# 

# 

# 

## 

## 

## STATE OF ARIZONA DEPARTMENT OF INSURANCE

MAY 2 6 1999

DEPT. OF INSUHANCE

In the Matter of	) BA (
MUNADHIL D. ALAWY, dba MOVERS OF THE VALLEY	) Docket No. 99A-117-INS
Respondent.	ORDER OF CEASE & DESIST

The Director of Insurance for the State of Arizona ("Director") believes, from evidence satisfactory to him, that Respondent Munadhil D. Alawy, dba Movers Of The Valley has transacted the business of insurance in the State of Arizona without being duly authorized therefor. Accordingly, the Director now orders Respondent to cease and desist pursuant to A.R.S. § 20-401.02.

## FINDINGS OF FACT

- 1. The Director is charged with the enforcement of Title 20, Arizona Revised Statutes.
- 2. Respondent Munadhil D. Alawy, dba Movers Of The Valley ("Movers") is an Arizona entity, which is not and was not at any material time authorized to transact insurance business in Arizona as an insurance company.
- 3. Movers provides local packing, storage and moving services and offers insurance coverage on the property it packs, moves and/or stores. Movers is owned and operated by Alawy.
- 4. Movers advertises its services in the US West Direct Yellow Pages where its advertisement states, in part, that it is "licensed and insured".
- 5. The contract used by Movers from at least 1996 to present included an offer of "Value Protection" coverage. The consumer had four

options to choose from. Option A provided coverage for lost or damaged articles at 30 cents per pound per article at no cost to the consumer. The remaining three options offered "full value protection" to repair or replace the item, whichever was less. The consumer was charged a premium for these options based on the declared value of the shipment and the amount of deductible selected by the consumer. The consumer could select Option B with no deductible, Option C with a \$100 deductible or Option D with a \$200 deductible.

- 6. The contract in use in and around 1996 and early 1997 offered coverage for "repairable or replacement cost of the item".
- 7. In or around 1997, the deductibles on the full value protection plan were increased to \$100 on Option B, \$200 on Option C and \$300 on Option D.
- 8. The contract was changed in and around 1998 from offering coverage for "repairable or replacement cost of the item" to offering coverage for "repairable or depreciated replacement cost of the item".
- 9. The "Value Protection" coverage was not underwritten by an insurer authorized to transact insurance in the State of Arizona.
- 10. On or about November 27, 1996, Saundra Kaye ("Kaye") contracted with Movers to move her personal property. Kaye signed a contract with Movers in which she elected to purchase \$25,000 of full value protection with no deductible for a premium of \$88.
- 11. On or about November 27, 1996, Kaye paid Movers \$653 which included the \$88 payment for the full value protection.
- 12. On or about February 27, 1997, Dee Greene ("Greene") contracted with Movers to move and store some of her personal property. Greene signed a contract with Movers in which she elected to purchase \$25,000 of full value protection with a \$250 deductible for a premium of \$54.

13. On or about July 27, 1998, Larry Donnelly ("Donnelly") contracted with Movers to move and store some of his personal property. Donnelly signed a contract with Movers in which he elected to purchase \$20,000 of full value protection with a \$300 deductible for a premium of \$44.

### CONCLUSIONS OF LAW

- 1. The Director has jurisdiction over this matter.
- 2. Respondent's conduct constitutes the unauthorized transaction of insurance in this state, within the meaning of A.R.S. §§ 20-103, 20-106, 20-107 and 20-401.01.
- 3. Respondent's conduct constitutes the misrepresentation and deceptive advertising of insurance, within the meaning of A.R.S. §§ 20-443 and 20-444.
- 4. The Director may order Respondent to cease and desist, pursuant to A.R.S. §§ 20-401.02 and 20-456.
- 5. This order shall become effective immediately and shall remain in full force and effect until otherwise stayed, modified, vacated or set aside.

### ORDER

#### IT IS THEREFORE ORDERED:

- 1. Respondent and its agents and employees shall immediately cease and desist from the transaction of insurance business in this state for which they are not duly and expressly authorized by the Department.
- 2. Respondent and its agents and employees shall immediately cease and desist from any solicitation or acceptance of applications for "value protection" coverage.
- 3. Respondent and its agents and employees shall comply with A.R.S. §20-402.

17

18

19

20

21

22

23

24

25

26

27

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

Dated this 21 day of May

, 1999.

CHARLES R. COHEN, Director Arizona Department of Insurance

### NOTICE

The determination set forth in this Order is an "appealable agency action" pursuant to A.R.S. §41-1092. Consequently, you have the right to obtain a hearing on this determination by filing a Notice of Appeal within (30) days after your receipt of this Order. If your Notice of Appeal is received after the thirty (30) period, it will not be accepted without a demonstration of good cause for the late filing. The Notice of Appeal must identify the party appealing, the party's address, the determination being appealed, and must contain a concise statement of the reasons for the appeal. The Department of Insurance will serve a Notice of Hearing at least thirty (30) days before the hearing, which will inform you of the date, time and location of the hearing as well as the issues in controversy.

If you file a Notice of Appeal, you may also request an informal settlement conference by filing a written request no later than twenty (20) days before the scheduled hearing. The conference will be held within fifteen (15) days of your request. If an informal settlement conference is requested, a person with authority to act on behalf of the Department of Insurance will be present. Please note that you waive any right to object to the participation  $\mathbf{of}$ the Department's representative the in final administrative decision of the matter if it is not settled.

27

28

The Notice of Appeal and request for Informal Settlement Conference described above may be addressed to:

Deputy Director Arizona Department of Insurance 2910 North 44th Street, Suite 210 Phoenix, Arizona 85018 ATTN: Hearing Administration

Copies of the foregoing mailed/delivered this 26th day of May, 1999 to:

Munadhil D. Alawy Movers Of The Valley 663 W. 2nd Avenue, #21 Mesa, Arizona 85210

Office of Administrative Hearings 1400 West Washington, Suite 101 Phoenix, Arizona 85007

Shelby Cuevas Assistant Attorney General 1275 West Washington Street Phoenix, Arizona 85007 Attorney for the Department

Sara Begley, Deputy Director
Gerrie L. Marks, Executive Assistant for Regulatory Affairs
John D. Gagne, Assistant Director
Catherine M. O'Neil, Consumer Legal Affairs Officer
Maureen Catalioto, Licensing Supervisor
Bob Hill, Investigator
Arizona Department of Insurance
2910 North 44th Street, Suite 210
Phoenix, Arizona 85018

Curvey Watters Burton