

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

DEC 16 2008

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel.)
KIM HOLLAND, Insurance Commissioner,)
)
Petitioner,)
)
v.)
)
Argonaut Great Central Insurance Company))
and)
Argonaut Insurance Company)
)
Respondents.)

Case No. 08-1342-DIS

**CONDITIONAL ADMINISTRATIVE ORDER
AND NOTICE OF RIGHT TO BE HEARD**

COMES NOW the State of Oklahoma, ex rel. Kim Holland, and
alleges and states as follows:

JURISDICTION

1. Kim Holland is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq., including 36 O.S. § 1148.

2. Respondent, Argonaut Great Central Insurance Company ("AGC") is a foreign insurer, licensed in the State of Oklahoma, holding certificate of authority number 3113.

3. Respondent, Argonaut Insurance Company ("AIC") is a foreign insurer, licensed in the State of Oklahoma, holding certificate of authority number

2912.

4. The Insurance Commissioner has jurisdiction over the subject matter raised in this dispute and may issue penalties pursuant to 36 O.S. § 619.

5. If either AGC or AIC requests a hearing in writing in this matter, pursuant to Oklahoma Administrative Code 365-1-7-1, the Insurance Commissioner, pursuant to 36 O.S. §319, will appoint an independent hearing examiner who shall sit as a quasi-judicial officer and preside over the hearing requested.

6. The Insurance Commissioner, pursuant to Oklahoma Administrative Code 365:1-7-5, upon written request reasonably made by a person affected by the hearing and at such person's expense, shall cause a full stenographic record of the proceedings to be made by a competent court reporter.

ALLEGATIONS OF FACT

1. Respondent AGC is a foreign insurer, licensed in the State of Oklahoma holding certificate of authority number 3113.

2. Respondent AIC is a foreign insurer, licensed in the State of Oklahoma holding certificate of authority number 2912.

3. NCCI is an advisory organization licensed by the Oklahoma Insurance Commissioner.

4. Both AGC and AIC are members of NCCI and are bound by the loss cost filings made by NCCI pursuant to 36 O.S. § 1148.

5. The loss cost filing made by NCCI in 2007 took effect on January 1, 2008.

6. Pursuant to 36 O.S. § 1148, Respondents AGC and AIG were required to adhere to NCCI's 2007 loss cost filing by January 1, 2008.

7. Respondents AGC and AIG failed to adhere to NCCI's loss cost filing with the effective date of January 1, 2008, until September 1, 2008.

8. AGC wrote eighty-one (81) workers' compensation policies which took effect between January 1, 2008, and September 1, 2008, using NCCI's 2007 loss cost filing which expired on January 1, 2008.

9. AIC wrote two hundred and twenty-two (222) workers' compensation policies which took effect between January 1, 2008, and September 1, 2008, using NCCI's 2007 loss cost filing which expired on January 1, 2008.

ALLEGED VIOLATIONS OF LAW

That the Respondent violated 36 O.S. § 1148 by failing to adhere to the loss costing filings made by NCCI on its behalf within ninety (90) days of the effective date of the loss cost filing.

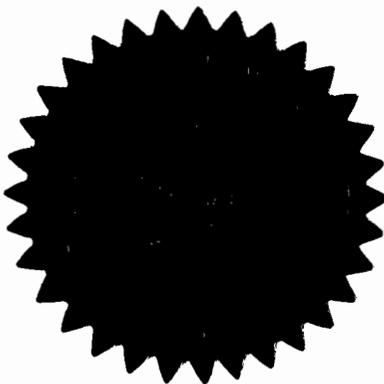
ORDER

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner, subject to the following paragraph, that the Respondents violated 36 O.S. § 1148 and are hereby censured.

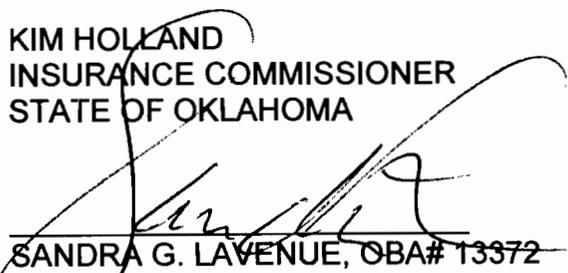
IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that this Order is a Conditional Order. Unless the

Respondents request a hearing with respect to the Allegations of Fact set forth above within thirty (30) days of the date of mailing of this Order, this Order and the penalty set forth above shall become a Final Order on the thirty-first day following the date of mailing of this Order. Such request for a hearing, if desired, shall be made in writing, addressed to Sandra LaVenue, Oklahoma Insurance Department, Legal Division, P.O. Box 53408, Oklahoma City, Oklahoma 73152-3408 and must be served on the Oklahoma Insurance Department within the thirty (30) days allotted. The proceedings on any such requested hearing will be conducted in accordance with the Oklahoma Insurance Code, 36 O.S. §§ 101 through 7004, and the Oklahoma Administrative Procedures Act, 75 O.S. §§ 250 through 403. If the Respondents serves a timely request for hearing on the Oklahoma Insurance Department, this Conditional Order shall act as a notice of the matters to be reviewed at the hearing, and the Allegations of Fact, Alleged Violations of Law, and penalties imposed in this Conditional Order shall be considered withdrawn, pending final resolution at the hearing.

WITNESS My Hand and Official Seal this 15 day of December, 2008.



KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA


SANDRA G. LAVENUE, OBA# 13372
Oklahoma Insurance Department
Assistant General Counsel

CERTIFICATE OF MAILING

I, Sandra G. LaVenue, hereby certify that a true and correct copy of the above and foregoing Conditional Administrative Order and Notice of Right to be Heard was mailed via certified mail with postage prepaid and return receipt requested on this 16 day of December, 2008, to:

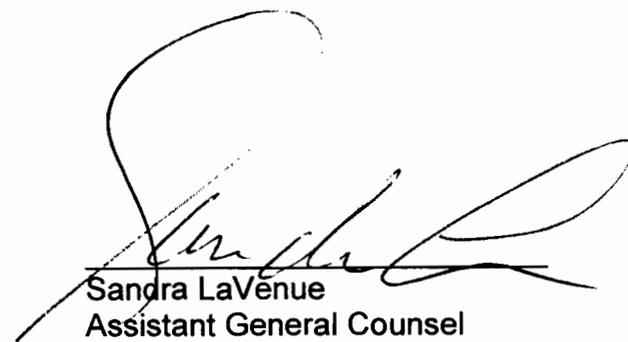
Argonaut Great Central Insurance Company
3625 N. Sheridan Road
Peoria, IL 61604
CERTIFIED NO. 7006 2760 0005 6607 4691

Argonaut Insurance Company
10101 Reunion Place, Suite 500
San Antonio, TX 78216
CERTIFIED NO. 7006 2760 0005 6607 4707

and that a copy was delivered to:

Chris Van Ess, Director
Financial Division

Marsha Finch
Property and Casualty Division



Sandra LaVenue
Assistant General Counsel