MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of: STONINGTON INSURANCE COMPANY, An Authorized Insurer.	)))))))	No. D06-369 CONSENT ORDER IMPOSING A FINE

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.01.020 and 48.05.130 – 185, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following:

FINDINGS OF FACT:

1. Stonington Insurance Company ("The Company") is an insurer holding a certificate to conduct insurance in the State of Washington, and is therefore governed by Title 48 of the Revised Code of Washington ("RCW") and Title 284 of the Washington Administrative Code ("WAC").

2. WAC 284-07-010(1) requires each authorized property and casualty insurer in the state to "record and report its Washington State loss and expense experience and other data, as required by RCW 48.05.390, on a form issued by the commissioner." This Special Liability Report covers the period ending December 31 of each year. It must be submitted not later than May 1 of the following year. Consequently, the Company was required to submit its Special Liability Report for the year 2005 not later than May 1, 2006.

3. The Company failed to file its 2005 Special Liability Report with the OIC by May 1, 2006.

4. During the month of August, 2006, actuarial staff for the Office of the Insurance Commissioner ("OIC") began following up with companies that had not submitted Reports. OIC received the Company's Special Liability Report on August 22, 2006.

CONCLUSIONS OF LAW:

1. The failure of the Company to file its year 2005 Special Liability Report by no later than May 1, 2006, was a violation of WAC 284-07-010. It was also a violation of RCW 48.05.380, "Reports by property and casualty insurers- Rules" and of RCW 48.05.390, "Reports by various insurers - Contents."

2. RCW 48.05.140(1), "Certificate of authority- Discretionary refusal, revocation, suspension" provides that the Insurance Commissioner has the discretion to refuse, suspend or

revoke an insurer's certificate of authority if the insurer "fails to comply with any provision of this code other than those for violation of which refusal, suspension or revocation is mandatory."

3. RCW 48.05.185, "Fine in addition to or in lieu of suspension, revocation or refusal", provides that "After hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation or refusal to renew any certificate of authority, the Commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars."

CONSENT TO ORDER:

1. The Company stipulates to the foregoing Findings of Fact and Conclusions of Law and consents to this order, which imposes a fine of $2,500.00 (Two-Thousand Five-Hundred Dollars) upon Stonington Insurance Company, in lieu of further proceedings against the certificate of authority held by that insurer in Washington State.

2. This fine must be paid in full by not later than thirty days after this order is entered. Failure to pay the fine timely and in full will constitute grounds for the suspension or revocation of the insurer's certificate of authority in Washington State. It will also result in a civil action to recover the fine, brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

3. The Company also stipulates to comply with all insurance laws and regulations of this state in the future, including but not limited to WAC 284-07-101(1) and RCW 48.05.380.

EXECUTED, this 27th day of November, 2006.

STONINGTON INSURANCE COMPANY

By: Tracy H. Bowden

Typed Name: TRACY H. Bowden

Typed Corporate Title: General Counsel

ORDER:

1. Pursuant to RCW 48.05.185, the Insurance Commissioner imposes a fine of $2,500.00 (Two-Thousand Five-Hundred Dollars) upon Stonington Insurance Company, expressly in lieu of further proceedings against the certificate of authority held by the Company in Washington State.

2. The fine is to be paid in full not later than thirty days after the entry of this order. Failure to pay the fine timely and in full will constitute grounds for suspension or revocation of that certificate of authority. It will also result in a civil action to collect that

fine, brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this 28th day of November, 2006.

MIKE KREIDLER
Insurance Commissioner

By: Andrea L. Philhower

Andrea L. Philhower
Staff Attorney - Legal Affairs Division