

MARGARET ALSOBROOK
OPERATIONS MANAGER

2028 E. BEN WHITE BLVD. • SUITE 400 • AUSTIN, TX 78741-7197
P.O. BOX 149144 • AUSTIN, TX 78714-9144
TELEPHONE 512/444-5999
FAX 512/444-4562

May 31, 1995

TAIPA Bulletin No. 24**To All Member Companies:**

Arizona Premium Finance Company, Inc.

In Bulletin 23 dated May 12, 1995, we advised that the Commissioner of Insurance had issued a cease and desist order that Arizona Premium Finance Company (APFC) cease making premium finance loans in Texas.

APFC has filed suit in District Court in Travis County, Texas against the Commissioner of Insurance and against the Texas Automobile Insurance Plan Association. In its suit against the Commissioner the company sought an order of the court that would lift the cease and desist order. Against TAIPA the company sought an order that would compel TAIPA to accept checks issued by APFC.

At a hearing before the court on Tuesday, May 30, it was agreed that the Commissioner would abate the cease and desist order for four weeks during which time an examination of the financial affairs of APFC would be conducted and concluded. APFC agreed to a monetary penalty of \$25,000.

APFC agreed to dismiss its suit against TAIPA and to make a payment to TAIPA for its attorneys' fees in defending the lawsuit. In exchange, TAIPA agreed that it would accept checks issued by APFC. The company agreed that its checks constitute unconditional orders to pay and that if a check is not paid by the drawee bank when presented for payment that such refusal to pay constitutes a dishonor and that TAIPA would then be free to impose the provisions of Section 5.E. of the Plan of Operation under which checks would no longer be accepted.

Very truly yours,

Margaret Alsobrook
Margaret Alsobrook
Operations Manager

RG:dg