BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OKLAHOMA

FILED
JAN 14 2016
INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN DOAK, Insurance Commissioner,	)	
Petitioner,	)	
v.	)	**Case No. 16-0021-DIS**
BROTHERHOOD MUTUAL INSURANCE COMPANY, an insurance company licensed to do business in the State of Oklahoma,	)	
Respondent.	)	

CONDITIONAL ADMINISTRATIVE ORDER AND NOTICE OF RIGHT TO BE HEARD

COMES NOW the State of Oklahoma, ex rel. John Doak, Insurance Commissioner, by and through his attorney, Dan R. Byrd, and alleges and states as follows:

JURISDICTION

1. John Doak is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.

2. Respondent is an insurance company licensed to do business in the State of Oklahoma holding NAIC number 13528.

3. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew an initial license issued pursuant to the Oklahoma Producer Licensing Act and/or may levy a fine up to $1,000.00 for each occurrence of a violation of the Oklahoma Insurance Code, 36 O.S. § 1435.13(A) and (D).

ALLEGATIONS OF FACT

1. On or about December 1, 2015 Courtney Phipps, Licensing Division Manager, for the Oklahoma Insurance Department (OID) was contacted by Respondent's Regulatory and Compliance Director, David Roesener, and Respondent's Executive Assistant in charge of appointments, Karen Miller who advised that Respondent's appointment invoice for 2015 had not been paid in 2014 leaving an estimated 55 Agents and 12 Agencies without active Oklahoma appointments with their carrier for the current year. Karen Miller further advised that these Agents and Agencies continued to do business for Respondent writing new Oklahoma policies and renewing existing business during the current year.

2. Courtney Phipps verified that on September 19, 2014 OID's Licensing Division had sent Respondent an Oklahoma Appointment Renewals Announcement for 2014 that contained instructions for renewing Respondent's Agents and Agencies appointments advising that the renewal period for such appointments would start on November 25, 2014 and end on December 31, 2014 and that an appointment renewal fee of $30 per appointment per company should be paid to the OID. Respondent failed to pay the appointment renewal fee for its Agents and Agencies during the above referenced renewal period.

3. The OID allowed Respondent's invoices to remain active in its system until February 23, 2015 as an "unofficial" grace period at which time the unpaid invoices were removed and the appointments were terminated as "failure to renew".

4. On December 21, 2015, Respondent's Regulatory and Compliance Director, David Roesener, sent a letter to Oklahoma Insurance Commissioner, John

Doak, advising that during a recent audit it was discovered that Respondent had inadvertently failed to complete the appointment renewal for its resident and non-resident producers during the November 25, 2014 through December 31, 2014 renewal period. That they had discussed the situation with Courtney Phipps who advised that it would not be possible for these appointments to be backdated to the February 23, 2015 effective date and that Respondent should contact the Oklahoma Insurance Commissioner, John Doak, for review and a suggested corrective action plan to rectify the situation. In his letter, Mr. Roesener further advised that had Respondent administered the appointments in December 2014, it would have paid a total of $1,950 for 13 Agencies and 52 Agents. That not all the Agents (11) and Agencies (2) produced business during the year and that all the appointments for its Agents and Agencies were back in place.

ALLEGED VIOLATIONS OF LAW

1. Respondent violated 36 O.S. § 1435.15(D) by failing to pay appointment renewal fees for its Agents and Agencies as required by law during the November 25, 2014 through December 31, 2014 appointment renewal period.

ORDER

IT IS THEREFORE ORDERED by the Insurance Commissioner that Brotherhood Mutual Insurance Company is **CENSURED** and **FINED** TWO THOUSAND DOLLARS ($2000.00) for failing to pay appointment renewal fees for its Agents and Agencies as required by 36 O.S. § 1435.15(D). The $2000.00 fine is to be paid within thirty (30) days made payable to the Oklahoma Insurance Department. The $2000.00 civil fine shall be paid by money order or cashier's check.

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 this Order. A request for hearing should be in writing addressed to Dan R. Byrd, Oklahoma Insurance Department, Legal Division, 3625 NW 56th St., Suite 100, Oklahoma City, Oklahoma 73112. The request for hearing must state the grounds for the request to set aside or modify the Order.

Any such hearing shall be conducted according to the procedures for contested cases under the Insurance Code and 75 O.S. § 250-323. If the Respondent serves a timely request for hearing on the Oklahoma Insurance Department, this Conditional Order shall act as 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 14th day of January, 2016.

JOHN DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

Dan R. Byrd
Assistant General Counsel
3625 NW 56th St., Suite 100
Oklahoma City, OK 73112

CERTIFICATE OF MAILING

I, Dan R. Byrd, 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 by certified mail, with postage prepaid and return receipt requested, on this 14th day of January, 2016, to:

David M. Roesener
Regulatory and Compliance Director
Brotherhood Mutual Insurance Company
6400 Brotherhood Way
P.O. Box 2227
Fort Wayne, IN 46801-2227

CERTIFIED MAIL NO. 7015 0640 0002 7406 5197

and a copy was delivered to:

Courtney Phipps
Licensing Division

Dan R. Byrd
Assistant General Counsel

7015 0640 0002 7406 5197

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David M. Roesener
Regulatory & Compliance Director
Brotherhood Mutual Insurance Company
6400 Brotherhood Way
P.O. Box 2227
Fort Wayne, IN 46801-2227
16-0021-DIS/DRB(mt)
(Cond.Adm.Ord & Notice 1-14-16)

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

David M. Roesener
Regulatory & Compliance Director
Brotherhood Mutual Insurance Company
6400 Brotherhood Way
P.O. Box 2227
Fort Wayne, IN 46801-2227
16-0021-DIS/DRB(mt)
(Cond.Adm.Ord & Notice 1-14-16)

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2. Article Number *(Transfer from service label)*

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☐ Addressee

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JAN 25 2016
Legal Division

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