

MAR 2 1994

1 3441c:CPA93-202

DEPARTMENT OF INSURANCE
By

2 STATE OF ARIZONA

3 DEPARTMENT OF INSURANCE

4 In the Matter of:)
5 RITA L. THORNTON, and) No. 8175
6 AGENCY ONE AUTO INSURANCE, INC.,) CONSENT ORDER
7 Respondents.)
_____)

8
9 A Notice of Hearing ("Notice") was issued by the
10 Director ("Director") of the Arizona Department of Insurance (the
11 "Department") on August 13, 1993, wherein the Department made
12 certain allegations of violations of A.R.S. Title 20 committed by
13 Rita L. Thornton. An Amended Notice was issued by the Director
14 on September 21, 1993, wherein the Department made certain
15 allegations of violations of A.R.S. Title 20 committed by Agency
16 One Auto Insurance, Inc. On or about September 9, 1993, the
17 Hearing Officer consolidated both matters. Hereafter Rita L.
18 Thornton and Agency One Auto Insurance, Inc., shall be referred
19 to as Respondents. Respondents have each received a copy of
20 their Notice and have been advised of their right to a hearing in
21 this matter, which they waive.

22 Respondents admit the following Findings of Fact and
23 Conclusions of Law are true and consents to the entry of the
24 following Order.

25 . . .
26 . . .

4

1 FINDINGS OF FACT

2 1. Agency One Auto Insurance, Inc., ("AOAI"), an
3 Arizona Corporation, was at all material times licensed as a
4 property and casualty agent and broker in the State of Arizona.
5 License number 14354, which expires March 31, 1994. Rita L.
6 Thornton ("Thornton") is president and owner of AOAI.

7 2. Thornton is not presently nor was at any material
8 time licensed as an insurance agent in the State of Arizona.

9 3. At all material times, Thornton acted as an agent
10 on behalf of AOAI.

11 COUNT I

12 4. On or about April 27, 1993 Thornton, on behalf of
13 AOAI, received check number 3014 in the amount of \$196.00 from
14 Martha J. Douglas ("Douglas") for an automobile insurance policy
15 through United Southern Insurance Company ("USIC"). The policy
16 period was effective May 9, 1993 through November 9, 1993.

17 5. Thornton completed the application for insurance.
18 Thornton had Douglas execute the application and prepared Douglas
19 an insurance identification card. The information on the ID card
20 included the effective date as May 9, 1993, the expiration date
21 of the card as June 9, 1993, and included USIC as the insurance
22 carrier.

23 6. Thornton deposited Douglas' check in the amount of
24 \$196.00 in AOAI's account with Great American Bank.

25 7. Thornton submitted Douglas' application and a
26 premium check to USIC through Four Corners General Agency, Inc.,

1 ("Four Corners") the managing general agent for USIC for
2 processing.

3 8. On or about May 5, 1993, Douglas' application and
4 premium was sent back to AOAI by Four Corners because it had
5 terminated USIC's brokerage agreement with AOAI on or about April
6 29, 1993.

7 9. On or about May 31, June 9, and June 14, 1993,
8 Douglas attempted to contact Thornton and AOAI about her
9 automobile insurance. Thornton failed to speak with or return
10 Douglas' calls.

11 10. On June 14, 1993, Douglas contacted USIC directly
12 and was informed that USIC was not her insurer.

13 11. On June 14, 1993, the same day, Douglas went to the
14 AOAI office to inquire about her insurance coverage. She was
15 told by Thornton that her policy had been lost. Thornton then
16 issued Douglas a new ID card with an expiration date of August
17 14, 1993 listing USIC as the insurer.

18 12. On or about June 24, 1993, Douglas again attempted
19 to contact Thornton and AOAI. She was told by an AOAI
20 representative she had no insurance coverage because AOAI could
21 not contract with USIC.

22 COUNT II

23 13. On or about July 2, 1993 Thornton, on behalf of
24 AOAI, completed an application and received \$434.00 from David
25 Ramsey ("Ramsey") for an automobile insurance policy.
26

1 14. Thornton represented to Ramsey the automobile
2 insurance coverage would be placed with Midland Risk Insurance
3 Company ("Midland Risk").

4 15. On that same date, Thornton caused to be made and
5 issued an insurance identification card for Ramsey and listed
6 Midland Risk as the insurer.

7 16. Neither Thornton nor AOAI are authorized to
8 represent Midland Risk.

9 17. Thornton submitted Ramsey's application and a
10 premium check to One Stop Insurance Agency ("One Stop"). One
11 Stop had an agency agreement with Midland Risk Services -
12 Arizona, Inc., ("Midland Risk Services"), managing general agent
13 for Midland Risk and was authorized by Midland Risk Services to
14 process applications.

15 18. Martha Escobar ("Escobar") an employee at One Stop
16 signed Ramsey's application and processed it. On or about July
17 2, 1993, Midland Risk Services sent Ramsey a letter indicating he
18 had no coverage because the application had been written through
19 AOAI.

20 19. Without notice to either Midland Risk Services or
21 One Stop, Escobar and Thornton had an agreement they would split
22 the commissions on any applications submitted to Midland Risk
23 Services by One Stop.

24 COUNT III

25 20. On or about July 9, 1993, Thornton, on behalf of
26 AOAI, completed an application and received check number 2848 in

1 the amount of \$66.00 from Leta Timms ("Timms") for an automobile
2 insurance policy. The application lists the policy period as
3 July 9, 1993 through January 9, 1993 (sic.).

4 21. Thornton represented to Timms that the automobile
5 insurance coverage would be placed with Midland Risk.

6 22. Thornton completed the application for insurance,
7 quoted Timms a price, and signed Timms' copy of the completed
8 application. Thornton had Timms execute the application and gave
9 Timms an insurance identification card. The information on the
10 ID card included the effective date as July 9, 1993, the
11 expiration date of the card as January 9, 1993, and included
12 Midland Risk as the insurance carrier.

13 23. Thornton forwarded Timms' original unsigned
14 application and a premium check to One Stop for processing.

15 24. On or about July 29, 1993, One Stop sent Timms a
16 letter explaining she did not have coverage due to the fact
17 neither Thornton nor AOAI had authorization to represent Midland
18 Risk.

19 COUNT IV

20 25. Between the dates of March 23, 1993 and May 22,
21 1993 Thornton wrote Agency One Auto Inc., checks drawn on
22 accounts from Great American Bank to Transwestern General Agency
23 totalling \$2,240.32, which were returned by the bank for
24 nonsufficient funds or account closed.

25 26. Between the dates of March 31, 1993 and May 27,
26 1993 Thornton wrote Agency One Auto Inc., checks drawn on

1 accounts from Great American Bank to Safeway Insurance Company
2 totalling \$4,310.00, which were returned by the bank for
3 nonsufficient funds or account closed.

4 27. Between the dates of April 3, 1993 and May 24, 1993
5 Thornton wrote Agency One Auto Inc., checks drawn on accounts
6 from Great American Bank to CenCal Insurance Company totalling
7 \$1,677.84, which were returned by the bank for nonsufficient
8 funds or account closed. AOAI and Thornton have failed to make
9 good on these checks.

10 28. Between the dates of April 2, 1993 and May 20, 1993
11 Thornton wrote Agency One Auto Inc., checks drawn on accounts
12 from Great American Bank to Four Corners General Agency, Inc.,
13 totalling \$2,005.25, which were returned by the bank for
14 nonsufficient funds or account closed.

15 CONCLUSIONS OF LAW

16 29. The Director has jurisdiction over this matter.

17 30. The above Findings of Fact constitute conclusions
18 of law as applicable.

19 31. Respondents issued insurance identification cards
20 which contained information which is untrue, deceptive or
21 misleading, in violation of A.R.S. § 20-444(A).

22 32. Grounds exist for the Director to enter an Order of
23 Cease and Desist against Rita Thornton and AOAI for violations of
24 A.R.S. § 20-444(A) and to impose a civil penalty pursuant to
25 A.R.S. § 20-456(A) and 20-456(B).
26

1 33. AOAI operated as an agency and brokerage without a
2 licensed agent as required by A.R.S. § 20-295(A).

3 34. AOAI's above conduct constituted a violation of
4 A.R.S. § 20-316(A)(4)

5 35. AOAI has a record of conduct under its license
6 showing the licensee to be incompetent or a source of injury and
7 loss to, or repeated complaint by, the public or any insurer, in
8 violation of A.R.S. § 20-316(A)(7).

9 ORDER

10 NOW, THEREFORE, IT IS ORDERED:

11 1. Any and all insurance licenses held by Agency One
12 are hereby revoked.

13 2. Respondent, Thornton shall immediately cease and
14 desist from acting as an agent or broker while not possessing a
15 valid license to transact insurance in Arizona.

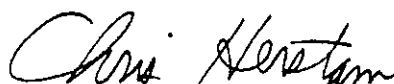
16 3. Respondent, Thornton shall immediately cease and
17 desist any acts in violation of A.R.S. § 20-444(A).

18 4. Respondents shall jointly and severally pay
19 restitution in the amount of \$1,711.01 to CenCal Insurance
20 Services within 30 days of entry of this Consent Order.

21 5. Respondents shall pay a civil penalty in the amount
22 of \$1,000 at a rate of \$100.00 per month to the Department of
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1 Insurance, the first payment to begin within 30 days of entry of
2 this Consent Order.

3 DATED in Phoenix, Arizona this 2nd day of March,
4 1994.

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6
7 

8 CHRIS HERSTAM, Director
9 Arizona Department of Insurance

CONSENT TO ORDER

10 1. The undersigned acknowledges that she has read the
11 foregoing Findings of Fact, Conclusions of Law and Order and is
12 aware of her right to an administrative hearing in this matter
13 and has waived same.

14 2. The undersigned admits the jurisdiction of the
15 Department and admits the foregoing Findings of Fact and
16 Conclusions of Law and consents to entry of the foregoing Order.

17 3. The undersigned states that no promises were made
18 to her to induce her to enter into this Consent Order and
19 declares that she has entered into this Consent Order voluntarily.

20 4. The undersigned acknowledges that acceptance of
21 this Consent Order is for the purpose of settling this litigation
22 as against her and does not preclude the Department, or any other
23 agency or officer of this State, or subdivision thereof, from
24 instituting other civil or criminal proceedings as may be
25 appropriate now or in the future.
26

1 5. The undersigned waives all rights to challenge such
2 Findings of Fact, Conclusions of Law and Order on appeal or
3 otherwise, and agrees to be bound by the foregoing Order.
4

5 Date: _____ *Rita L. Thornton*
6 RITA L. THORNTON

7 Date: _____ *Rita L. Thornton*
8 AGENCY ONE AUTO INSURANCE, INC.
9 Rita L. Thornton, President

10 COPY of the foregoing mailed
11 this 2nd day of March,
12 1994, to:

13 Kathryn Leonard
14 Assistant Attorney General
15 1275 West Washington
16 Department of Law Building, Room 259
17 Phoenix, Arizona 85007

18 Gay Ann Williams, Deputy Director
19 Katrina Rogers, Chief Hearing Officer
20 Charles R. Cohen, Executive Assistant Director
21 Jay Rubin, Assistant Director
22 Arnold Suiegowski, Investigator
23 Maureen Catalioto, Supervisor
24 Department of Insurance
25 2910 N. 44th Street, Suite 210
26 Phoenix, Arizona 85018

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