

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
S A N F R A N C I S C O

In the Matter of the Licenses and Licensing)	File No UPA06091703
Rights of)	
QBE Insurance Corporation)	
Respondent)	STIPULATION AND
_____)	WAIVER

Respondent QBE Insurance Corporation (“Respondent”) and the California Department of Insurance (“Department”) stipulate as follows:

WHEREAS, Respondent currently is, and at all times relevant hereto was, an insurer licensed to conduct various classes of insurance in California and was conducting insurance business in California; and

WHEREAS, the Department’s Field Claims Bureau conducted an examination of Respondent’s claim handling practices for the period February 1, 2003 through January 31, 2004 (“the 2004 examination”); and

WHEREAS, on September 27, 2006 the Department issued an “Order to Show Cause, Statement of Charges and Notice of Monetary Penalty to Respondent (“the OSC”) under file number UPA06091703 which identifies the claims handling violations found in the 2004 examination; and

WHEREAS the Department and Respondent have undertaken discussions to resolve the 2004 Examination as well as the OSC; and

WHEREAS the Department and Respondent now wish to resolve all outstanding matters raised in, or relating to, the 2004 Claims Examination and the OSC without the need for a hearing or further administrative action; and

WHEREAS, Respondent has denied the allegations of the OSC but acknowledge that those allegations, if proven to be true, may constitute grounds for the Commissioner to impose a civil penalty and issue an order to Respondent to cease and desist from engaging in those methods, acts, or practices found to be unfair or deceptive pursuant to the provisions of the Insurance Code of the State of California; and

WHEREAS the Department and Respondent have discussed Respondent's response to the Examination Report and Respondent's compliance with certain provisions of the Code and the Department's regulations; and

WHEREAS, Respondent has implemented various measures to ensure compliance with the Code and Regulations; and

WHEREAS the Department and Respondent believe that it is in the public interest to resolve all matters raised both by the Examination Report and the OSC without the need for a formal hearing or any further administrative action; now

THEREFORE, with respect to the matters stated herein, Respondent and the Department agree as follows:

A. Respondent waives its right to a hearing and any and all rights that Respondent may be entitled to pursuant to Chapter 5, Part 1, Division 3, Title 2 of the California Government Code.

B. Respondent denies the allegations contained in the OSC, and nothing herein or in any order adopting this Stipulation and Waiver shall be construed as a concession or admission to the truth or validity of any allegation made by the Department. Further this Stipulation and Waiver shall not constitute or be construed in any administrative or civil proceeding as an admission that Respondent engaged in any acts, omissions or practices in violation of the California Insurance Code, the Fair Claims Settlement Practices Act or the corresponding regulations.

C. Respondent agrees that, in lieu of other disciplinary action against its Certificate of Authority, the Commissioner, by his written order to be made and filed herein, and without further notice to Respondents, issue an Order of Monetary Penalty (fine) in the amount of \$120,000.00. Respondent agrees to and shall pay the sum of \$120,000.00 to the State of California as a monetary penalty pursuant to Insurance Code Section 790.035 within thirty (30) days of receipt of an invoice from the Department. Payment shall be mailed to California Department of Insurance, Division of Accounting, 300 Capitol Mall, 13th Floor, Sacramento, CA 95814.

D. Respondent acknowledges that, if it violates any of the terms or conditions of this Stipulation and Waiver, the Insurance Commissioner may bring disciplinary action against Respondent, including, but not limited to, those remedies set forth in California Insurance Code Section 790 et. seq.

E. Respondent acknowledges that this Stipulation and Waiver is a public record under California Government Code Section 11517(d), and that any order issued pursuant thereto is accessible to the public pursuant to California Public Records Act, California Government Code Section 6250 et seq. Pursuant to California Insurance Code Section 12968 the Stipulation will also be posted on the Department's internet web site.

F. Respondent acknowledges that California Insurance Code Section 12921 requires the Insurance Commissioner to personally approve the final settlement of this matter, and that both the settlement terms and conditions contained herein and the acceptance of those terms and conditions are contingent upon the Commissioner's personal approval.

Dated: 3/5/07

QBE Insurance Corporation

By: /s/
Bruce Carlino
Senior Vice President

Dated: 3/14/07

California Department of Insurance

By: /s/
Lara Sweat, Senior Staff Counsel