



NEWS RELEASE - FOR IMMEDIATE RELEASE April 26, 2011

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Commissioner Revokes Certificate of Authority for Bail Bond and Surety Company; Minnesota Surety and Trust Fined \$1,200,000

The Colorado Division of Insurance has revoked the Certificate of Authority for Minnesota Surety and Trust Company, an insurer which was authorized to conduct business in the state of Colorado.

Minnesota Surety has been fined \$1.2 million, which includes a civil penalty of \$200,000 due within 14 days. The additional \$1 million penalty is stayed but will be payable if the company does not pay the \$200,000 within the agreed timeline. The \$1 million would also become due immediately if Minnesota Surety, or company president Peter Plunkett, is involved in any insurance-related business in the State of Colorado or apply for a certificate of authority in the State of Colorado within the next five years.

“Even after repeated demands, Minnesota Surety failed to provide the data and information our investigators requested, which was necessary to complete an examination of the company,” said Interim Insurance Commissioner John J. Postolowski. “Credible evidence demonstrated employees of the company were directed to alter 2010 bail bond files requested as part of a Market Conduct Examination. The alteration of files included adding forms and statutorily required data, after the fact, to documents which were created in 2010 but just prior to the commencement of the examination in 2011. This is just one example of a flagrant disregard for Colorado insurance law by Minnesota Surety, and we saw no reason to allow them to continue to conduct business in our state.”

Minnesota Surety was licensed as a casualty company, authorized to write bail bonds, and fidelity and surety bonds, including immigration bonds. The files that were altered, as well as the examination that was impeded by Minnesota Surety, dealt with its bail bond business. As part of the Stipulation, Minnesota Surety agreed to notify its officers, agents and employees to cease selling, soliciting and negotiating insurance policies, bail bonds or any other insurance related product, by the close of business on April 26, 2011.

By law, all insurance companies licensed in Colorado must provide certain disclosures to consumers, keep certain records and provide proof of those disclosures and records for examination, upon request of the Division of Insurance. These requirements are for the protection of Colorado consumers.

Minnesota Surety failed to provide documents to Division investigators in a timely, accurate, complete or organized manner. In fact, some of the 2010 inactive files that were requested by the Division were provided to the Division in a duffle bag, were in disarray, and in no logical order; and numerous bail bond files were missing required documents, including powers of attorney, collateral receipts and/or premium receipts.

The company's violations included:

- Placing a “translation stamp” on the 2010 bail bond documents sometime in January or February 2011. These “translation stamps” were an attempt to make it appear the bail bond document was read in its entirety, at the time it was issued to a consumer, defendant or indemnitor who did not speak English as a primary language.
- In early 2011, Rate Deviation Forms, which identify non-discriminatory reasons a bail bond agent might charge a premium of less than 15 per cent, were placed in hundreds of bail bond files written in 2010, to make it appear the files were compliant for the market conduct examination.
- In January or February 2011, Minnesota Surety representatives or employees placed “stamps” containing statutorily required information onto a minimum of 4,000 bail bond documents that were created in 2010.

In addition, the market conduct examination found that Minnesota Surety had failed to provide required information, including an alphabetical list by agent of commission paid; a list of bonds issued including detailed sufficient bond information; a list of bond premium receipts and bond collateral receipts; a list of liens filed; a list of premium refunds; a claims procedure manual; the description of Minnesota Surety's bail recovery process; and an explanation of procedures related to release of promissory notes, deed of trust or liquidation of assets by Minnesota Surety.

As a part of the settlement any defendant, consumer or third party indemnitor who obtained a bail bond from Minnesota Surety and Trust Company shall retain his or her rights to bring an independent action against the company in the event that individual suffered harm or damage as a result of Minnesota Surety and Trusts actions.

The Division of Insurance is committed to protecting consumers and believes the revocation of Minnesota Surety and Trusts certificate of authority to do business in this State will further that mission.

The Final Agency Order and Stipulation Agreement, signed by Minnesota Surety and Trust, can be viewed on the Division of Insurance website at:

<http://www.dora.state.co.us/insurance/enforcement/2011.htm>

For information about Bail Bonds and consumer rights, please see “Consumer Guide to Bail Bonds in Colorado” at <http://www.dora.state.co.us/insurance/Bail%20Bond/2009/BailBondsGuide120109.pdf>.

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DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.