

RECEIVED  
INSURANCE DEPARTMENT

05 JUL 21 PM 1:32

HEARING OFFICE

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
DVUA OF NEW JERSEY, INC.	:	Sections 611-A(11) and (20) of
25 Vreeland Road	:	Act 147 of 2002 (40 P.S. §§310.11)
Florham Park, NJ 07932	:	
	:	Section 1615(a) of the Surplus Lines
	:	Act, Act of May 17, 1921, P.L. 682
	:	<u>added by the Act of December 18,</u>
	:	1992, P.L. 1519 (40 P.S. § 991.1615)
	:	
Respondent.	:	Docket No. CO04-09-002

CONSENT ORDER

AND NOW, this 20<sup>th</sup> day of July, 2005, this Order is hereby issued by the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law. Respondent neither admits nor contests the findings herein.

### FINDINGS OF FACT

3. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

- (a) Respondent is DVUA of New Jersey, Incorporated, and maintains its address at 25 Vreeland Road, Florham Park, New Jersey 07932.
- (b) Respondent is, and at all relevant times herein has been, a licensed insurance producer.
- (c) During 2003, Respondent acted as the surplus lines licensee and procured two policies from insurers for policyholders through two retail producers that were not licensed in Pennsylvania.

- (d) The two unlicensed retail producers identified themselves as follows:
  - i. Noel K. Walsh of Bollinger, Incorporated, license #9139377; and
  - ii. Nancy Johnston of Pratt Insurance, license #125438.
  
- (e) During 2004, Respondent acted as the surplus lines licensee and procured a policy from an insurer through a retail producer that was not licensed in Pennsylvania:
  - i. The unlicensed retail producer referenced in paragraph (e), above, identified herself as Deborah J. Genoval, license number 9019414.
  
- (f) The filings submitted by the retail producers were due-diligence affidavits, which certified the insurance was procured in the non-admitted (surplus lines) market only after they had conducted a diligent search of the admitted market for insurers that had declined to issue the insurance.

#### CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Section 611-A(11) of Act 147 of 2002 prohibits a licensee from knowingly accepting insurance business which was sold, solicited or negotiated by a person who is not licensed as an insurance producer (40 P.S. § 310.11).
- (c) Respondent's activities described above in paragraphs 3(c) through 3(f) constitute doing business with an unlicensed producer, in violation Section 611-A(11) of Act 147 of 2002 (40 P.S. § 310.11).
- (d) Section 611-A(20) of Act 147 of 2002 prohibits a licensee from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the department that the licensee is worthy of licensure (40 P.S. § 310.11).
- (e) Respondent's activities described above in paragraphs 3(c) through 3(f) violate Section 611-A(20) of Act 147 of 2002.
- (f) Respondent's violations of Sections 611-A(11) and (20) of Act 147 of 2002 are punishable by the following, under Section 691-A of Act 147 of 2003 (40 P.S. § 310.91):

- (i) suspension, revocation or refusal to issue the certificate of qualification or license;
  - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for each violation of the Act;
  - (iii) an order to cease and desist; and
  - (iv) any other conditions as the Commissioner deems appropriate.
- (g) Section 1615 of the Surplus Lines Act prohibits any agent or broker licensed by the Department to transact surplus lines insurance unless such agent or broker is licensed as a surplus lines agent (40 P.S. § 991.1615).
- (h) Respondent's activities described above in paragraphs 3(c) through 3(f) constitute transacting surplus lines insurance without being properly licensed.
- (i) Respondent's violations of Section 1615 of the Surplus Lines Act are punishable by the following, under Section 1625(b) of the Insurance Company Law:
- (i) imposition of a penalty not exceeding \$1,000 for the first offense and \$2,000 for each succeeding offense.

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
  
- (b) Respondent's certificates and licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any complaint against Respondent is accurate and a statute or regulation has been violated. The Department's right to act under this section is limited to a period of one (1) year from the date of this Order.
  
- (c) Respondent specifically waives its right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondent by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondent's written request.

- (d) At the hearing referred to in paragraph 5(c) of this Order, Respondent shall have the burden of demonstrating that it is worthy of a license.
- (e) In the event Respondent's certificates and licenses are suspended pursuant to paragraph 5(b) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that it is worthy of a license, Respondent's suspended certificates and licenses shall be revoked.

6. In the event the Deputy Insurance Commissioner finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate

action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

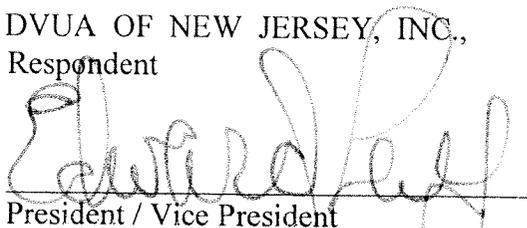
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

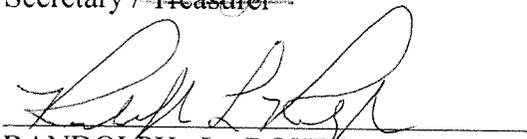
11. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violation of law contained herein, and this Consent

Order is not effective until executed by the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner.

BY: DVUA OF NEW JERSEY, INC.,  
Respondent

  
\_\_\_\_\_  
President / Vice President

  
\_\_\_\_\_  
Asst. Secretary / ~~Treasurer~~

  
\_\_\_\_\_  
RANDOLPH L. ROHRBAUGH  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania