

DEC 2 2004

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

In the Matter of)
)
COAST LIFE INSURANCE COMPANY)
(Arizona Company No. 5639))
)
Respondent.)
_____)

Docket No. 04A-200 -INS

CONSENT ORDER

The State of Arizona, Department of Insurance (the "Department"), has received evidence that Coast Life Insurance Company ("Respondent") violated provisions of Title 20, Arizona Revised Statutes ("A.R.S."). Respondent wishes to resolve this matter without the commencement of formal proceedings. Without admitting or denying the allegations, Respondent does not contest that the following Findings of Fact are true and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Coast Life Insurance Company ("Respondent"), an Arizona domiciled insurance company, presently holds a certificate of authority issued by the Arizona Department of Insurance to transact credit life and disability reinsurance in Arizona.

2. As identified in Exhibit A, Respondent has repeatedly failed to timely file its Annual Statements as required by A.R.S. § 20-223. This pattern began in calendar year 2000 and continues to date. The repeated late filings by Respondent constitute intentional violations of A.R.S. § 20-220(A)(1).

1 in the event Respondent's actuary or Certified Public Accountant is unable to do so. A copy of
2 correspondence evidencing Respondent's compliance with this requirement is attached hereto
3 as Exhibit B.

4 DATED this 18th day of December 2004.

5
6 

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

CHRISTINA URIAS
Director of Insurance

CONSENT TO ORDER

1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.
2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona. Without admitting or denying the same, Respondent does not contest that the foregoing Findings of Fact are true and consents to the entry of the foregoing Conclusions of Law and Order.
3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.
4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.
5. Respondent acknowledges that the acceptance of this Consent Order by the

1 Director is solely to settle this matter. Respondent understands that this Consent Order does
2 not preclude any other agency, officer or subdivision of this State from instituting civil or
3 criminal proceedings as may be appropriate now or in the future.

4
5 **COAST LIFE INSURANCE COMPANY**

6 DATE: Nov 13, 2004

7 MILFORD P. CHRISTENSON
By: Milford P. Christenson
Title: President

8
9 COPY of the foregoing mailed/delivered
10 this 2nd day of Dec., 2004 to:

11 James E. Brophy
12 Ryley Carlock & Applewhite
13 One North Central Avenue, Suite 1200
14 Phoenix, AZ 85004-4417

15 Milford Christenson, President
16 Coast Life Insurance Company
17 9700 Indianapolis Boulevard
18 Highland, IN 46322

19 David M. Nelson
20 Agent for Service of Process
21 312 East Alvarado Road
22 Phoenix, AZ 85004

23 Gerrie Marks, Deputy Director
24 Steve Ferguson, Assistant Director
Kurt Regner, Chief Financial Analyst
Leslie Hess, Deputy Receiver
Arizona Department of Insurance
2910 North 44th Street, Second Floor
Phoenix, AZ 85018

25 Curvey Burton
Curvey Walters Burton

COAST LIFE INSURANCE COMPANY
Consent Order Exhibit A

ANNUAL STATEMENTS			
YEAR	DUE	RECEIVED	PENALTY AMOUNT
2003	8/1/04	8/18/04	\$425*
2002	3/31/03	6/10/03	\$1775*
2001	3/31/02	6/6/02	\$210
2000	3/31/01	5/24/01	\$390
TOTAL PENALTY FEES			\$2,800

*ASSESS

EXHIBIT B

Letter of Understanding
October 25, 2004

This letter of understanding (Letter) between David M. Nelson, Consulting Actuary, herein called DMN, and GPW and Associates, Inc., a Consulting Actuarial Firm, herein called GPWA, shall become effective immediately upon signature of the parties hereto. The Letter shall remain in effect as written, until it is canceled by either party but not earlier than 30 days from the date of written notice of the cancellation and not until the cancellation notice has been reported to the Financial Affairs Division of the Arizona Department of Insurance.

The purpose of the Letter is to provide assurance that there is a system of back up in the area of timely financial reporting to the Arizona Department of Insurance of the affairs of certain clients of DMN, namely Canyon State Life Insurance Company and Coast Life Insurance Company, in the event of the inability of DMN to meet the future filing date requirements as to such clients for whatever reason.

These insurers have long ago been given the recommendation of DMN that GPWA be given the highest consideration to replace DMN as Appointed Actuary in the event of the inability of DMN to continue to render services and this Letter will build a bridge for that purpose.

GPWA has agreed to undertake to give such assurance in exchange for a fee to be determined in future predicated upon the services that may actually be rendered by GPWA in performing such services.

DMN has agreed to provide GPWA with information as to the system currently used to prepare the financial statements of the clients involved and as to substantial changes in that system as may occur from time to time. DMN has further agreed to make GPWA aware of the status of the work in preparing each such financial statement in future during the continuation of this Letter such that there will be sufficient time for GPWA to complete the financial statement in a timely manner if any occurrence will prevent DMN from doing so.

Initially, DMN has agreed with GPWA that DMN will notify GPWA as follows of any problem that will prevent DMN from the timely filing of a financial statement:

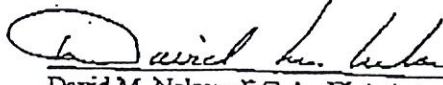
Type of Financial Statement	Days Before Due Date Notice Given
Quarterly	15
Annual	25

At any time, the Letter may be amended in writing by the parties.

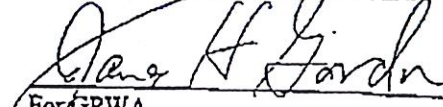
DMN represents to GPWA that Milford P. Christenson, the president of the two insurance companies, is aware that such an agreement will be entered into and that certain general references to such an agreement were made in the presence of officials of the Arizona Department of Insurance on October 6, 2004, in the presence of Milford P. Christenson and with his permission.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures on the dates set out herein below:

Date 10-25-04


David M. Nelson, F.C.A., M.A.A.A.

Date 10/25/04


For GPWA
By: James H. Gordon, F.S.A.