

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 AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of:)
)
Pamela Vogus and Alaska State)
Insurance Agency, Inc.,)
)
License Nos. 3630 and 8670)
)

Case Nos. D98-02 and D98-03

STIPULATED AGREEMENT AND ORDER

The State of Alaska, Department of Commerce and Economic Development, Division of Insurance (the division) and Pam Vogus and Alaska State Insurance Agency, Inc. (ASIA), by and through their respective counsel, stipulate and agree to the following resolution of the cease and desist order and accusation, both dated June 8, 1998.

BACKGROUND

A) As a result of two consumer complaints regarding ASIA's handling of insurance premiums, the division initiated an examination of ASIA's practices and procedures for handling premium trust monies to determine compliance with state law. The examination covered the exam period of January 1, 1996 through September 30, 1997. The examination report was approved by the director on September 4, 1998 after completion of the statutory procedures in AS 21.06.150.

B) The 1997 examination reported numerous deficiencies in ASIA's handling of premium trust monies and its accounts, violations of Alaska insurance statutes and regulations, and

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
ANCHORAGE BRANCH
1031 W. FOURTH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-5100

1 violations of an earlier 1995 Stipulated Agreement and Order. The examination also reported an
2 embezzlement by an ASIA bookkeeper of \$18,452 in premium trust monies.

3
4 C) The 1995 Stipulated Agreement and Order arose out of a premium trust account
5 examination completed in 1994 under which ASIA admitted to many deficiencies in handling
6 premium trust monies that occurred in 1992. Under this agreement, ASIA was assessed a \$5,000
7 civil fine, \$4,000 of which was suspended on the condition that ASIA did not violate any provision
8 of AS 21 or the regulations related to the handling of premium trust funds for two years ending
9 October 10, 1997.
10

11 D) As a result of continuing deficiencies reported in the 1997 examination, the division
12 issued a cease and desist order to ASIA to stop further violation of state law and issued an
13 accusation to take action on the licenses of Pamela Vogus and ASIA.
14

15 E) Pamela Vogus has reported to the division that ASIA ceased doing business on or
16 about August 1, 1998, that the personal lines book of business has been sold, and that any
17 remaining accounts, which required servicing prior to policy expiration dates, were administered
18 by Key Insurance Agency. Pamela Vogus is now working with Key Insurance and her license has
19 been changed to an individual working in a firm. At Key Insurance, Vogus is not involved in
20 check writing or accounting of any kind and has no control over any trust accounts.
21

22 F) The division's contract examiner completed a follow-up examination to determine
23 whether ASIA's fiduciary accounts were in-trust for the period of January 1998 through September
24 1998. The examiner concluded that the ASIA accounts were in-trust for the exam period, but noted
25 some violations of the statutes and regulations related to reconciliation of trust money bank
26 accounts and general ledger control accounts.

1 order. After five years, Vogus will not qualify as a principal or compliance officer unless certain
2 conditions are met including, but not limited to, submitting to the division for approval a plan of
3 operation to ensure compliance with the insurance statutes and regulations, a description of internal
4 accounting procedures including premium trust account procedures, and regular reporting regarding
5 compliance with premium trust account statutes and regulations. These conditions are in addition
6 to Vogus meeting all other statutory requirements for holding an insurance producer license.
7

8
9 6) Pamela Vogus and ASIA shall pay the full amount of the suspended portion of the
10 fine imposed under the 1995 Stipulated Agreement and Order and shall pay an additional fine of
11 \$6,000 for the violations of the insurance code identified in the 1997 premium trust examination.
12 The total amount of civil fine due is \$10,000. Vogus agrees to pay \$2,500 of the fine within 12
13 months and the balance of \$7,500 within 24 months from the date the director signs the order
14 adopting this agreement. In the event that Vogus sells real property she owns before the fine is
15 paid in full, Vogus agrees to pay towards the fine 10% of net proceeds from any such sale, except
16 that any sale of the unimproved lot she owns under an owner financing agreement with monthly
17 installments will not be subject to this requirement. For purposes of this agreement, "net
18 proceeds" means the final amounts remitted or to be remitted to Vogus as of the closing.
19

20
21 7) With respect to the follow-up exam, the division agrees that the violations noted in
22 the exam are similar in nature to the violations noted in the previous exam and do not warrant
23 further action given that Vogus no longer is operating or has control over a trust account.

24
25 8) Vogus acknowledges that any future violation of the insurance code or of this new
26 agreement will subject her to any and all penalties or sanctions authorized under the insurance
code.

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
ANCHORAGE BRANCH
1031 W. FOURTH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-5100

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

9) Vogus acknowledges that she has been advised by legal counsel regarding the nature and purpose of this agreement and order and understands it. By signing this agreement, Vogus understands that she waives her right to receive a formal hearing on the accusation and the cease and desist order and that she gives up her right to present oral and documentary evidence, to present rebuttal evidence, to cross-examine witnesses, and to appeal the director's order after hearing to the superior court.

DATED: 4/1/99

Pamela Vogus
Pamela Vogus, Individually

DATED: 4/1/99

Pamela Vogus
Pamela Vogus, as Principal/Compliance for
Alaska State Insurance Agency, Inc.

DATED: 4/1/99

John W. Abbott
John Abbott
Attorney for Alaska State Insurance Agency, Inc.
and Pamela Vogus

DATED: 4/1/99

BRUCE M. BOTELHO
ATTORNEY GENERAL
By: Signe Andersen
Signe Andersen
Assistant Attorney General

ORDER

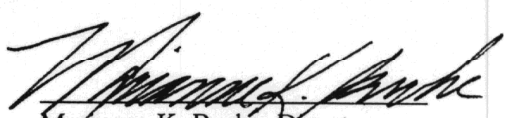
IT IS ORDERED that this Stipulated Agreement and Order is adopted in full

//
//
//

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

resolution of the issues in this case and shall constitute the final order in this matter.

DATED this 2nd day of April, 1999.


Marianne K. Burke, Director
Division of Insurance

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
ANCHORAGE BRANCH
1031 W. FOURTH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-5100