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STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

SETTLERS INSURANCE, INC.;
RAINBOW PREFERRED INSURANCE, INC.
GENE R. MONTELEONE; IRENE ROBBINS;
WILLIAM ROLLAND ARMSTRONG

Respondents.

No. 96A-198

CONSENT ORDER:
SETTLERS INSURANCE, INC.;
GENE R. MONTELEONE

A Notice of Hearing was issued by the Director ("Director") of the Arizona Department of Insurance (the "Department") on November 12, 1996, in which the Department made certain allegations of violations of A.R.S. Title 20 committed by Respondents Settlers Insurance Co., Inc. and Gene R. Monteleone ("Respondents"). Respondents received a copy of this Notice. Respondents have been advised of his right to a hearing in this matter, which they waive.

Respondents admit the following Findings of Fact are true and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Settlers Insurance, Inc. ("Settlers") is presently and at all times material to this matter was an Arizona corporation licensed to transact insurance in the State of Arizona. Settlers holds agent/broker property and casualty license No. 12085. Settlers' principal place of business is 3911 West McDowell Road, #11, Phoenix, Arizona 85009. At all times material to this matter Settlers had branch offices in Phoenix, Apache Junction and Yuma. The Yuma office was operated by Settlers from January, 1996 through February, 1996.

2. Gene R. Monteleone ("Monteleone") is presently and at all times material to this matter was an Arizona licensed property & casualty and life & disability insurance agent or broker (license no. 798578). Monteleone is the president and responsible corporate officer for Settlers.

1 such fees with the Director of Insurance or obtaining his permission to charge such fees, in violation
2 of A.R.S. § 20-465 and the Insurance Director's Order of July 5, 1994 (In the Matter of Services
3 Customarily Provided in the Transaction of Certain Motor Vehicle Insurance - Docket No. 8322).

4 4. Respondent Settlers, by misrepresenting coverages through its agents, committed unfair or
5 deceptive acts or practices in the business of insurance, in violation of A.R.S. § 20-442.

6 5. The conduct alleged in the Notice constitutes grounds for the Director to impose a civil
7 penalty pursuant to A.R.S. § 20-316(C).

8 ORDER

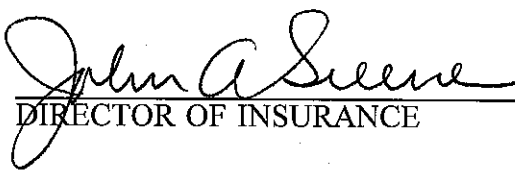
9 Based on the foregoing, it is hereby ordered that:

10 1. Respondents shall pay a civil penalty of \$1,750 upon entry of this Order. Failure to
11 pay said civil penalty is grounds for the immediate revocation of Respondents' insurance licenses.

12 2. Based on the agreed findings of fact, the notice of hearing as to Rainbow Preferred
13 Insurance, Inc. is hereby dismissed, because no grounds exist for suspending or revoking its license.

14 3. The hearing set for January 30, 1997 shall be vacated as to Respondents Settlers and
15 Monteleone.

16 DATED this 28 day of January, 1997.

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19 DIRECTOR OF INSURANCE
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CONSENT TO ORDER

1. Settlers Insurance, Inc. and Gene Monteleone have reviewed the attached Order.

2. Settlers Insurance, Inc. and Gene Monteleone are aware of their right to a hearing at which hearing they may be represented by counsel, present evidence, and cross-examine witnesses. Settlers Insurance, Inc. and Gene Monteleone irrevocably waive their right both to demand a public hearing and to seek judicial review of this Consent Order.

3. Settlers Insurance, Inc. and Gene Monteleone admit the jurisdiction of the Director of Insurance, State of Arizona, admit the forgoing Findings of Fact, consent to the entry of the foregoing Conclusions of Law and consent to the entry of this Order.

4. Settlers Insurance, Inc. and Gene Monteleone state that no promise of any kind or nature has been made to induce them to enter into this Order and that they have entered into this order voluntarily.

5. Settlers Insurance, Inc. and Gene Monteleone represent that they have corrected the conditions that led to the violations of Title 20, Arizona Revised Statutes, set forth in this Order. Specifically, Settlers Insurance, Inc. and Gene Monteleone represent the following: that they have licensed agents in each of their offices; that they disclose to prospective policyholders during the initial contact that motor club/roadside services coverage is optional; and that they have made all the required filings with the Insurance Department.

6. Respondents Settlers Insurance, Inc. and Gene Monteleone further represent that they centralized all quoting and binding procedures and capabilities through the Phoenix office under the control and direction of a licensee, as of the effective date that the present owners/management acquired physical control of Settlers Insurance, Inc. Finally, Respondents represent that they took corrective measures related to the matters set forth in paragraph 6 of the Findings of Fact. The corrective measures included but not limited to terminating certain agents and employees and establishing written procedures detailing the appropriate marketing

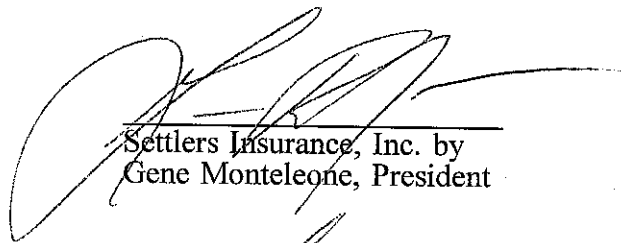
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of insurance and motor club/roadside service coverage, prior to the filing of the at-issue Notice of Hearing.

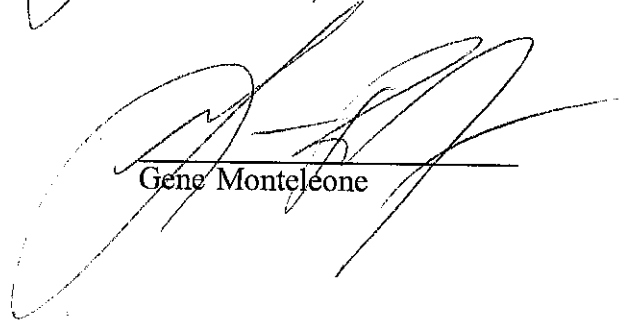
7. Settlers Insurance, Inc. and Gene Monteleone acknowledge that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely to settle this matter against them and does not preclude any other agency or officer of this state or subdivision from instituting other civil or criminal proceedings as may be appropriate now or in the future.

8. Gene Monteleone, as President, acknowledges that he is authorized to accept this Order on behalf of Settlers Insurance, Inc.

Date 1/27/97


Settlers Insurance, Inc. by
Gene Monteleone, President

Date 1/27/97


Gene Monteleone

1 COPY of the foregoing
2 mailed this 28th day
3 of January, 1997, to:
4 Office of Administrative Hearings
1700 West Washington Street, Suite 602
Phoenix, AZ 85007
5 Mark Sendrow
Assistant Attorney General
6 1275 West Washington Street
Phoenix, Arizona 85007
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8 John Gagne, Assistant Director
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