

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
UNITED FINANCIAL CASUALTY COMPANY
NAIC # 11770**

A.I.D. NO. 2009- 002

CONSENT ORDER

On this day the matter of United Financial Casualty Company (NAIC No. 11770) ("Respondent") comes before Lenita Blasingame, Arkansas Insurance Commissioner ("Commissioner"). The Arkansas Insurance Department ("Department") is represented by Mr. Booth Rand, Chief Counsel. The Respondent is represented by Scott J. Novak, Senior Counsel of The Progressive Corporation.

The Respondent and the Commissioner have reached a voluntary written agreement concerning alleged violations of Arkansas insurance laws by Respondent. The Respondent formally waives its right to an administrative hearing and voluntarily and knowingly consents to the entry of this Consent Order. The parties agree as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and subject matter pursuant to Ark. Code Ann. § 23-61-103 et seq, and other applicable Insurance Code provisions.
2. The Respondent is a property and casualty insurance carrier domiciled in the State of Ohio. The Respondent is also licensed here in this State as a foreign insurer and authorized here to sell the following lines of insurance: Property, Casualty (Excluding Workers Compensation).

3. From approximately January 1, 2005 until December 31, 2007, the Respondent sold inland marine insurance contracts in Arkansas without having sufficient authority under its Certificate of Authority (“C of A”) issued by the Arkansas Insurance Department (“Department”). Specifically, the Respondent reported collecting the following premium for inland marine insurance policies issued in this State during a three (3) year period: approximately \$19,614.00 from January 1, 2005 until December 31, 2005; approximately \$54,712.00 in collected premium from inland marine January 1, 2006 until December 31, 2006, and approximately \$90,828.00 in inland marine policies from January 1, 2007 until December 31, 2007. At no time during the three (3) year period in which Respondent collected the above described premium was Respondent authorized to sell inland marine policies in this State under its Arkansas’ C of A.

4. Under Ark. Code Ann. §23-62-107, “marine insurance” is a separate line of insurance not included in the types of “casualty insurance” described in Ark. Code Ann. §23-62-105. The Respondent did not amend its Arkansas’ C of A prior to selling and collecting premium from inland marine policies between January 1, 2005 until December 31, 2007 and was, during that time period selling inland marine policies without sufficient authority to do so under Ark. Code Ann. §23-63-201(a) and §23-63-210. Under Ark. Code Ann. §23-63-213, the Commissioner may suspend or revoke an insurer’s C of A for failure to comply any applicable provision of the Arkansas Insurance Code.

5. On or about April 22, 2008 the Company, upon discovering that it was not authorized to write Inland Marine policies in this state, submitted an application to the Department to add Inland Marine. In the Company’s Expansion Application, the Company indicated on Form 3 that it was currently transacting the Inland Marine line. During a review of

its application, the Department discovered that the Company was not authorized to write Inland Marine policies in this state. On or about July 15, 2008, after the Department notified Respondent of the above described discrepancy, the Department approved Respondent's application to amend its Arkansas' C of A to include inland marine.

6. In response to the above discrepancy, the Respondent stated that as a result of an administrative oversight, United Financial Casualty Company began writing Inland Marine prior to holding that line of authority in Arkansas. It stated that its business unit mistakenly believed that it held the requisite line of authority to write cargo coverage in Arkansas. Upon discovering that United Financial Casualty Company did not hold the Inland Marine line in Arkansas, the Company stated that it immediately made application to Arkansas to add that line to United Financial Casualty's certificate of authority.

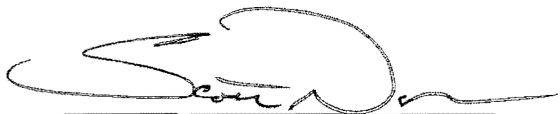
7. Without admitting that Respondent violated any insurance provision or Order or rule and regulation of the Department, the Respondent waives its right to an administrative hearing and consents to the payment of a fine as described hereafter.

CONCLUSIONS OF LAW

THEREFORE, IN CONSIDERATION OF THESE FINDINGS OF FACT AND CONCLUSIONS OF LAW, IT IS HEREBY ORDERED AND AGREED.

1. Respondent agrees to pay a fine to the Department of \$3,000.00 (three thousand dollars) for the above described violations.

IT IS SO ORDERED AND AGREED this 14th day of January, 2008 JB



Respondent

Lenita Blasingame
LENITA BLASINGAME
INSURANCE COMMISSIONER
STATE OF ARKANSAS