

APR 27 2006

DEPT OF INSURANCE
BY 

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:)	Docket No. 06A-067-INS
)	
CSE SAFEGUARD INSURANCE COMPANY,)	
)	
NAIC # 18953,)	CONSENT ORDER
)	
Respondent.)	

Examiners for the Department of Insurance (the "Department") conducted a target market examination of CSE Safeguard Insurance Company ("CSE Safeguard"). In the Report of Target Market Examination of CSE Safeguard, the Examiners allege that CSE Safeguard violated A.R.S. §20-1632.01.

CSE Safeguard wishes to resolve this matter without formal proceedings, admits 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. CSE Safeguard is authorized to transact property and casualty insurance pursuant to a Certificate of Authority issued by the Director.

2. The Director authorized the Examiners to conduct a target market examination of CSE Safeguard. The examination covered the time period from January 1, 2004 through December 31, 2004 and concluded on January 4, 2006. Based on the examination findings, the Examiners prepared the "Report of Target Market Examination of CSE Safeguard Insurance Company" dated December 31, 2004.

3. The Examiners reviewed 62 of 413 non-renewal cancellation files cancelled for non-payment of premium during the examination period and found that CSE Safeguard failed to provide the minimum 7 day grace period, after the premium

1 due date, on 60 non-renewal cancellations.

2 **CONCLUSIONS OF LAW.**

3 1. CSE Safeguard violated A.R.S §20-1632.01 by failing to provide a
4 minimum seven day grace period, after the premium due date, before canceling
5 personal automobile policies for nonpayment of premium.

6 2. Grounds exist for the entry of the following Order in accordance with
7 A.R.S. §20-220.

8 **ORDER**

9 **IT IS HEREBY ORDERED THAT:**

10 1. CSE Safeguard shall cease and desist from failing to provide a minimum
11 seven day grace period, after the premium due date, before canceling personal
12 automobile policies for nonpayment of premium.

13 2. Within 90 days of the filed date of this Order, CSE Safeguard shall submit
14 to the Arizona Department of Insurance, for approval, evidence that corrections have
15 been implemented and communicated to the appropriate personnel, regarding the
16 issues outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of
17 corrective action and communication thereof includes, but is not limited to, memos,
18 bulletins, E-mails, correspondence, procedures manuals, print screens, and training
19 materials.

20 3. The Department shall be permitted, through authorized representatives,
21 to verify that CSE Safeguard has complied with all provisions of this Order.

22 4. CSE Safeguard shall pay a civil penalty of \$12,500.00 to the Director for
23 remission to the State Treasurer for deposit in the State General Fund in accordance
24 with A.R.S. §20-220(B). The civil penalty shall be provided to the Market Oversight
25 Division of the Department prior to the filing of this Order.

1 5. The Report of Target Market Examination of CSE Safeguard Insurance
2 Company as of December 31, 2004, including the letter with their objections to the
3 Report of Examination, shall be filed with the Department upon the filing of this Order.
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5 DATED at Phoenix, AZ this 25th day of April, 2006.

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9 Christina Urias
10 Director of Insurance
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1 **CONSENT TO ORDER**

2 1. CSE Safeguard Insurance Company has reviewed the foregoing Order.

3 2. CSE Safeguard Insurance Company admits the jurisdiction of the
4 Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and
5 consents to the entry of the Conclusions of Law and Order.

6 3. CSE Safeguard Insurance Company is aware of the right to a hearing, at
7 which it may be represented by counsel, present evidence and cross-examine
8 witnesses. CSE Safeguard Insurance Company irrevocably waives the right to such
9 notice and hearing and to any court appeals related to this Order.

10 4. CSE Safeguard Insurance Company states that no promise of any kind or
11 nature whatsoever was made to it to induce it to enter into this Consent Order and that
12 it has entered into this Consent Order voluntarily.

13 5. CSE Safeguard Insurance Company acknowledges that the acceptance
14 of this Order by the Director of the Arizona Department of Insurance is solely for the
15 purpose of settling this matter and does not preclude any other agency or officer of this
16 state or its subdivisions or any other person from instituting proceedings, whether civil,
17 criminal, or administrative, as may be appropriate now or in the future.

18 6. Gregory Parini, who holds the office of
19 Vice President of CSE Safeguard Insurance Company, is authorized
20 to enter into this Order for them and on their behalf.

21 **CSE SAFEGUARD INSURANCE COMPANY**

22 April 17, 2006
23 Date

By

Gregory Parini

1 COPY of the foregoing mailed/delivered
2 this 27th day of April, 2006, to:

3 Gerrie Marks

Deputy Director

4 Mary Butterfield

Assistant Director

5 Consumer Affairs Division

6 Paul J. Hogan

Market Oversight Administrator

7 Market Oversight Division

8 Deloris E. Williamson

Assistant Director

Rates & Regulations Division

9 Steve Ferguson

Assistant Director

10 Financial Affairs Division

11 Alan Griffieth

Chief Financial Examiner

12 Alexandra Schafer

Assistant Director

13 Life and Health Division

14 Terry L. Cooper

Fraud Unit Chief

15 DEPARTMENT OF INSURANCE

16 2910 North 44th Street, Suite 210

17 Phoenix, AZ 85018

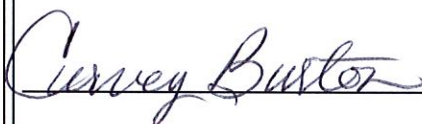
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19
20 Gregory J. Parini, CPCU, AIS

Vice President, External Relations

21 Civil Service Employees Insurance Group

22 2121 North California Blvd., # 989

23 Walnut Creek, CA 94596-3572

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