STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES INSURANCE DIVISION

In the Matter of Virginia Surety Company, Inc.

STIPULATION and
FINAL ORDER
Case No. INS 08-12-009

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 Virginia Surety Company, Inc. (Virginia Surety).

Virginia Surety desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

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

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

Facts and Conclusions

Licensing Information

Virginia Surety has been licensed in Oregon as a foreign insurer since 6/30/82. Virginia Surety's last recorded principal business address is located in Glenville, Illinois.

Issued Group Health Insurance Policy to Unapproved Group

Virginia Surety is subject to enforcement action pursuant to ORS 743.522(2) because of the following circumstances. ORS 743.522(2) prohibits an insurer from insuring or offering to insure a person in Oregon under a group health insurance policy issued to a group other than one described in ORS 743.522(1) unless the director determines that the policy meets the requirements of ORS 743.522(2). At various times since 2002, Virginia Surety insured at least 29,882 persons in Oregon under three group health insurance policies issued to two trusts not described in

ORS 743.522(1). Virginia Surety did not inform the director about the policies before issuing the policies or providing the insurance to the persons in Oregon. As a result, the director did not determine that the requirements ORS 743.522(2) were satisfied.

Action

Pursuant to ORS 731.988, Virginia Surety is assessed a civil penalty of \$10,000. 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 January 19, 2009

/s/ Joseph D. Fagan [Signature of Representative] Joseph D. Fagan [Printed Name of Representative] Vice President and Senior Counsel [Printed Title of Representative]

Virginia Surety Company, Inc

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 January 30, 2009	/s/ Cory Streisinger
	Cory Streisinger
	Director
	Department of Consumer and Business Services
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