

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

In the Matter of **Bader Company**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 11-04-001

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 Bader Company (Bader).

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

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

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

Facts and Conclusions

Licensing Information

Bader has been licensed in Oregon as a nonresident business entity insurance producer since 8/6/02 and insurance adjuster since 3/19/08. Bader's insurance producer license number is 813423, insurance adjuster license number is 819139, NAIC entity number is 3122916, and federal employer identification number (FEIN) is 35-1858026. Bader's last recorded principal place of business address is 9777 N College Avenue Indianapolis, IN 46280-1628; and telephone number is 317-706-6000.

Accepted Insurance Business From Unlicensed Person

Bader is subject to enforcement action pursuant to ORS 744.074(1)(m) because of the following circumstances.

ORS 744.074(1)(m) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person knowingly accepted insurance business from an individual who is not licensed.

Bader developed a self storage tenant insurance program. The insurance insured a tenant's property while stored at a participating storage company's storage facility. The insurance insured the property against loss due to certain risks such as fire, smoke, hurricanes, tornados, earthquakes, burglary, and roof leaks. The insurance was provided by Voyager Property and Casualty Insurance Company or Pennsylvania Manufacturers' Association Insurance Company. Bader entered into agreements with storage companies with storage facilities in Oregon in which the storage company would offer the insurance to their tenants and Bader would pay the storage company an administration fee. Bader believed that the storage companies were not required to be licensed in Oregon as insurance producers, and consequently conducted business knowing the storage companies were not licensed. Bader provided to the storage companies marketing materials and application forms about the insurance. The storage companies employed persons to operate their storage facilities. The employees informed the persons who applied to rent space at the storage facility that they had to have insurance covering their property stored at the facility and if they did not have such insurance then they could purchase such insurance either from a third party, or at that time through the facility from Bader. The employees gave the persons who chose to purchase the insurance an insurance application to complete, and received the completed applications and collected the initial premiums. The storage companies forwarded the applications and initial premiums to Bader. Subsequently each month, the storage companies collected from the tenants the renewal premiums and forward them to Bader. From 5/6/04 to 12/26/10, Bader received from eleven storage companies 14,532 applications for the insurance. Bader received \$1,050,840.16 in gross premiums, paid the insurers \$630,633.54 as net premiums,

paid the storage companies \$394,849.50 as administration fees, and retained \$25,357.12 as commissions.

Action

Pursuant to ORS 731.988(1), Bader is assessed a civil penalty of \$33,000. 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 or mailed to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE Room 300, Salem, Oregon 97301-3880; 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 November 7, 2011

/s/ Maureen A. Lee
[Signature of Representative]
Maureen A. Lee
[Printed Name of Representative]
President
[Printed Title of Representative]
Bader 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 November 16, 2011

/s/ Teresa D. Miller
Teresa D. Miller
Administrator
Insurance Division
Department of Consumer and Business Services

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