

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
Alaska State)
Insurance Agency, Inc.,)
Respondent,)

Case No. D95-01

STIPULATED AGREEMENT AND ORDER

The Division of Insurance ("Division") and Alaska State Insurance Agency Inc. ("ASIA") stipulate and agree that the issues raised in the Statement of Accusation dated April 28, 1995 are resolved pursuant to the terms and conditions set forth below:

1. ASIA admits that during an examination for the time frame of January 1, 1992 through December 31, 1992, the following deficiencies were discovered: a) failure to account adequately for trust money in the firm's possession; b) failure to maintain properly detailed premium trust account records; c) failure to detect a bank error that led to a reported excess in the premium trust account and to a subsequent inappropriate transfer of that excess to the firm Principal's personal account; d) failure to deposit premiums into the premium trust account within five (5) bank days of receipt; and e) failure to return premium refunds within 45 days after receipt of the refund or first advice of

STIPULATED AGREEMENT AND ORDER
Alaska State Insurance Agency, Inc.
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DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
ANCHORAGE BRANCH
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ANCHORAGE, ALASKA 99501
PHONE: (907) 269-5100

1 credit from the insurer. These deficiencies establish violations
2 of 3 AAC 23.510-.540, 3 AAC 23.590 -.600, AS 21.27.350-.360 for
3 which civil fines may be imposed.

4 2. Based on the above violations, ASIA agrees to pay
5 a civil fine of \$5,000 with \$4,000 suspended. The remaining
6 \$1,000 shall be paid in full to the Division no later than one
7 year from the date the director signs this order.

8 3. If, during the next two years, ASIA violates any
9 provision of AS 21 or state regulations related to the handling of
10 premium trust funds, then the suspended fine will be reinstated in
11 addition to any other remedies that may be appropriate under the
12 insurance code for such violation(s), including license revocation
13 or suspension or other civil fines that may be imposed for the
14 violation(s).

15 DATED:

10/3/95

BRUCE M. BOTELHO
ATTORNEY GENERAL

16
17 By:

Signe P. Andersen
Signe Andersen

Assistant Attorney General

18
19
20 DATED:

10/5/95

Alaska State Insurance
Agency, Inc.

21
22 By:

Pamela Langowski
Pamela Langowski

Principal & Compliance Officer

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26 STIPULATED AGREEMENT AND ORDER
Alaska State Insurance Agency, Inc.
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RECOMMENDED FOR APPROVAL

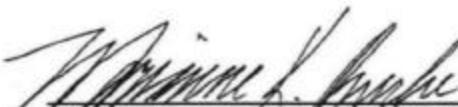
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2 This Stipulated Agreement and Order is recommended for
3 approval by the Director of Insurance this 9th day of October,
4 1995.

5 
6 Hearing Officer

ORDER

7 IT IS ORDERED that this Stipulated Agreement and Order
8 is adopted in full resolution of the issues in this case, and
9 shall constitute the final order in this matter.

10 DATED this 10th day of October, 1995.

11 
12 Marianne K. Burke, Director
13 Division of Insurance
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20 DEPARTMENT OF LAW
21 OFFICE OF THE ATTORNEY GENERAL
22 ANCHORAGE BRANCH
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STIPULATED AGREEMENT AND ORDER
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STATE OF ALASKA
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
ALASKA STATE INSURANCE)
AGENCY, INC.)
Respondent.)


Case No. D95-01

ORDER

Marianne K. Burke, Director, Division of Insurance (Division), Department of Commerce and Economic Development, State of Alaska, upon good cause shown, finds that a timely Request for Hearing and Notice of Defense was delivered to the Division by the Respondent. The Division will honor that request and, therefore, RESCINDS the Findings of Fact, Conclusions of Law, and Final Order dated July 5, 1995 in the above-captioned matter.

A subsequent final order will be issued after a hearing under AS 21.06.170 - 21.06.230.

DATED this 18th day of July, 1995 at Anchorage, Alaska.


Marianne K. Burke, Director
Division of Insurance

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STATE OF ALASKA
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
ALASKA STATE INSURANCE)
AGENCY, INC.)
Respondent.)

Case No. D95-01

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FINAL ORDER

Background

A Statement of Accusation, signed by the Director of the Division of Insurance, (Director), on April 28, 1995 was served on Pamela Langowski, Principal and Compliance Officer of Alaska State Insurance Agency, Inc., by certified mail, return receipt requested. Accompanying the Statement of Accusation were a letter from the Director, a Notice of Rights, a Request for Hearing and Notice of Defense, copies of the Alaska statutes pertinent to such a hearing, and a certificate of mailing. A return receipt for the mailing was received by the Division of Insurance (Division), on May 3, 1995, indicating that an agent of Ms. Langowski signed for the mailing on May 2, 1995.

The Notice of Rights accompanying the accusation informed the respondent in bold letters "If you do not request a hearing within 15 days after receipt of the accusation, you will have waived your right to a hearing." The Division did not

1 receive a request for a hearing from the respondent within the 15 day period, nor
2 since then.

3 Since no hearing was held, the Director makes the following Findings of Fact
4 and Conclusions of Law based on the Division's file regarding the respondent.

5 Findings of Fact

6
7 1. Alaska State Insurance Agency, Inc. (ASIA) is a licensed insurance
8 producer firm operating in the State of Alaska under firm license no. 8670. The
9 principal and compliance officer of ASIA is Pamela Langowski (Ms. Langowski),
10 operating in the State of Alaska as a licensed resident producer under insurance
11 license no. 3630.

12 2. In 1994, Fowler & Linse, on behalf of the Division, performed an
13 examination of the fiduciary accounts and records of ASIA to assist the Division in
14 determining compliance with AS 21.27.350, 21.27.360, and 3 AAC 23.500 -
15 3 AAC 23.730.

16
17 3. Fowler & Linse submitted its report, dated June 13, 1994, on the ASIA
18 fiduciary accounts for the period of January 1, 1992 through December 31, 1992.
19 Based on that report, the Division issued examination report no. FE93-07 and
20 submitted it to the Director on August 23, 1994 to approve for official filing.

21
22 4. On December 19, 1994, under Order no. FE93-07, the Deputy Director
23 for the Director approved for official filing the report on the ASIA trust account
24 examination, in accordance with AS 21.06.150.

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5. The ASIA examination revealed the following inadequacies in premium trust fund control and recordkeeping.

a. Documentation of trust account transactions was incomplete.

b. Reconciliation of trust account and other control accounts was inconsistent and inadequate.

c. Return premium refunds were not forwarded to insureds within 45 days after receipt of the refund or first advice of a credit from an insurer.

d. More than five banking business days elapsed from the receipt of trust money to the day the money was deposited into the premium trust account.

e. A bank error was not detected, which led to a reported excess of \$45,000 in the premium trust savings account and subsequent transfer of that excess to the personal bank account of Ms. Langowski. ASIA and Ms. Langowski could not account for this excess until approximately three months later when the bank realized that an error had occurred, at which time Ms. Langowski returned the \$45,000 at the bank's request. Although the apparent excess in funds was due to a bank error, ASIA and Ms. Langowski could have discovered and corrected the error in a more timely manner if trust accounts had been properly reconciled in September of 1991 through January of 1992 in accordance with 3 AAC 23.530.

Conclusions of Law

Based on the foregoing Findings of Fact, the Director makes the following Conclusions of Law.

1 1. The failure to account adequately for trust money held in the firm's
2 possession and to maintain properly detailed premium trust account records are
3 violations of 3 AAC 23.510, 3 AAC 23.520, 3 AAC 23.530, 3 AAC 23.540,
4 AS 21.27.350, and 21.27.360.

5 2. The failure to detect a bank error that led to a reported excess of
6 \$45,000 in the premium trust savings account and subsequent transfer of that excess
7 to the personal account of Ms. Langowski for a period of approximately three months
8 are violations of 3 AAC 23.530, AS 21.27.350, and 21.27.360.

9 3. Allowing more than five banking business days to elapse from the day
10 of receipt of trust money to the day the money is deposited into the premium trust
11 account is a violation of 3 AAC 23.590 and AS 21.27.360.

12 4. Failure to return premium refunds to insureds within 45 days after
13 receipt of the refund or first advice of a credit from an insurer is a violation of
14 3 AAC 23.600, AS 21.27.350, and 21.27.360.

15
16
17 Final Order


18 Based on the foregoing Findings of Fact and Conclusions of Law the Director
19 hereby orders that, pursuant to AS 21.27.440, ASIA and Ms. Langowski shall pay a
20 civil penalty of \$2,500 for each of the four violations set forth above, for a total
21 amount of \$10,000, with \$5,000 suspended. The Division will reinstate the
22 suspended portion of the penalty if, within three years of the date of this order, ASIA
23 and Ms. Langowski violate Alaska insurance statutes and regulations related to
24 premium trust accounts and other control accounts. The remaining \$5,000 must be
25
26

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
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fully paid on or before July 5, 1996 and may be paid in two quarterly installments of \$2,500 to be due on August 1, 1995 and on December 1, 1995.

DATED this 5th day of July, 1995 at Anchorage, Alaska.


Marianne K. Burke, Director
Division of Insurance

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STATE OF ALASKA
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
ALASKA STATE INSURANCE)
AGENCY, INC.)
Respondent.)
_____)

Case No. D95-01

STATEMENT OF ACCUSATION

Marianne K. Burke, Director, Division of Insurance (Division), Department of
Commerce and Economic Development, State of Alaska, states and alleges as
follows:

1. Alaska State Insurance Agency, Inc. (ASIA) is a licensed insurance
producer firm operating in the State of Alaska under firm license no. 8670. The
principal and compliance officer of ASIA is Pamela Langowski (Ms. Langowski),
operating in the State of Alaska as a licensed resident producer under insurance
license no. 3630.

2. In 1994, Fowler & Linse, on behalf of the Division, performed an
examination of the fiduciary accounts and records of ASIA to assist the Division in
determining compliance with AS 21.27.350, 21.27.360, and 3 AAC 23.500 -
3 AAC 23.730.

1 3. Fowler & Linse submitted its report, dated June 13, 1994, on the ASIA
2 fiduciary accounts for the period of January 1, 1992 through December 31, 1992.
3 Based on that report, the Division issued examination report no. FE93-07 and
4 submitted it to the Director on August 23, 1994 to approve for official filing.

5 4. On December 19, 1994, under Order no. FE93-07, the Deputy Director
6 for the Director approved for official filing the report on the ASIA trust account
7 examination, in accordance with AS 21.06.150.
8

9 5. On July 1, 1992, substantial revisions to the Alaska insurance code
10 (AS 21) went into effect. The above-referenced examination covers periods before
11 and after July 1, 1992; however, since it is difficult to separate the examination
12 components between the two periods, the statutes that were in effect prior to July 1,
13 1992 will be applied in this matter.
14

15 6. The ASIA examination revealed several inadequacies in premium trust
16 fund control and recordkeeping including:

- 17 a. incomplete documentation of trust account transactions;
18 b. inconsistent and inadequate reconciliation of trust account and
19 other control accounts;
20 c. untimely payment of return premiums to insureds; and
21 d. failure to detect a bank error that led to a reported excess in the
22 premium trust savings account and subsequent transfer of that excess to the
23 personal account of Ms. Langowski for a period of approximately three months.
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COUNT I

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2 7. The Director realleges paragraphs 1 through 6.

3 8. ASIA and Ms. Langowski individually have violated 3 AAC 23.510,
4 3 AAC 23.520, 3 AAC 23.530, 3 AAC 23.540, AS 21.27.350, and 21.27.360 by failing
5 to account adequately for trust money held in the firm's possession and by failing to
6 maintain properly detailed premium trust account records.

7
8 9. For violating 3 AAC 23.510, 3 AAC 23.520, 3 AAC 23.530,
9 3 AAC 23.540, AS 21.27.350, and 21.27.360, ASIA and Ms. Langowski should be
10 assessed a civil penalty of \$2,500 for each violation, as provided in AS 21.27.440.

COUNT II

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12 10. The Director realleges paragraphs 1 through 9.

13
14 11. ASIA and Ms. Langowski individually have violated 3 AAC 23.530,
15 AS 21.27.350, and 21.27.360 by failing to detect a bank error that led to a reported
16 excess of \$45,000 in the premium trust savings account and subsequent transfer of
17 that excess to the personal bank account of Ms. Langowski. ASIA and Ms.
18 Langowski could not account for this excess until approximately three months later
19 when the bank realized that an error had occurred, at which time Ms. Langowski
20 returned the \$45,000 at the bank's request. Although the apparent excess in funds
21 was due to a bank error, ASIA and Ms. Langowski could have discovered and
22 corrected the error in a more timely manner if trust accounts had been properly
23 reconciled in September of 1991 through January of 1992 in accordance with
24 3 AAC 23.530.
25
26

1 12. For violating 3 AAC 23.530, AS 21.27.350, and 21.27.360, ASIA and
2 Ms. Langowski should be assessed a civil penalty of \$2,500 for each violation, as
3 provided in AS 21.27.440.

4 COUNT III

5 13. The Director realleges paragraphs 1 through 12.

6 14. ASIA and Ms. Langowski individually have violated 3 AAC 23.590 and
7 AS 21.27.360 in that more than five banking business days elapsed from the receipt
8 of trust money to the day the money was deposited into the premium trust account.
9

10 15. For violating 3 AAC 23.590 and AS 21.27.360, ASIA and Ms.
11 Langowski should be assessed a civil penalty of \$2,500 for each violation, as
12 provided in AS 21.27.440.
13


14 COUNT IV

15 16. The Director realleges paragraphs 1 through 15.

16 17. ASIA and Ms. Langowski individually have violated 3 AAC 23.600,
17 AS 21.27.350, and 21.27.360 by not returning premium refunds to insureds within 45
18 days after receipt of the refund or first advice of a credit from an insurer.
19

20 18. For violating 3 AAC 23.600, AS 21.27.350, and 21.27.360, ASIA and
21 Ms. Langowski should be assessed a civil penalty of \$2,500 for each violation, as
22 provided in AS 21.27.440.

23 DATED this 28 day of April, 1995 at Anchorage, Alaska.

24 
25 Marianne K. Burke, Director
26 Division of Insurance