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OFFICE OF
INSURANCE COMMISSIONER

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Patricia D. Petersen
Chief Presiding Officer
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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of)	Docket No. 13-0022
)	
BANCINSURE, INC.)	ORDER TERMINATING
)	PROCEEDING
An Authorized Insurer.)	
)	
)	

TO: Lisa G. Bays, President and Chief Executive Officer
BancInsure, Inc.
Post Office Box 26104
Oklahoma City, Oklahoma 73126

COPY TO: Mike Kreidler, Insurance Commissioner
James T. Odiorne, Chief Deputy Insurance Commissioner
Charles Brown, Acting Deputy Commissioner, Legal Affairs Division
Kate Reynolds, Staff Attorney, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

On January 9, 2013, James T. Odiorne, CPA, JD, Deputy Insurance Commissioner of Company Supervision, on behalf of the Insurance Commissioner (OIC), issued a Notice of Intent to Revoke Certificate of Authority No. 1853 (Notice) to BancInsure, Inc. (BancInsure). As the basis for said revocation, the OIC alleges that BancInsure's present financial condition is such that its further transaction of insurance in this state would be hazardous to policyholders and the people in this state, and specifically notes (1) BancInsure's latest quarterly statement reported its statutory capital and surplus at an amount below the minimum required by statute, and (2) BancInsure's failure to pay its regulatory surcharge and the penalty and interest imposed. The Notice further advised that the OIC would issue an Order Revoking Certificate of Authority in this matter on January 22, 2013. On January 17, 2013, BancInsure filed a Demand for Hearing

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to contest this threatened order of revocation; this Demand automatically stayed issuance of an Order Revoking Certificate of Authority pursuant to RCW 48.04.

On February 5, 2013, the undersigned held a prehearing conference in this matter. During said prehearing conference, BancInsure advised that it had just been, or was in the process of, being sold to private equity firm Foster Jennings and that therefore after March 13, 2013 there would be an influx of capital which BancInsure believed would resolve the OIC's concerns. As requested, the parties agreed that a second prehearing conference with the undersigned would be scheduled after March 13 and the hearing scheduled at that time if still necessary.

Thereafter, on April 17, 2013, the OIC filed Consent Order, No. 13-0107 with the undersigned. This Consent Order was executed by Lisa G. Bays, President and Chief Executive Officer of BancInsure, on April 11, and by Kate Reynolds, OIC Staff Attorney on behalf of the Insurance Commissioner, on April 16. Among the terms of the Consent Order, it is noted that on December 14, 2012 BancInsure paid the regulatory surcharge, penalty and interest at issue in the OIC's Notice, and that on February 4, 2013, the Oklahoma Insurance Department approved the acquisition of BancInsure by FJIC LLC (private equity firm Foster Jennings), which has committed to increase BancInsure's capital to 300% of authorized control level risk-based capital. In said Consent Order, the parties further agree that BancInsure will not write any new business in Washington without prior approval of the OIC and that the OIC reserves the right to revoke BancInsure's Washington Certificate of Authority should BancInsure fail to maintain the risk-based capital levels as required by Oklahoma Insurance Department's Order approving the acquisition by FJIC LLC. A copy of said Consent Order is attached hereto and is by this reference incorporated herein.

Relative to Consent Order, No. 13-0107, it is noted that this case was settled prior to the commencement of an adjudicative proceeding. Therefore, for purposes of clarification, while this Consent Order includes statements identified as "Findings of Facts" 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 referenced Consent Order which are entitled "Findings of Fact" and "Conclusions of Law" are only statements that are agreed upon privately between the parties.

Based upon the above activity,

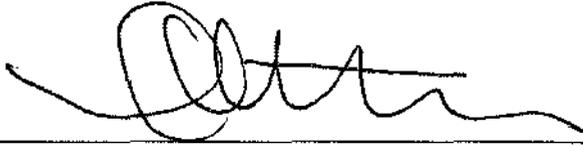
IT IS HEREBY ORDERED that, by agreement of the parties as set forth in the Consent Order executed by BancInsure, Inc. on April 11, 2013, and by the Insurance Commissioner on April 16, the parties have fully settled this matter, and the proceedings herein, Docket No. 13-0022, is terminated. For purposes of clarification, while the referenced 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 entitled "Findings of Fact" and "Conclusions of Law" are only statements agreed upon between the parties themselves.

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ENTERED AT TUMWATER, WASHINGTON, this 17th day of June, 2013, pursuant to Title 48 RCW and specifically RCW 48.04 and Title 34 RCW and regulations applicable thereto.



PATRICIA D. PETERSEN, J.D.

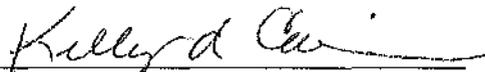
Chief Presiding Officer

Attachment – Consent Order filed April 17, 2013.

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 above identified individuals at their addresses listed above.

DATED this 17th day of June, 2013.


KELLY A. CAIRNS



FILED

OFFICE OF
INSURANCE COMMISSIONER

2013 APR 17 A 9:27

Hearings Unit, DIC
Patricia E. Robinson
Chief Hearing Officer

In The Matter of

BANCINSURE, INC.,

An Authorized Insurer

ORDER NO. 13-0107

CONSENT ORDER

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.05.140 and RCW 48.05.170, having reviewed the official records and files of the Office of the Insurance Commissioner (OIC), makes the following:

FINDINGS OF FACT:

1. BancInsure, Inc. (BancInsure) is an Oklahoma domiciled insurer that holds a Washington certificate of authority, WAOIC No. 91311, for the lines of casualty, disability, marine, property, surety and vehicle insurance.
2. On January 9, 2013 the Company Supervision Division sent the President of BancInsure, Lisa Bays, Notice of Intent to Revoke Certificate of Authority. The basis of the revocation was the financial condition of the company and failure to pay its regulatory surcharge, penalty, and interest.
3. The OIC received notice that the regulatory surcharge, penalty, and interest had been paid on December 14, 2012.
4. On January 17, 2013 the OIC received BancInsure's demand for hearing which is pending before the Chief Hearing Officer for OIC.
5. On February 4, 2013 the Oklahoma Insurance Department issued Final Order No. 12-1024-TRN approving the acquisition of BancInsure by FJIC LLC (FJIC) a wholly owned subsidiary of Foster Jennings, Inc. As part of the acquisition, FJIC committed to increase BancInsure's capital by March 21, 2013 to 300% of authorized control level risk-based capital (RBC). If necessary, should the RBC fall below the 300% at year-end 2013, additional capital will be contributed in March of 2014.

CONCLUSIONS OF LAW:

1. The Insurance Commissioner may revoke the certificate of authority of any company deemed financially hazardous under RCW 48.05.140.

CONSENT TO ORDER:

BancInsure, Inc., 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 on such terms and conditions as are set forth below.

1. BancInsure, Inc. consents to the entry of this Order, waives any and all hearing rights, and waives further administrative or judicial challenges to this Order.
2. BancInsure, Inc. agrees to not write any new business in Washington State without prior approval of the OIC. BancInsure, Inc. further agrees to provide the OIC with adequate information for evaluation of any opportunity to write new business in Washington State, including, but not limited to, that which is outlined in RCW 48.05.070.
3. Further, should BancInsure, Inc. fail to maintain the risk-based capital levels as required by the Oklahoma Insurance Department's Final Order No. 12-1024-TRN, the OIC reserves the right to revoke the certificate of authority pursuant to RCW 48.05 et seq.

EXECUTED this 11th day of April, 2013.

BANCINSURE, INC.

By: Lisa G. Bays

Printed Name: LISA G. BAYS

Corporate Title: President & CEO

ORDER

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

1. BancInsure, Inc. consents to the entry of this Order, waives any and all hearing rights, and waives further administrative or judicial challenges to this Order.
2. BancInsure, Inc. will not write any new business in Washington State without prior approval of the OIC. BancInsure, Inc. further agrees to provide the OIC with adequate information for evaluation of any opportunity to write new business in Washington State, including, but not limited to, that which is outlined in RCW 48.05.070.

3. Further, should BancInsure, Inc. fail to maintain the risk-based capital levels as required by the Oklahoma Insurance Department's Final Order No. 12-1024-TRN, the OIC reserves the right to revoke the certificate of authority pursuant to RCW 48.05 et seq.

ENTERED AT TUMWATER, WASHINGTON, this 16th day of April, 2013.

MIKE KREIDLER
Insurance Commissioner

By: K. Reynolds
Kate Reynolds
Staff Attorney
Legal Affairs Division