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FILED  
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Department of Insurance  
State of Idaho

*Attorneys for Department of Insurance*

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

FIRST CONTINENTAL LIFE &  
ACCIDENT INSURANCE COMPANY,  
a Texas domiciled insurer, doing business in  
Idaho without an authorized Idaho Certificate  
of Authority, NAIC No. 64696,

Respondent.

Docket No. 18-3551-19

**STIPULATION AND FINAL ORDER**

The Idaho Department of Insurance (“Department”) and First Continental Life & Accident Insurance Company (“First Continental”) enter into this Stipulation to resolve as between them the matters at issue in Department Docket No. 18-3551-19 and, for that purpose, do hereby stipulate and agree as follows:

**JURISDICTION AND PROCEDURE**

1. The Director of the Department (“Director”) is charged with enforcement of the Idaho Insurance Code, Idaho Code §§ 41-101, *et seq.*, and rules promulgated thereunder, and has jurisdiction in the state of Idaho over matters involving insurance regulation and licensing.

2. Idaho Code § 41-305(1) provides that no person or entity shall “act as an insurer” or “directly or indirectly transact insurance in [Idaho] except as authorized by a subsisting certificate of authority issued to the insurer by the director[.]”

3. First Continental was previously, under prior and different ownership, authorized to transact insurance in the state of Idaho pursuant to Idaho Certificate of Authority No. 1267, issued on August 3, 1979, until such certificate of authority was revoked by order of the Director, while still under prior and different ownership, effective March 13, 2004. First Continental subsequently issued policies in the state of Arizona where it holds a license to transact the business of insurance. Group Certificates of Insurance coverage were issued to and received by Idaho residents although First Continental did not hold a certificate of authority to transact the business of insurance in Idaho when the Certificates were used and does not currently hold a certificate of authority.

4. On January 14, 2019, upon information that First Continental was engaged in the business of insurance in Idaho, the Director issued a Cease and Desist Order and Notice in the instant docket, requiring First Continental to immediately cease and desist from directly or indirectly transacting insurance in the state of Idaho without first being authorized to do so.

5. On the same date, the Department filed a Verified Complaint and Notification of Rights, alleging that, during the period from January 2017 through June 2018, First Continental marketed and sold dental insurance products through a producer to thirty-three (33) individual Idaho residents, in violation of Idaho Code § 41-305(1). Based on such violation, the Department prayed for imposition of an administrative penalty of at least \$30,000 and an order requiring First Continental to permanently cease and desist from the direct or indirect transaction of insurance in the state of Idaho.

6. On March 11, 2019, First Continental filed a Verified Answer to Complaint and Notification of Rights, Motion to Reconsider Cease and Desist Order, and Request for Hearing, contesting the Department's allegations and objecting to the requested relief.

7. Thereafter, the Director appointed a hearing officer to preside over the matter and a hearing was set for August 21-22, 2019.

### AGREEMENT

8. In lieu of proceeding to hearing, the Department and First Continental agree to resolve the matters at issue through this negotiated settlement, wherefore the parties agree and stipulate as follows:

- a. First Continental admits to one violation of Idaho Code § 41-305(1) by acting as an insurer or directly or indirectly transacting insurance in the state of Idaho without being properly authorized to do so.
- b. For such violation, First Continental agrees to imposition of an administrative penalty in the amount of Twelve Thousand Five Hundred Dollars (\$12,500), due and payable to the Department within fifteen (15) days of entry of the Final Order herein.
- c. First Continental and the Department agree that the Cease and Desist Order issued in this matter on January 14, 2019, may be vacated.
- d. First Continental agrees to immediately cease and, on an ongoing basis, not to transact insurance, as defined in Idaho Code § 41-112, in the state of Idaho, in any line of insurance, without proper authority under chapter 3, title 41, Idaho Code.

- e. First Continental shall give immediate notice to each and every association and other producer with which First Continental is contracted, or through which it otherwise sells its products, stating that First Continental's products are no longer available for sale in Idaho. First Continental shall instruct such associations and producers to provide such notice on their websites and to give such other notice as reasonably required.
- f. First Continental shall provide to the Department, within fifteen (15) days of entry of the Final Order herein, a list of the names of and contact information for any and all of its certificate holders in the state of Idaho, inclusive of all lines of insurance sold in the state of Idaho, including but not limited to dental, vision, disability, health, limited benefit plans, indemnity, and all other forms of insurance as provided in chapter 5, title 41, Idaho Code.
- g. With regard to existing in-force certificates issued to and received by Idaho residents, First Continental shall take the following steps:
  - i. First Continental shall nonrenew such certificates at the end of their term with forty-five (45) days' advance notice to the consumer of nonrenewal of coverage. The notice shall inform the consumer of the exact date of nonrenewal and that such nonrenewal is not at the fault of the consumer. First Continental shall provide to the Department an advance draft of such nonrenewal notice to be sent to insured, in time for the Department's review and approval.
  - ii. During the term of such certificates, First Continental may continue to receive and manage premium, and handle and process claims and

complaints during the term of coverage, and for the contract period after termination as necessary.

h. Within one hundred eighty (180) days of entry of the Final Order herein, First Continental shall file a report with the Department's Chief Financial Examiner detailing the steps taken by First Continental to comply with this Stipulation and Final Order.

9. The parties agree that the terms of this Stipulation and Final Order are appropriate and proper under the circumstances referenced herein

10. By entering into this Stipulation, First Continental knowingly and voluntarily waives any rights it would otherwise have to notice and a hearing at which it may be represented by counsel, present evidence, and examine witnesses. The parties hereto further waive their right of reconsideration, appeal, and other rights as set forth in title 67, chapter 52, Idaho Code, including the right to submit this matter for judicial review by a court of competent jurisdiction.

11. The Department and First Continental each agree that this Stipulation is a full and final settlement of the issues raised between them in the above-entitled matter.

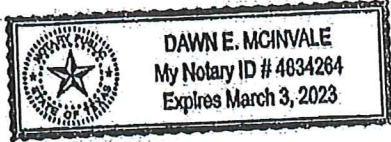
12. First Continental understands and acknowledges that the Department may take such lawful actions as may be required or appropriate to investigate and determine whether First Continental is in compliance with this Stipulation and the Final Order approving this Stipulation.

13. In the event that the Department takes action relating to alleged violations of this Stipulation or the Final Order approving this Stipulation, the Stipulation and Final Order shall be admissible in full in that proceeding for any purpose.

14. The Department and First Continental enter into this Stipulation freely and voluntarily, after having had the opportunity to consult with counsel of their choice, and with full



who, being by me first duly sworn, declared that he is the President/CEO of First Continental Life & Accident Insurance Company, that he signed the foregoing document as President/CEO, of the corporation, and that the statements therein contained are true.



Dawn E. McInvale  
Notary Public  
Residing at: 15329 FM 1236 Rd, Needville, TX 77461  
My Commission Expires on: 03/03/2023

Approved as to form:

HAWLEY TROXELL ENNIS & HAWLEY, LLP

By: [Signature]  
Stephen R. Thomas  
Of the firm  
Attorney for Respondent

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AGREED this 19 day of August, 2019.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE

By: [Signature]  
Nathan Faragher, CPA  
Bureau Chief, Company Activities

Approved as to form:

STATE OF IDAHO  
OFFICE OF THE ATTORNEY GENERAL

By: [Signature]  
John C. Keenan  
Deputy Attorney General  
Attorney for the Department of Insurance

## **FINAL ORDER**

The Idaho Department of Insurance (“Department”) and First Continental Life & Accident Insurance Company (“First Continental”), HAVING ENTERED INTO THE FOREGOING Stipulation, and the form of the order having been approved, the Director having reviewed the same, does hereby find that there is a factual basis for entry of a Final Order herein and does hereby conclude that First Continental violated Idaho Code § 41-305(1), as state in the Stipulation.

NOW, THEREFORE, based on the foregoing and in consideration of the premises,

IT IS HEREBY ORDERED that the Cease and Desist Order entered against First Continental on January 14, 2019, in the within matter is hereby VACATED.

IT IS FURTHER ORDERED that an administrative penalty in the amount of Twelve Thousand Five Hundred Dollars (\$12,500) is imposed against First Continental, with such sum due and payable to the Department within fifteen (15) days of entry of this Final Order.

IT IS FURTHER ORDERED that First Continental shall immediately cease and, on an ongoing basis, shall not transact insurance, as defined in Idaho Code § 41-112, in the state of Idaho, in any line of insurance, without proper authority under chapter 3, title 41, Idaho Code.

IT IS FURTHER ORDERED that First Continental shall give immediate notice to each and every association and other producer with which First Continental is contracted, or otherwise sells its products through, stating that First Continental products are no longer available for sale in Idaho. First Continental shall instruct such associations and producers to provide such notice on their websites and give such other notice as reasonably required.

IT IS FURTHER ORDERED that First Continental shall provide to the Department, within fifteen (15) days of entry of this Final Order, a list of the names of and contact information for any and all of its insureds in the state of Idaho, inclusive of all lines of insurance sold in the state of



Idaho, including but not limited to dental, vision, disability, health, limited benefit plans, indemnity, and all other forms of insurance as provided in chapter 5, title 41, Idaho Code.

IT IS FURTHER ORDERED that, with regard to existing in-force certificates issued to and received by Idaho residents, First Continental shall take the following steps:

- a. First Continental shall nonrenew such certificates at the end of their term with forty-five (45) days' advance notice to the consumer of nonrenewal of coverage. The notice shall inform the consumer of the exact date of nonrenewal and that such nonrenewal is not at the fault of the consumer. First Continental shall provide to the Department an advance draft of such nonrenewal notice to be sent to insured, in time for the Department's review and approval.
- b. During the term of such certificates, First Continental may continue to receive and manage premium, and handle and process claims and complaints during the term of coverage, and for the contract period after termination as necessary.

IT IS FURTHER ORDERED that, within one hundred eighty (180) days of entry of this Final Order, First Continental shall file a report with the Department's Chief Financial Examiner detailing the steps taken by First Continental to comply with this Stipulation and Final Order.

DATED and EFFECTIVE this 17 day of August, 2019.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE



Dean L. Cameron  
Director

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that, on this 19 day of August, 2019, I caused a true and correct copy of the foregoing, fully-executed STIPULATION AND FINAL ORDER to be served upon the following by the designated means:

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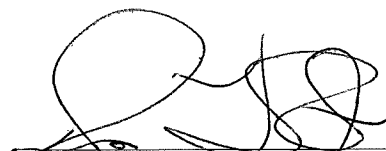
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Diona Tewalt