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INSURANCE DEPARTMENT

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ADMIN HEARINGS OFFICE BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:
: :
ENCOMPASS INSURANCE COMPANY : 77 Purdons Statutes, Sections
2775 Sanders Road : 997(a) and 1038.1(e)
Northbrook, Illinois 60062-7127 : :
: Title 34, Pennsylvania Code,
: Section 129.106
: :
Respondent. : Docket No. CO08-03-014

CONSENT ORDER

AND NOW, this 8th day of July, 2008, this Order is hereby
issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant
to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper
notice of its rights to a formal administrative hearing pursuant to the Administrative
Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in
this matter, and agrees that this Consent Order, and the Findings of Fact and

Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following

Findings of Fact:

- (a) Respondent is Encompass Insurance Company, and maintains its address at 2775 Sanders Road, Northbrook, Illinois 60062-7127.
- (b) At all times herein, Respondent has been a licensed insurer in the Commonwealth of Pennsylvania and is authorized to write workers' compensation insurance.
- (c) Respondent is required by Pennsylvania Statutes to timely file an annual report of "Accident and Illness Prevention Services" (AIPS) to the Pennsylvania Department of Labor and Industry by June 1st of each year.
- (d) In 2004, Respondent executed Consent Order CO04-02-022, agreeing to cease and desist from failing to file the AIPS Report in a timely manner.

- (e) On November 13, 2007, Respondent was notified of its failure to file its AIPS Report by the June 1st deadline in 2006.
- (f) On November 13, 2007, Respondent did file its AIPS Report with the Pennsylvania Department of Labor and Industry after being notified by the Department, which was one hundred and sixty-six (166) days late.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) 77 Purdon's Statutes, Sections 1038.1(e) and (f), provides that any insurer writing workers' compensation insurance in the Commonwealth must maintain or provide accident and illness prevention services and, at least once each year, submit to the Department detailed information on the type of accident prevention services offered or provided to the policyholders, including amount of money spent on accident prevention, number and qualifications of field safety representatives, number of site inspections,

accident prevention services contracted for, premium size of the risks, and evidence of the effectiveness in accident prevention.

- (c) Respondent's activities described above in paragraphs 3(d) through 3(e) constitute that failure to submit the accident and illness prevention report, in violation of 77 Purdons Statutes, Section 1038.1(e).

- (d) Violations of 77 Purdons Statutes, Section 1038.1(e), and (f) are punishable as follows: Failure to maintain or provide the accident prevention services required by this section shall constitute a continuing civil violation for each day the accident prevention services are not maintained or provided. Each day of noncompliance with this section is a separate violation. All fines recovered under this section shall be paid to the Department and deposited into the Workmen's Compensation Administration Fund.

- (e) 77 Purdons Statutes, Section 997(a), provides that any insurer licensed to transact workmens compensation insurance in this Commonwealth that fails to submit any report under the Workers Compensation Act, may be subject to license revocation or suspension by the Insurance Commissioner.

- (f) Respondent's activities described above in paragraphs 3(d) through 3(e) constitute failing to timely submit a required report, in violation of 77 Purdons Statutes, Section 997(a).

- (g) Title 34, Pennsylvania Code, Section 129.106 mandates, by June 1st of each year, annual reporting by licensed insurers regarding accident and illness prevention services being maintained or provided to policyholders.

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall pay a civil penalty of Ten Thousand Dollars (\$10,000.00) to the Commonwealth of Pennsylvania. This penalty shall be made payable to the Commonwealth of Pennsylvania, and directed to Ginny Marquart, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, 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.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department 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.

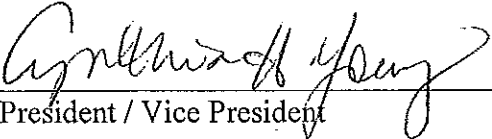
8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

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

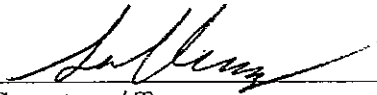
10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

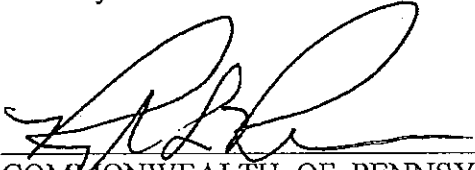
BY: ENCOMPASS INSURANCE COMPANY,
Respondent



President / Vice President



Secretary / Treasurer



COMMONWEALTH OF PENNSYLVANIA
By: Randolph L. Rohrbaugh
Deputy Insurance Commissioner