STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **The Ultimate Warranty Corporation**	)	**FINAL ORDER**
	)	Case No. INS 08-05-001

History of the Proceeding

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 646.279, to take enforcement action against The Ultimate Warranty Corporation (Ultimate Warranty).

On 5/15/08, the director issued a notice of proposed action notifying the party that the director proposed to take enforcement action against the party and the party was entitled to a hearing pursuant to ORS 183.415. The notice of proposed action included a statement that if a hearing was not conducted then the designated portion of the Insurance Division's file in this case would automatically become part of the contested case record for the purpose of proving a *prima facie* case.

The director did not receive from the party a request for a hearing and did not conduct a hearing.

The director finds that the record of this proceeding to date, including information in the designated portion of the Insurance Division's file and all materials submitted by the party if any, proves a *prima facie* case.

The director now makes the following final decision in this proceeding.

Findings of Fact and Conclusions of Law

Licensing Information

Ultimate Warranty has been registered in Oregon as a foreign obligor of service contracts from 5/2/02 to 6/30/05, and since 3/3/06. Ultimate Warranty's Oregon Corporation Division business name registry number is 034412-92. Ultimate Warranty's last recorded principal business mailing address is 44 Pierce Street, Kingston, PA 18704 although it is believed that its actual principal address is 21360 Center Ridge Road, Rocky River, OH 44116-3277.

Failed to Maintain Financial Stability Requirements

Ultimate Warranty is subject to enforcement action pursuant to ORS 646.279(2) because of the following circumstances. ORS 646.279(2) permits the director to refuse to continue, suspend or revoke a service contract obligor's registration if the director finds after an opportunity for a hearing that the obligor fails to meet or maintain the financial stability requirements of ORS 646.267. ORS 646.267(5)(b) requires an obligor to provide to the director evidence of a reimbursement policy described in ORS 742.390 that is obtained by the obligor and issued by an authorized insurer that insures all service contracts issued by the obligor. OAR 836-200-0020(1) requires an obligor to include in its application for registration proof of financial stability that satisfies the applicable requirements of OAR 836-2000-0030 to 836-200-0040. OAR 836-200-0000(5) requires an obligor to immediately notify the director of any change in the information submitted in the application for registration. On or about 2/28/06, Ultimate Warranty filed an application for registration. In the application for registration, Ultimate Warranty included a "Service Contract Reimbursement Insurance Policy Facts Page" representing that Capital Assurance Risk Retention Group, Inc. (CARRG) had issued a reimbursement policy, number CARRG01-06, to Ultimate Warranty effective from 12/31/05 to 12/31/06. Ultimate Warranty did not inform the director of any change in the policy. On 11/14/07, the South Carolina Department of Insurance issued a press release saying, among other things, that "[o]n October 31, 2007, the Richland Count Court of Common Pleas issued an order placing CARRG into receivership and appointed the Director of the South Carolina Department of Insurance as Receiver. … The order was entered because the financial condition of Ultimate Warranty Corporation, CARRG's primary owner-member, has impacted CARRG such that any future transaction of their business would be hazardous to CARRG's policyholders and the public." According to a letter, undated, but believed to have been issued on or about 12/13/07, by the South Carolina Department of Insurance, "Ultimate was insured under a 'Service Contract reimbursement Insurance Policy' ('Policy') issued by CARRG. This policy was cancelled as of

12/30/07 according to its terms by Ultimate as the insured. This cancellation effective date was confirmed, without objection from Ultimate, in a letter from CARRG's counsel to Ultimate on October 29, 2007."

Order

Pursuant to ORS 646.279(2), Ultimate Warranty's Oregon service contract obligor registration is revoked on the date of this order.

Notice of Right to Judicial Review

A party has the right to judicial review of this order pursuant to ORS 183.480 and ORS 183.482. A party may request judicial review by sending a petition for judicial review to the Oregon Court of Appeals. The court must receive the petition within 60 days from the date this order was served on the party. If the order was personally delivered to a party, then the date of service is the date the party received the order. If the order was mailed to a party, then the date of service is the date the order was mailed to the party, not the date 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 June 18, 2008

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

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