

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
3601 C STREET, SUITE 1324
ANCHORAGE, ALASKA 99503-7900
PHONE (907) 269-7900
FAX (907) 269-7910
TDD (907) 485-5437

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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

In the Matter of:)
)
PATRICK DONNELLY, dba)
THE DONNELLY CORPORATION,)
)
Respondent.)
_____)

Case No. D96-06

ORDER

Based upon the Division of Insurance staff's request for reconsideration submitted by Assistant Attorney General, Nathaniel B. Atwood on April 1, 2002, and the additional information provided by Mr. Donnelly's counsel, J. Dimmitt Smith, by letter dated April 10, 2002, I hereby reconsider my decision in my order dated March 27, 2002.

IT IS ORDERED that the Stipulated Agreement and Order executed by the parties on February 25, 2002 and March 19, 2002, respectively, and approved by the Administrative Hearing Officer on March 21, 2002 is hereby approved.

Dated this 19th day of April, 2002.



Robert A. Lohr
Director of Insurance

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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

In the Matter of:)
)
PATRICK DONNELLY, dba)
THE DONNELLY CORPORATION)
)
Respondent.)
_____)

Case No. D 96-06

STIPULATED AGREEMENT AND ORDER

The Division of Insurance, Department of Community and Economic Development, (division) and Patrick Donnelly, dba The Donnelly Corporation (Mr. Donnelly), the respondent in this case, stipulate and agree that the Statement of Accusation dated July 24, 1996 is resolved as follows:

1. Mr. Donnelly admits that he violated Alaska law relating to surplus lines transactions as enumerated in the Statement of Accusation. In particular, he admits to soliciting and placing surplus lines insurance without having a surplus lines license and without complying with the provisions of AS 21.34 governing surplus lines transactions. This conduct constitutes a criminal insurance act under AS 21.36.360(j) and a violation of AS 21.27.010 and 21.27.790. Further, Mr. Donnelly admits that he failed to comply with various provisions in AS 21.34, including reporting and tax requirements for surplus lines transactions.

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
ANCHORAGE BRANCH
1031 W. FOURTH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-5100

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

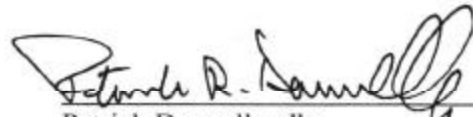
2. The parties agree that Mr. Donnelly's violations of the insurance code are grounds to revoke his non-resident producer license number 851 under AS 21.27.410, 21.27.440, and AS 21.34.230.

3. As a consequence of Mr. Donnelly's statutory violations, the parties agree that revocation of Mr. Donnelly's license is justified but that no civil penalty will be assessed.

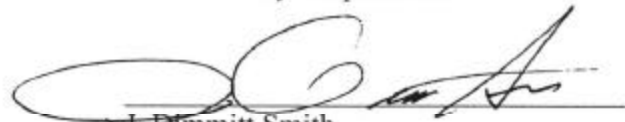
4. Mr. Donnelly's license number 851 is hereby revoked.

5. Mr. Donnelly has been advised by legal counsel regarding the nature and purpose of this agreement and understands it.

DATED: 2-22-02

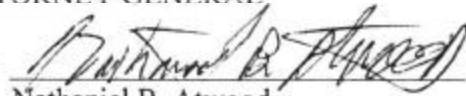

Patrick Donnelly, dba
The Donnelly Corporation

DATED: 3-12-02


J. Dimmitt Smith
WSBA No. 2938

DATED: 3/19/02

BRUCE M. BOTELHO
ATTORNEY GENERAL

By: 
Nathaniel B. Atwood
Assistant Attorney General

This is to certify that on this date a copy of the foregoing is being mailed (and delivered) to the following attorneys or parties of record:

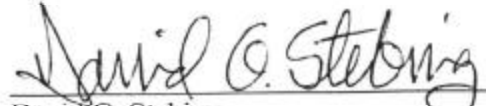
J. Dimmitt Smith

Judith E. McKen 3/19/02
Signature Date

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

RECOMMENDED FOR APPROVAL

This Stipulated Agreement and Order is recommended for approval by the
Director of Insurance this 21st day of March, 2002.



David G. Stebing
Administrative Hearing Officer

ORDER *BL*


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

DATED this _____ day of _____, 2002.

Robert A. Lohr
Director of Insurance

**This Stipulated Agreement and Proposed Order are rejected and
remanded back to the parties. The Agreement must contain an explanation why
the parties believe that an assessment of a civil penalty under AS 21.27.440
or AS 21.34.230 is not appropriate in this particular case.**

DATED this 27th day of March, 2002.



Robert A. Lohr
Director of Insurance

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
ANCHORAGE BRANCH
1031 W. FOURTH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-5100

3601 C STREET, SUITE 1324
ANCHORAGE, ALASKA 99503-5948
PHONE (907) 269-7900
FAX (907) 269-7910
TDD (907) 465-5437

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
800-E-DIAMOND BLVD., SUITE 660
ANCHORAGE, ALASKA 99517
(907) 346-1696

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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

In the Matter of:)
)
)
Patrick Donnelly)
dba the Donnelly Corporation)
)
_____)

Case No. D96-06

STATEMENT OF ACCUSATION

Marianne K. Burke, Director for the Division of Insurance, (the "division") Department of Commerce and Economic Development, State of Alaska states:

1.) This is a proceeding under the Alaska Insurance Code (AS 21) to revoke a producer license pursuant to AS 21.27.410 - .440.

2.) Patrick Donnelly is owner of The Donnelly Corporation based in Washington state. He holds an Alaska non-resident insurance producer license (license no. 851) for all lines of insurance. He has been licensed in this state at least since 1981. Donnelly also is a licensed agent in Washington state.

3.) In late 1994, Patrick Donnelly dba The Donnelly Corporation ("Donnelly") presented a proposal for a Blanket Mortgage Security insurance program to Alaska USA Federal Credit Union and Alaska USA Insurance, Inc. (collectively referred to as "Alaska USA"). This program was underwritten by AEGON Insurance Company, (U.K.) Limited ("AEGON"). Under this program, Alaska USA

1 was provided property hazard coverage to protect against lapses or
2 impairment of insurance on mortgaged properties securing loans
3 financed by Alaska USA.

4 4.) Alaska USA accepted Donnelly's proposal and
5 coverage was placed through AEGON. The master policy became
6 effective on or about November 1, 1994. After that time coverage
7 for individual properties was effected under the AEGON master
8 policy by certificates of insurance.

9 5.) At the time Donnelly presented and placed Alaska
10 USA's insurance program, AEGON was an approved surplus lines
11 carrier in Alaska. Neither Donnelly nor Alaska USA held a surplus
12 lines broker license. On December 31, 1994, AEGON withdrew as an
13 approved surplus lines carrier in Alaska. After that time,
14 coverage continued to be effected on individual properties
15 serviced by Alaska USA. In August 1995, Alaska USA's program was
16 placed with Fidelity and Deposit Company of Maryland, an admitted
17 company in Alaska.

18 6.) Under AS 21.27.010 and AS 21.27.790, a licensee is
19 prohibited from entering into a surplus lines transaction without
20 having a surplus lines license and without complying with the
21 provisions of AS 21.34 governing surplus lines transactions.
22 Donnelly did not hold a surplus lines license and did not comply
23 with the provisions of AS 21.34 when he solicited and placed the
24 insurance for Alaska USA with AEGON. This conduct constitutes a
25 criminal insurance act under AS 21.36.360(j) and a violation of AS
26 21.27.010 and AS 21.27.790. Donnelly also violated the insurance

3601 C STREET, SUITE 1324
ANCHORAGE, ALASKA 99503-5948
PHONE (907) 269-7900
FAX (907) 269-7910
TDD (907) 465-5437

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
800 E. DIMOND BLVD., SUITE 460
ANCHORAGE, ALASKA 99515
(907) 340-1330

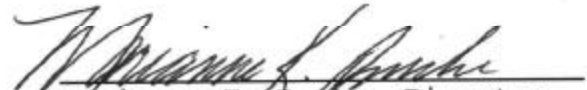
1 code by failing to comply with various provisions in AS 21.34
2 including report and tax requirements for surplus lines
3 transactions. Donnelly's violations of the insurance code are
4 grounds to revoke his non-resident producer license and to impose
5 civil penalties under AS 21.27.410(a)(2), (8), and (9), AS
6 21.27.440, and AS 21.34.230.

7 7.) In April 1996, the division learned that the
8 Washington State Department of Insurance seized control of
9 Donnelly's insurance operation on the grounds that he was acting
10 as an unauthorized insurer by failing to forward insurance
11 applications and premiums to appropriate insurance companies.

12 8.) Donnelly's conduct in Washington state at a minimum
13 demonstrates that he is untrustworthy and that he is a source of
14 potential injury and loss to the public. Therefore, Donnelly's
15 license is also subject to revocation under AS 21.27.020 and AS
16 21.27.410(8).

17 Wherefore, the division of insurance proposes to revoke
18 the non-resident insurance producer license of Patrick Donnelly
19 dba The Donnelly Corporation and imposes penalties as permitted
20 under the insurance code.

21 Dated this 24th day of July, 1996 at Anchorage, Alaska.

22
23 
24 Marianne K. Burke, Director
25 Division of Insurance
26