

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of Edward J. Chadwick and Al Chadwick Insurance Agency, Inc.) **STIPULATION and**
) **FINAL ORDER**
) Case No. INS 03-12-024

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Edward J. Chadwick (Chadwick) and Al Chadwick Insurance Agency, Inc. (ALCIA).

Chadwick and ALCIA enter into this stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

Chadwick and ALCIA waive the right to receive a notice of proposed action, receive a notice of the rights of a party and procedures in contested cases, have a hearing, be represented by an attorney at the hearing, receive a proposed order, file exceptions to the proposed order, and have the final order judicially reviewed.

Chadwick and ALCIA stipulate to the following facts, conclusions, and action; and consents to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Chadwick has been licensed in Oregon as a nonresident insurance agent since 8/22/96. Chadwick's current license number is 135790. Chadwick's last recorded residence address and business address are located in Yakima, Washington. ALCIA's current license number is 135790.

ALCIA has been licensed in Oregon as a nonresident insurance agency since 8/22/96. ALCIA's current license number is 135790. ALCIA's last recorded business address is located in Yakima, Washington. Chadwick is the president of ALCIA.

Failed to Report Enforcement Action by Other State Insurance Regulator

Chadwick violated ORS 744.089(1) in one instance by engaging in the following conduct. ORS 744.089(1) requires a person licensed in Oregon as an insurance agent to notify the Insurance Division of any administrative action taken against the person, and provide a copy of the order, within 30 days of the final disposition of the action. On 11/6/02, the insurance regulator of the State of Washington issued an order, number D-02-205, assessing Chadwick a civil penalty of \$50,000, but suspending \$45,000 thereof, if Chadwick met certain conditions including paying the unsuspended civil penalty of \$5,000 and making changes to ALCIA's accounting system. The insurance regulator took the action because the insurance regulator found as a result of an on-site examination that Chadwick had been using insurance premiums to pay for ALCIA's business operations, and as of 6/30/02 ALCIA's insurance premium trust account was short by \$640,000. The action was finally disposed of on 11/6/02. Thus, Chadwick was required to notify the Insurance Division of the action, and provide a copy of the order, by 12/6/02. Chadwick has not notified the Insurance Division of the action or provided a copy of the order.

ALCIA violated ORS 744.089(1) in one instance by engaging in the following conduct. ORS 744.089(1) requires a person licensed in Oregon as an insurance agent to notify the Insurance Division of any administrative action taken against the person, and provide a copy of the order, within 30 days of the final disposition of the action. On 11/6/02, the insurance regulator for the State of Washington issued an order, number D-02-205, requiring ALCIA to making changes to its accounting system. The insurance regulator took the action for the reason explained above. The action was finally disposed of on 11/6/02. Thus, ALCIA was required to notify the Oregon Insurance Division of the action, and provide a copy of the order, by 12/6/02. ALCIA has not notified the Oregon Insurance Division of the action or provided a copy of the order.

Action

Pursuant to ORS 731.988, Chadwick and ALCIA are each assessed a civil penalty of \$200, for a total of \$400. The payment of the civil penalty shall be made

in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at 350 Winter Street NE, Room 440, Salem, OR 97301-3883, or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be received by the Insurance Division before the date of the final order.

Dated March 25, 2004

/s/ Edward J. Chadwick
Edward J. Chadwick

Dated March 25, 2004

/s/ Edward J. Chadwick
Edward J. Chadwick
President
Al Chadwick Insurance Agency, Inc.

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated April 27, 2004

Cory Streisinger
/s/ Cory Streisinger
Director
Department of Consumer and Business Services

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