

STATE OF ARIZONA
FILED

DEC 14 1995

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DEPARTMENT OF INSURANCE

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By K.H.

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In the Matter of:)	
)	No. 95-140
SAFeway INSURANCE COMPANY,)	
)	CONSENT ORDER
)	
Respondent.)	

The Director of the Arizona Department of Insurance ("Director") issued a Notice of Hearing on August 9, 1995, alleging violations of A.R.S. Title 20 committed by Respondent. Safeway Insurance Company, NAIC No. 12521, received a copy of the Notice of Hearing and filed an untimely answer on September 15, 1995. Safeway has been advised of and waives its right to a hearing in this matter.

Safeway admits the following Findings of Fact are true and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Safeway is authorized to transact property and casualty insurance in the State of Arizona pursuant to a Certificate of Authority issued by the Director.

2. On or about March 11, 1994, the Department concluded a Market Conduct Examination of Safeway ("Examination"). As a result of the examination, the Department issued a Report of Examination as of March 11, 1994 ("Report"). The Report contains recommendations made to bring Safeway into compliance with insurance statutes and regulations of the Department. The Examiners recommended that the Director hold a hearing to determine if cause exists to take

1 disciplinary action against Safeway for alleged violations of
2 insurance statutes and rules of the Department.

3 3. Safeway agreed to enter into a Consent Order because it
4 wished to resolve the matter without formal adjudicative
5 proceedings. On or about November 17, 1994, the Director issued a
6 Consent Order, Docket No. 8606 ("Docket No. 8606"), ordering Safeway
7 to comply within 60 days of the date Docket No. 8606 was issued.
8 Sixty days from the date of Docket No. 8606 was January 16, 1995.
9 In Docket No. 8606 the Director found Safeway in violation of
10 statutes and rules of the Department.

11 4. On or about January 17, 1995, the Department sent a letter
12 to Safeway requesting compliance with Docket No. 8606. On
13 February 7 and April 4, 1995, the Department re-sent the January 17
14 letter requesting compliance, with a hand-written note noting the
15 date the request was resent. In addition, on April 11, 1995, the
16 Department sent a final letter requesting compliance. The April 11
17 letter was followed by a phone call from Dean Ehler, Assistant
18 Examiner with the Department.

19 5. On or about May 22, 1995, more than 4 months after the
20 compliance deadline, Safeway submitted a response to requests from
21 the Department in which it partially complied with Docket No. 8606.

22 6. Safeway failed to comply with paragraph 2 of Docket No.
23 8606 by failing to develop an action plan and by failing to submit
24 an action plan within 60 days of the issuance of the Consent Order
25 in Docket No. 8606.

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1 requirements of this Order, and the Director may separately order
2 Safeway to comply.

3 5. The hearing set for December 14, 1995, at 9:00 a.m. is
4 vacated by entry of this Order.

5 DATED in Phoenix, Arizona this _____ day of _____, 1995.

6 
7 CHRIS HERSTAM, Director
8 Arizona Department of Insurance

9 CONSENT TO ORDER

10 1. Respondent Safeway Insurance Company ("Safeway") has
11 reviewed the attached Order.

12 2. Safeway is aware of its right to a hearing at which
13 hearing Safeway may be represented by counsel, present evidence and
14 cross-examine witnesses. Safeway irrevocably waives its right both
15 to demand a public hearing and to seek judicial review of this
16 Consent Order.

17 3. Safeway admits the jurisdiction of the Director of
18 Insurance, State of Arizona, and consent to the entry of this Order.

19 4. Safeway states that no promise of any kind or nature has
20 been made to induce it to enter into this Order and that it has
21 entered this Order voluntarily.

22 5. Safeway acknowledges that the acceptance of this Order by
23 the Director of Insurance, State of Arizona, is solely to settle
24 this matter against it and does not preclude any other agency or
25 office of this state or subdivision from instituting other civil or
26 criminal proceedings as may be appropriate now or in the future.

1 6. Robert Bordeman holds the office of Executive Vice
2 President of Safeway, and is authorized to enter into this Order on
3 its behalf.

4 Date: 12/13/95 
5 Robert Bordeman
6 Executive Vice President

7 COPY of the foregoing mailed this
8 _____ day of _____, 1995, to:

9 Gerrie L. Switzer
10 Assistant Attorney General
11 1275 West Washington, Room 259
12 Phoenix, Arizona 85007

13 J. Michael Low
14 Kathy A. Steadman
15 LOW & CHILDERS, P.C.
16 2999 North 44th Street, Suite 250
17 Phoenix, Arizona 85018

18 Charles R. Cohen, Deputy Director
19 Gregory Y. Harris, Executive Assistant Director
20 Erin Klug, Executive Assistant to Director
21 Saul Saulson, Supervisor
22 Bernard Hill Supervisor
23 Deloris Williamson, Assistant Director
24 Gary Torticill, Assistant Director
25 and Chief Financial Examiner
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