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GENERAL COUNSEL
JAN 29 2001
STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

Before the State of South Carolina
Department of Insurance

In the matter of:	)	
	)	SCDI File Number 105996
Cotton States Life Insurance Company	)	
	)	Consent Order
P.O. Box 105303	)	Imposing Administrative Penalty
Atlanta, Georgia.	)	
	)	

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Cotton States Life Insurance Company, an insurer licensed to transact insurance business within the State of South Carolina.

Cotton States hereby admits, and I find as fact, that it failed to timely file its December 2000 Quarterly (annual adjusted) Tax Return Installment. This insurer previously also had failed to timely previous installments with the Department, for which it was given a first offense warning letter and a second offense fine. Cotton States has alleged that these actions were completely unintentional. However, they are a direct violation of S.C. Code Ann. § 38-7-60 (3) (Supp. 2000) and can ultimately lead to the revocation of the insurer's certificate of authority pursuant to S.C. Code Ann. §§ 38-7-60 (4) and 38-5-120 (A) (2) (Supp. 2000) to transact the business of insurance within the State of South Carolina, following a public hearing before the Administrative Law Judge Division.

Prior to the initiation of formal administrative disciplinary proceedings by the Department against it, Cotton States and the Department agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that, in lieu of the Department's filing of a petition to revoke its certificate of authority to transact business as an insurer within the State of South Carolina, Cotton States would waive its right to a public hearing and would immediately submit an administrative penalty in the total amount of $2,000.

S.C. Code Ann. § 38-7-60(3) (Supp. 2000) in pertinent part states "[t]he premium and other taxes imposed on insurers pursuant to Sections 38-7-20, 38-7-30, 38-7-40, 38-7-50, and 38-7-90 must be paid to the Director or his designee in quarterly installments on or before March first, June first, September first, and December first of each calendar year."

After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that Cotton States did violate S.C. Code Ann. § 38-7-60(3) (Supp. 2000). Although I can now revoke the insurer's certificate of authority, I hereby impose an administrative penalty in the amount of $2,000 against Cotton States pursuant to the discretion provided to me by the State of South

WJB _____ [Company]

Carolina General Assembly in S.C. Code Ann. §§ 38-5-130 and 38-2-10 (Supp. 2000). This administrative penalty must be paid within ten days of my date and my signature upon this consent order. If that total amount is not paid on, or before, that date, then Cotton States' certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

This administrative penalty has been reached by the parties as a result of negotiation and compromise, and in consideration of the internal corrective internal measures Cotton States has taken to prevent this problem from recurring and of its assurance that it will timely file each of its future tax returns with the Department. By the signature of one of its officers or authorized representatives upon this consent order, Cotton States acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act,* S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 2000), of the Director of Insurance, exercised either directly or through the Department, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is, therefore, ordered that Cotton States Life Insurance Company shall, within ten days of my date and my signature upon this consent order, pay through the Department an administrative penalty in the total amount of $2,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.

Ernst N. Csiszar
Director

January 30, 2001
Columbia, South Carolina

WJB [Company]

I CONSENT:

William J Barlow
Signature of Authorized Representative

William J Barlow
Name

V.P. / Controller
Title

Cotton States Life Insurance Company
P.O. Box 105303
Atlanta, Georgia 30348

Dated this 25 day of January, 2001