

BEFORE THE INSURANCE COMMISSIONER
STATE OF OKLAHOMA

FILED

MAY 19 2009

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, *ex rel.*)
KIM HOLLAND,)
Insurance Commissioner,)
)
Plaintiff,)
)
vs.)
)
CORNHUSKER CASUALTY COMPANY,)
)
Respondent.)

Case No. 09-0771-DIS

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

The State of Oklahoma, *ex rel.* Kim Holland, Insurance Commissioner, by
and through her attorney, states as follows:

JURISDICTION

1. The Insurance Commissioner, Kim Holland, is charged with the duty of administering and enforcing the provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101-7004. 36 O.S. § 307.
2. Cornhusker Casualty Company (“Cornhusker” or “Respondent”) is a licensed foreign insurance company, holding Oklahoma certificate of authority number 0350 and NAIC Company ID 20044.
3. Respondent has the right to request a hearing. If a hearing is requested by Respondent, 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. Further, if the Respondent requests a hearing in this matter, the Insurance Commissioner, pursuant to 36 O.S. §319, will appoint an independent hearing examiner who shall sit as a quasi-judicial officer and who may preside over the hearing which may be requested by the Respondents. Pursuant to 36 O.S. §319, ordinary fees and costs of the hearing examiner shall be assessed by the hearing examiner against the Respondent, unless the Respondent is the prevailing party.

ALLEGATIONS OF FACT

1. Oklahoma law requires that insurance carriers writing workers' compensation insurance in the State of Oklahoma pay an assessment, in four equal installments, to the Oklahoma Multiple Injury Trust Fund. 85 O.S. § 173. The assessment payments are due no later than the 15th day following the close of each quarter of the calendar year of the assessment. Id. The assessment for 2009 is based on the combined gross direct written premiums of all such insurers; all actual paid losses of all individual self-insureds; and the normal premium of all group self-insurance associations in 2008.

2. Cornhusker wrote workers' compensation insurance in Oklahoma during 2008.

3. Cornhusker has failed to make its mandatory assessment payments for the first two quarters of 2009.

ALLEGED VIOLATIONS OF LAW

4. Pursuant to 36 O.S. § 608, to be authorized to transact workers' compensation insurance in this state, an insurer must comply with the applicable provisions of Title 85.

5. By failing to pay its quarterly payments for the 2009 assessment, Cornhusker has not complied with Title 85 and has violated 36 O.S. § 608. Each failure to pay the quarterly assessment amount constitutes a separate violation of 36 O.S. § 608.

6. Pursuant to 36 O.S. § 619(A), the Insurance Commissioner has the authority to revoke or suspend an insurer's certificate of authority if the insurer violates any provision of the Oklahoma Insurance Code.

7. Additionally, under 36 O.S. § 619(B), the Insurance Commissioner has the authority to impose a civil penalty of not more than Five Thousand Dollars (\$5,000) for each violation of the Oklahoma Insurance Code.

ORDER

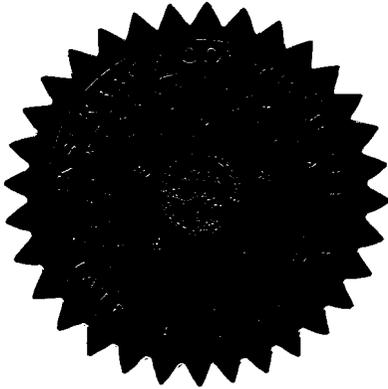
IT IS THEREFORE ORDERED by the Insurance Commissioner that Respondent has violated 36 O.S. § 608 and that Respondent is **FINED** in the amount of Five Thousand Dollars (\$5,000) for each violation, for a total fine of Ten Thousand Dollars (\$10,000).

IT IS FURTHER ORDERED that in the future, Respondent will comply with the Oklahoma Insurance Code, 36 O.S. § 101 et seq., and specifically 36 O.S. § 608 by complying with all applicable provisions of Title 85. Further, Respondent shall enact proper procedures to ensure that it complies with 85 O.S. § 173 and to ensure that similar conduct does not occur in the future.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that this Order is a Conditional Order. Unless the Respondent requests 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 penalties 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 the 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 and the Oklahoma Administrative Procedures Act, 75 O.S. §§250 et seq. If a Respondent 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 19th day of May, 2009.

KIM HOLLAND
INSURANCE COMMISSIONER
STATE OF OKLAHOMA



A handwritten signature in black ink, appearing to read "C. Muckala", written over a horizontal line.

Caleb J. Muckala
Assistant General Counsel
Oklahoma Insurance Department
P.O. Box 53408
2401 N.W. 23rd
Oklahoma City, Oklahoma 73107
Telephone: (405) 521-2746
Fax: (405) 522-0125

CERTIFICATE OF MAILING

On this 19th of May, 2009, a true and correct copy of the above and foregoing Conditional Order was mailed, via certified mail, to:

Cornhusker Casualty Company
c/o Tracy Nerda
9290 W. Dodge Road, Suite 300
Omaha, Nebraska 68114

7008 1830 6003 9412 4970

Notification sent to:

NAIC/RIRS

A handwritten signature in black ink, appearing to read "C. Muckala", written over a horizontal line.

Caleb J. Muckala