

**SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
DIVISION OF INSURANCE**

IN THE MATTER OF GLOBAL)	
WARRANTY INSURANCE)	FINAL AGENCY
AGENCY, INC.)	DLR 16-05

After reviewing the record and the proposed order of the Hearing Examiner in this matter,

IT IS HEREBY ORDERED that pursuant to SDCL 1-26D-4, the Hearing Examiner's Proposed Findings of Fact, Conclusions of Law and Proposed Order, dated September 14, 2016, is adopted in full.

IT IS FURTHER ORDERED that the South Dakota Business Entity License of Global Warranty Insurance Agency, Inc. will hereby be revoked.

Parties are hereby advised of the right to further appeal the final decision to Circuit Court within (30) days of receiving such decision, pursuant to the authority of SDCL 1-26.

Dated this 23rd day of September, 2016.



Marcia Hultman, Secretary
South Dakota Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

**STATE OF SOUTH DAKOTA
OFFICE OF HEARING EXAMINERS**

**IN THE MATTER OF
GLOBAL WARRANTY INSURANCE
AGENCY INCORPORATED**

**DLR 16-05
PROPOSED DECISION**

V.

DIVISION OF INSURANCE

An administrative hearing was held in this matter on August 10, 2016. Licensee, Global Warranty Insurance Agency Incorporated (Global Warranty) did not appear or testify at the hearing. The Division of Insurance (Division) was represented by Frank Marnell. The Division had a witness, Gretchen Brodkorb. Based on the evidence, the arguments of the parties, and the law, the Hearing Examiner enters the following Findings of Fact, Conclusions of Law, and Proposed Order.

ISSUES

Whether Global Warranty failed to report to the Division administrative actions against them by the States of Minnesota and Delaware?

Whether Global Warranty failed to report the administrative action to the Division within 30 days?

Whether Global Warranty failed to respond to inquiries from the Division?

Whether Global Warranty failed to update and inform the Division of an address change?

Whether the Division may revoke Global Warranty's license as an insurance producer?

FINDINGS OF FACT

1. Global Warranty Insurance Agency Incorporated is an insurance business entity who is licensed in the State of Texas.
2. Global Warranty was licensed by the Division as a Business Entity on April 17, 2014. The license is number is 10017277 and is currently active.
3. Global Warranty provided contact information to the Division. The mailing address and business location was at 10777 Westheimer Road, Suite 100, Houston Texas 77042.
4. On or about September 23, 2015, the Division received information from the Minnesota Department of Commerce. The Minnesota Department of

Commerce issued a consent order and barred Global from doing business in Minnesota because of financial irresponsibility.

5. The Consent Order was signed by the Assistant Commissioner on January 28, 2015. The Orders qualify as an administrative action.
6. Global Warranty did not report the Minnesota administrative action to the Division.
7. On May 18, 2015, the Division sent Global Warranty an inquiry letter regarding the Minnesota administrative action.
8. The Division sent the inquiry letter to Global Warranty at their address of record, 10777 Westheimer Road, Suite 100, Houston Texas 77042.
9. The letter was returned to the Department by the United States Postal Service because it was not deliverable as addressed. The Postal Service also indicated that they were unable to forward the letter.
10. On June 23, 2015, the Division sent another inquiry letter, via first class and certified mail, regarding the Minnesota administrative action to Global Warranty at the same address.
11. United States Postal Service records indicate the Division's September 24, 2015 letter was also not deliverable and unable to forward.
12. Because Global Warranty failed to report an administrative action from another state and failed to respond to the Division, a hearing on a potential revocation of their license was scheduled for August 10, 2016.
13. Any additional findings included in the Reasoning section of this decision are incorporated herein by this reference. To the extent any of the foregoing are improperly designated and are instead conclusions of law, they are hereby redesignated and incorporated herein as conclusions of law.

REASONING

Global Warranty failed to report an out-of-state administrative action from Minnesota. SDCL 58-30-193 provides that an insurance producer shall report to the director any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report shall include a copy of the order, consent order, or other relevant legal documents.

The Division of Insurance has the authority to revoke a license for violating insurance laws in other states. SDCL 58-30-167(2) states that the director may suspend for not more than twelve months, or may revoke or refuse to continue, any license issued under this chapter, or any license of a surplus lines broker after a hearing. Notice of such hearing and of the charges against the licensee shall be given to the licensee and to the insurers represented by such licensee or to the appointing agent of a producer at least twenty days before the hearing. The director may suspend, revoke, or refuse to issue or renew an insurance producer's license or may accept a monetary penalty in accordance with § 58-4-28.1 or any combination thereof, for violating any insurance laws or rules, subpoena, or order of the director or of another state's insurance director, commissioner, or superintendent. At the conclusion of the matter, the director shall send a letter to the licensee, the insurers represented by such licensee, and the appointing agent of a producer, stating the final determination of the matter.

Global Warranty also failed to respond to letters sent to them by the Division. Unfair or deceptive acts or practices in the business of insurance include failing to respond to an inquiry from or failing to supply documents requested by the Division of Insurance within twenty days of receipt of such inquiry or request. SDCL 58-33-66

Finally, Global Warranty also did not report a change of address to the Division. Mail that was going to the address of record was being returned and determined to be undeliverable and unable to forward. A licensee shall inform the director in a form or format prescribed by the director of a change of address within thirty days of the change. SDCL 58-30-157.

In this case, Global Warranty failed to report an administrative action from Minnesota, failed to respond to letters from the Division, and failed to notify the Division of an address change. The evidence shows that the Director of the Division of Insurance may revoke his insurance producers license.

CONCLUSIONS OF LAW


1. The Division has jurisdiction over Global Warranty and the subject matter of this contested case. The Office of Hearing Examiners has authority to conduct the appeal pursuant to the provisions of SDCL 1-26D.
2. Global Warranty violated the requirements of SDCL 58-30-193 in failing to advise the Division within thirty days of the State of Minnesota's administrative action against their insurance license.
3. The failure of Global Warranty to report the state of Minnesota's administrative action against their insurance producer license is grounds for sanction by the Division pursuant to SDCL 58-30-167(2).
4. Global Warranty committed an unfair or deceptive act in the business of insurance by failing to respond to an inquiry from the Division within twenty days as required by SDCL 58-33-66(1).

5. Global Warranty violated the requirements of SDCL 58-30-157 in failing to advise the Division of an address change within thirty days.
6. These violations of the statutes permit the Director of the Division of Insurance to revoke Global Warranty's insurance producer license and/or impose other sanctions as set forth in SDCL 58-30-167 & 58-30-192.
7. Any Conclusions of Law in the reasoning section of this decision are incorporated herein by reference. To the extent any of the foregoing are improperly designated and are instead findings of fact, they are hereby redesignated and incorporated herein as findings of fact.

PROPOSED ORDER

It is the Proposed Order of the Hearing Examiner that the license of Global Warranty Insurance Agency Incorporated be revoked.

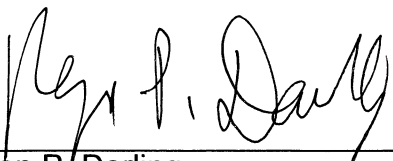
Dated September 14, 2016.



Ryan P. Darling
Office of Hearing Examiners
523 East Capitol
Pierre SD 57501

CERTIFICATE OF SERVICE

I certify that on September 14, 2016, at Pierre, South Dakota, a true and correct copy of this Decision was mailed to each of the parties listed below.



Ryan P. Darling

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