

STATE OF WASHINGTON

Phone: (360) 725-7000

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT
Fax: (360) 664-2782

FILED

2007 FEB -7 A 10: 15

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing 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
of a true copy of this document to
parties listed below
DATED this 7th day of Feb. 2007.
at Tumwater, Washington.

Signed: Wendy Galloway

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Wendy Galloway
Paralegal
WendyG@OIC.wa.gov.
(360) 725-7002

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:)	
)	NO. D06-275
AMERICAN RESOURCES)	
INSURANCE COMPANY,)	ORDER TERMINATING
)	PROCEEDING
An Authorized Insurer, and)	
)	
MICHAEL BRADY,)	
)	
Individual Respondent.)	
)	

TO: Micheal S. Jackson, Esquire
Beers, Anderson, Jackson, Patty & Van Heest, P.C.
P.O. Box 1988
Montgomery, Alabama 36102

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
James T. Odiome, Deputy Commissioner, Company Supervision
John Hamje, Deputy Commissioner, Consumer Protection
Carol Sureau, Deputy Commissioner, Legal Affairs
Marcia G. Stickler, Staff Attorney, Legal Affairs
P.O. Box 40255
Olympia, Washington 98504-0255

ORDER TERMINATING PROCEEDING

NO. D06-275

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On December 21, 2006, American Resources Insurance Company (ARIC) by and through Micheal Jackson, Esq. of Beers, Anderson, Jackson, Patty and Van Heest, P.C., of Montgomery, Alabama, filed a Request for Hearing in the above captioned matter. The purpose of said Request for Hearing was to contest the act of the Insurance Commissioner (Commissioner) in his Order to Cease and Desist, No. D06-275, entered September 22, 2006, and the violations alleged therein.

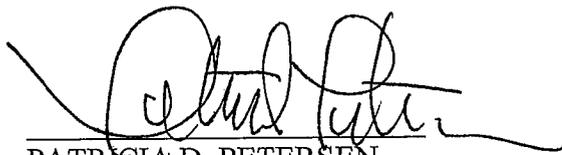
Following several prehearing conferences which included the undersigned, on January 24, 2007, the Commissioner entered an Order Rescinding Prior Order to Cease and Desist, D06-275, which concluded that ARIC did not engage in the business of insurance in Washington without a Certificate of Authority as alleged in his initial Order to Cease and Desist, and which rescinded said original Order to Cease and Desist in its entirety dated retroactively to September 22, 2006.

Based upon the entry of the aforereferenced Order Rescinding Prior Order to Cease and Desist, on January 25, 2007, ARIC, by and through its counsel, Michael Jackson, filed a Request to Withdraw Hearing with the undersigned, stating that due to the fact that the Commissioner entered the subject Order Rescinding the Prior Order to Cease and Desist, this matter has been resolved and a hearing is no longer necessary.

Based upon the above activity:

IT IS HEREBY ORDERED that the proceeding in this matter is terminated. All documents referenced above are included in the hearing file and are by this reference incorporated herein.

ENTERED this 7th day of February, 2007, at Tumwater, Washington.



PATRICIA D. PETERSEN
Chief Hearing Officer



OFFICE OF
INSURANCE COMMISSIONER

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Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

In the Matter of)	
)	No. D06-275
AMERICAN RESOURCES)	
INSURANCE COMPANY,)	ORDER RESCINDING PRIOR
)	ORDER TO CEASE AND DESIST
An Unauthorized Insurer, and)	
)	
MICHAEL BRADY,)	
)	
Individual Respondent)	

FINDINGS OF FACT

- American Resources Insurance Company ("ARIC") has not ever been authorized to conduct the business of insurance in Washington State. ARIC is an authorized insurer in the state of South Carolina.
- ARIC issued an excess of loss contractual liability insurance policy to Ultimate Warranty Corporation ("Ultimate") of Charleston, South Carolina, effective October 1, 2005. Ultimate issues motor vehicle service contracts. By the terms of the agreements made between ARIC and Ultimate, Ultimate was required to obtain ARIC's written consent, and all necessary regulatory approvals, prior to issuing service contracts. By additional terms of the agreements, in states where ARIC was not authorized to do business, Capital Assurance Risk Retention Group provided coverage for Ultimate's service contracts.
- Notwithstanding the terms of the agreements noted above, on or about December 6, 2005, Ultimate Warranty filed the ARIC policy with the Office of the Insurance Commissioner ("OIC") as its motor vehicle service contract reimbursement policy as required by RCW 48.96.020. The OIC informed ARIC on January 30, 2006 that inasmuch as ARIC was not an authorized insurer in Washington, it could not act as Ultimate's reimbursement carrier for Washington service contracts.
- ARIC responded by letter to OIC dated February 2, 2006, disavowing any intent to provide insurance on Washington service contracts and affirming that Ultimate filed its policy with ARIC with the OIC without its knowledge or permission. The letter to OIC further stated that it was informing Ultimate by a copy of the letter that it was not to issue any service contracts in Washington using ARIC as the "insuring company." ARIC



affirmed that it had not accepted any Washington service contracts under the policy with Ultimate, nor would it unless and until it was admitted in Washington.

5. As a result of misrepresentations made to OIC by Ultimate, OIC concluded on or about September 22, 2006, that ARIC had knowingly paid claims on numerous Washington service contract claims on behalf of Ultimate until August 2006, despite being unauthorized to do so. On that date, the OIC ordered ARIC to Cease and Desist from conducting the business of insurance in Washington.

6. Subsequent OIC discussions with ARIC, and review of the pertinent agreements and the contractual liability insurance policy, revealed that Ultimate's unauthorized use of ARIC's name as its reimbursement insurer for service contracts it wrote in Washington was contrary to the agreements, ARIC's explicit instructions, and done without ARIC's knowledge or permission. Moreover, ARIC did not accept for coverage any Washington service contracts written by Ultimate. OIC now concludes that ARIC did not unlawfully engage in the business of insurance in Washington.

CONCLUSIONS OF LAW

1. OIC issued an Order to Cease and Desist to ARIC on September 22, 2006, based on the facts then known to the OIC upon investigation.

2. Inasmuch as OIC now concludes that ARIC did not engage in the business of insurance in Washington without a certificate of authority to do so, OIC is rescinding its Order to Cease and Desist issued to ARIC on September 22, 2006.

ORDER:

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

The Order to Cease and Desist issued to American Resources Insurance Company on September 22, 2006, is hereby rescinded in its entirety dated retroactively to September 22, 2006.

ENTERED AT TUMWATER, WASHINGTON on this 24th day of

January, 2007.

Mike Kreidler
Insurance Commissioner

By

Marcia G. Stickler
Marcia G. Stickler
Staff Attorney, Legal Affairs

BEERS, ANDERSON, JACKSON,
PATTY, VAN HEEST & FAWAL, P. C.

ATTORNEYS AT LAW

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*ALSO ADMITTED IN GEORGIA
**ALSO ADMITTED IN TENNESSEE

January 25, 2007

(VIA FACSIMILE: 360/664-2782
AND REGULAR MAIL)
Honorable Patricia Petersen, Judge
Office of Insurance Commissioner
Hearings Unit
P. O. Box 40255
Olympia, WA 98504-0255

FILED

JAN 26 2007

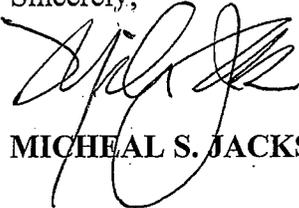
Hearings Unit, OIC
Patricia O. Petersen
Chief Hearing Officer

**RE: OIC's Order Rescinding Prior Order to Cease and Desist
American Resources Insurance Company - Order No. D06-275**

Dear Judge Petersen:

Due to the fact that the Office of the Insurance Commissioner has entered an Order Rescinding the Prior Order to Cease and Desist in regards to the above-referenced matter, I believe this matter has been resolved and the hearing is no longer necessary. Therefore, if it is necessary, American Resources Insurance Company and Michael Brady hereby withdraw their request for a hearing in this matter. Thank you for your assistance.

Sincerely,



MICHAEL S. JACKSON

MSJ/db

cc: Marcia G. Stickler, J.D., LL.M.
(Via-Fax: 360/586-0152 and Regular Mail)