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GENERAL COUNSEL
MAY 28 2003
STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

Before the State of South Carolina
Department of Insurance

In the matter of:
United States Letter Carriers Mutual Benefit Association
2700 First American Center
Nashville, Tennessee 37237
SCDOI File#117755

Consent Order
Imposing Administrative Penalty

This matter comes before me pursuant to an agreement entered into between the parties being the State of South Carolina Department of Insurance (hereinafter the "Department") and United States Letter Carriers Mutual Benefit Association (hereinafter the "Company"), an insurance company licensed and transacting business within the State of South Carolina.

I hereby find as fact that the Company failed to timely file its March 2003 annual adjusted quarterly tax return installment. The Company has also previously failed to timely file prior installments with the Department, for which it has been given warnings by the Department. The Company maintains these actions were the result of administrative oversight and were not intentional violations of South Carolina law.

Rather than contest this matter, the parties have agreed to submit the entire matter to the discretion of the Director of the Department, the undersigned, along with their specific recommendations, for my summary decision. The joint recommendation of the parties is that the Company waive its right to a public hearing and submit to an administrative penalty through the Department in the total amount of two thousand dollars ($2000).

Section 38-7-60(3) of the South Carolina Code in pertinent part states, "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." Sections 38-7-60 (4) and 38-5-120 (A) (2) (2002) also allows the Director of Insurance to impose disciplinary action against an insurer that does not comply with South Carolina's insurance laws.

After a thorough review of the matter and after having carefully considered the recommendations of the parties, pursuant to my findings of fact, I hereby conclude as a matter of law that the Company's March 2003 filing did not comply with S.C. Code Ann. § 38-7-60(3) (2002). Accordingly, I hereby accept the recommendation of the parties and impose an administrative fine in the total amount of $2,000 against the Company pursuant to the discretionary authority provided to me by the State of South Carolina General Assembly within S.C. Code Ann. §§ 38-2-10 and 38-5-130 (2002). The Company must pay this administrative

fine within 15 days of the date of this order. If the Company has not paid the total amount on or before that date then the Company's certificate of authority to transact business, as an insurer within the State of South Carolina will be summarily revoked without any further notice and/or administrative or disciplinary proceedings.

The parties have reached this consensual resolution as a result of negotiation and compromise pursuant to and in consideration of the internal corrective measures the Company has implemented to prevent this problem from recurring and pursuant to the Company's assurances that it will timely file each of its future tax returns with the Department. This penalty includes all expenses related to the investigation of this matter as provided in § 38-13-70 of the South Carolina Code. The parties expressly agree and understand that the Company's payment of the penalty agreed upon constitutes full accord and satisfaction of this matter.

By the signature of one of its officers or authorized representatives upon this consent order, the Company 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. 2001).

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 (2002), 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 the Company shall, within 15 days from the date of this 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.

May 28, 2003
Columbia, South Carolina

Ernst N. Csiszar, Director

United States Letter Carriers Mutual Benefit Association

I CONSENT:

Signature of Authorized Representative

Brian Hellman

Name

Director

Title

United States Letter Carriers Mutual Benefit Association
2700 First American Center
Nashville, Tennessee 37237

Dated this 22nd day of May, 2003

United States Letter Carriers Mutual Benefit Association