

AUG 15 2006

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY PKS

In the Matter of:)

F. GAYLON YOUNG INSURANCE AGENCY, INC.,)
d.b.a. RODNEY D. YOUNG INSURANCE AND)
NATIONAL INSURANCE CENTERS)

Respondent.)

No. 06A-168 INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department") has received evidence that F. Gaylon Young Insurance Agency, Inc. d.b.a. Rodney D. Young Insurance and National Insurance Centers, ("Respondent") violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent is, and was at all material times licensed as a non-resident property & casualty insurance producer, Arizona license number 173124, which license expires March 31, 2010.

2. Respondent was not licensed, at all material times, as either a resident or non-resident surplus lines broker or Mexican insurance surplus lines broker.

3. Respondent was not exempt from licensure as either a resident or non-resident surplus lines broker or Mexican insurance surplus lines broker.

4. Between March 5, 2004 and July 3, 2006, Respondent transacted 281 Mexican Surplus Lines insurance policies and received \$8,529.42 in commission without a license. On April 13, 2006 and May 31, 2006, the Department sent written notification to Respondent that it was unlawful to transact surplus lines or Mexican insurance without the prerequisite license.

5. On June 14, 2006, Respondent attempted to sell Mexican insurance to undercover Department investigators.

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CONCLUSIONS OF LAW

1. The Director has jurisdiction over this matter.

2. Respondent's conduct, as alleged above, constitutes transacting Mexican Surplus Lines insurance without a license, within the meaning of A.R.S. §20-282 and 422(A).

3. Respondent's conduct as described above constitutes failure to comply with a requirement of Title 20, Article 5 within the meaning of A.R.S. §20-418(A) (1).

4. Respondent's conduct as described above constitutes the unlawful receipt of commission, within the meaning of A.R.S. §20-298(B).

5. Insurance contracts procured as surplus lines coverage are fully valid and enforceable as to all parties and shall be recognized in all matters in the same manner as like contracts issued by authorized insurers, within the meaning of A.R.S. § 20-410(A).

6. Grounds exist for the Director to deny or suspend, revoke, or refuse to renew any surplus lines broker's license and, in addition or in lieu thereof, may levy a civil penalty and/or order restitution pursuant to A.R.S. §§20-418(A).

7. Grounds exist for the Director to order Respondent to cease and desist from continuing the violation, engaging in the violation or doing any act in furtherance of the violation within the meaning of A.R.S. §401.02(A).

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ORDER

IT IS HEREBY ORDERED THAT

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1. Respondent shall immediately cease and desist from soliciting Mexican Surplus Lines insurance, taking or receiving any application for Mexican Surplus Lines insurance, taking or collecting any premium, commission, or any other consideration or service fee for

1 any Mexican Surplus Lines insurance contract, or otherwise transacting Mexican Surplus Lines
2 insurance business from offices or by personnel or facilities located in the State of Arizona.

3 2. Respondent shall pay a civil penalty in the amount of \$2,500 to the Director for
4 deposit in the State General Fund in accordance with A.R.S. § 20-220(B).

5 3. Respondent is prohibited from maintaining any action in any court of this state to
6 enforce any right, claim or demand arising out of the transaction of the business of Mexican
7 Surplus lines insurance until and unless Respondent obtains either a surplus lines or Mexican
8 insurance surplus lines license as set forth in A.R.S. § 20-405.

9 4. This Order shall become effective immediately and shall remain in full force and
10 effect until otherwise stayed, modified, vacated or set aside.

11 DATED AND EFFECTIVE this 14th day of August, 2006.

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13 _____
14 CHISTINA URIAS
15 Director of Insurance

16 **CONSENT TO ORDER**

17 1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law
18 and Order.

19 2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona,
20 and admits the foregoing Findings of Fact and consents to the entry of the foregoing
21 Conclusions of Law and Order.

22 3. Respondent is aware of its right to notice and a hearing at which it may be
23 represented by counsel, present evidence and examine witnesses. Respondent irrevocably

1 waives its right to such notice and hearing and to any court appeals relating to this Consent
2 Order.

3 4. Respondent states that no promise of any kind or nature whatsoever, except as
4 expressly contained in this Consent Order, was made to it to induce it to enter into this
5 Consent Order and that it has entered into this Consent Order voluntarily.

6 5. Respondent acknowledges that the acceptance of this Consent Order by the
7 Director is solely to settle this matter against it and does not preclude any other agency,
8 officer, or subdivision of this state from instituting civil or criminal proceedings as may be
9 appropriate now or in the future nor does it preclude the Department from instituting
10 proceedings not related to this matter as may be appropriate now or in the future.

11 6. Fred G. Young is President of F. Gaylon Young Insurance Agency, Inc. d.b.a
12 Rodney D. Young Insurance and National Insurance Centers and as such is authorized to sign
13 this Consent Order on its behalf.

14
15 F. Gaylon Young Insurance Agency, Inc.

16 8/8/06
Date

16 By: 
Fred G. Young, President

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18 COPIES of the foregoing mailed/delivered
19 this 15th day of August, 2006, to:

20 F. Gaylon Young Insurance Agency, Inc.
21 Rodney D. Young Insurance
22 National Insurance Centers
23 4445 W. Ledbetter
Dallas, TX 75236

1 Mary E. Kosinski, Exec. Assistant for Reg. Affairs
Catherine M. O'Neil, Consumer Legal Affairs Officer
2 Terry Cooper, Assistant Director
Steve Fromholtz, Licensing Supervisor
3 Arnold Sniegowski, Investigations Supervisor
Cheryl Hawley, Investigator
4 Department of Insurance
2910 North 44th Street, Suite 210
5 Phoenix, Arizona 85018

6 *Patricia A. Sueng for*
7 Curvey Walters Burton

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