

selling, soliciting or negotiating insurance, as those terms are defined in ORS 731.104, in Oregon if the person is required to be licensed in Oregon as an insurer or insurance producer but is not so licensed. ORS 731.116 defines "Person" as "an individual or business entity. For the purpose of this definition 'business entity' means a corporation, association, partnership, limited liability partnership or other legal entity."

Since 7/1/08, Allstate has appointed or authorized AQA Insurance, Inc. (AQA), initially of Vancouver, Washington, and later of Portland, Oregon, to solicit, sell, negotiate, and service insurance provided by Allstate. On 12/15/10, the director received by fax from AQA an application to renew AQA's Oregon nonresident business entity license which was scheduled to expire on 2/28/11. On 1/13/11, while reviewing AQA's application, the director discovered that AQA's Washington resident business entity insurance producer license had expired on 12/20/10 and therefore AQA no longer qualified for an Oregon nonresident business entity insurance producer license. On 1/27/11, the director sent by e-mail a letter to Nhat Alexander Nguyen (Nguyen), president of AQA, informing AQA that its Washington resident license had expired and therefore it no longer qualified for an Oregon nonresident license. On 4/11/12, after not receiving any response from AQA, the director discontinued processing AQA's application. Allstate had a procedure to notify its agents that their licenses were scheduled to expire. Before AQA's Oregon license expired, Allstate sent an e-mail to AQA on 12/30/10 and 1/28/11 informing AQA that its license was scheduled to expire on 2/28/11. After AQA's Oregon license expired, Allstate sent another e-mail to AQA on 3/22/11 notifying it that its Oregon license had expired. However, Allstate did not further contact AQA about the status of its Oregon license, or suspend paying AQA commission for transacting insurance, while AQA was unlicensed because Nguyen, as the president of AQA and the Key Person under the Allstate Exclusive Agency Agreement, was individually licensed during this time period. On 7/12/12, during an investigation of Nguyen for different misconduct, the director informed AQA that AQA's Oregon nonresident business entity insurance producer license had expired. On 8/20/12, AQA applied

for and was issued an Oregon resident business entity insurance producer license. AQA transacted insurance in Oregon while it was unlicensed from 3/1/11 to 8/19/12; although Nguyen, as the president of AQA and the Key Person under the Allstate Exclusive Agency Agreement, was individually licensed during this time period. Allstate paid AQA approximately \$270,644.60 in commissions for transacting insurance during this period.

Action

Pursuant to ORS 731.988(1), Allstate is assessed a civil penalty of \$50,000.00. The payment 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 or mailed to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE Room 300, Salem, OR 97301-3880; 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 July 16, 2013 Brian Walsh
[Signature of Representative]
BRIAN WALSH
[Printed Name of Representative]
Field SENIOR VICE PRESIDENT
[Printed Title of Representative]
Allstate Insurance Company

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 July 18, 2013 [Signature]
Laura N. Cali
Insurance Commissioner and
Administrator of Insurance Division