



**WHEREAS**, the Department investigated Vermont agents employed as bail bondsmen in Vermont under an appointment with Respondent who were employed and/or conducted business under the name of New England Bail Bonds, a limited liability partnership, located in South Burlington, Vermont ("the Appointed Agents"); and,

**WHEREAS**, the Appointed Agents and Respondent entered into a contract that set forth the Appointed Agents' responsibilities as an International Fidelity Insurance Company representative in Vermont; and,

**WHEREAS**, the Department's investigation showed that from November, 2006 through November, 2007 the Appointed Agents posted bail bonds on behalf of Respondent with state courts in Vermont in order to secure a criminal defendant's release from custody on bail. The Appointed Agents entered into contracts on behalf of Respondent with the criminal defendant or someone acting on behalf of the criminal defendant under which Respondent posted a bond with the court in order to secure the criminal defendant's release from custody in exchange for a premium; and,

**WHEREAS**, Respondent's premium rate that was filed with and approved by the Commissioner was ten percent (10%) of the face amount of the bail bond with a \$50.00 minimum premium; and,

**WHEREAS**, the Department's investigation showed that on numerous occasions during the time period of November, 2006 through November, 2007 the Appointed Agents charged customers premiums for bonds posted in excess of ten percent (10%) of the face amount of the bonds when the \$50.00 minimum premium did not apply; and,

**WHEREAS**, the Department concluded and Respondent acknowledges that the Appointed Agents were charging premiums that exceeded the specific rate filings that had been filed with and approved by the Commissioner; and,

**WHEREAS**, Respondent directed its agent to issue refunds to customers who had been overcharged premiums when it was informed that such overcharges had occurred. Respondent denies that it profited monetarily from these overcharges; and,

**WHEREAS**, the Respondent's above described business practices constituted an unfair method of competition or were unfair or deceptive acts or practices in violation of 8 V.S.A. § 4723 pursuant to 8 V.S.A. § 4724(19) in that Respondent failed to comply with the rates filed with the Commissioner; and,

**WHEREAS**, the Department has instituted an administrative action against Respondent for violating 8 V.S.A. § 4723; and,

**WHEREAS**, Respondent and the Department wish to resolve this matter and the administrative proceeding by entering into a stipulation and consent order on the terms and conditions hereinafter set forth in lieu of proceeding with a hearing.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, the Department and Respondent stipulate and agree as follows:

1. Respondent shall pay an administrative penalty of Twenty Thousand (\$20,000.00) Dollars payable within ten (10) days of the date of the execution of this Consent Order.
2. Respondent shall pay the Department's reasonable costs and expenses associated with this Order and Investigation pursuant to 8 V.S.A. § 18 in the amount of

Nine Thousand Two Hundred and Ninety-four Dollars and Thirty Cents (\$9,294.30)

within ten (10) days of the execution of this Consent Order.

3. Respondent agrees that it will pay such administrative penalty and costs directly and will not seek indemnification for these expenses from its agents, nor will it pay said administrative penalty and costs from funds contained in the so-called "build-up fund" or "BUF account."

4. Respondent agrees that it will in the future screen prospective agents prior to appointing them to serve in this capacity in the state of Vermont.

5. Respondent agrees that it will in the future dedicate resources in Vermont to training and supervising agents conducting business on its behalf in this state.

6. Respondent agrees that it will in the future require that reports of business provided to it by its agents disclose what portion of said business was conducted in Vermont and for all such Vermont business the reports must specify the amount of the premium charged each customer, and further agrees to require that reports relating to Vermont business be accompanied by the receipt given to each customer.

7. Respondent agrees that it will have its computers programmed to alert Respondent if premiums charged in Vermont in the future exceed the rate filing.

8. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or his designated appointee.

9. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges that it understands all the terms and obligations contained herein. Respondent acknowledges that it has consulted

with its attorney in this matter and that it has reviewed this Stipulation and Consent Order and it understands all terms and obligations contained herein.

10. The undersigned representative of Respondent affirms that he has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

Dated at CALABASAS [insert city], CALIFORNIA [insert state] this 1 day of November, 2010.

INTERNATIONAL FIDELITY INSURANCE COMPANY

By: Jerry W. Watson  
Jerry W. Watson  
Its Duly Authorized Agent

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

By: See attached  
Notary Public

My Commission Expires: \_\_\_\_\_

Accepted by: Kenneth L. McGuckin Date: 11/3/, 2010.

Kenneth McGuckin  
Deputy Commissioner, Insurance  
Division, Vermont Department of  
Banking, Insurance, Securities and  
Health Care Administration

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Los Angeles

On November 1, 2010 before me, Teresa Lizette Barker-Vasquez,  
Date Here Insert Name and Title of the Officer

personally appeared Jerry Watson  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Teresa Lizette Barker-Vasquez  
Signature of Notary Public

Place Notary Seal and/or Stamp Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_ Signer's Name: \_\_\_\_\_

Corporate Officer — Title(s): \_\_\_\_\_  Corporate Officer — Title(s): \_\_\_\_\_

Individual  Individual

Partner —  Limited  General  Partner —  Limited  General

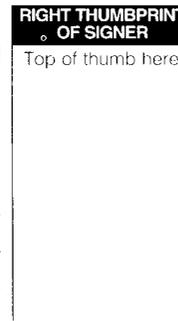
Attorney in Fact  Attorney in Fact

Trustee  Trustee

Guardian or Conservator  Guardian or Conservator

Other: \_\_\_\_\_  Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_ Signer Is Representing: \_\_\_\_\_



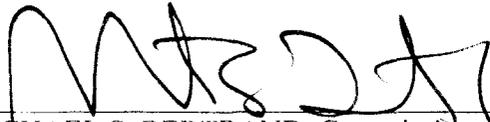
**ORDER**

**IT IS HEREBY ORDERED:**

A. Respondent, International Fidelity Insurance Company, shall comply with all agreements, stipulations and undertakings as recited above.

B. Nothing contained in this Order shall restrain or limit the Department from pursuing any other violation of law.

Dated at Montpelier, Vermont this 15<sup>th</sup> day of November, 2010.



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MICHAEL S. BERTRAND, Commissioner  
Vermont Department of Banking, Insurance, Securities and  
Health Care Administration