STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES INSURANCE DIVISION

In the Matter of AF&L Insurance Company

) STIPULATION and
) FINAL ORDER
) Case No. INS 06-07-013

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 AF&L Insurance Company (AFL).

AFL desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

AFL waives all rights relative to an administrative hearing and judicial review thereof.

AFL stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

AFL has been licensed in Oregon as a foreign insurer since 3/8/95, but suspended since 4/25/05. AFL's last recorded principal business address is located in Warrington, Pennsylvania.

<u>Issued Group Health Insurance Policy to Unapproved Association</u>

AF&L is subject to enforcement action pursuant to ORS 743.524(1) because of the following circumstances. ORS 743.524(1) prohibits an insurer from offering a group health insurance policy to an association as the policyholder or from offering coverage under such a policy, whether issued in this or another state, unless the director determines that the association satisfies the requirements of ORS 743.522(2). AF&L issued on 7/14/04 and renewed on 3/1/05 a group health insurance policy to the National Association for Independent Business which was

not approved by the director, and insured under the policies 19 persons residing in Oregon.

Action

Pursuant to ORS 731.988, AFL is assessed a civil penalty of \$5,000. 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 to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be *received* by the Insurance Division by the date of the final order.

Dated August 22, 2006 /s/ B. J. Iacovetti

 $[Signature \ of \ Representative] \\ Benedict \ J. \ Iacovetti \\ [Printed \ Name \ of \ Representative] \\$

Treasurer/CFO

[Printed Title of Representative]

AF&L 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 October 2, 2006 /s/ Cory Streisinger

Cory Streisinger

Director

Department of Consumer and Business Services

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