

Maureen

STATE OF ARIZONA
FILED

JUN 20 1990

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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In the Matter of)	Docket No. <u>7185-AMB</u>
)	
AMERICAN PATHFINDERS, INC.)	NOTICE OF DETERMINATION, ORDER FOR SUPERVISION AND CONSENT TO ORDER
)	
Respondent.)	
)	

It appears and it is the opinion of the Director of Insurance that the condition of Respondent AMERICAN PATHFINDERS, INC. is such as to render the continuance of its business hazardous to the public or to holders of its policies or certificates of insurance, for the following reasons, without limitation:

1. Respondent AMERICAN PATHFINDERS, INC. ["PATHFINDERS"] is an Arizona corporation licensed as a full lines property and casualty agent in this State.
2. Since on or about January 22, 1988, PATHFINDERS has been authorized by OLD HICKORY CASUALTY INSURANCE COMPANY ["OLD HICKORY"], a Louisiana corporation authorized to transact insurance in the State of Arizona, as an independent contractor to exercise general supervision over OLD HICKORY's business in this state.
3. At all material times, one Kevin Allen did act as an officer and/or manager of PATHFINDERS and had responsibilities including the processing, adjustment, and payment of claims of OLD HICKORY policyholders.
4. On or about May 31, 1990, the Director suspended the insurance license of Kevin Allen based upon his alleged

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1 involvement with false claims and payments under PATHFINDERS's
2 auto policies.

3 5. The present condition of PATHFINDERS is such as
4 to render its business hazardous to the public, policyholders,
5 and/or OLD HICKORY within the meaning of A.R.S. §20-169.

6 THEREFORE, the Director now makes the determination to
7 supervise PATHFINDERS, and hereby notifies PATHFINDERS that it
8 is under the supervision of the Department of Insurance and that
9 the Director is applying and effecting the provisions of Chapter
10 1, Article 2, A.R.S. Title 20.

11 A. The requirements to abate this Order upon
12 completion of the current and ongoing market conduct examination
13 of OLD HICKORY are that PATHFINDERS shall:

14 (1) Establish and maintain policies and procedures
15 satisfactory to the Director to assure the appropriate and
16 timely processing and payment of claims and service to the
17 accounts of policyholders pursuant to Arizona Revised Statutes,
18 Title 20;

19 (2) Establish and maintain appropriate supervisory
20 and personnel policies satisfactory to the Director to ensure
21 the adequate levels and expertise of PATHFINDERS's staff;

22 (3) Maintain and secure, where necessary, appropriate
23 personnel satisfactory to the Director to conduct the business
24 of the agency;

25 (4) Establish an auditable system of records and
26 accounts satisfactory to the Director so as to assure the proper
27 collection and disbursement of funds;

1 (5) Maintain and/or obtain all appropriate licenses
2 for the transaction of the agency's business.

3 B. Pursuant to Arizona Revised Statutes, §20-170,
4 the Director may appoint a Supervisor over the business of
5 PATHFINDERS to effectuate the provisions of this Order.

6 C. Pursuant to A.R.S. §20-170, PATHFINDERS, during
7 the period of supervision, may not do any of the following
8 things without prior approval of the Director or her supervisor:

9 (1) Dispose of, convey or encumber any of its assets
10 or any other entity's assets of over which
11 PATHFINDERS may have control;

12 (2) Make withdrawal from any of its bank accounts;

13 (3) Lend any of its funds;

14 (4) Invest any of its funds;

15 (5) Transfer any of its property;

16 (6) Incur any debts, obligations or liabilities,
17 whether insurance related or otherwise; or

18 (7) Merge or consolidate with another company.

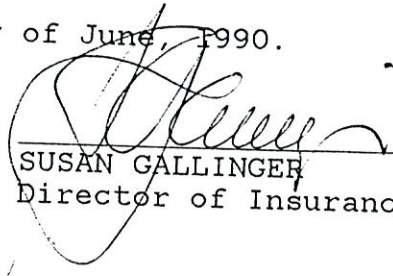
19 D. Pursuant to A.R.S. §20-171(C), the costs incident
20 to the services of the Director, or her supervisor or
21 conservator, or any or all of them shall be charged against the
22 assets and funds of OLD HICKORY and shall be paid when fixed and
23 determined by the Director.

24 E. The Order Appointing a Supervisor shall in no way
25 limit the Director's authority to commence delinquency
26 proceedings in the Superior Court or to take any other
27 appropriate and lawful action at any time during the period of
28 supervision or anytime thereafter.

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F. Because good cause exists therefor, this Notice and Order shall become effective immediately.

DATED this 20th day of June, 1990.



SUSAN GALLINGER
Director of Insurance

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CONSENT TO ORDER

1. AMERICAN PATHFINDERS, INC., ["PATHFINDERS"] has reviewed the foregoing order.

2. PATHFINDERS is aware of the right to a hearing at which hearing PATHFINDERS may be represented by counsel, present evidence and cross-examine witnesses. PATHFINDERS has irrevocably waived its right to such public hearing and to any court appeals relating thereto.

3. PATHFINDERS admits the jurisdiction of the Director of Insurance, State of Arizona, and consents to the entry of this Order.

4. PATHFINDERS states that no promise of any kind or nature whatsoever was made to induce it to enter into this Order and that it has entered into this Order voluntarily.

5. PATHFINDERS acknowledges the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this litigation, subject to Page 3, Paragraph E of this Order, against it and does not preclude any other agency or officer of this State or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.

6. *Neal Allen* represents that as PATHFINDERS's *Secretary / Treasurer*, he/she is an officer of AMERICAN PATHFINDERS, INC., and that as such, he/she is authorized by it to enter into this Order for and on behalf of AMERICAN PATHFINDERS, INC.

Date *6-20-90*

Neal Allen
SIGNATURE OF OFFICER OF
AMERICAN PATHFINDERS, INC.

CONSENT TO ORDER

1
2 1. OLD HICKORY CASUALTY INSURANCE COMPANY ["OLD
3 HICKORY"] has reviewed the foregoing order.

4 2. OLD HICKORY is aware of the right to a hearing at
5 which hearing OLD HICKORY may be represented by counsel, present
6 evidence and cross-examine witnesses. OLD HICKORY has
7 irrevocably waived its right to such public hearing and to any
8 court appeals relating thereto.

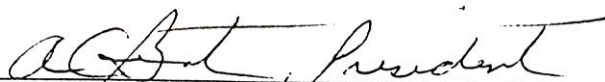
9 3. OLD HICKORY admits the jurisdiction of the
10 Director of Insurance, State of Arizona, and consents to the
11 entry of this Order.

12 4. OLD HICKORY states that no promise of any kind or
13 nature whatsoever was made to induce it to enter into this Order
14 and that it has entered into this Order voluntarily.

15 5. OLD HICKORY acknowledges the acceptance of this
16 Order by the Director of Insurance, State of Arizona, is solely
17 for the purpose of settling this litigation subject to Page 3,
18 Paragraph E of this Order, against AMERICAN PATHFINDERS, INC.
19 and does not preclude any other agency or officer of this State
20 or subdivision thereof from instituting other civil or criminal
21 proceedings as may be appropriate now or in the future.

22 6. A. C. BEROT represents that as OLD HICKORY's
23 President, he is an officer of OLD HICKORY CASUALTY INSURANCE
24 COMPANY, and that as such, he is authorized by it to enter into
25 this Order for and on behalf of OLD HICKORY CASUALTY INSURANCE
26 COMPANY.

26 June 20, 1990
27 Date


SIGNATURE OF OFFICER OF OLD
HICKORY CASUALTY INSURANCE COMPANY

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COPY of the foregoing mailed/delivered
this 21st day of June, 1990 to:

Charles R. Cohen
Assistant Attorney General
Financial Fraud Division
1275 W. Washington
Phoenix, AZ 85007


Joseph M. Hennelly, Jr., Deputy Director
Jay Rubin, Assistant Director
Deloris E. Williamson, Assistant Director
Lyn Sloan, Market Conduct Examiner
Maureen Catalioto, Supervisor
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Chris Crawford