STATE OF MINNESOTA
COMMISSIONER OF COMMERCE

In the Matter of
Lexington National Insurance Corporation
NAIC No.: 37940

CONSENT ORDER

TO: Lexington National Insurance Corporation
11426 York Road – 2nd Floor
Cockeysville, Maryland 21030

Commissioner of Commerce Mike Rothman ("Commissioner") received numerous complaints concerning the failure of certain bail bond producers to follow all Minnesota laws related to the solicitation, negotiation, sales and posting of bail bonds, among other things. After a review of the complaints and investigations of the matters, the Commissioner determined that a more comprehensive review of Minnesota’s bail bond industry was warranted. The Department of Commerce initiated Market Conduct Examinations of most, if not all, of the bail bond surety companies (for example, “ABC Insurance Company”), including their contracted bail bond agencies (for example, “Minneapolis Bail Bonds, Inc.”) and appointed bail bond producers (the individual agents, for example, “John and Jane Doe”). A “producer” means a person required to be licensed under the laws of the state of Minnesota to sell, solicit, or negotiate insurance. Bail bonds are insurance pursuant to Minnesota Statutes Section 60A.06.

As a result of the Market Conduct Examinations, the Commissioner alleges that surety companies, which contract with bail bond agencies and appoint individual bail bond producers, have failed to adequately supervise their producers’ conduct and various producers have engaged in conduct that is allegedly in violation of Minnesota law. The
Commissioner has advised the bail bond sureties, bail bond agencies and individual producers that he is prepared to commence further investigations and formal proceedings to remedy these alleged violations and other issues. However, the Commissioner has indicated that he is willing to forego further examination, and formal proceedings against the bail bond sureties, bail bond agencies and individual producers, only if they enter into consent orders with the Commissioner. The Consent Orders require, among other items, that the sureties conduct routine audits of their bail bond agencies and producers. Although the Commissioner recognizes that bail bond producers appointed by the surety are, in most instances, independent contractors, the Commissioner is requiring, and the surety has agreed, to the following provisions in order to resolve the Commissioner’s concerns.

Furthermore, as a part of the Consent Order, each surety will require its contracted bail bond agencies and individual producers to agree to certain terms to ensure compliance with applicable Minnesota laws and this Consent Order. The Commissioner is authorized to take action against producers pursuant to his authority under, inter alia, Minnesota Statutes Chapter 45 and 60K. The terms of this Consent Order detail certain Minnesota legal requirements and other matters the sureties, bail bond agencies and producers have otherwise agreed to, in full settlement and final resolution of all alleged violations of Minnesota law that may have occurred on or before the date of this Order, all of which are set forth below:

**Premiums**

1. Regardless of whether a producer is an employee or an independent contractor, the producer shall charge the approved, filed rate of the surety whose standing and credit are being used to post a bail bond. Except for the $100 minimum premium required pursuant to Section 2 and certain situations where cash bail is set by the court as
discussed in Section 5, the rate charged may not be more or less than the surety’s filed rate. The producer shall not rebate any premium to anyone, as rebates are prohibited by Minnesota law. Producers may charge travel related or other fees so long as they are reasonable in relation to the service being provided and disclosed in advance to the customer in accordance with Minnesota Statutes Section 60K.46, subd. 2.

2. A minimum premium of $100 shall be charged on any bond. The purpose of bail includes releasing the accused from imprisonment and relieving the state from the expense and burden of detaining the accused pending trial. Any minimum premium amount must be included within the surety’s rate filing with the Commissioner.

3. The producer shall not post any bail bond with a penal sum of $10,000 or less unless the producer has first: (a) received at least 50% of the total premium owed under the surety’s rate filing; (b) given the payer of the premium a receipt for the premium paid; and (c) if payment in full was not made before posting the bond, obtained a promissory note (on a pre-approved surety or bail bond agency form, which may allow for annual interest at no more than six percent (6%), and in the event of default, for the actual costs of collection and reasonable attorneys’ fees) from the payer agreeing to pay the unpaid premium in full within 120 days of the bond being posted.

4. The producer shall not post any bond over $10,000 unless the producer has first: (a) received at least 30% of the total premium owed under the surety’s rate filing; (b) given the payer of the premium a receipt for the premium paid; and (c) if payment in full was not made before posting the bond, obtained a promissory note (on a pre-approved surety or bail bond agency form, which may allow for annual interest at no more than six percent (6%), and in the event of default, for the actual costs of collection and reasonable attorneys’ fees)
signed by the payer agreeing to pay the unpaid premium in full, making at a minimum equal monthly payments, within 12 months of the bond being posted.

5. A bail bond is fundamentally a contract between the state of Minnesota, on the one hand, and the principal and his or her surety, on the other. The surety bail bond system should remain viable and is a right protected by the Minnesota Constitution, if the court sets cash bail at fifteen percent (15%) or less of the penal amount of the bond, a surety, bail bond agency or principal may charge as a premium as low as one-half the cash bail amount set by the court, subject to a minimum premium of $100. This alternative premium structure, if used, must be part of the surety’s rate filing with the Commissioner. The bail bond agency and principal are required to obtain documentation from the court of the cash bail amount set by the court, and maintain such documentation in the bond file. Sections 3 and 4 shall apply to the payment of the premium. The bail bond agency and producer shall maintain a log of all bonds where the premium charged was based upon this Section 5, in accordance with each surety’s filed rates.

6. If any payment, including a minimum monthly payment, required by any promissory note created pursuant to Sections 3 and 4 above is more than 90 days late, the bail bond agency or producer shall, within 20 business days thereafter, do the following:
   a. file a civil action against the delinquent payer, and make all reasonable efforts to serve the summons and complaint, enter judgment (unless the matter was settled while the suit is pending), and enforce the judgment (which may be accomplished by assigning to a licensed debt collector); or
   b. for amounts owing less than $1,000, assign the debt to a Minnesota licensed debt collector.
7. The surety, bail bond agency and producer shall only accept cash, money orders, checks, wire transfers, Electronic Funds Transfers, debit cards, prepaid cash cards, and credit cards for premium payments, with any balance owed evidenced by a promissory note as allowed by Sections 3 and 4 above.

8. For payments made directly to producers:
   a. Unless forwarded previously to the surety or bail bond agency, within 5 business days of a bond being posted or a payment being made on a premium promissory note, the producer shall deposit the funds received directly into a premium trust account maintained by the producer, the bail bond agency or the surety.
   b. No funds shall be deposited into a premium trust account other than premium payments and travel related or other fees that are reasonable in relation to the service provided and disclosed in advance to the customer in accordance with Minnesota Statutes Section 60K.46, subd. 2.
   c. Each deposit into a premium trust account shall be accompanied by a deposit slip that separately designates the source of the deposit and specifically lists the power of attorney number used for the bond for which premium was collected.
   d. Withdrawals from a producer's premium trust account may only be made to:
      i. pay to the surety or bail bond agency the net premium, defined as premium less commission agreed to in advance and in
writing between the producer and the surety or bail bond agency;

ii. pay to the surety or bail bond agency any required build up fund or escrow account pursuant to the contract between the producer and the surety or bail bond agency;

iii. pay to the producer any travel related or other fees that have been collected and are reasonable in relation to the service provided and disclosed in advance to the customer in accordance with Minnesota Statutes Section 60K.46, subd. 2;

iv. pay to the producer any fees or charges deducted electronically by credit card processing vendors so long as they are reasonable in relation to the service being provided and disclosed in advance to the customer in accordance with Minnesota Statutes Section 60K.46, subd. 2; and

v. distribute any excess amounts to the producer's operating account.

Collateral

9. When collateral is accepted, the producer (or surety or bail bond agency if provided directly to them) shall provide the individual on whose behalf the property is being held a written, numbered receipt:

a. the receipt shall contain the date, depositor's name and address, bail bond agency's name and address, surety's name and address, defendant's name, bond amount, and the cash amount or a detailed description of the collateral if not cash; and
b. the receipt shall be signed by the producer (or surety or bail bond agency) and the individual on whose behalf the collateral is being held.

10. The producer and bail bond agency shall turn over to the surety all cash and non-cash collateral received or as otherwise provided in paragraph 11, below.

11. At the discretion of the surety, the surety may permit the producer to turn over all cash and non-cash collateral received to the bail bond agency and permit the bail bond agency to retain possession and control over the cash and non-cash collateral without turning it over to the surety. In such event, the bail bond agency has the responsibilities and obligations of the surety set forth in this collateral Section. A producer shall not be allowed to retain possession or control of the cash or non-cash collateral beyond the time frames set forth in this Section.

12. All cash collateral shall be deposited within 5 business days into a cash collateral trust account maintained by the surety.

a. All checks, money orders, wire transfers or similar transfer of funds for collateral shall be made payable to the surety, or at the discretion of the surety, made payable to the bail bond agency and deposited into the surety’s or bail bond agency’s collateral account within 10 business days of receipt of the payment.

b. When required by law, the bail bond agency or producer shall file an IRS Form 8300 and informational notice and retain copies of such documents in the bail bond agency’s or producer’s files.

13. The surety or bail bond agency, at the discretion of the surety, shall maintain a separate cash collateral trust account. A cash collateral trust account may be interest
bearing or non-interest bearing. If the account is interest bearing, all interest earned shall be for the benefit of the individual on whose behalf the collateral is maintained.

14. The surety shall be liable for the return of any cash or non-cash collateral collected by a producer or bail bond agency, even if that collateral is not turned over to the surety, as is required by Minnesota law.

15. Cash collateral in excess of the penal sum of the bond may not be taken.

16. Collateral may not be used for personal benefit or gain of the surety, bail bond agency or producer and must be reasonably cared for, as required by Minnesota law.

17. The bail bond agency or producer shall maintain a collateral log that: lists the power of attorney number; defendant's name; depositor's name; the cash collateral amount and whether it is being held in an interest bearing account; a detailed description of the collateral if not cash; date collateral taken; and dates collateral was sent to the surety, returned to depositor, liquidated, and/or applied to any loss or cost incurred by the producer, bail bond agency or surety. The amount of the loss shall be listed separately from all costs in the log. An indemnity agreement shall not constitute "collateral" for purposes of inclusion on a collateral log.

18. The surety, bail bond agency or producer shall not take a quit claim deed on real property as collateral for a bond.

19. All mortgages and deeds of trust (if applicable for property located in another state) taken as collateral for a bond must name the surety as mortgagee or, at the discretion of the surety the bail bond agency may be named as the mortgagee. A producer shall not be named as a mortgagee.

20. The surety or bail bond agency, depending on who controls the collateral, shall return all cash and non-cash collateral to the depositor named in the collateral receipt within
21 calendar days after the depositor has provided written proof of bond discharge to the surety or bail bond agency; provided, however, that if the depositor owes the surety, bail bond agency or producer any premium or for any loss or expense related to a breach of the bond or any terms of any indemnity or other agreement, then the surety or bail bond agency may retain from the collateral all funds required to satisfy the depositor’s debts. If all debts secured by the collateral are satisfied, the surety or bail bond agency shall file documentation within 21 calendar days after the depositor has provided written proof of bond discharge to the surety or bail bond agency to release any liens, security interests, mortgages or the like that were filed or obtained in relation to the collateral.

21. All collateral and related documentation, being held in trust by the surety or bail bond agency shall be available for immediate audit and inspection by the Department. All collateral and related documentation, being held in trust by the bail bond agency shall also be available for immediate audit and inspection by the surety.

22. If the bond or any indemnity agreement is breached and the surety, bail bond agency or producer suffers a loss, then at least 30 calendar days prior to liquidation of any non-cash collateral, the surety or bail bond agency, depending on who controls the collateral, shall send written notice, by certified mail, to the last known address of the depositor of collateral notifying the depositor of the intent to liquidate the collateral.

23. Any action taken to enforce or foreclose upon cash or non-cash collateral must comply with Minnesota law.

Producer Audits

24. As required by the Commissioner, the surety shall audit each licensed bail bond producer’s calendar year writings by April 30th of the following year to determine whether the producer has complied with the Sections detailing the requirements for
“Premiums” and “Collateral,” a sample of which is attached, or as may be further updated as Exhibit 1.

25. The audit of Premiums shall include a review of an adequate sample of bonds written by each producer. It shall be deemed an adequate sample if the review consists of the lesser of (a) 20% of the bonds written by each producer, or (b) 24 bonds, or (c) all of the bonds written by the producer if fewer than twelve

a. The audit sample shall include the 4 largest bonds written by the producer and 4 bonds where the premium charged was based upon Section 5, if applicable. Of the remaining bonds audited, to the extent the quantity of bonds supports the percentages, 50% shall be randomly selected bonds with a penal sum of $10,000 or less and 50% shall be randomly selected bonds with a penal sum over $10,000.

b. The audit shall be conducted at the producer’s office or the bail bond agency’s office if the files are located there. The surety shall not disclose to the producer or the bail bond agency, or anyone affiliated therewith, which files the surety will audit until the surety’s on-site audit of the producer begins.

c. For each bond audited, the surety shall confirm that:

i. the proper premium was charged and collected (confirmation of premium collected shall include a review of the premium account statements and deposit slips);

ii. a proper premium receipt is in the producer’s file;
iii. a proper promissory note was executed if the full premium was not paid before the bond was posted;

iv. that suit was filed if the premium was not paid as required; and

v. that all reasonable efforts were made to serve the summons and complaint, enter judgment (unless the matter was settled while the suit was pending), and enforce the judgment.

d. The annual audit contemplated by this Section shall also include a follow-up review of each bond audited in the prior year for which full premium had not been collected at the time of the initial audit. For each such bond in the follow-up review, the surety shall confirm that the full premium was collected through a review of the premium account and deposit slips, or if full payment was not received, that suit was filed as required, and that all reasonable efforts were made to serve the summons and complaint, enter judgment (unless the matter was settled while the suit was pending), and enforce the judgment.

26. The audit of Collateral shall include:

a. confirmation that a collateral log was maintained;

b. that a cash collateral trust account exists;

c. that the balance of cash collateral shown on the collateral log is the same as the amount held in the collateral trust account; and

d. that a collateral receipt exists in a sampling of the lesser of (a) 20% of all bonds secured by collateral, or (b) 12 bonds that were secured by collateral.
27. By May 31st of each year, the surety must prepare a report, which shall include:
   a. a list of the bonds audited per Section 25, above, for each producer, including the power of attorney number used for each audited bond and whether payment of the full premium was made by the audit date;
   b. a list of the bonds included in the follow up review from the prior year audit and whether payment of the full premium was collected by the audit date;
   c. the Compliance Certifications required pursuant to Section 57; and
   d. details of any violations discovered during the audit, or a statement that no violations were discovered.

28. This annual report must be maintained for a period of at least 36 months from the date of the report’s completion. The first annual report shall be based upon the bonds written after the effective date of the Consent Order through December 31, 2016, and shall be provided to the Department by June 30, 2017. Subsequent annual reports shall be provided to the Department by June 30 of each year.

Solicitation

29. The producer shall not, in or on the property or grounds of a jail, prison, or other place where prisoners are confined, or in or on the property or grounds of any court:
   a. approach, entice, invite or solicit a person to use the services of a bail bondsman;
   b. distribute, display, or wear an item that advertises the services of a bail bondsman; or
   c. otherwise solicit business as a bail bondsman.
Permissible print advertising in the jail is strictly limited to a listing in a telephone directory and the posting of the producer’s name or bail bond agency's name, address, and telephone number in a designated location within and approved by the jail.

30. The producer shall not wear or display any identification other than identification approved by the surety or bail bond agency, which constitutes marketing material that the surety or bail bond agency must approve and maintain pursuant to Minnesota Rule Chapter 2790, which shall not be displayed in or on the property or grounds of a jail, prison, or other place where prisoners are confined, or in or on the property or grounds of any court.

31. The producer shall not loiter in or about the courthouse, jail or any other place where individuals are held in custody.

32. The surety, bail bond agency and producer shall comply with all federal and state privacy laws related to information provided to the producer in the application process and during the underwriting of a bond by a bond principal, indemnitor, or other person.

33. Minnesota Statutes Section 72A.501 requires “[a]n authorization [for] an insurer . . . or insurance agent to disclose or collect personal or privileged information [about an applicant or proposed insured, such as a criminal defendant].”

34. Minnesota Statutes Section 72A.502, subd. 1, prohibits the disclosure of personal or privileged information about a criminal defendant by an insurer or insurance agent without the authorization of the criminal defendant, applicant or prospective insured:

“An insurer [or] insurance agent . . . must not disclose any personal or privileged information about a person collected or received in connection with an insurance transaction without the authorization of that person. . . . An insurer [or] insurance agent . . . must not collect personal information about a policy holder or an applicant
not relating to a claim from sources other than public records without an authorization from the person. The authorization to collect personal information must be in writing or in the same medium as the application for insurance."

35. "'Personal information' means any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual's character, habits, avocations, finances, occupation, general reputation, credit, health, or any other personal characteristics." Minnesota Statutes Section 72A.491, subd. 17.

36. "Privileged information. (a) 'Privileged information' means any individually identifiable information that: (1) relates to a . . . criminal proceeding; or (2) is collected in connection with . . . [a] criminal proceeding. (b) Information otherwise meeting the definition of privileged information under paragraph (a) must be considered personal information if it is disclosed in violation of section 72A.502." Minnesota Statutes Section 72A.491, subd. 19.

37. Minnesota Statutes Section 72A.491, subd. 16, provides: "'Investigative consumer report' means all or part of a consumer report in which information about a person's character, general reputation, personal characteristics, or mode of living is obtained through personal interviews with the person's neighbors, friends, associates, acquaintances, or others who may have knowledge concerning these items of information." Minnesota Statutes Section 72A.496, subd. 1, states: "An insurer [or] insurance agent . . . must not prepare or request an investigative consumer report about an individual in connection with an insurance transaction involving an application for insurance . . . unless the insurer or insurance agent informs the person [of certain rights held by the person]."
38. Minnesota Statutes Section 72A.494 requires that written notice be provided by the surety or producer to the applicant or policyholder that, among other items, “personal information may be collected from persons other than the person or persons proposed for coverage.”

39. Soliciting, underwriting, negotiating or selling a bail bond is an “insurance transaction.”

40. Minnesota Statutes Section 60K.46, subd. 6, also protects the privacy of the insured: “[e]xcept as otherwise provided by law, no insurance producer may disclose or cause to be disclosed to any other person the identity of a person insured through the producer without the consent of the insured.”

41. Minnesota law requires a pre-authorization to both collect and disclose personal or privileged information about an applicant or proposed insured, and also requires that certain notices be provided. Producers in general failed to do so. Instead, some producers gather on a regular basis, without authorization, investigative consumer reports, personal and privileged information, then cold call people who were not the criminal defendant, and improperly disclose personal and privileged information to these third parties. For example, without authorization, a producer would gather information about a criminal defendant, cold call the jailed person’s relative and tell them that their relative is in jail, and then solicit the person to bail them out of jail. Many producers make these unauthorized and unsolicited cold calls without ever having spoken first with the criminal defendant or having any connection to the criminal defendant. This type of solicitation is in violation of Minnesota’s insurance laws, and an insured’s or proposed insured’s right to privacy.
42. Even if a bail bond agency or producer are in compliance with the preauthorization and notice requirements to gather and disclose personal and privileged information required of licensed insurance producers, the Department notes that other laws also impact their conduct. The bail bond agency and producer shall not initiate in-person or telephone solicitation after 9:00 p.m. or before 8:00 a.m. The producer shall not solicit a bond to any person by recorded, or electronic communication, or by live telephone contact, unless he or she is otherwise in compliance with applicable state and federal law, including, the following:

   a. the National Do Not Call Registry pursuant to the Federal Trade Commission’s Telemarketing Sales Rules, 16 C.F.R. Part 310, and

   b. the Federal Communications Commission’s Telephone Consumer Protection Act of 1991, 47 C.F.R. Section 64.1200.

43. The surety, bail bond agency and producer shall not obtain a credit check on any person unless that person has provided the surety, bail bond agency or producer with a written authorization to do so. All authorizations must be retained by the surety, bail bond agency or producer.

**No Rebating or Payment to Unlicensed Persons**

44. The surety, bail bond agency or producer shall not pay a fee, commission or give or promise anything of value to a jailer, police officer, peace officer, or any other person who has power to arrest or to hold in custody a prisoner, or to any judge, public official or public employee.

45. The surety, bail bond agency or producer shall not pay a fee or rebate or give or promise anything of value to the individual seeking the producer’s services or anyone on his or her behalf.
46. The surety, bail bond agency or producer shall not pay a commission, fee or give or promise anything of value to a person for selling, soliciting, or negotiating a bail bond if that person is not properly licensed as a producer.

47. The surety, bail bond agency or producer shall not pay a fee, rebate, commission or give or promise anything of value to an inmate for the referral of business or for any other reason related to the solicitation, negotiation or sale of a bail bond.

Miscellaneous

48. The producer shall comply with the Minnesota Court Administrator’s Office’s Bail Bond Procedures and Standards of Conduct ("Standards"), including, but not limited to, while in or on the property of any and all Minnesota Courts, Minnesota County Jails or any other Minnesota detention facility. The company shall require its producers to affirm that he or she has read the current version of the Standards (Exhibit 2) and that he or she will comply with any changes to the Standards as they are posted on the Minnesota state court website or at the Minnesota State Court Administrator’s Office.

49. The producer shall not solicit or accept a waiver of any of the provisions of the requirements of this Consent Order.

50. Following the execution of this Consent Order, the bail bond agency and producer shall:

   a. maintain the following records on each bond written for at least 7 years after the termination of the bond:

      i. power of attorney;

      ii. premium receipt(s);

      iii. promissory note for unpaid premium (if any);
iv. cash bond amount set by the court, if less than the filed rate is accepted for premium;
v. all documents related to any lawsuit filed to collect premium;
vi. indemnity agreement(s);
vii. collateral receipt(s) (if any);
viii. proof of return of collateral (if any);
ix. proof of bond exoneration or forfeiture payment;
x. all records relating to the liquidation and conversion of any collateral, including fees or costs; and
xi. proof of any expenses incurred or losses paid by the surety, bail bond agency or producer.

b. maintain for at least 7 years all premium account, collateral account and operating account bank records, including deposit slips.

51. All records required to be maintained by the bail bond agency or producer under this Consent Order or by law or regulation, shall be kept in the bail bond agency’s or producer’s office. To the extent that the bail bond agency’s or producer’s relationship with the surety is terminated for any reason whatsoever, the information and documentation required under this Consent Order or by law must be turned over upon such termination to the bail bond agency (if the producer is terminated) or surety (if the bail bond agency is terminated).

52. The bail bond agency’s and producer’s records shall be open for inspection, without notice, by the Commissioner or the surety.

53. During the surety’s annual audit of each producer, the producer shall sign a Compliance Certification (in the form attached, or as may be further updated as Exhibit 3)
regarding the producer's compliance in the prior calendar year to all requirements set forth in this Consent Order.

54. If a producer's relationship with a surety is terminated, voluntarily or involuntarily, due to a violation of this Consent Order or because the producer was found not to be in compliance with the Consent Order as a result of an annual audit, the name of the producer and reason for the termination must be provided to the Department within thirty days of the termination. Another surety shall not be allowed to appoint such producer without approval of the Department.

55. Prior to becoming appointed by the surety and at the time of each license renewal thereafter, producers shall sign an Affidavit of Compliance (Affidavit) (in the form attached, or as may be further updated as Exhibit 4) acknowledging that they are familiar with and will continually comply with the conditions set forth in this Consent Order. Current producers of the surety shall also sign the Affidavit of Compliance within thirty days from the effective date of this Consent Order. Completed Affidavits will be held by the surety and shall be sent to the Department upon ten days written notice.

56. The surety, bail bond agency and producer shall comply with Minnesota law.

57. This Order is in the public interest.

**NOW, THEREFORE, IT IS HEREBY ORDERED** that the surety and its producers shall comply with all provisions of this Consent Order;

**IT IS FURTHER ORDERED** that this Consent Order fully and finally resolves all alleged violations of Minnesota law by the surety and its producers for the practices described in this Order, to the extent such practices occurred prior to the entry of this Order;

**IT IS FURTHER ORDERED** that within forty-five days from the effective date of this Consent Order all bail bond agencies and producers currently appointed with the surety,
and those who contract and/or are appointed subsequent to the entry of this Order, shall furnish to the surety a signed Affidavit (in the form attached, or as may be further updated as Exhibit 4), and upon signing, all alleged violations against the bail bond agencies and its producers, shall be fully and finally resolved for the practices described in this Order;

IT IS FURTHER ORDERED that the surety shall immediately terminate the appointment of a producer and notify the Department and the Minnesota State Court Administrator’s Office of the termination if that producer fails to sign timely the Affidavit per Section 55 unless the Commissioner has granted an extension for good cause;

IT IS FURTHER ORDERED that if the surety, bail bond agency or its producers, violates any provision of this Consent Order, the Commissioner may proceed with administrative action pursuant to Minnesota Statutes Section 45.027 (2014) to establish any violations of this Order; and

This Order shall be effective January 1, 2016 and upon signature on behalf of the Commissioner.

Dated: __12-21-2015__

MIKE ROTHMAN
Commissioner

By: __signature__

MARTIN FLEISCHHACKER
Assistant Commissioner-Enforcement

Minnesota Department of Commerce
85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101
CONSENT TO ENTRY OF ORDER

The undersigned company, Lexington National Insurance Corporation, states that it has read the foregoing Consent Order; that it knows and fully understands its contents and effects; that it has been advised of its right to a hearing in this matter; that it has been represented by legal counsel in this matter, or has been advised of its right to be represented by legal counsel; and that it consents to entry of this Order by the Commissioner. It is further understood that this Consent Order fully and finally resolves all alleged violations of Minnesota law by the company that may have occurred on or before the date of this Order. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.

Date: 11/16/2015

By __________________________

Printed Officer Name: Nicholas Wachinski, CEO

STATE OF __________________

COUNTY OF __________________

This instrument was acknowledged before me on 11/16/15 (date) by

______________________________ (name of person).

______________________________ (Signature of notary officer)

My commission expires: 9/29/19

21