

1 CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION  
2 Corporate Affairs Bureau  
Laszlo Komjathy, Jr., Bar No. 099861  
3 45 Fremont Street, 24th Floor  
San Francisco, CA 94105  
4 Telephone: 415-538-4413  
Facsimile: 415-904-5896

FILED

JAN 22 2018

ADMINISTRATIVE HEARING BUREAU

5 Attorneys for The California Department of Insurance  
6  
7

8 **BEFORE THE INSURANCE COMMISSIONER**  
9 **OF THE STATE OF CALIFORNIA**  
10

11 In the Matter of

File No. SF OSC-2018-00002

12 ACCESS INSURANCE  
COMPANY dba  
13 ACCESS GENERAL INSURANCE  
COMPANY,

14  
15 a Texas Domestic Insurance  
Company

16 Respondent.  
17

**ORDER TO SHOW CAUSE RE: CEASE  
AND DESIST ORDER;  
INSURANCE CODE  
SECTION 1065.1**

**Date: February 14, 2018**

**Time: 10:00 am**

**Place: Administrative Hearing Bureau,  
San Francisco, CA**

18 TO: ACCESS INSURANCE COMPANY dba ACCESS GENERAL INSURANCE  
19 COMPANY:

20 NOTICE IS HEREBY GIVEN that the Insurance Commissioner of the State of  
21 California (hereafter "Commissioner") has reasonable cause to believe that ACCESS  
22 INSURANCE COMPANY dba ACCESS GENERAL INSURANCE COMPANY (hereafter  
23 referred to as "Respondent") which is licensed to transact the business of insurance in the State of  
24 California is conducting its business and affairs in a manner that threatens to render it insolvent;  
25 that Respondent conducts its business in a hazardous manner that results in a risk of loss to the  
26 policyholders, creditors and the public; and/or that its current financially hazardous condition  
27 constitutes a basis to commence conservation or liquidation proceedings under California  
28 Insurance Code (hereafter, "CIC") section 1011 (d) for the reasons stated in Paragraph II below.

1 Furthermore, the Commissioner has reasonable cause to believe that irreparable loss and  
2 injury to the property and business of the Respondent may occur unless the Insurance  
3 Commissioner issues the orders set forth in Paragraph III below directing Respondent to correct,  
4 eliminate and remedy such conduct and conditions as stated in Paragraph II.

5 NOTICE IS FURTHER GIVEN that a public hearing will be held before the  
6 Commissioner or his duly authorized Deputy on February 14, 2018, **commencing 10:00 a.m.** at  
7 the Department of Insurance hearing room located at 45 Fremont Street, 22<sup>nd</sup> Floor, San  
8 Francisco, CA 94105 for the purpose of determining the matters set forth herein.

9 I.

10 **ORDER TO SHOW CAUSE**

11 1. WHEREAS, the California Department of Insurance ("Department") has reason to  
12 believe that Respondent is transacting the business of insurance in such a manner necessitating  
13 the issuance of an order to cease and desist pursuant to CIC Section 1065.1;

14 2. WHEREAS, the Department has reason to believe that a proceeding and public  
15 hearing with respect to the alleged acts of Respondent would be in the public interest;

16 3. NOW THEREFORE, pursuant to CIC Section 1065.1, Respondent is Ordered to  
17 appear at the time, date and location stated above, and show cause, if any cause there be, why the  
18 Commissioner should not issue an order requiring Respondent to Cease and Desist from  
19 transacting, soliciting, negotiating, administrating and writing of any new or renewal insurance  
20 business of any kind in the State of California and other relief as requested.

21 II.

22 **GENERAL STATEMENTS**

23 The following statements of facts and accusations supporting the issuance of a Cease and  
24 Desist Order are as follows:

- 25 (A) Pursuant to Respondent's rate filing approved by the California  
26 Department of Insurance, Respondent charges policy fees, endorsement  
27 fees, reinstatement fees and installment fees to its policyholders as a  
28 condition for issuance of a policy. Despite Respondent charging said fees

1 to its policyholders and authorizing its general agents to collect and retain  
2 said fees, Respondent failed to pay the associated premium taxes due on  
3 such fees;

4 (B) On February 12, 2013 a Notice of Deficiency Assessment was issued by  
5 the California State Board of Equalization to Respondent in the amount of  
6 \$1,047,437.87 together with interest of \$148,725.27 for the period of  
7 04/02/09 – 03/01/13 for a total of \$1,196,163.14 resulting from the failure  
8 of Respondent to pay premium taxes due on \$44,571,824 related to policy,  
9 endorsement, and reinstatement fees charged by Respondent and paid by  
10 policyholders for their policies, but not declared and reported as premium  
11 by Respondent for the tax period 01/01/08 – 12/31/2011. After payment of  
12 \$1,047,437.87 by Respondent on 12/18/2012 there remained \$148,725.27  
13 in unpaid taxes plus interest thereon and a penalty of \$14,725.28 (see  
14 Exhibit A-1 attached hereto and incorporated herein by reference);

15 (C) On February 12, 2013 a Notice of Deficiency Assessment was issued to  
16 Respondent in the amount of \$2,280,482.16 together with interest of  
17 \$332,419.40 for a total of \$2,612,901.56 for premium taxes due and owing  
18 on \$97,041,794 related to installment fees charged by Respondent and paid  
19 by policyholders for their policies, but not reported and declared by  
20 Respondent in its premium tax returns for the tax period 01/01/08 –  
21 12/31/11 (see Exhibit A-2 attached hereto and incorporated herein by  
22 reference);

23 (D) On or about March 13, 2013, Respondent filed timely Petitions for  
24 Redetermination with the State Board of Equalization;

25 (E) On October 15, 2013 a Notice of Deficiency Assessment was issued to  
26 Respondent in the amount of \$1,131,905.18 for premium taxes due and  
27 owing on \$42,437,160 related to policy, endorsement, reinstatement and  
28 installment fees charged by Respondent and paid by policyholders for their

1 policies, but not reported and declared by Respondent in its premium tax  
2 returns for the tax period 01/01/2012 – 12/31/2012 (see Exhibit A-3  
3 attached hereto and incorporated herein by reference);

4 (F) On or about November 2013, Respondent filed a timely Petition for  
5 Redetermination with the State Board of Equalization;

6 (G) On or about April 15, 2015, the Special Taxes and Fee Department Staff  
7 Analysis by the State Board of Equalization confirmed each of the  
8 assessments without making any adjustments as requested by Respondent;

9 (H) On December 1, 2016 an appeal conference was held at the State Board of  
10 Equalization;

11 (I) On March 11, 2016, the State Board of Equalization's Appeal Division  
12 issued its decision recommending that Respondent's Petitions for  
13 Redetermination be denied;

14 (J) Respondent's Petitions for Redetermination were scheduled for hearing  
15 before the State Board of Equalization on August 31, 2016, but was  
16 continued several times at the request of Respondent and was most recently  
17 scheduled for hearing on October 24, 2017;

18 (K) On or about October 13, 2017, Respondent withdrew its request for hearing  
19 on its Petitions for Redetermination;

20 (L) On November 13, 2017, Notices of Redetermination were issued by the  
21 Board of Equalization upholding the deficiency assessments against  
22 Respondent.

23 a. Pursuant to the Notice of Redetermination related to the Notice of  
24 Deficiency attached hereto as Exhibit A-1, as of November 13, 2017  
25 there is due and owing \$192,041.90 and pursuant to Revenue and  
26 Taxation Code Section 12632 additional interest of \$858.97 as of  
27 December 1, 2017 plus an additional penalty of \$14,725.28 as of  
28 12/13/2017. Attached hereto Exhibit B-1 is a true and correct copy of



- 1 the Notice of Redetermination related to Exhibit A-1;
- 2 b. Pursuant to the Notice of Redetermination related to the Notice of
- 3 Deficiency attached hereto as Exhibit A-2 as of November 13, 2017
- 4 there is due and owing \$3,283,743.33 and pursuant to Revenue and
- 5 Taxation Code Section 12632 additional interest of \$13,302.81 as of
- 6 January 1, 2018 plus an additional penalty of \$228,048.22 as of
- 7 12/13/2017. Attached hereto Exhibit B-2 is a true and correct copy of
- 8 the Notice of Redetermination related to Exhibit A-2; and
- 9 c. Pursuant to the Notice of Redetermination related to the Notice of
- 10 Deficiency attached hereto as Exhibit A-3 as of November 13, 2017
- 11 there is due and owing \$1,385,378.97 and pursuant to Revenue and
- 12 Taxation Code Section 12632 additional interest of \$5,817.43 as of
- 13 December 1, 2017 plus an additional penalty of \$99,727.33 as of
- 14 12/13/2017. Attached hereto Exhibit B-3 is a true and correct copy of
- 15 the Notice of Redetermination related to Exhibit A-3;
- 16 d. As of December 15, 2017, Respondent's unpaid premium tax
- 17 obligations for tax years 01/01/08 through 12/31/12 including interest
- 18 and penalties total \$5,223,644.24.
- 19 (M) Despite previously receiving deficiency notices for the 2008 through 2012
- 20 tax years due to Respondent's failure to pay premium taxes on the fees
- 21 collected from its policyholders, for the subsequent tax period of
- 22 01/01/2013 – 12/31/2013 Respondent intentionally failed to report any of
- 23 the fees charged and collected from its policyholders as part of the
- 24 premiums collected and pay the premium taxes due on the fees collected.
- 25 Based on premiums written and the policy, endorsement, reinstatement and
- 26 installment fees collected during 2013, on December 26, 2017, a Notice of
- 27 Deficiency Assessment was issued for the 01/1/2013 – 12/31/2013 tax
- 28 period in the amount of \$722,638 in additional premium taxes plus interest

1 thereon of \$169,819.95 through 12/01/2017 for a total due of \$892,457.95  
2 together with any penalties that may be assessed (see Exhibit C attached  
3 hereto and incorporated herein by reference);

4 (N) As of December 31, 2016, based on the review by the Department of  
5 Insurance's Actuary ("DOI Actuary") Respondent's net carried reserves  
6 are deficient by \$4 million with California Automobile Liability and  
7 Pennsylvania Automobile Liability deficiency accounting for  
8 approximately 85% of Respondent's carried reserves;

9 (O) Based on the DOI Actuary's review of the 2016 Appointed Actuary Report  
10 of estimates in relation to incurred but not reported reserves ("IBNR") by  
11 state by reinsurance contract, it is estimated that Respondent's sliding scale  
12 commission calculation of \$3.9 million at 2016 year-end is deficient by  
13 \$18.5 million for its Private Passenger Automobile Quota Share  
14 Reinsurance Contract, effective November 1, 2015 to October 31, 2016;

15 (P) As of November 1, 2017, after adjusting for reserve deficiencies and  
16 sliding scale commission deficiencies for the Private Passenger  
17 Automobile Quota Share Reinsurance Contract, but not including premium  
18 taxes due as stated in paragraph (N), Respondent's adjusted surplus is  
19 \$10.8 million and falls within RBC Authorized Control Level Event  
20 pursuant to CIC § 739.5;

21 (Q) As of December 15, 2017, after adjusting for premium taxes due plus  
22 interest and penalties thereon as identified in paragraph (L), Respondent's  
23 adjusted surplus would be less than \$5.6 million and falls within RBC  
24 Mandatory Control Level Event pursuant to CIC §739.6 . Based on the  
25 foregoing, the continued transaction of insurance by Respondent is  
26 hazardous to its policyholders, its creditors and the public

27 (R) After further adjusting for premium taxes due, interest and penalties  
28 thereon as identified in paragraph (M), Respondent's adjusted surplus

1 would be less than \$5 million and falls within RBC Mandatory Control  
2 Level Event pursuant to CIC §739.6. Based on the foregoing, the  
3 continued transaction of insurance by Respondent is hazardous to its  
4 policyholders, its creditors and the public.

5 III.

6 **ISSUANCE OF ORDER TO CEASE AND DESIST**

7 Wherefore, it appears that Respondent is conducting its business and affairs in a  
8 financially hazardous manner in violation of California law and its continued transaction  
9 of insurance in California is hazardous to its policyholders, creditors and the public;

10 Wherefore, the Commissioner has a reasonable basis to conclude that irreparable  
11 loss and injury to Respondent's policyholders, creditors, the general public and to the  
12 property and business of Respondent may occur if it is permitted to continue transacting  
13 insurance; and

14 Wherefore, if the Commissioner at the conclusion of the hearing has a reasonable  
15 basis to conclude that Respondent's continued transaction of insurance in California is  
16 hazardous to its policyholders, its creditors and the general public the Commissioner will  
17 order the following relief:

18 1. Order Respondent to CEASE AND DESIST from engaging further in any acts,  
19 practices or transactions that are causing such conduct, conditions or grounds to exist;

20 2. Order Respondent to CEASE AND DESIST the transaction, solicitation, negotiation,  
21 administration and writing of any new or renewal of insurance business of any kind in the State of  
22 California until such time that Respondent's Total Adjusted Capital is greater than or equal to its  
23 Authorized Control Level RBC, but less than its Regulatory Action Level RBC and that any  
24 resumption of any such business may occur only upon the prior written consent of the Insurance  
25 Commissioner;

26 3. Order Respondent not to remove any assets from the State of California, nor to  
27 transfer any assets held in the name of Respondent without the prior written consent of the  
28 Insurance Commissioner; and

1 4. Issue such additional written orders as the Insurance Commissioner may fine  
2 reasonable necessary to correct, eliminate and remedy the above conduct, conditions and grounds.

3  
4 CALIFORNIA DEPARTMENT OF INSURANCE

5  
6  
7 Date: January 22, 2018

8 By: 

9 Laszlo Komjathy, Jr.  
10 Attorney IV  
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## EXHIBIT A-1



**BILLING AND REFUND NOTICE**STATE OF CALIFORNIA  
BOARD OF EQUALIZATIONP.O. BOX 942879 SACRAMENTO, CALIFORNIA 94279-0056  
SPECIAL TAXES AND FEES (800) 400-7115

FOR BOE USE ONLY		
RE	PM	
EFFECTIVE DATE OF PAYMENT		
MO	DAY	YEAR

ACCESS INSURANCE COMPANY  
PO BOX 105259, STATUTORY ACCOUNTING  
ATLANTA GA 30348

Account: IT STF 034-002432

Notice ID: 0001 4356 926	February 12, 2013
Amount Due	148,725.27
Amount enclosed	
Additional charges are due if not paid by 03/01/13 (See instructions below)	
6	

**\*\* Notice of Deficiency Assessment \*\***

You are hereby notified of an amount due from you as shown below.

Insurance Tax	TAX	Interest	Penalty	Total
INSURANCE TAX				
DEFICIENCY issued 02/12/13 As determined by Field Billing Order For the Period 01/01/08-12/31/11				
Revenue	1,047,437.87			1,047,437.87
Interest 04/02/09-03/01/13		148,725.27		148,725.27
Payment 12/18/12	-900,185.12	-147,252.75		-1,047,437.87
Subtotal	147,252.75	1,472.52	0.00	148,725.27
AMOUNT-DUE				148,725.27

Additional interest will accrue in accordance with Revenue and Taxation Code Section 12632 on the unpaid TAX at the rate of 0.500 % per month. Interest of 736.26 will accrue if the TAX is not paid on or before 03/01/13.

Additional penalty of \$ 14,725.28 is due if not paid by 03/14/13.

This Notice of Deficiency Assessment is issued pursuant to the desk-audit examination that disclosed unreported policy, endorsement and reinstatement fees. RE: Proposed Deficiency Assessment dated December 27, 2012 Examiner: Edward Ederaine

**Information Concerning Your Deficiency Assessment**

As an insurer or surplus line broker against whom a deficiency assessment has been made, you may file a petition for redetermination of the deficiency assessment within 30 days from the date shown at the top of this notice with the State Board of Equalization. It need not

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Division of Accounting and Reporting, State Tax Accounting and Reporting Bureau, P.O. Box 942850, Sacramento, CA 94250-5880. Include a copy of this notice with your payment.

00027521701

SPECIAL TAXES AND FEES

(800) 400-7115

Account: IT STF 034-002432

** Notice of Deficiency Assessment ** Page 2		Notice ID: 0001 4356 926		February 12, 2013		6
Insurance Tax INSURANCE TAX		TAX	Interest	Penalty	Total	

be in any special form, but it must set forth the grounds of objection to the deficiency assessment and the correction sought. At the time the petition is filed with the board, a copy of the petition must also be filed with the Commissioner of Insurance. If you file a petition for redetermination, you should be prepared to submit documentary evidence to support the specific grounds upon request.

If a hearing before the State Board of Equalization is desired, it should be requested in the petition. If you request a hearing, an appeals conference with a staff counsel may be scheduled prior to the Board hearing. The Board will give the petitioner and the commissioner at least 20 days notice of the time and place of an oral hearing.

The filing of a petition for redetermination will not prevent the accrual of interest on any amounts due. However, if you file a timely petition for redetermination, the finality penalty referred to above will not apply unless you fail to pay the amount redetermined within 30 days after the date of a Notice of Redetermination.

If you have any questions regarding this assessment, please direct your inquiry to the following individual with a copy to our office:

Mr. David Okumura, PTAB, Senior Insurance Examiner (Sup)  
Department of Insurance, F.S.B.  
300 South Spring Street, South Tower, 14th Floor-Suite 14501  
Los Angeles, CA 90013  
Telephone (213) 346-6097  
E-mail: David.Okumura@insurance.ca.gov

Make remittances payable to:

State Controller's Office  
Division of Accounting and Reporting  
State Tax Accounting and Reporting Bureau  
P.O. Box 942850  
Sacramento, CA 94250-5880

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Division of Accounting and Reporting, State Tax Accounting and Reporting Bureau, P.O. Box 942850, Sacramento, CA 94250-5880. Include a copy of this notice with your payment.

## EXHIBIT A-2

**BILLING AND REFUND NOTICE**STATE OF CALIFORNIA  
BOARD OF EQUALIZATIONP.O. BOX 942879 SACRAMENTO, CALIFORNIA 94279-0056  
SPECIAL TAXES AND FEES (800) 400-7115

FOR BOE USE ONLY		
RE	PM	
EFFECTIVE DATE OF PAYMENT		
MO	DAY	YEAR

ACCESS INSURANCE COMPANY  
PO BOX 105259, STATUTORY ACCOUNTING  
ATLANTA GA 30348

Account: IT STF 034-002432

Notice ID: 0001 4454 093	February 12, 2013
Amount Due	2,612,901.56
Amount enclosed	
Additional charges are due if not paid by 03/01/13 (See instructions below)	
4	

**\*\* Notice of Deficiency Assessment \*\***

You are hereby notified of an amount due from you as shown below.

Insurance Tax	TAX	Interest	Penalty	Total
INSURANCE TAX				
DEFICIENCY issued 02/12/13 As determined by Field Billing Order For the Period 01/01/08-12/31/11				
Revenue	2,280,482.16			2,280,482.16
Interest 04/02/09-03/01/13		332,419.40		332,419.40
Subtotal	2,280,482.16	332,419.40	0.00	2,612,901.56
AMOUNT-DUE				2,612,901.56

Additional interest will accrue in accordance with Revenue and Taxation Code Section 12632 on the unpaid TAX at the rate of 0.500 % per month. Interest of 11,402.41 will accrue if the TAX is not paid on or before 03/01/13.

Additional penalty of \$ 228,048.22 is due if not paid by 03/14/13.

This Notice of Deficiency Assessment is issued pursuant to the desk-audit examination that disclosed unreported finance and billing charges. RE: Proposed Deficiency Assessment dated January 24, 2013, Examiner: Edward Ederaine

**Information Concerning Your Deficiency Assessment**

As an insurer or surplus line broker against whom a deficiency assessment has been made, you may file a petition for redetermination of the deficiency assessment within 30 days from the date shown at the top of this notice with the State Board of Equalization. It need not be in any special form, but it must set forth the grounds of objection

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Division of Accounting and Reporting, State Tax Accounting and Reporting Bureau, P.O. Box 942850, Sacramento, CA 94250-5880. Include a copy of this notice with your payment.

00029378295

SPECIAL TAXES AND FEES

(800) 400-7115

Account: IT STF 034-002432

** Notice of Deficiency Assessment ** Page 2		Notice ID: 0001 4454 093		February 12, 2013		4
Insurance Tax INSURANCE TAX		TAX	Interest	Penalty	Total	
<p>to the deficiency assessment and the correction sought. At the time the petition is filed with the board, a copy of the petition must also be filed with the Commissioner of Insurance. If you file a petition for redetermination, you should be prepared to submit documentary evidence to support the specific grounds upon request.</p> <p>If a hearing before the State Board of Equalization is desired, it should be requested in the petition. If you request a hearing, an appeals conference with a staff counsel may be scheduled prior to the Board hearing. The Board will give the petitioner and the commissioner at least 20 days notice of the time and place of an oral hearing.</p> <p>The filing of a petition for redetermination will not prevent the accrual of interest on any amounts due. However, if you file a timely petition for redetermination, the finality penalty referred to above will not apply unless you fail to pay the amount redetermined within 30 days after the date of a Notice of Redetermination.</p> <p>If you have any questions regarding this assessment, please direct your inquiry to the following individual with a copy to our office:</p> <p>Mr. David Okumura, PTAB, Senior Insurance Examiner (Sup) Department of Insurance, F.S.B. 300 South Spring Street, South Tower, 14th Floor-Suite 14501 Los Angeles, CA 90013 Telephone (213) 346-6097 E-mail: David.Okumura@insurance.ca.gov</p> <p>Make remittances payable to:</p> <p>State Controller's Office Division of Accounting and Reporting State Tax Accounting and Reporting Bureau P.O. Box 942850 Sacramento, CA 94250-5880</p>						

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Division of Accounting and Reporting, State Tax Accounting and Reporting Bureau, P.O. Box 942850, Sacramento, CA 94250-5880. Include a copy of this notice with your payment.



## EXHIBIT A-3

**BILLING AND REFUND NOTICE**STATE OF CALIFORNIA  
BOARD OF EQUALIZATIONP.O. BOX 942879 SACRAMENTO, CALIFORNIA 94279-0056  
(800) 400-7115ACCESS INSURANCE COMPANY  
PO BOX 105171  
ATLANTA GA 30348

FOR BOE USE ONLY		
RE	PM	
EFFECTIVE DATE OF PAYMENT		
MO	DAY	YEAR

Account: IT STF 034-002432

Notice ID: 0001 6450 228	October 15, 2013
Amount Due	1,131,905.18
Amount enclosed	
Additional charges are due if not paid by 11/01/13 (See instructions below)	
0	

**\*\* Notice of Deficiency Assessment \*\***

You are hereby notified of an amount due from you as shown below.

Insurance Tax	TAX	Interest	Penalty	Total
INSURANCE TAX				
DEFICIENCY ISSUED 10/15/13 As determined by Field Billing Order For the Period 01/01/12-12/31/12				
Revenue	997,273.26			997,273.26
Interest 04/02/13-11/01/13		34,904.59		34,904.59
Penalty			99,727.33	99,727.33
Subtotal	997,273.26	34,904.59	99,727.33	1,131,905.18
AMOUNT-DUE				1,131,905.18

\*\*\*\*\*

Additional interest will accrue in accordance with Revenue and Taxation Code Section 12632 on the unpaid TAX at the rate of 0.500 % per month. Interest of 4,986.37 will accrue if the TAX is not paid on or before 11/01/13.

A 10% penalty has been added for negligence in accordance with Revenue and Taxation Code section 12634.

Additional penalty of \$ 99,727.33 is due if not paid by 11/14/13.

This Notice of Deficiency Assessment is issued pursuant to a desk-audit examination which disclosed unreported policy fees. RE: Proposed Deficiency Assessment dated September 12, 2013 (PDA13-09-04)  
Examiner: Edward Ederaine

Information Concerning Your Deficiency Assessment

As an insurer or surplus line broker against whom a deficiency

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Division of Accounting and Reporting, State Tax Accounting and Reporting Bureau, P.O. Box 942850, Sacramento, CA 94250-5880. Include a copy of this notice with your payment.

00030251901

SPECIAL TAXES AND FEES

(800) 400-7115

Account: IT STF 034-002432

** Notice of Deficiency Assessment ** Page 2		Notice ID: 0001 6450 228		October 15, 2013		0
Insurance Tax INSURANCE TAX		TAX	Interest	Penalty	Total	

assessment has been made, you may file a petition for redetermination of the deficiency assessment within 30 days from the date shown at the top of this notice with the State Board of Equalization. It need not be in any special form, but it must set forth the grounds of objection to the deficiency assessment and the correction sought. At the time the petition is filed with the board, a copy of the petition must also be filed with the Commissioner of Insurance. If you file a petition for redetermination, you should be prepared to submit documentary evidence to support the specific grounds upon request.

If a hearing before the State Board of Equalization is desired, it should be requested in the petition. If you request a hearing, an appeals conference with a staff counsel may be scheduled prior to the Board hearing. The Board will give the petitioner and the commissioner at least 20 days notice of the time and place of an oral hearing.

The filing of a petition for redetermination will not prevent the accrual of interest on any amounts due. However, if you file a timely petition for redetermination, the finality penalty referred to above will not apply unless you fail to pay the amount redetermined within 30 days after the date of a Notice of Redetermination.

If you have any questions regarding this assessment, please direct your inquiry to the following individual with a copy to our office:

Mr. David Okumura, PTAB, Senior Insurance Examiner (Sup)  
Department of Insurance, F.S.B.  
300 South Spring Street, South Tower, 14th Floor-Suite 14501  
Los Angeles, CA 90013  
Telephone (213) 346-6097  
E-mail: David.Okumura@insurance.ca.gov

Make remittances payable to:

State Controller's Office  
Division of Accounting and Reporting  
State Tax Accounting and Reporting Bureau  
P.O. Box 942850  
Sacramento, CA 94250-5880

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Division of Accounting and Reporting, State Tax Accounting and Reporting Bureau, P.O. Box 942850, Sacramento, CA 94250-5880. Include a copy of this notice with your payment.

## EXHIBIT B-1

**BILLING AND REFUND NOTICE**STATE OF CALIFORNIA  
BOARD OF EQUALIZATIONP.O. BOX 942879 SACRAMENTO, CALIFORNIA 94279-0056  
SPECIAL TAXES AND FEES (800) 400-7115

FOR BOE USE ONLY		
RE	PM	
EFFECTIVE DATE OF PAYMENT		
MO	DAY	YEAR

ACCESS INSURANCE COMPANY  
PO BOX 105171  
ATLANTA GA 30348

Account: IT STF 034-002432

Notice ID: 0002 7741 191	November 13, 2017
Amount Due	192,041.90
Amount enclosed	_____
Additional charges are due if not paid by 12/01/17 (See instructions below)	
-	

## \* Notice of Redetermination \*

You are hereby notified that the action indicated below was taken on your petition for redetermination.

Insurance Tax	TAX	Interest	Penalty	Total
INSURANCE TAX				
<p>DEFICIENCY ISSUED 02/12/13 As determined by Field Billing Order For the Period 01/01/08-12/31/11</p>				
Revenue	1,047,437.87			1,047,437.87
Interest 04/02/09-03/01/13		148,725.27		148,725.27
Payment 12/18/12	-900,185.12	-147,252.75		-1,047,437.87
Interest 03/02/13-12/01/17		43,316.63		43,316.63
Subtotal	147,252.75	44,789.15	0.00	192,041.90
AMOUNT-DUE				192,041.90
<p>*****</p> <p>Did you know that approximately 96 percent of all taxes and fees administered by the BOE are filed and paid on time? We want to help you be successful in resolving your tax and fee matters and avoid potential problems.</p> <p>Additional interest will accrue in accordance with Revenue and Taxation Code Section 12632 on the unpaid TAX at the rate of 0.583 % per month. Interest of 858.97 will accrue if the TAX is not paid on or before 12/01/17.</p> <p>Additional penalty of \$ 14,725.28 is due if not paid by 12/13/17.</p> <p>On October 13, 2017 you withdrew your request for an oral hearing. Therefore, pursuant to the Decision and Recommendation dated March 11, 2016, your petition for redetermination has been denied without adjustment.</p>				



Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.

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SPECIAL TAXES AND FEES

(800) 400-7115

Account: IT STF 034-002432

* Notice of Redetermination * Page 2	Notice ID: 0002 7741 191	November 13, 2017			-
Insurance Tax INSURANCE TAX	TAX	Interest	Penalty	Total	
<p>Case ID: 722272 petition for redetermination dated March 13, 2013.</p> <p>Make remittances payable to:</p> <p>State Controller's Office Departmental Accounting Office Insurance Tax Program P.O. Box 942850 Sacramento, CA 94250-0001</p>					

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.

## EXHIBIT B-2

**BILLING AND REFUND NOTICE**STATE OF CALIFORNIA  
BOARD OF EQUALIZATIONP.O. BOX 942879 SACRAMENTO, CALIFORNIA 94279-0056  
SPECIAL TAXES AND FEES (800) 400-7115ACCESS INSURANCE COMPANY  
PO BOX 105171  
ATLANTA GA 30348

FOR BOE USE ONLY		
RE	PM	
EFFECTIVE DATE OF PAYMENT		
MO	DAY	YEAR

Account: IT STF 034-002432

Notice ID: 0002 7934 663	November 13, 2017
Amount Due	3,283,743.33
Amount enclosed	
Additional charges are due if not paid by 12/01/17 (See instructions below)	
	0

**\* Notice of Redetermination \***You are hereby notified that the action indicated below was  
taken on your petition for redetermination.

Insurance Tax	TAX	Interest	Penalty	Total
INSURANCE TAX				
DEFICIENCY ISSUED 02/12/13 As determined by Field Billing Order For the Period 01/01/08-12/31/11				
Revenue	2,280,482.16			2,280,482.16
Interest 04/02/09-12/01/17		1,003,261.17		1,003,261.17
Subtotal	2,280,482.16	1,003,261.17	0.00	3,283,743.33

AMOUNT-DUE 3,283,743.33  
\*\*\*\*\*

Did you know that approximately 96 percent of all taxes and fees administered by the BOE are filed and paid on time? We want to help you be successful in resolving your tax and fee matters and avoid potential problems.

Additional interest will accrue in accordance with Revenue and Taxation Code Section 12632 on the unpaid TAX at the rate of 0.583 % per month. Interest of 13,302.81 will accrue if the TAX is not paid on or before 12/01/17.

Additional penalty of \$ 228,048.22 is due if not paid by 12/13/17.

On October 13, 2017 you withdrew your request for an oral hearing. Therefore, pursuant to the Decision and Recommendation dated March 11, 2016, your petition for redetermination has been denied without adjustment.

Case ID: 722274 petition for redetermination dated March 13, 2013.

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.

00046693396

SPECIAL TAXES AND FEES

(800) 400-7115

Account: IT STF 034-002432

* Notice of Redetermination * Page 2	Notice ID: 0002 7934 663	November 13, 2017	0	
Insurance Tax INSURANCE TAX	TAX	Interest	Penalty	Total
<p>Make remittances payable to:</p> <p>State Controller's Office Departmental Accounting Office Insurance Tax Program P.O. Box 942850 Sacramento, CA 94250-0001</p>				

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.

## EXHIBIT B-3



**BILLING AND REFUND NOTICE**STATE OF CALIFORNIA  
BOARD OF EQUALIZATIONP.O. BOX 942879 SACRAMENTO, CALIFORNIA 94279-0056  
SPECIAL TAXES AND FEES (800) 400-7115

FOR BOE USE ONLY		
RE	PM	
EFFECTIVE DATE OF PAYMENT		
MO	DAY	YEAR

ACCESS INSURANCE COMPANY  
PO BOX 105171  
ATLANTA GA 30348

Account: IT STF 034-002432

Notice ID: 0002 7682 584	November 13, 2017
Amount Due	1,385,378.97
Amount enclosed	
Additional charges are due if not paid by 12/01/17 (See instructions below)	
8	

## \* Notice of Redetermination \*

You are hereby notified that the action indicated below was  
taken on your petition for redetermination.

Insurance Tax	TAX	Interest	Penalty	Total
INSURANCE TAX				
DEFICIENCY ISSUED 10/15/13 As determined by Field Billing Order For the Period 01/01/12-12/31/12				
Revenue	997,273.26			997,273.26
Interest 04/02/13-12/01/17		288,378.38		288,378.38
Penalty			99,727.33	99,727.33
Subtotal	997,273.26	288,378.38	99,727.33	1,385,378.97

AMOUNT-DUE 1,385,378.97

\*\*\*\*\*

Did you know that approximately 96 percent of all taxes and fees administered by the BOE are filed and paid on time? We want to help you be successful in resolving your tax and fee matters and avoid potential problems.

Additional interest will accrue in accordance with Revenue and Taxation Code Section 12632 on the unpaid TAX at the rate of 0.583 % per month. Interest of 5,817.43 will accrue if the TAX is not paid on or before 12/01/17.

Additional penalty of \$ 99,727.33 is due if not paid by 12/13/17.

On October 13, 2017 you withdrew your request for an oral hearing. Therefore, pursuant to the Decision and Recommendation dated March 11, 2016, your petition for redetermination has been denied without adjustment.

Case ID: 777695 petition for redetermination dated November 13, 2013.

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.

00047176552

SPECIAL TAXES AND FEES

(800) 400-7115

Account: IT STF 034-002432

* Notice of Redetermination * Page 2	Notice ID: 0002 7682 584	November 13, 2017			8
Insurance Tax INSURANCE TAX	TAX	Interest	Penalty	Total	
<p>Make remittances payable to:</p> <p>State Controller's Office Departmental Accounting Office Insurance Tax Program P.O. Box 942850 Sacramento, CA 94250-0001</p>					

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.

## EXHIBIT C

**BILLING AND REFUND NOTICE**STATE OF CALIFORNIA  
BOARD OF EQUALIZATIONP.O. BOX 942879 SACRAMENTO, CALIFORNIA 94279-0056  
SPECIAL TAXES AND FEES (800) 400-7115

FOR BOE USE ONLY		
RE	PM	
EFFECTIVE DATE OF PAYMENT		
MO	DAY	YEAR

ACCESS INSURANCE COMPANY  
PO BOX 105171  
ATLANTA GA 30348

Account: IT STF 034-002432

Notice ID: 0002 8418 120	December 26, 2017
Amount Due 892,457.95	
Amount enclosed _____	
Additional charges are due if not paid by 01/01/18 (See instructions below)	
3	

**\*\* Notice of Deficiency Assessment \*\***

You are hereby notified of an amount due from you as shown below.

Insurance Tax	TAX	Interest	Penalty	Total
INSURANCE TAX				
DEFICIENCY ISSUED 12/26/17 As determined by Field Billing Order For the Period 01/01/13-12/31/13				
Revenue	722,638.00			722,638.00
Interest 04/02/14-01/01/18		169,819.95		169,819.95
Subtotal	722,638.00	169,819.95	0.00	892,457.95
AMOUNT-DUE				892,457.95



Did you know that approximately 96 percent of all taxes and fees administered by the BOE are filed and paid on time? We want to help you be successful in resolving your tax and fee matters and avoid potential problems.

Additional interest will accrue in accordance with Revenue and Taxation Code Section 12632 on the unpaid TAX at the rate of 0.583 % per month. Interest of 4,215.39 will accrue if the TAX is not paid on or before 01/01/18.

Additional penalty of \$ 72,263.80 is due if not paid by 01/25/18.

The Department of Insurance (CDI) performed an onsite audit and determined that additional taxable fees were not reported on their tax return resulting in additional tax due. RE: Proposed Deficiency Assessment for Audit Period 2013 dated December 15, 2017 (PDA 17-12-03). Examiner: Ben Chan

Information Concerning Your Deficiency Assessment

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.

00046138020

SPECIAL TAXES AND FEES

(800) 400-7115

Account: IT STF 034-002432

** Notice of Deficiency Assessment ** Page 2		Notice ID: 0002 8418 120		December 26, 2017		3
Insurance Tax INSURANCE TAX		TAX	Interest	Penalty	Total	

As an insurer or surplus line broker upon whom a deficiency assessment has been made, you may file a petition for redetermination of the deficiency assessment within 30 days from the date shown at the top of this notice with the State Board of Equalization. It need not be in any special form, but it must set forth the grounds of objection to the deficiency assessment and the correction sought. At the time the petition is filed with the board, a copy of the petition must also be filed with the Commissioner of Insurance. If you file a petition for redetermination, you should be prepared to submit documentary evidence to support the specific grounds upon request.

If a hearing before the State Board of Equalization is desired, it should be requested in the petition. If you request a hearing, an appeals conference with a staff counsel may be scheduled prior to the Board hearing. The Board will give the petitioner and the commissioner at least 20 days notice of the time and place of an oral hearing.

The filing of a petition for redetermination will not prevent the accrual of interest on any amounts due. However, if you file a timely petition for redetermination, the finality penalty referred to above will not apply unless you fail to pay the amount redetermined within 30 days after the date of a Notice of Redetermination.

If you have any questions regarding this assessment, please direct your inquiry to the following individual with a copy to our office:

Ms. Mimi Yan, PTAB, Senior Insurance Examiner (Supervisor)  
California Department of Insurance  
300 South Spring Street, South Tower, 14th Floor  
Los Angeles, CA 90013  
Telephone (213) 346-6496  
E-mail: Mimi.Yan@insurance.ca.gov

Make remittances payable to:

State Controller's Office  
Departmental Accounting Office  
Insurance Tax Program  
P.O. Box 942850  
Sacramento, CA 94250-0001

Make your check payable to the State Controller's Office and mail to: State Controller's Office, Departmental Accounting Office, P.O. Box 942850, Sacramento, CA 94250-0001. Include a copy of this notice with your payment.



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**PROOF OF SERVICE**  
**In the Matter of ACCESS INSURANCE COMPANY**  
**Case No. SF OSC 2018-00002**

I am over the age of eighteen years and am not a party to the within action. I am an employee of the Department of Insurance, State of California, employed at 45 Fremont Street, 19th Floor, San Francisco, California 94105. On January 22, 2018, I served the following document(s):

**ORDER TO SHOW CAUSE RE: CEASE AND DESIST ORDER;  
INSURANCE CODE SECTION 1065.1**

on all persons named on the attached Service List, by the method of service indicated, as follows:

If **U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items to be sent by mail, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for mailing by U.S. Mail. Under that practice, outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on that same day, with postage fully prepaid, in the city and county of San Francisco, California.

If **OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for overnight delivery. Under that practice, outgoing items are deposited, in the ordinary course of business, with an authorized courier or a facility regularly maintained by one of the following overnight services in the city and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.


If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

If **PERSONAL SERVICE** is indicated, by hand delivery this date.

If **INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection for delivery by Department of Insurance intra-agency mail.

If **EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

  
\_\_\_\_\_  
Komjathy, Jr., Laszlo

**SERVICE LIST**  
**In the Matter of ACCESS INSURANCE COMPANY**  
**Case No. SF OSC 2018-00002**

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
JOHN SEBASTINELLI 4 Embarcadero Center Suite 3000 San Francisco, CA	Ph. 415 655-1289 Fax 415 358-4796	Personal Service
Agent for Service		