

1 **STATE OF ARIZONA**

2 **DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS**

3 In the Matter of:

4 **SOUTHERN VANGUARD INSURANCE**
5 **COMPANY**

6 **NAIC CoCode: 10925**

7 3730 Kirby Drive, Ste. 850
8 Houston, TX, USA 77098

9 **Respondent.**

No. 21A- 062-INS

CONSENT ORDER

10 The Arizona Department of Insurance and Financial Institutions (“Department”) alleges that
11 Southern Vanguard Insurance Company (“Respondent”) violated provisions of Arizona Revised Statutes
12 (“A.R.S.”) Title 20. Respondent wishes to resolve this matter without the commencement of formal
13 proceedings, and admits the following Findings of Fact are true, and consents to the entry of the
14 following Conclusions of Law and Order.

15 **FINDINGS OF FACT**

16 1. Respondent is a property and casualty insurer domiciled in Texas. Respondent holds a
17 certificate of authority issued by the Department on February 22, 2018, with the line of business in
18 casualty without workers’ compensation insurance.

19 2. In September 2008, the National Association of Insurance Commissioners (“NAIC”),
20 through a motion, required all participating jurisdictions to collect and transfer data collected through
21 the Market Conduct Annual Statement (“MCAS”) to the NAIC for storage, aggregation and analysis.
22 Participating states, including Arizona, are tasked with collecting MCAS data from insurers operating in
23 each state and submitting all collected data to the NAIC. On April 7, 2010, the NAIC advised all
24 companies of the newly adopted MCAS submission requirements. In 2010, the NAIC issued a press
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1 release informing all participants of the new MCAS requirements during the NAIC Fall National
2 Meeting.

3 **The 2020 MCAS**

4 1. On or about December 15, 2020, the NAIC issued a 2020 Market Conduct Annual Statement
5 Letter (“MCAS Letter”) to Respondent on behalf of the Department. The MCAS Letter is designed to
6 remind Respondent of its obligation to submit its MCAS to the Department before April 30, 2021,
7 pursuant to MCAS’ posted deadline for the year 2020.¹

8 2. Respondent failed to file its 2020 Homeowners (“HO”) MCAS for the period January 1, 2020
9 through December 31, 2020.

10 3. On May 24, 2021, the Department contacted Respondent regarding its failure to file the 2020
11 HO MCAS. The Department requested that Respondent file its 2020 HO MCAS by May 28, 2021. The
12 Department also notified Respondent that failure to file the 2020 HO MCAS by the due date may result
13 in an administrative action.

14 4. Respondent failed to file the 2020 HO MCAS by the May 28 deadline.

15 5. On June 1, 2021, the Department once again contacted Respondent and requested that
16 Respondent advise the Department of the status of its 2020 HO MCAS filing by June 2, 2021.

17 6. Respondent failed to respond to the Department’s request by June 2, 2021.

18 7. Respondent filed its Arizona 2020 HO MCAS on June 28, 2021.

19 **CONCLUSIONS OF LAW**

20 8. The Director has jurisdiction over this matter.

21 9. The Department has authority to request the MCAS data pursuant to A.R.S. §§ 20-142(C)
22 and 20-157(A).

23
24
25 ¹ https://content.naic.org/mcas_2020.htm

1 10. Respondent's conduct, as alleged above, constitutes a violation of the requirement that every
2 person being examined and its officers, employees, agents and representatives produce and make freely
3 accessible to the Director or the Director's examiners the accounts, records, documents, files, assets and
4 matters in the person's possession or control relating to the subject of the examination, within the
5 meaning of A.R.S. § 20-157(A).

6 11. Respondent's conduct, as alleged above, constitutes a violation of Title 20, within the
7 meaning of A.R.S. § 20-220(A)(1).

8 12. Grounds exist for the Director to refuse to renew, revoke or suspend Respondent's certificate
9 of authority or asses a penalty, within the meaning of A.R.S. § 20-220(A).

10 13. Grounds exist, in addition to or in lieu of any other penalty imposed by law, for the Director
11 to impose a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation and not
12 to exceed an aggregate of fifty thousand dollars (\$50,000.00) within a six-month period with respect to
13 intentional violations, within the meaning of A.R.S. § 20-220(B)(2).

14 **ORDER**

15 IT IS ORDERED:

16 14. Southern Vanguard Insurance Company shall file all future MCAS filings on or before their
17 due date.

18 15. Southern Vanguard Insurance Company shall immediately pay a civil money penalty in the
19 amount of **five thousand dollars (\$5,000.00)**.

20 16. This Order shall become effective immediately and shall remain in full force and effect until
21 otherwise stayed, modified, vacated or set aside.

22 DATED AND EFFECTIVE this 10th day August, 2021.

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24 _____
Evan G. Daniels, Director
Arizona Department of Insurance and Financial Institutions

1 **CONSENT TO ORDER**

2 1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

3 2. Respondent consents to the personal and subject matter jurisdiction of the Department in
4 this matter, and voluntarily consents to the entry of this Order.

5 3. Respondent is aware of its right to an administrative hearing in this matter and hereby
6 knowingly and voluntarily waives that right.

7 4. Respondent states that no promise of any kind or nature whatsoever, except as expressly
8 contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it
9 has entered into this Consent Order knowingly and voluntarily.

10 5. Respondent acknowledges that the acceptance of this Consent Order by the Director is
11 solely to settle this matter and does not preclude the Department from instituting other proceedings as
12 may be appropriate now or in the future. Furthermore, and notwithstanding any language in this Consent
13 Order, this Consent Order does not preclude in any way any other state agency or officer or political
14 subdivision of this state from instituting proceedings, investigating claims, or taking legal action as may
15 be appropriate now or in the future relating to this matter or other matters concerning Respondent,
16 including but not limited to violations of Arizona’s Consumer Fraud Act. Respondent acknowledges
17 that, other than with respect to the Department, this Consent Order makes no representations, implied or
18 otherwise, about the views or intended actions of any other state agency or officer or political subdivision
19 of the state relating to this matter or other matters concerning Respondent.

20 6. Respondent acknowledges and agrees that failure to correct the violations set forth above
21 in this Consent Order, or any repeat findings of the above violations in the future, can result in
22 disciplinary action which may include a greater civil money penalty and suspension or revocation of its
23 certificate of authority.

1 **ORIGINAL** of the foregoing filed
this 12th day of August, 2021 in the office of:

2 Evan G. Daniels, Director
3 Arizona Department of Insurance and Financial Institutions
Attn: Ana Starcevic
4 100 North 15th Avenue, Suite 261
Phoenix, Arizona 85007
5 Ana.Starcevic@difi.az.gov

6 **COPY** of the foregoing delivered and/or emailed same date to:

7 Deian Ousounov, Regulatory Legal Affairs Officer
Kurt Regner, Assistant Director
8 Maria Alior, Assistant Director
Sarah Borunda, Market Conduct Manager
9 Ana Starcevic, Paralegal Project Specialist

10 Arizona Department of Insurance and Financial Institutions
100 North 15th Avenue, Suite 261
11 Phoenix, AZ 85007

12 **COPY** of the foregoing transmitted electronically the same date to:

13 Southern Vanguard Insurance Company
Attn: Cory Moulton, CEO
14 3730 Kirby Drive, Ste. 850
Houston, TX, USA 77098
15 cory.moulton@rhpga.com
Respondent

16
17 Francine Juarez
Francine Juarez



**Arizona Department of Insurance and Financial Institutions
RECEIPT OF PAYMENT**

Our mission is to help Arizonans receive the benefits and protections to which they are legally entitled by enforcing insurance and financial-institution laws and by providing information and assistance; and, to combat vehicle theft.

Date:	07/22/2021
Receipt #:	0084135

ADDITIONAL INFORMATION:
REC'D 7/21/2021
SOUTHERN VANGUARD INS CO

Payor/Licensee Name:	RHP GENERAL AGENCY INC
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Description of Fee	Amount
PNLTY-CONSENT ORDER REVENUES	\$5,000.00

Transaction Total:	\$5,000.00
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Payment Information	
Amount Paid by Check 7832:	\$5,000.00
Credit Tendered:	\$0.00
Cash Tendered:	\$0.00
Change Returned:	\$0.00
Payment Total:	\$5,000.00

The Arizona Department of Insurance and Financial Institutions continually works to improve service to its customers. Please e-mail or mail any ideas on how we can improve to:

Mary Jordan
100 N. 15th Ave. # 102
Phoenix, Arizona 85007-2624
e-mail: Mary.Jordan@difi.az.gov