

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

In the Matter of **Nations Hazard Insurance Company, Hartford Casualty Insurance, and Michael F. Napadow** ) **CEASE AND DESIST**  
 ) **ORDER**  
 ) Case No. INS 04-06-009

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 Nations Hazard Insurance Company (NHIC), Hartford Casualty Insurance (HCI), and Michael F. Napadow (Napadow).

The director hereby issues this cease and desist order, pursuant to ORS 731.252, to the parties because the director has reason to believe that the parties have violated, are violating, or are about to violate the Insurance Code as specified herein.

**Findings of Fact**

Licensing Information

NHIC has never been licensed in Oregon as an insurer or intermediary or in any other manner authorized to transact insurance in or relative to risks located in Oregon. Napadow is a representative of NHIC. NHIC's last known address is 180 South Western Avenue, PMB 273, Carpentersville, IL 60110-1738; telephone (toll) number is 847-428-5560; telephone (toll free) number is 866-351-4680; fax number is 847-428-5517; fax number is 501-621-7818; and telephone (cellular) number for Napadow is 630-258-9182.

HCI has never been licensed in Oregon as an insurer or intermediary or in any other manner authorized to transact insurance in or relative to risks located in Oregon. Napadow is affiliated with HCI. HCI's last known address is 180 South Western Avenue, PMB 273, Carpentersville, IL 60110-1738; and telephone (toll):

unknown, telephone (toll free): 866-351-4680, fax: 501-621-7818. HCI is not affiliated with The Hartford Insurance Group.

Napadow has never been licensed in Oregon as an insurer or intermediary or in any other manner authorized to transact insurance in or relative to risks located in Oregon. Napadow's last known residence and business address is 129 Canterfield Parkway West, West Dundee, IL 60118-9004.

#### Transacted Insurance in Oregon as an Insurer Without a License

1. NHIC has violated and is violating ORS 731.354 by engaging in the following conduct. As indicated above, NHIC has never been licensed in Oregon as an insurer or intermediary or in any other manner authorized to transact insurance in or relative to risks located in Oregon. Since at least August 2003, NHIC has operated a website at <http://www.nationshazard.com>. Whois.net identifies Napadow as the administrator of the website. The website does not indicate that NHIC's solicitation of insurance is limited to any particular state, and thus is directed to persons residing in all states. On the website, NHIC offers to sell "Insurance Plan H2000, a unique combination of E & O, General Liability and Legal Defense Insurance for liability coverage for the home inspector, real estate appraiser, real estate Broker/Agent and employees. Professional liability insurance, also called Errors and Omissions (E & O), protects an individual or a documented entity (Corporation, Limited Liability Corporation and/or Documented Partnership) from claims alleging failure or error in the providing of services that result in financial damages to their clients. ... It is so easy to apply. Fill out the [online] application form and submit it. We will respond with a timely quotation as soon as possible." Sometime prior to 8/4/03, David R. Raybourn (Raybourn) dba Compass Home Inspection Associates of Beaverton, Oregon applied to NHIC for the insurance. On or about 8/4/03, NHIC issued to Raybourn a policy, number H2000/090103/P, effective from 9/1/03 to 8/31/04. From 8/4/03 to 2/1/04, NHIC mailed to Raybourn six invoices each for payment of a premium of \$175 for the insurance. Raybourn paid only four of the invoices and thus paid NHIC a total of \$700.

2. HIC is violating ORS 731.354 by engaging in the following conduct. As indicated above, HIC has never been licensed in Oregon as an insurer or intermediary or in any other manner authorized to transact insurance in or relative to risks located in Oregon. HIC has established a website at [www.hartfordcasualtyinsurance.com](http://www.hartfordcasualtyinsurance.com). Whois.net identifies Napadow as the administrator of the website. On the website, NIC offers to sell the same type insurance as NHIC. HCI's website is identical to NHIC's website in organization and content. The website does not indicate that HCI's solicitation is limited to any particular state, and thus is directed to persons residing in all states.

3. Napadow violated and is violating ORS 731.354 by engaging or causing others to engage in the above described conduct on behalf of NHIC and HCI.

### **Order**

Pursuant to ORS 731.252, NHIC, HIC, and Napadow, each shall immediately cease and desist from violating ORS 731.354 by engaging in the conduct described above.

### **Notice of Right to a Hearing and Judicial Review**

#### **Right to a Hearing**

Each party has the right to a hearing pursuant to ORS 731.252. A party may request a hearing by sending a written request to the Insurance Division. A party may send the request to the Insurance Division by delivering it to the Labor and Industries Building, 350 Winter Street NE, Room 440 (4<sup>th</sup> Floor), Salem, Oregon; or mailing it to PO Box 14480, Salem, OR 97309-0405, or faxing it to 503-378-4351; or e-mailing it to [mitchel.d.curzon@state.or.us](mailto:mitchel.d.curzon@state.or.us). The Insurance Division must *receive* the request within *20 days* from the date this notice was *sent* to the party.

If the Insurance Division receives from or on behalf of a party a written request for a hearing by the due date described above, then the Insurance Division will refer the request to the Office of Administrative Hearings (OAH). OAH will schedule the hearing and notify the party of the date and location of the hearing and other related information. OAH will conduct the hearing in accordance with the Oregon Administrative Procedures Act, ORS Chapter 183; and related rules, Oregon

Administrative Rules (OAR) 137-05-0501 *et seq.* A party that is an individual may represent him or her self, or may be represented by an attorney licensed in Oregon, at a hearing. A party that is a corporation, partnership, limited liability company, unincorporated association, trust, or government agency must be represented at a hearing by an attorney licensed in Oregon except as otherwise provided by law. Subsequently, OAH will issued a proposed order, and the director will issue a final order. However, this Cease and Desist Order will remain in effect if and until a final order is issued terminating this order.

If the Insurance Division does not receive from or on behalf of a party a written request for a hearing by the due date, then this order will become final automatically pursuant to ORS 731.252 and no further order will be issued.

If the Insurance Division receives from or on behalf of a party a written request for a hearing by the due date described above but the party withdraws the request, notifies the Insurance Division or OAH that the party will not appear at a hearing, or does not appear at a scheduled hearing, then the director will issue a final order by default pursuant to ORS 731.252, 183.415(6) and OAR 137-003-670(3) .

If this order becomes final automatically or the director issues a final order by default, then the record of this proceeding to date, including the designated portion of the Insurance Division's file on the party, automatically become part of the contested case record. The party may request the Oregon Court of Appeals to review this order pursuant to ORS 183.480 and 183.482 by filing a written petition for judicial review with the court within 60 calendar days after the date this order became final.

Dated August 6, 2004

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

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