**STATE OF MCHIGAN**
**DEPARTMENT OF LABOR & ECONOMIC GROWTH**
**OFFICE OF FINANCIAL AND INSURANCE REGULATION**

**Before the Commissioner of the Office of Financial and Insurance Regulation**

**In the matter of:**

**Liberty Union Life Assurance Company**
**NAIC# 66753**

**Enforcement Case No. 07-5490**

**Respondent**
_____/

Issued and entered
on November 26, 2008
Stephen R. Hilker
Chief Deputy Commissioner

## CONSENT ORDER AND STIPULATION

## A. FINDINGS OF FACT AND CONCLUSIONS OF LAW

It is alleged that the following statements are true and correct:

1. Liberty Union Life Assurance Company (Respondent) is a licensed life, accident, and health insurer.

2. As a licensed life, accident, and health insurer, Respondent knew or had reason to know that Section 1341(3)(d) of the Code, MCL 500.1341(3)(d), provides:

> (3) A domestic insurer and any person in its holding company system shall not enter into the following transactions with each other unless the insurer has notified the commissioner in writing of its intention to enter into the transaction at least 30 days, or a shorter period as the commissioner allows, prior to entering into the transaction and the commissioner has not disapproved it within that period:
>
> (d) Rendering of services on a regular systematic basis.

3. As a licensed life, accident, and health insurer, Respondent knew or had reason to know that Section 115 of the Code, MCL 500.115, describes an affiliate as a person that directly, or indirectly, through one or more intermediaries, is under the common control

of another person. Section 115 further describes control as the power to exercise, directly or indirectly, a controlling influence over the management or policies of the company, as the Commissioner determines.

4. Respondent's affiliate, 13 Mile Barrington Associates (TMBA), is a Michigan General Partnership company that is partially owned by Mazur Investments, LP, which in turn is partially owned by Richard Mazur (Mazur). Mazur also owns 88.5% of Respondent. Since Mazur is a partial owner of both Respondent and TMBA, the entities are subject to the filing requirements of Chapter 13 of the Code (including Section 1341).

5. Respondent and TMBA entered into a lease agreement on July 1, 1991, in which TMBA would lease office space to Respondent. Since the execution of the original lease agreement by Respondent and TMBA there have been two addendums added to the original agreement. The second addendum was approved by the Office of Financial and Insurance Regulation (OFIR) in December 2004, which provided that the lease terms would be effective January 1, 2004, through December 31, 2004.

6. Subsequent to the approval of the second addendum, OFIR requested that Respondent notify OFIR of any intentions to extend the lease terms beyond the previously approved December 31, 2004, end date.

7. Throughout 2004, 2005, and 2006 a total of five correspondences were sent to Respondent requesting submission of the new lease agreement which extended the original agreement beyond 2004. Respondent only responded to four of these requests by stating that an agreement had not been finalized. Subsequently, on July 10, 2006, OFIR ordered Respondent to cease payment of rental fees until an updated agreement was submitted.

8. OFIR received a Form D for a third addendum to the lease agreement on January 10, 2007, followed by an amended addendum dated January 31, 2007, on February 2, 2007. The addendum had an effective date of January 1, 2005, with a provision for the new rental rates to go into effect on November 1, 2006. Furthermore, Respondent reported the amended third addendum as being signed on September 18, 2006, which was the same date reported on the original third addendum submitted to OFIR.

9. Respondent's failure to submit its written agreement to OFIR for approval at least 30 days before the effective date constituted a violation of Section 1341(3)(d) of the Code.

10. Respondent is subject to a penalty under Section 150 and/or Section 1371 of the Code, MCL 500.150 and MCL 500.1371, for violating Section 1341(3)(d) of the Code, MCL 500.1341(3)(d).

## B. ORDER

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is

**ORDERED** that:

1. Respondent shall immediately cease and desist from operating in such a manner as to violate Section 1341(3)(d) of the Code, MCL 500.1341(3)(d).

2. Respondent shall pay to the State of Michigan a civil fine of $2,500.00. Upon execution of this Order, OFIR will send Respondent an invoice for the civil fine, which shall be due within 30 days of issuance of the invoice.

Stephen R. Hilker

Stephen R. Hilker
Chief Deputy Commissioner

Dated: 11/25/08