



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

In the Matter of) **Docket No. PC 06-27**
)
1SourceAutoWarranty.com, Inc.,)
)
Respondent.)

CEASE AND DESIST ORDER

Pursuant to the provisions of Connecticut General Statutes (“Conn. Gen. Stat.”) §38a-17, the Insurance Commissioner of the State of Connecticut (“Commissioner”) in investigation of the activities of Respondent believes there is sufficient cause upon which to issue a cease and desist order (“Order”) upon Respondent. Accordingly, the Commissioner is authorized to issue such an order to enforce compliance with the provisions of Connecticut law, specifically Conn. Gen. Stat. §42-260 and Insurance Department Bulletin PC-45-03.

This Order is based upon the following FINDINGS OF FACT:

1. Respondent is an extended warranty provider that markets its products and conducts the business of a service contract provider via telephonic and electronic solicitations and sales. Upon information and belief, Respondent has solicited, sold and issued extended warranty contracts to consumers who are located in the State of Connecticut.

2. Respondent has not complied with Conn. Gen. Stat. §42-260 and Bulletin PC-45-03 which requires extended warranty providers, prior to commencing an extended warranty contract provider business in Connecticut, to submit to the Insurance Department a copy of the extended warranty form issued by said provider and a copy of said provider’s extended warranty reimbursement insurance policy form issued by an insurer authorized to do business in Connecticut or, in the alternative, a certification by a certified public accountant attesting to the adequacy of the reserves for claims reported on said provider’s financial statements or contained in said provider’s trust account.

3. Upon information and belief, Respondent relied upon the retention of an active contractual liability insurance policy with PrimeGuard Insurance Company, Inc. a risk retention group (“PrimeGuard”). Pursuant to the Order of Liquidation issued in Special Proceeding No. 05-1-0443 on December 19, 2005 in the Circuit Court of the First Circuit,

State of Hawaii (“Liquidation Order”), PrimeGuard has been declared insolvent and its business ordered to be liquidated.

4. Liquidation Order at paragraph 11 states:

“11. Pursuant to Hawaii Revised Statutes §431:15-105, the following injunctions and restraining orders are entered and the Liquidator may seek further injunctions, restraining orders and orders as necessary and proper under the Hawaii Insurers Supervision, Rehabilitation and Liquidation Act, Chapter 431 Article 15, Haw. Rev. Stat. (the “Act”). Applications of these injunctions includes, but is not limited to, all persons identified in Paragraph 9 of this Liquidation Order.

- a. PrimeGuard is enjoined and restrained from the transaction of further business. PrimeGuard may not insure any warranties issued by First Assured, 1 SourceAutoWarranty.com, Inc. or any other warranty company dated after the entry of this Liquidation Order. First Assured, 1 Source and any other warranty company are hereby enjoined from issuing any warranties that identify PrimeGuard as an insurer of such warranties. To the extent any such warranties are issued after the date of this Liquidation Order, to the extent those warranties identify PrimeGuard as an insurer, those warranties are void and unenforceable as to PrimeGuard.”

5. Pursuant to the Liquidation Order on PrimeGuard, Respondent shall not rely upon the contractual liability insurance policy issued by PrimeGuard to fulfill the financial responsibility requirements mandated by Conn. Gen. Stat. §42-260.

THEREFORE, BASED UPON THE FOREGOING, the Commissioner believes there is sufficient cause to conclude that Respondent does not comply with the requirements of Conn. Gen. Stat. §42-260 for financial responsibility and Respondent has not undertaken to file all necessary documents with the Department in order to conduct the business of an extended warranty contract provider in the State of Connecticut.

IT IS THEREFORE HEREBY ORDERED by the Commissioner that:

- a. Respondent shall IMMEDIATELY CEASE AND DESIST from conducting the business of an extended warranty contract provider as described in Conn. Gen. Stat. §42-260.

- b. Respondent is prohibited from soliciting, selling or issuing any extended warranty contract that is purportedly insured by PrimeGuard.

- c. Respondent is hereby notified that the Commissioner reserves all rights to investigate the individual actions of principals, officers, and agents of Respondent and its related entities and seek any additional remedies available under the law.

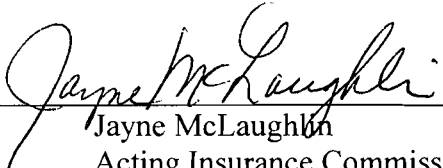
d. Respondent is hereby notified that the Commissioner may seek civil penalties on Respondent and related entities or individuals.

e. Respondent is hereby notified that the Commissioner reserves all rights to further modify this order as circumstances and events warrant.

f. Respondent may request a hearing before the Commissioner, conducted pursuant to Conn. Gen. Stat. §38a-19. The hearing request shall be filed with the Commissioner within thirty (30) days after notice of this Cease and Desist Order by either delivering a written request for a hearing to the Commissioner or mailing such request to the Commissioner by certified mail, return receipt requested. If Respondent requests a hearing, it is entitled to be represented by an attorney and to present evidence and argument on all issues.

g. If no hearing is requested by Respondent, the findings of fact and conclusions of this Order shall be deemed final and conclusive with respect to all matters contained herein.

Dated at Hartford, Connecticut this th17 day of April, 2006.


Jayne McLaughlin
Acting Insurance Commissioner