

MAY 18 2007

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of:

COUNTRY PREFERRED INSURANCE COMPANY,
NAIC # 21008,
Respondent.

) Docket No. 07A-093-INS
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CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a targeted examination of Country Preferred Insurance Company ("CPIC"). In the Report of Target Market Examination of the Market Conduct Affairs of CPIC, the Examiners allege that CPIC violated A.R.S. §20-1631.

CPIC 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. CPIC 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 CPIC. The examination covered the time period from July 1, 2004 to December 31, 2005 and was concluded on December 19, 2006. Based on their findings, the Examiners prepared the "Report of Target Market Examination of Country Preferred Insurance Company" dated December 31, 2005.

3. The Examiners reviewed 23 of 23 personal automobile policies non-renewed during the time frame of the examination and found that CPIC non-renewed 22 policies with fewer than three at-fault accidents. However, in each of the cases, the producers were instructed to offer a policy in an affiliate company.

1 to verify that CPIC has complied with all provisions of this Order.

2 4. CPIC shall pay a civil penalty of \$22,000.00 to the Director for remission
3 to the State Treasurer for deposit in the State General Fund in accordance with A.R.S.
4 §20-220(B). The civil penalty shall be provided to the Market Oversight Division of the
5 Department prior to the filing of this Order.

6 5. The Report of Target Market Examination of Country Preferred Insurance
7 Company as of December 31, 2005, including the letter accepting the Report of
8 Examination, shall be filed with the Department upon the filing of this Order.

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10 DATED at Phoenix, AZ this 15th day of May, 2007.

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14 Christina Urias
15 Director of Insurance
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1 **CONSENT TO ORDER**

2 1. Country Preferred Insurance Company has reviewed the foregoing Order.

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

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

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

18 6. Barbara A. Baurer, who holds the office of
19 Executive Vice President &
20 Chief Operating Officer of Country Preferred Insurance Company, is
21 authorized to enter into this Order for them and on their behalf.

22 **COUNTRY PREFERRED INSURANCE COMPANY**

23 5/9/07

24 Date

25 By

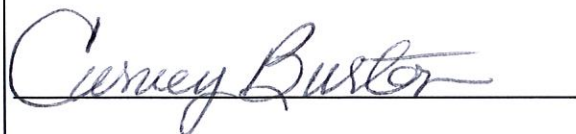
Barbara A. Baurer
Executive Vice President & Chief Operating Officer

1 COPY of the foregoing mailed/delivered
2 this 18th day of May, 2007, to:

3 Gerrie Marks
4 Deputy Director
5 Mary Butterfield
6 Assistant Director
7 Consumer Affairs Division
8 Paul J. Hogan
9 Market Oversight Administrator
10 Market Oversight Division
11 Dean Ehler
12 Assistant Director
13 Property and Casualty Division
14 Steve Ferguson
15 Assistant Director
16 Financial Affairs Division
17 Alan Griffieth
18 Chief Financial Examiner
19 Alexandra Schafer
20 Assistant Director
21 Life and Health Division
22 Terry L. Cooper
23 Fraud Unit Chief

24 DEPARTMENT OF INSURANCE
25 2910 North 44th Street, Suite 210
Phoenix, AZ 85018

Henry E. Bruens, CFE
Supervisor, Corporate Internal Auditing
Coordinator, Market Conduct Exams
Country Preferred Insurance Company
1701 N. Towanda Avenue
Bloomington, Illinois 61702-2020

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