

MAY 16 2014

DEPT OF INSURANCE  
BY CO

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

**NATIONAL UNION FIRE INSURANCE  
COMPANY OF VERMONT (NAIC 11562),**

**No. 14A-025-INS**

**CONSENT ORDER**

Respondent.

The State of Arizona Department of Insurance ("Department") has received evidence that **National Union Fire Insurance Company of Vermont (NAIC 11562)** ("Respondent" or "NUFIC VT") has violated provisions of Title 20, Arizona Revised Statutes ("A.R.S."). Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

**FINDINGS OF FACT**

1. NUFIC VT is a Vermont domestic sponsored captive insurance company.
2. From or about 2003 through 2013, NUFIC VT issued insurance policies with respect to Arizona-based policyholders.
3. NUFIC VT failed to remit premium taxes to Arizona for the periods 2003 through 2013 with respect to such insurance policies.
4. As of 2012, NUFIC VT no longer issued such policies. However, retrospective premium adjustments on previously issued policies may arise in future tax years.

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**CONCLUSIONS OF LAW**

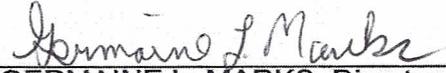
1. The Director has jurisdiction over this matter.
2. Respondent's conduct, as alleged above, constitutes failure to file a report on or before March 1 of each year showing total direct premium income written during the preceding calendar year, within the meaning of A.R.S. § 20-224.
3. Any insurer failing to pay the tax prescribed by section 20-224 is subject to a civil penalty and interest at the rate of one per cent per month from the date the tax was due. A.R.S. § 20-225.

**ORDER**

THEREFORE, IT IS ORDERED:

1. NUFIC VT shall continue to monitor retrospective premium adjustments on the policies and will forward tax and interest payments owing due to net positive premium balances with a brief explanatory cover letter.
2. NUFIC VT shall immediately pay a civil penalty of \$1,000.00 for deposit into the State General Fund.
3. NUFIC VT shall remit premium taxes and pay interest on the delinquent taxes for the years 2003 through 2013 (Exhibit A).

DATED this 16<sup>th</sup> day of May, 2014.

  
GERMAINE L. MARKS, Director  
Arizona Department of Insurance

**CONSENT TO ORDER**

1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

1           2.       Respondent admits the jurisdiction of the Director of Insurance, State of  
2 Arizona, and admits the foregoing Findings of Fact and consents to the entry of the  
3 foregoing Conclusions of Law and Order.

4           3.       Respondent is aware of its right to notice and a hearing at which it may be  
5 represented by counsel, present evidence and examine witnesses. Respondent  
6 irrevocably waives its right to such notice and hearing and to any court appeals relating to  
7 this Consent Order.

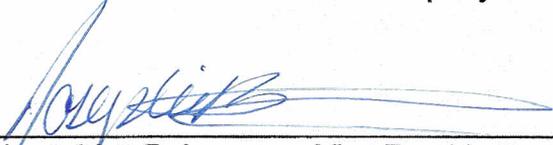
8           4.       Respondent states that no promise of any kind or nature whatsoever, except  
9 as expressly contained in this Consent Order, was made to it to induce it to enter into this  
10 Consent Order and that it has entered into this Consent Order voluntarily.

11           5.       Respondent acknowledges that the acceptance of this Consent Order by the  
12 Director is solely to settle this matter against it and does not preclude any other agency,  
13 officer, or subdivision of this state including the Department from instituting civil or criminal  
14 proceedings as may be appropriate now or in the future not related to this matter.

15           6.       Josephine B. Lowman represents that she is the Vice President of National  
16 Union Fire Insurance Company of Vermont and that, as such, is authorized to enter this  
17 consent order on its behalf.

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19                                   National Union Fire Insurance Company of Vermont (NAIC 11562)

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22       5/8/14  
Date \_\_\_\_\_

By:  \_\_\_\_\_  
Josephine B. Lowman, Vice President

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COPY of the foregoing mailed this  
16th day of May, 2014 to:

Josephine B. Lowman, Vice President  
National Union Fire Insurance Company of Vermont  
30 Main Street, Suite 330  
Burlington, VT 05402  
Respondent

Scott Heyman  
Sidley Austin LLP  
One South Dearborn Street  
Chicago, IL 60603  
Attorney for Respondent

Darren Ellingson, Assistant Director  
Mary Kosinski, Executive Assistant for Regulatory Affairs  
Catherine O'Neil, Consumer Legal Affairs Officer  
Kurt Regner, Assistant Director  
Scott Greenberg, Chief Operating Officer  
Arizona Department of Insurance  
2910 North 44th Street, Suite 210  
Phoenix, Arizona 85018

  
Curvey Walters

# National Union Fire Insurance Company of Vermont

## EXHIBIT A

	Year	Premium Written [PC]	Premium Tax @ 2% [PCT / 7]	Months Late	Interest @ 1%/Month [26]	Total Due
Due Date	2003	\$ 24,492,489	\$ 489,849.78	123	\$ 602,515.23	\$ 1,092,365.01
<b>5/31/2014</b>	2004	36,287,704	725,754.08	111	805,587.03	\$ 1,531,341.11
	2005	24,726,167	494,523.34	99	489,578.11	\$ 984,101.45
Total Owed	2006	(4,996,935)	(99,938.70)	87	(86,946.67)	\$ (186,885.37)
	2007	(235,057)	(4,701.14)	75	(3,525.86)	\$ (8,227.00)
<b>\$3,257,784.45</b>	2008	(2,903,367)	(58,067.34)	63	(36,582.42)	\$ (94,649.76)
	2009	(1,271,290)	(25,425.80)	51	(12,967.16)	\$ (38,392.96)
Remit with payment to:	2010	(415,633)	(8,312.66)	39	(3,241.94)	\$ (11,554.60)
	2011	(5,414)	(108.28)	27	(29.24)	\$ (137.52)
INSURANCE TAX UNIT 2910 N. 44th St., Suite 210 Phoenix, AZ 85018-7269	2012	(473,754)	(9,475.08)	15	(1,421.26)	\$ (10,896.34)
	2013	34,972	699.44	3	20.98	\$ 720.42
	<b>Total</b>	<b>\$ 75,239,882</b>	<b>\$ 1,504,797.64</b>		<b>\$ 1,752,986.81</b>	<b>\$ 3,257,784.45</b>

### DOI USE:

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NAIC/License	5499
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