

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

In the Matter of **Terra Nova Insurance Company, Ltd.**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 03-06-012

STIPULATION

The Director of the Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Terra Nova Insurance Company, Ltd. (Terra Nova), now known as Markel International Insurance Company, Ltd.

Terra Nova enters into this Stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

Terra Nova waives the right to receive a notice of proposed action, to receive a notice of the rights of a party and procedures in contested cases, to have a hearing, to be represented by an attorney at the hearing, to receive a proposed order, to file exceptions to the proposed order, and to judicial review of the Final Order.

Terra Nova stipulates to the following facts, conclusions, and action; and consents to issuance of a Final Order incorporating this Stipulation, without admitting any responsibility for any violations of the Oregon Insurance Code.

Facts and Conclusions

Terra Nova has never been licensed in Oregon as an insurer, although it is authorized to transact insurance in Oregon as an eligible surplus lines insurer in accordance with Oregon's surplus lines insurance laws, ORS 735.400 *et seq.* Terra Nova's principal business address is located in London, England.

The director found that Terra Nova violated ORS 731.354 in 26 instances by engaging in the following conduct.

Since 1988, the National Christmas Tree Association (NCTA) has made insurance available to its members by procuring, either directly from insurers or indirectly from managing general agents of the insurers, master policies. The policies were issued to NCTA but provided property or liability insurance or both to

each member of NCTA that purchased coverage under a master policy. A certificate was issued to each insured member of NCTA as evidence of the insurance purchased.

From 10/00 to 9/01, the liability and property insurance were both provided by Terra Nova under master policy number TNP52114. From 10/01 to 9/02, the liability and property insurance were both provided by Terra Nova under master policy number 186P21204. From 10/00 to 9/02, Myron F. Steves and Company (MFSC) was the managing general agent of Terra Nova for NCTA's insurance program.

From 10/25/00 to 1/5/02, Terra Nova, by and through MFSC, issued or caused to be issued 26 certificates to persons in Oregon who were members of NCTA. Terra Nova received \$15,970.00 as gross premium and retained \$13,184.28 as net premium.

At all relevant times, Terra Nova was not licensed in Oregon as an insurer, and was not authorized to transact insurance in Oregon as an eligible surplus lines insurer because MFSC was not licensed in Oregon as a surplus lines agent or otherwise complied with the requirements of the surplus lines law, ORS 735.400 *et seq.*

However, there is no evidence that Terra Nova was aware of any violations of the Oregon surplus lines law caused by MFSC.

Action

Pursuant to ORS 731.988, Terra Nova shall pay a civil penalty of \$5,000.

Pursuant to ORS 735.470, Terra Nova shall also pay surplus lines taxes of 304.18.

Each payment shall be made by check payable to the "Department of Consumer and Business Services" for the full amount due. Both payments may be made by one check. The payment(s) 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(s) shall be received by the Insurance Division by the date of the Final Order.

Dated September 19, 2003

/s/ Paula A. Francis
[Signature of Representative]

Paula A. Francis
[Printed Name of Representative]

Asst. Secretary
[Printed Title of Representative]

Terra Nova Insurance Company, Ltd.

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 October 8, 2003

/s/ Cory Streisinger
Cory Streisinger
Director

Department of Consumer and Business Services