

BEFORE THE DIVISION OF INSURANCE  
DEPARTMENT OF LABOR AND REGULATION  
STATE OF SOUTH DAKOTA

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IN THE MATTER OF THE TARGET	)	
MARKET CONDUCT EXAMINATION	)	CONSENT ORDER
OF RELIAMAX SURETY COMPANY	)	

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In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

RELIAMAX SURETY COMPANY ("RELIAMAX SURETY"), whose address of record is 2300 E. 54<sup>th</sup> Street N., Sioux Falls, SD 57104, is an insurance company holding a Certificate of Authority to transact business in the State of South Dakota;

RELIAMAX SURETY is aware that the South Dakota Division of Insurance has conducted an examination of its insurance-related activities in South Dakota;

The South Dakota Division of Insurance has alleged violations of SDCL § 58-6-2 by RELIAMAX SURETY between January 1, 2006 and May 15, 2011;

RELIAMAX SURETY is aware of and understands the nature of the allegations and has been informed that it has the right to notice, hearing, and appeal;

RELIAMAX SURETY hereby agrees to informal disposition of this matter without a hearing pursuant to SDCL § 1-26-20 and to a monetary penalty of \$25,000 pursuant to SDCL § 58-4-28.1 in lieu of contesting this matter formally;

RELIAMAX SURETY agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota;

RELIAMAX SURETY further agrees to conduct itself in accordance with Exhibit A to this Consent Order;

RELIAMAX SURETY further agrees that nothing in this Consent Order shall be construed to limit the Division's ability to perform any examination or investigation of RELIAMAX SURETY as authorized by law;

RELIAMAX SURETY further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions with the South Dakota Division of Insurance for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, RELIAMAX SURETY neither admits to nor denies violation of the laws of the State of South Dakota;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that RELIAMAX SURETY pay a monetary penalty in the amount of \$25,000 payable to "South Dakota Division of

Insurance" for deposit in the general fund of the State of South Dakota to be remitted at the time of the remittance of this Consent Order to the Division; and it is further

ORDERED that RELIAMAX SURETY maintain compliance with Exhibit A from the date of this Consent Order; and it is further

ORDERED that if RELIAMAX SURETY fails to comply with the provisions of this Order and its Exhibit A, the South Dakota Division of Insurance may seek the suspension or revocation of RELIAMAX SURETY's Certificate of Authority at hearing pursuant to SDCL § 58-6-46, or seek other remedies available at law; and it is further

ORDERED that the use of this Consent Order for competitive purposes by an insurance agent or third-party administrator holding a license in the State of South Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority; and it is further

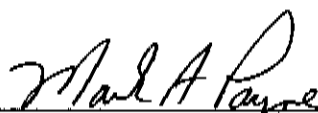
ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated this 20<sup>th</sup> day of July, 2013.

  
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Merle Scheiber, Director  
South Dakota Division of Insurance

The undersigned, on behalf of RELIAMAX SURETY, represents it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enters into this Consent Order.

Dated this 24<sup>th</sup> day of July, 2013.

  
\_\_\_\_\_  
Signature of Authorized Representative  
Mark A. Payne  
\_\_\_\_\_  
Name of Authorized Representative  
President & COO  
\_\_\_\_\_  
Title of Authorized Representative

## **Exhibit A**

### Authorization to Transact Insurance Business in Other Jurisdictions

1. **Compliance.** ReliaMax Surety shall comply with all parts of this Exhibit A.
2. **Authorization, Generally.** In jurisdictions where ReliaMax Surety is transacting or intends to transact insurance business on any basis other than surplus lines, ReliaMax Surety shall seek written authorization from those jurisdictions to proceed in compliance with this Exhibit A.
3. **Written Authorization.** Written authorization is a verifiable document issued by a state agency charged with the regulation of insurance within its jurisdiction which:
  - a. Is responsive to a direct request for approval by the jurisdiction from ReliaMax Surety containing the proposed or current method of transacting insurance business on any other basis than surplus lines; and
  - b. Grants approval to operate in that jurisdiction under the non-surplus lines basis.

Written authorization is valid for the purposes of this Exhibit A only if it is verified by the Director, contains the requisite content of this section to the Director's satisfaction, and is approved by the Director in writing.

4. **New Jurisdictions.** Written authorization from each new jurisdiction where ReliaMax Surety intends to transact insurance business other than on a surplus lines basis must be obtained at least 30 days prior to writing policies in that jurisdiction. ReliaMax Surety may only proceed to transact insurance business in that jurisdiction after written authorization has been approved by the Director.
5. **Current Jurisdictions.** Written authorization from jurisdictions where ReliaMax Surety is currently transacting insurance business other than on a surplus lines basis must be obtained within 6 months of this Consent Order. ReliaMax Surety may only proceed to transact insurance business in a jurisdiction after the 6-month timeframe if written authorization has been approved by the Director. Should written authorization not be obtained from the jurisdiction and approved by the Director in the 6-month timeframe, ReliaMax Surety shall cease transacting insurance business in that jurisdiction immediately. ReliaMax Surety may request extensions to the 6-month timeframe to the Director from time to time. Extensions may be granted by the Director in his sole discretion. The Director may request documentation from ReliaMax Surety to assist in his determination to grant or deny extensions.
6. **Operating on a Surplus Lines Basis.** No prior written authorization is required for ReliaMax Surety in jurisdictions where ReliaMax Surety lawfully transacts business on a surplus lines basis.