

**FILED**

**FEB 13 2006**



**OFFICE OF INSURANCE REGULATION**

**KEYVIN M. MCCARTY**  
COMMISSIONER

In the matter of:

**EXTENDED AUTO WARRANTY CORPORATION**

**Case No. 83848-05-CO**

2005 Investigation

**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between EXTENDED AUTO WARRANTY CORPORATION ("Extended") and the OFFICE OF INSURANCE REGULATION of the FINANCIAL SERVICES COMMISSION ("OIR"). Following a complete review of the entire record and upon consideration of the record and proceedings in this matter, and being otherwise fully advised in the premises, OIR FINDS as follows:

1. OIR has jurisdiction over the subject matter of, and the parties to, this proceeding.
2. Extended is not authorized to engage in the business of a Motor Vehicle Service Agreement Company in the State of Florida and was ever authorized to engage in such business in Florida in the past.
3. During 2005, OIR conducted an investigation of the activities of Extended in the State of Florida, pursuant to Florida Statutes §§ 634.031, 634.283 and 626.9561, and has determined that during the period from April 24, 2001, through May 8, 2005, Extended has engaged in the business of a Motor Vehicle Service Agreement

Company, thus violating Florida Statutes § 634.031(1) by transacting, administering and marketing the motor vehicle service business in Florida when not authorized by a subsisting license issued to Extended by OIR.

4. OIR and Extended expressly waive a hearing in this matter and the making of Findings of Fact and Conclusions of Law by OIR and all further and other proceedings to which the parties may be entitled by law or rules of the Financial Services Commission. This Consent Order is "voluntary compliance" by Extended for purposes of Florida Statutes § 634.261. Extended hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. Extended agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful order of OIR and shall subject Extended to such administrative action as OIR may deem necessary.

6. Extended agrees that upon the execution of this Consent Order, it shall be subject to the following terms and conditions:

6.1. Extended shall pay a penalty of fifty thousand dollars (\$50,000) and administrative costs of two hundred and fifty dollars (\$250) on or before the thirtieth (30th) day after execution of this Consent Order by both parties.

6.2. Extended shall cease and desist and no longer solicit, negotiate or effectuate contracts for any insurance product, including but not limited to Motor Vehicle Service Agreements, unless properly authorized by OIR.

6.3. Extended shall either purchase a bond, or create a Reserve Account in

the amount of one hundred and fifty thousand dollars (\$150,000) for the protection of the contract holders and to pay future claims, on or before the thirtieth (30th) day after this Consent Order is executed by both parties.

6.4. Extended shall remain on its existing Florida book-of-business and shall continue to service its Florida customers until the natural expiration of their contracts.

7. Extended is hereby placed on notice of the requirements of the above referenced sections of law, and specifically the requirements of Florida Statutes Chapter 634, and agrees that any future violations of these sections by Extended may be deemed willful, subjecting Extended to appropriate penalties.

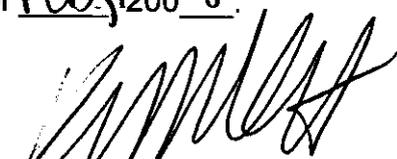
8. Except as noted above, each party to this action shall bear its own costs and attorneys' fees.

9. THEREFORE, the agreement between Extended and OIR, the terms and conditions of which are set forth above, is approved.

FURTHERMORE, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 13<sup>th</sup> day of Feb., 2006.



  
\_\_\_\_\_  
Kevin M. McCarty  
Commissioner  
Office of Insurance Regulation

By execution of this Consent Order, Extended Auto Warranty Corporation consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions of this Consent Order. The undersigned represents, pursuant to Florida Statutes §624.310, that the undersigned has the authority to bind Extended Auto Warranty Corporation to the terms and conditions of this Consent Order.

Extended Auto Warranty Corporation

By:

JAMES E. CLARK

JAMES E. CLARK

Print or Type Name

[Corporate Seal]

Title:

President

Date:

January 31, 2006

STATE OF Ohio

COUNTY OF Cuyahoga

The foregoing Consent Order was sworn to and subscribed before me this 31 day of January, 2006, by JAMES E. CLARK as President of Extended Auto Warranty Corporation.

Personally known to me X

Identification Produced \_\_\_\_\_

SWORN AND SUBSCRIBED, before me this 31 day of January, 2006.



Lisa C. Uchbar  
Notary Public  
In and for the State of Ohio  
My Commission Expires  
October 2, 2010  
Recorded in Lake County

Lisa C. Uchbar  
Notary Public

Copies furnished to:

Joanna Mueller  
Sam Binnun  
Ramon Ludwig  
Eric Lingswiler