

MAR 15 2001

DEPT. OF INSURANCE
BY 

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:)
)
 FIRST ALLMERICA FINANCIAL LIFE)
 INSURANCE COMPANY (NAIC NO. 69140), and)
 ALLMERICA FINANCIAL BENEFIT INSURANCE)
 COMPANY (NAIC NO. 41840))
 Respondents.)

No. 01A-069 - INS

CONSENT ORDER

The State of Arizona Department of Insurance ("the Department") has received evidence that First Allmerica Financial Life Insurance Company and Allmerica Financial Benefit Insurance Company (Respondents) violated provisions of Title 20, Arizona Revised Statutes. Respondents wish to resolve this matter without the commencement of formal proceedings, and admit the following Findings of Fact are true and consent to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. First Allmerica Financial Life Insurance Company ("First Allmerica") is currently, and was at all material times, authorized to operate as a life and disability insurer in the State of Arizona pursuant to a Certificate of Authority issued by the Director.

2. Allmerica Financial Benefit Insurance Company ("Allmerica") is currently, and was at all material times, authorized to operate as a property and casualty insurer and to write disability income policies in the State of Arizona pursuant to a Certificate of Authority issued by the Director.

3. Affinity Group Underwriters, Inc. ("Affinity") is a Virginia corporation. Affinity became licensed to transact life and disability insurance as a nonresident agency on February 11, 2000, Arizona license number 88931, which license expires February 28, 2002.

1 4. Affinity did not hold a license to transact the business of insurance in the State of
2 Arizona prior to February 11, 2000.

3 5. On or about September 1, 1997, First Allmerica entered into a managing underwriter
4 contract with Affinity whereby First Allmerica allowed Affinity to provide administrative services
5 including marketing, underwriting, claims processing, agent appointments, and collection of premiums.
6 In payment for its services, Affinity retained eight percent (8%) of the total premiums collected.

7 6. Affinity also agreed to serve as managing underwriter for Allmerica under the terms of
8 their contract with First Allmerica.

9 7. From and about September 1, 1997 through in and around November 1999, First
10 Allmerica paid commissions of \$3,240.10 to Affinity on 48 contracts underwritten by Affinity on First
11 Allmerica paper. During this same time period, Allmerica paid commissions of \$17,574.17 on 191
12 contracts underwritten by Affinity on Allmerica paper.

13 **CONCLUSIONS OF LAW**

14 1. The Director has jurisdiction over this matter.

15 2. Respondents' conduct constitutes the transaction of insurance in this state, without
16 complying with the applicable provisions of this title, within the meaning of A.R.S. §20-107(A)

17 3. Respondents' conduct constitutes the payment of compensation, fee or commission in
18 connection with insurance transacted in this state to an agent who was not licensed in this state at the
19 time of the transaction, within the meaning of A.R.S. §20-311(A).

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1 **ORDER**

2 IT IS HEREBY ORDERED THAT:

3 1. Respondents shall cease and desist from paying compensation, fees or commissions in
4 connection with insurance transacted in this state to agent(s) who are not licensed in this state at the
5 time of the transaction.

6 2. Respondent First Allmerica shall pay a civil penalty in the amount of one thousand
7 dollars (\$1,000) to the Director payable upon the entry of this Order for remission to the State Treasurer
8 for deposit in the State General Fund.

9 3. Respondent Allmerica shall pay a civil penalty in the amount of one thousand dollars
10 (\$1,000) to the Director payable upon the entry of this Order for remission to the State Treasurer for
11 deposit in the State General Fund.

12 DATED AND EFFECTIVE this 14th day of March, 2001.

13 
14 _____
15 CHARLES R. COHEN
16 Director of Insurance

16 **CONSENT TO ORDER**

17 1. Respondents have reviewed the foregoing Findings of Fact, Conclusions of Law and
18 Order.

19 2. Respondents admit the jurisdiction of the Director of Insurance, State of Arizona, and
20 admit the foregoing Findings of Fact and consent to the entry of the foregoing Conclusions of Law and
21 Order.

1 4. Respondents are aware of their right to notice and a hearing at which they may be
2 represented by counsel, present evidence and examine witnesses. Respondents irrevocably waive their
3 right to such notice and hearing and to any court appeals relating to this Consent Order.

4 5. Respondents state that no promise of any kind or nature whatsoever, except as expressly
5 contained in this Consent Order, was made to them to induce them to enter into this Consent Order and
6 that they have entered into this Consent Order voluntarily.

7 6. Respondents acknowledge that the acceptance of this Consent Order by the Director is
8 solely to settle this matter against them and does not preclude any other agency, officer, or subdivision
9 of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

11 First Allmerica Financial Life Insurance Company
(NAIC No. 69140)

12 3-01-01

13 Date

14 By 

15 Its A.U.P.

16 Allmerica Financial Benefit Insurance Company
(NAIC No. 41840)

17 3-01-01

18 Date

19 By 


20 Its President

21 COPIES of the foregoing mailed/delivered
22 this 15th day of March, 2001, to:

23 Allmerica Financial Benefit Insurance Company
24 100 North Parkway
Worcester, MA 01605

1 First Allmerica Financial Life Insurance Company
440 Lincoln Street
2 Worcester, MA 01653

3 Sara M. Begley, Deputy Director
Gerrie L. Marks, Executive Assistant for Regulatory Affairs
4 Mary Butterfield, Assistant Director
Catherine M. O'Neil, Consumer Legal Affairs Officer
5 Maureen J. Catalioto, Supervisor
Bob Hill, Investigator
6 Department of Insurance
2910 North 44th Street, Suite 210
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8 
9 Curvey Walters Burton

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