

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

RECEIVED  
INSURANCE DEPARTMENT  
2007 JAN 24 PM 2:00  
ADMIN HEARINGS OFFICE

IN RE: : VIOLATIONS:  
: :  
DAILY UNDERWRITERS OF : Sections 1401, 1404, 1406, 1407 and 1410 of  
AMERICA, INC. : the Insurance Companies Law, as amended  
1072 Harrisburg Pike : (40 P.S. §§ 991.1401, 991.1404, 991.1406,  
Carlisle, PA 17013-0039 : 991.1407 and 991.1410);  
: :  
: Title 31, Pennsylvania Code, Sections 25.1 to  
: 25.23  
: :  
: Docket No. SC06-10-021

**SETTLEMENT AGREEMENT**

THIS AGREEMENT is made this 23<sup>rd</sup> day of January, 2007 between the Insurance Department of the Commonwealth of Pennsylvania ("Department") and Daily Underwriters of America, Inc. ("Respondent") (collectively, "the Parties").

**WHEREAS**, on October 23, 2006, the Department filed an Order to Show Cause before the Insurance Commissioner and against Respondent as captioned-above ("the Order to Show Cause"); and

**WHEREAS**, the Order to Show Cause alleges that Respondent violated the Insurance Company Law of 1921, as amended (40 P.S. §§ 991.1401, *et seq.*), by failing to include annual financial statements for an "ultimate controlling person," specifically Robert F. Long ("Long"), in its annual registration statements filed for the calendar years 1998 through 2005, inclusive; and

**WHEREAS**, in the interest of avoiding the uncertainty of litigation and further costs related thereto, the parties have determined to settle this matter pursuant to the terms outlined below:

**AGREEMENTS**

**NOW THEREFORE**, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Respondent understands its rights to a formal administrative hearing and hereby waives same. Respondent further agrees that the agreements contained herein shall have the same force and effect of an Order entered in accordance with Administrative Agency Law, 2 Pa.C.S. §101 et seq. or other applicable law.
  
2. Respondent shall cease and desist from any future violations of Pennsylvania insurance laws and regulations, including, but not limited to: those described in the Order to Show Cause; those respecting the filing of annual registration statements; and requirements related to the filing of personal financial statements by ultimate controlling persons.
  
3. Respondent shall pay a civil penalty of twenty thousand dollars (\$20,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania and should be directed to Sharon L. Fraser, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment must be made no later than thirty (30) days after the date of the execution of this Settlement Agreement by the Department.
  
4. No later than ten (10) days following the filing of this Settlement Agreement,

Respondent shall file with the Department a personal financial statement for Long that meets the requirements of all applicable laws and regulations and which reflects Long's current financial condition or his condition on a date mutually agreed-to by the parties.

5. In the event the Deputy Insurance Commissioner finds that there has been a breach of any of the provisions of this Order, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

6. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

8. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

9. This Agreement is intended only to resolve the litigation between the Department and Respondents resulting from the Order to Show Cause filed under the above-captioned docket.

10. For and in consideration of Respondent's release and discharge of the Commonwealth of Pennsylvania and the Department from any action, claim or demand arising out of the activities and conduct identified in or relating to the Order to Show Cause, the Commonwealth of Pennsylvania and the Department hereby releases and discharges Respondent from any claims in any court which the Commonwealth of Pennsylvania and/or the Department have or may have as a result of the allegations made in the Department's Order to Show Cause filed under the above-captioned docket.

11. For and in consideration of the Commonwealth of Pennsylvania's and the Department's release and discharge of Respondents from any action, claim or demand arising out of the activities and conduct identified in or relating to the Order to Show Cause, Respondents hereby release and discharge the Commonwealth of Pennsylvania and the Department from any claims in any court which Respondents have or may have as a result of the allegations made in the Order to Show Cause filed under the above-captioned docket.

12. Captions used herein are for convenience only, and are not a part hereof, and shall not be used in construing this Agreement.

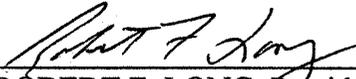
13. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

14. Within three (3) business days of the execution of this Agreement by all parties, the Department will file a request for discontinuance of this matter with the Administrative Hearings Office.

15. This Order shall be final upon execution by Respondent and by the Deputy Insurance Commissioner. Only the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violations and this Consent Order is not effective until executed by the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner.

16. Robert F. Long is duly authorized to execute this Settlement Agreement on behalf of Respondent.

BY:

  
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ROBERT F. LONG, President  
Daily Underwriters of America, Inc.,  
Respondent

  
\_\_\_\_\_  
RANDOLPH L. ROHRBAUGH  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania