

circumstances. ORS 744.068(2) requires a person that is licensed in Oregon as a resident insurance producer to keep at the person's principal place of business the usual and customer records pertaining to the business under the license, keep such records available for inspection by the director, and keep such records for a period of three years after the expiration of the policy involved. ORS 744.068(3) requires a person that is licensed in Oregon as a nonresident insurance producer to keep at the person's principal place of business the usual and customer records pertaining to the business under the license, keep such records available for inspection by the director, and keep such records for a period of three years after the expiration of the policy involved. ORS 744.026(1)-(2) requires a person that is licensed in Oregon as a nonresident adjuster to keep at the person's principal place of business the usual and customer records pertaining to the business under the license, keep such records available for inspection by the director, and to keep such records for three years after the conclusion of the transaction. ORS 744.311 requires a person that is licensed in Oregon as a managing general agent to maintain all of the person's books, bank accounts and records in a form usable by the director, and allow the director access to such information. ORS 735.460(1)-(2) requires a person that is licensed in Oregon as a surplus lines agent to keep a full and true record of each surplus lines insurance contract placed by or through the person on each risk resident in Oregon including certain specified information, and to keep such records available for inspection by the director for at least five years following termination of the contract.

As indicated above, KIT is licensed in Oregon as a resident insurance producer, surplus lines insurance producer, and managing general agent. KIT is also licensed in Oregon as a nonresident insurance producer, adjuster, and managing general agent. KIT's principal place of business in Oregon is 5 Centerpointe Drive Suite 400, Lake Oswego, OR 97035-8620. KIT's principal place of business in Washington is 11100 NE 8th Street Suite 420, Bellevue, WA 98004-4473.

On 10/24/06, representatives of the Oregon Insurance Division personally went to the office of KIT located in Lake Oswego, Oregon. The representatives found the

office closed to conducting business with the public, and a person boxing documents and preparing to mail them. The person told the Insurance Division representatives that she was told by former employees of KIT in Washington that documents had been destroyed or discarded. The person also told the Insurance Division representatives that the “PC Group” owns KIT, and an employee of that organization told her to discard all processed documents, and mail all unprocessed documents and computer equipment to 3039 Premiere Parkway Suite 100, Duluth, GA 30097-8906 which is the principal address of PC Group Holdings, LLC, formerly known as PC Group Holdings, Inc. The person told the Insurance Division representatives that the records could not be discarded but should be stored. The person said that she stored some of the records, and was preparing to mail the remaining records and computer equipment to the above address.

Order

Pursuant to ORS 731.252, KIT shall immediately cease and desist from ORS 744.068(2)-(3), ORS 744.026(1)-(2), ORS 744.311, and ORS 735.460(1)-(2) by altering, discarding insurance business records in any form, or removing them from Oregon and Washington.

However, nothing in this order shall prevent KIT from complying with an order issued by a court in a bankruptcy or other legal proceeding to provide copies of records to the court or parties in such proceeding.

Notice of Right to Administrative Hearing and Judicial Review

A 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 (4th 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. 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 a party a written request for a hearing by the above due date, 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 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 issue a proposed order, and the director will issue a final order. However, this order will remain in effect until the director or a court of competent jurisdiction orders otherwise.

If the Insurance Division receives from a party a written request for a hearing by the above due date but the party subsequently withdraws the request, notifies the Insurance Division or OAH that the party will not appear at a scheduled hearing, or does not appear at a scheduled hearing, then the director intends to issue a final order by default continuing the action ordered herein.

If the Insurance Division does not receive from a party a written request for a hearing by the above due date, then this order will become final automatically and no further order will be issued.

If a hearing is not held, then the designated portion of the Insurance Division's file in this case will automatically become part of the contested case record for the purpose of proving a *prima facie* case. If a hearing is held, the designated portion of the Insurance Division's file in this case will not become part of the record, unless expressly offered by the Insurance Division as documentary evidence and admitted as such.

A party has the right to appeal this order if it becomes final automatically to the Oregon Court of Appeals pursuant to ORS 183.480 and ORS 183.482. A party may institute a proceeding for judicial review by filing with the court a petition for judicial review within 60 days from the date the order being appealed was served on the party. If the order was personally delivered to a party, then the date of service is the day the party received the order. If the order was mailed to a party, then the

date of service is the day the order was mailed to the party, not the day the party received the order. If a party files a petition, the party is requested to also send a copy of the petition to the Insurance Division.

Dated October 26, 2006

/s/ Joel Ario
Joel Ario
Administrator
Insurance Division
Department of Consumer and Business Services

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