BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF
SELECT INSURANCE COMPANY
NAIC NO. 22233

A.I.D. NO. 2007- 038

ORDER

On July 11, 2007, a show cause hearing was held before Deputy Insurance Commissioner and General Counsel Jay Morgan ("Hearing Officer"), to determine if Select Insurance Company, NAIC No. 22233 ("Respondent") could show cause for failure to pay the Arkansas Rural Risk Underwriting Association ("ARRUA") Assessment for 2005 and the Arkansas Rural Risk Underwriting Association ("ARRUA") Assessment for 2006 which is used to fund the expenses of mailing fire department renewal subscription notices. The Arkansas Insurance Department ("Department") was represented by Associate Counsel Zane A. Chrisman. Respondent failed to appear. From the facts and law before the Hearing Officer, he finds:

FINDINGS OF FACT

1. The Arkansas Insurance Commissioner ("Commissioner") has jurisdiction over the parties and subject matter pursuant to Ark. Code Ann. §23-61-103 and the authority to order payment of penalties under Ark. Code Ann. §§ 23-60-108 and 23-63-213.

2. Respondent is an insurer authorized in Arkansas to write property, casualty, surety, marine, and disability. Respondent has held a Certificate of Authority to issue insurance policies in Arkansas since January 28, 1974.

3. On November 3, 2005, the Commissioner issued Bulletin No. 10-2005, that required all insurers licensed to write property insurance policies in Arkansas to pay a $200.00 assessment for 2005 and pay a $200.00 assessment for 2006. The payments were

to be received by December 31, 2005, and December 31, 2006, respectively. This assessment and bulletin was promulgated pursuant to Ark. Code Ann. § 23-88-306. The bulletin was circulated both by the "email blast" system used by the Department to disseminate new information from the Department, and by United States Mail.

4. On May 29, 2007, the Department sent a letter to Respondent advising that the ARRUA Assessment for mailing expenses for fire department renewal subscription notices for both 2005 and 2006 had not been received. Respondent was given the option of paying the arrearage by June 22, 2007, or appearing for a hearing to show cause why it did not pay.

5. The letter was received by the company on June 5, 2007, as indicated by the United States Postal Service Certified Return Receipt.

6. As of June 27, 2007, payment had still not been received by the Department.

7. As of July 11, 2007, Respondent had not contacted the Department and did not appear for the hearing.

VIOLATIONS

Respondent is in violation of:

8. Ark. Code Ann. §23-63-213(a)(5) which provides that an insurer's certificate of authority may be suspended or an administrative penalty of five thousand dollars ($5,000.00) in lieu of suspension may be imposed if the insurer has knowingly, or with reckless disregard, violated or failed to comply with any applicable provision of the Arkansas Insurance Code, or with any lawful rule, regulation, or order of the Commissioner;

9. Ark. Code Ann. § 23-88-306(d) which states that the Commissioner shall assess the members of ARRUA an amount on an annual basis to meet the costs of mailing

fire department renewal subscription notices. The amount was determined and circulated to the ARRUA members in Bulletin No. 10-2005.

CONCLUSIONS OF LAW

Based on the allegations contained herein, Respondent is in violation of Ark. Code Ann. § 23-63-213 and 23-88-306.

RECOMMENDATIONS OF THE HEARING OFFICER

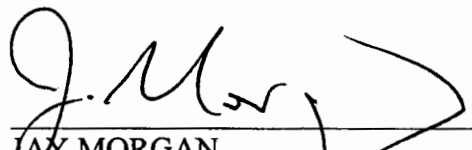
WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before the Hearing Officer, the Hearing Officer recommends:

1. That Select Insurance Company, NAIC No. 22233, should be ordered to pay the delinquent $200.00 for the 2005 Arkansas Rural Risk Underwriters Association Assessment;

2. That Select Insurance Company, NAIC No. 22233, should be ordered to pay the delinquent $200.00 for the 2006 Arkansas Rural Risk Underwriters Association Assessment;

3. That Select Insurance Company, NAIC No. 22233, should be assessed an administrative penalty of five thousand dollars ($5,000.00) in lieu of suspension of its certificate of authority for its 2005 violation of Ark. Code Ann. § 23-88-306; and

4. That Select Insurance Company, NAIC No. 22233, should be assessed an administrative penalty of five thousand dollars ($5,000.00) in lieu of suspension of its certificate of authority for its 2006 violation of Ark. Code Ann. § 23-88-306.



JAY MORGAN
DEPUTY COMMISSIONER,
GENERAL COUNSEL AND
HEARING OFFICER

CERTIFICATION

I, Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law and Recommendations were made by and under my authority and supervision by Mr. Jay Morgan, Deputy Insurance Commissioner, General Counsel and Hearing Officer for the Department in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

THEREFORE, it is hereby ORDERED AND AGREED that: Select Insurance Company, NAIC No. 22233 shall pay $10,400.00 to be broken down as follows: the delinquent $200.00 for the 2005 Arkansas Rural Risk Underwriters Association Assessment; the delinquent $200.00 for the 2006 Arkansas Rural Risk Underwriters Association Assessment; in lieu of having its license suspended for the 2005 violation, shall pay five thousand dollars ($5,000.00) as an administrative penalty pursuant to Ark. Code Ann. § 23-63-213; and in lieu of having its license suspended for the 2006 violation, shall pay five thousand dollars ($5,000.00) as an administrative penalty pursuant to Ark. Code Ann. § 23-63-213.

IT IS SO ORDERED THIS 24th day of July, 2007.

Julie Benafield Bowman

JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS