result in revocation of its license, and shall result in the recovery of both the imposed and suspended portion 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 13 day of Sept, 2012.

ALTIG INTERNATIONAL CO.

Signature/Title

 President

ORDER

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

1. Licensee shall pay a fine of \$150,000 (One Hundred Fifty Thousand Dollars), \$50,000 (Fifty Thousand Dollars) of which is suspended, on the condition that Licensee commit no further violations of the statutes that are the subject of this Order for a period of two years from the date this Order is entered. Licensee 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 direct response to further violations, in addition to the imposition of the suspended portion of this fine.

2. The producer license of Altig International Co. is placed on probationary status during the two year period for which a portion of the fine is suspended, which probation will be revoked and will result in automatic revocation of their licenses in the event Licensee commits further violations of the statutes which are the subject of this Order during the probationary period.

3. Licensee's failure to timely pay this fine and to adhere to the conditions as set forth above will result in revocation of its license, and shall result in the recovery of both the imposed and

suspended portion 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 11th day of September, 2012.

MIKE KREIDLER
Insurance Commissioner

By



Charles D. Brown
OIC Staff Attorney
Legal Affairs Division