STATE OF ARIZONA FILED

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MAR 1 2016

DEPARTMENT OF INSURANCE DEPT OF INSURANCE

In the Matter of:

RESIDENTIAL WARRANTY SERVICES, INC.

Respondent.

No. 16A-040-INS

ORDER TO CEASE AND DESIST

The Arizona Department of Insurance ("Department") has received evidence that Respondent has unlawfully offered or issued service contracts in the State of Arizona and engaged in offering and issuing service contracts without a permit. Accordingly, the Interim Director of Insurance of the State of Arizona ("Interim Director") makes the following Findings of Fact and Conclusions of Law and enters the following Order pursuant to A.R.S. § 20-1095.09(B).

FINDINGS OF FACT

- 1. Residential Warranty Services, Inc. ("RWS") is an Arizona corporation¹ that, at all times material, did not hold a permit with the Department as a service company.
 - 2. RWS is not exempt from the permit requirement.
- 3. RWS's address of record with the Arizona Corporation Commission is: 698 Pro Med Lane, Carmel, IN 46032.
- 4. Phillip Nathan Thornberry ("Thornberry") is the President and sole-identified Director of RWS.
- 5. On or about February 5, 2016, the Department received information that the Respondent sold two (2) policies to a contract holder in Tucson, Arizona, to wit: policy

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¹ Per the Arizona Corporation Commission's ("ACC") public database, RWS is domiciled in Indiana. The ACC approved RWS's "Application for Authority to Transact Business or Conduct Affairs in Arizona" on 02/14/2013.

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number 061921666 sold on or about November 12, 2013, and policy number 072108458 sold on or about November 12, 2014.

CONCLUSIONS OF LAW

- 1. The Interim Director has jurisdiction over this matter.
- Respondent's conduct, as alleged above, constitutes offering and issuing 2. service contracts without a permit, within the meaning of A.R.S. §20-1095.01(A).
- Service company contracts issued by Respondent are enforceable and valid 3. contracts, within the meaning of A.R.S. §20-1095.05.
- Grounds exist for the Interim Director to order Respondent to cease and 4. desist its violations pursuant to A.R.S. § 20-1095.09(B).

ORDER

IT IS THEREFORE ORDERED:

- Respondent shall immediately cease and desist from offering or soliciting 1. warranty service contract applications, taking or proposing to make any warranty service contract, taking or receiving any application for warranty service contracts, taking or collecting any payment, fees, commission, or any other consideration for any warranty service contract, issuing or delivering warranty service contracts to residents of this state, or otherwise offering or issuing service contracts to Arizona residents by any means including through an online website.
- Respondent shall immediately contact the Department and provide its current 2. contact information.
- Respondent shall, within forty-five (45) days of receipt of this Order, furnish 3. the Department with a complete listing, to include contact information, of all Arizona residents and businesses who have purchased policies or service contracts sold by Respondent. Respondent shall also report to the Department all premiums collected or charged for policies it sold covering Arizona risks.

- 4. Respondent shall immediately contact the Department and provide a list of all current outstanding claims.
- 5. Respondent shall be responsible for continuing to service all currently active service contracts and any claims made by its contract holders in Arizona.
- 6. Respondent shall pay all valid claims arising out of acts covered by any and all service contract issued by it to Arizona residents for so long as such claims may legally be brought against the contract holders including any other heretofore undiscovered victims.
- 7. This Order shall become effective immediately and shall remain in full force and effect until otherwise stayed, modified, vacated or set aside.

NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to Title 20 of the Arizona Revised Statutes, Respondent is hereby notified that it may request a hearing pursuant to A.R.S. § 20-161 to contest the order to cease and desist. Such a request must be in writing and received at the following address within thirty (30) days from the date hereof:

Arizona Department of Insurance 2910 North 44th Street, Suite 210 Phoenix, Arizona 85018 ATTN: Interim Director's Office

Upon receipt of a timely written request for hearing, the Interim Director will issue an order setting the time and place of the hearing.

DATED AND EFFECTIVE this 15T day of March, 2016

ESLIE R. HESS

Interim Director of Insurance

1	COPY of the foregoing mailed this
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3	Lynette Evans Assistant Attorney General 1275 West Washington Street
4	Phoenix, Arizona 85007
5	Attorney for the Department
6	Residential Warranty Services, Inc. 698 Pro Med Lane
7	Carmel, IN 46032 Respondent
8	Phillip Nathan Thornberry, President
9	Residential Warranty Services, Inc.
10	698 Pro Med Lane Carmel, IN 46032
11	Respondent
12	Alix Vollmer, Corporate Counsel Residential Warranty Services, Inc.
13	P.O. Box 797 Carmel, IN 46082
14	Respondent
15	Residential Warranty Services, Inc. ^c /o Incorp Services Inc., Registered Agent
16	2338 West Royal Palm Road, Suite J
17	Phoenix, AZ 85021 Statutory Agent for Respondent
18	
19	Mary E. Kosinski, Exec. Assistant for Reg. Affairs Catherine M. O'Neil, Consumer Legal Affairs Officer
20	Erica Bowsher, Property and Casualty Division Charles Gregory, Investigations Supervisor
21	Wendy Greenwood, Investigator
22	Department of Insurance 2910 North 44 th Street, Suite 210
23	Phoenix, Arizona 85018
24	
25	Maidene Scheiner Maidene Scheiner