

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
DIVISION OF INSURANCE

In the Matter of: )  
AFFINITY INSURANCE SERVICES )  
INC. )  
Licensee )

Case No. D 21-06

**STIPULATED AGREEMENT AND ORDER**

The Division of Insurance (division) and Affinity Insurance Services Inc.,  
(Affinity), the licensee in this case, stipulate and agree to the following:

**I. BACKGROUND**

A. Affinity holds surplus lines broker license number 9435.

B. Under AS 21.06.120, the division performed a limited and targeted premium tax audit of Affinity's surplus lines business for the period January 1, 2019 through December 31, 2020. The audit was completed and a report and order approving the report were issued on August 18, 2021 under TA 21-02. Both were sent to Affinity on August 18, 2021.

C. Under the seven failed findings in the audit report, 138 violations of AS 21.34 were identified as being within the control of Affinity to correct in order to comply with Alaska insurance laws.

1 D. These 138 violations of AS 21.34 subjects Affinity to civil penalties under AS  
2 21.34.230.

3  
4 II. TERMS OF AGREEMENT

5 1. The division agrees that the next audit performed on Affinity related hereto will  
6 exclude any quarter ending before January 1, 2022.

7 2. For the TA 21-02 audit violations, Affinity agrees to pay a civil penalty under AS  
8 21.34.230 in the amount of \$70,000 with \$35,000 suspended. The unsuspended penalty of  
9 \$35,000 is payable within three months of the date that Affinity is notified that the director has  
10 signed the order approving this agreement.

11 3. In the event Affinity is found to have violated the Alaska insurance laws during the  
12 next audit resulting in failed findings, the suspended portion of the penalty referenced in  
13 paragraph 2 will be reinstated. Affinity also will be subject to any and all sanctions authorized  
14 by the insurance laws including imposing additional penalties.

15 5. By signing this agreement, Affinity understands and agrees that any failure to  
16 comply with the terms of this agreement may be grounds to revoke, suspend, or non-renew  
17 Alaska surplus lines broker license number 9435.

18 6. Affinity understands that this agreement is not binding on the parties unless and  
19 until the director signs the order approving the agreement.

20  
21 DATED: 10/20/2021

DIVISION OF INSURANCE

22  
23 By: Rebecca Nesheim  
24 Rebecca Nesheim  
25 Tax Auditor  
26

STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
DIVISION OF INSURANCE  
P.O. BOX 110805  
JUNEAU, ALASKA 99811-0805  
PHONE: (907) 465-2515 • FAX: (907) 465-3422  
IF YOU NEED HEARING ASSISTANCE, PLEASE CALL ALASKA RELAY AT 711

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

DATED: 10/19/2021

AFFINITY INSURANCE SERVICES INC.

By: Kenneth Mackunis  
Kenneth Mackunis  
Compliance Officer

DATED: 10/21/21

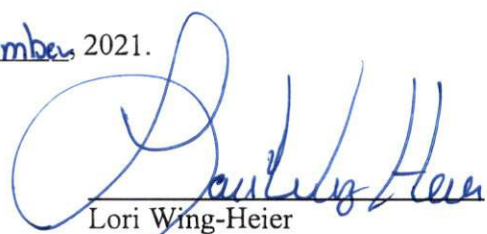
TREG R. TAYLOR  
ATTORNEY GENERAL

By: Daniel Wilkerson  
Daniel Wilkerson  
Assistant Attorney General

ORDER

IT IS ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the issues in this case, and shall constitute the final order in this matter.

DATED this 2<sup>nd</sup> day of November, 2021.

  
Lori Wing-Heier  
Director