

1 STATE OF ALASKA

2 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

3 DIVISION OF INSURANCE

4 In the Matter of:)
 5 Reliance Direct Insurance Company,)
 6 Reliance Insurance Company,)
 7 Reliance National Indemnity Company,)
 8 Reliance National Insurance Company,)
 9 Reliance Surety Company,)
 10 Reliance Universal Insurance Company, and)
 United Pacific Insurance Company,)
 Insurers.)

11 Case No. D 01-11

12 ACCUSATION

13 Robert A. Lohr, Director, Division of Insurance, Department of Community and
14 Economic Development, states and alleges as follows:

- 15 1. This is a proceeding under the Alaska Insurance Code (Alaska Statutes Title 21)
 16 to adjudicate and impose penalties for statutory violations.
 17
 18 2. The seven companies (Reliance companies) listed below are authorized to
 19 transact the business of insurance in Alaska under the indicated certificates of authority, which
 20 were first issued on the dates specified.
 21

22 <u>Company Name</u>	<u>NAIC</u> <u>Co. No.</u>	<u>Certificate of</u> <u>Authority No.</u>	<u>Date Issued</u>
23 Reliance Direct Insurance Company	10681	10096	12/27/1999
24 Reliance Insurance Company	24457	42	1/19/1938
25 Reliance National Indemnity Company	24430	631	5/16/1963
26 Reliance National Insurance Company	40592	8181	10/29/1993
Reliance Surety Company	41980	8079	10/14/1992
Reliance Universal Insurance Company	44482	10022	10/6/1998
United Pacific Insurance Company	24473	249	5/29/1946

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1 3. According to AS 21.09.200(a), "Each authorized insurer shall annually, before
2 March 2, file with the director a full and true statement of its financial condition, transactions,
3 and affairs as of the preceding December 31." The Reliance companies failed to file annual
4 statements for 2000 before March 2, 2001.
5

6 4. In a faxed letter dated March 5, 2001, Kevin G. McLean, Senior Vice President,
7 Deputy General Counsel, and Assistant Secretary of Reliance National, writing on behalf of the
8 Reliance companies, conceded that the annual statements had not been timely filed. He further
9 notified the director that the Reliance companies expected to file the statements "as soon after
10 March 23, 2001 as possible." Gloria Glover, Chief Financial Examiner of the division,
11 responded to Mr. McLean in a letter dated March 5, 2001, in which she pointed out that an
12 insurer was required to pay a penalty of \$100 for each day an annual statement was not
13 properly filed.
14

15 5. On April 18, 2001, Ms. Glover sent another letter to Mr. McLean, with copies
16 sent to each of the Reliance companies by certified mail, stating that the late filing penalties
17 were still accruing and that, unless the division received Reliance company annual statements
18 by May 1, 2001, administrative action would be instituted against each company. The division
19 received receipts from the post office indicating that each of the companies had received the
20 certified letter.
21

22 6. To date, the division has not received the required annual statements from the
23 Reliance companies. Under AS 21.09.200(c), the director may suspend or revoke the
24 certificate of authority of an insurer failing to file its annual statement when due.
25 AS 21.09.200(e) states: "An insurer shall pay to the division \$100 for each day the insurer fails
26 to file the annual statement"

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WHEREFORE, the Division of Insurance is seeking to adjudicate the Reliance companies as having violated the Alaska Insurance Code by their failure to file annual statements as described above, to impose appropriate penalties, and to issue an order to each company suspending its certificate of authority.

Dated this 16th day of May, 2001 in Anchorage, Alaska.



Robert A. Lohr
Director