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INSURANCE DEPARTMENT

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ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:
: :
HOWARD HANNA INSURANCE : 40 P.S. §§ 310.11(5), (20)
SERVICES, INC. : 310.71(a) and 710.5, 1171.4
2100 Corporate Drive, Suite 275 : and 1171.5(a)(1)(i)
Wexford, PA 15090 : :
: Title 31, Pennsylvania Code,
: Section 89b.11(a)
: :
Respondent. : Docket No. CO13-05-021

CONSENT ORDER

AND NOW, this *11TH* day of *JULY*, *2013*, this Order is hereby issued by the Insurance Department 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 he has received proper notice of his 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.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following

Findings of Fact:

- (a) Respondent is Howard Hanna Insurance Services, Inc., and maintains its address at 2100 Corporate Drive, Suite 275, Wexford, PA 15090.
- (b) Respondent is, and at all times relevant hereto has been, a licensed insurance producer.
- (c) Respondent used an agency-generated declaration page for homeowner insurance policies that were not in compliance with the Pennsylvania insurance laws and regulations and were not approved by the Pennsylvania Insurance Department.
- (d) The form of the policy declaration page used by the Respondent failed to include the name and address of the respective insurers, did not include an individual form number and included policy numbers that were not assigned by the insurers.

- (e) Respondent conducted an audit of the use of the unapproved policy declarations and affirmed that of approximately 1057 policies, 108 included the unapproved declaration.
- (f) Respondent asserted that where the declaration had been used, it had been intended as information only for a mortgage lender and closing company to identify the coverage limits and premium on underwritten bound coverage.
- (g) Respondent affirmed that an agency producer sold approximately 66 policies on behalf of insurers with which he was not appointed.
- (h) Although the Respondent allowed the producer to sell the insurance during 2012 without verifying an appointment existed, Travelers Insurance affirmed to the Respondent that the appointment of the producer had been completed with the Department.

CONCLUSIONS OF LAW

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

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) 40 P.S. § 310.11(5) prohibits a licensee or an applicant from intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
- (c) Respondent's activities described above in paragraphs 3(c) through 3(f) violate 40 P.S. § 310.11(5).
- (d) 40 P.S. § 310.11(20) 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.
- (e) Respondent's activities described above in paragraphs 3(c) through 3(g) violate 40 P.S. § 310.11(20).
- (f) 40 P.S. § 310.71(a) prohibits producers from acting on behalf of or as a representative of the insurer unless the insurance producer is appointed by the insurer. An insurance producer not acting as a representative of an insurer is not required to be appointed.

- (g) Respondent's activities described above in paragraph 3(g) constitute transacting business within this Commonwealth without written appointment as required by the Act and violate 40 P.S. § 310.71(a).
- (h) 40 P.S. § 1171.4, prohibits agents from engaging in this Commonwealth in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to the Unfair Insurance Practices Act.
- (i) Respondent's activities described above in paragraphs 3(c) through 3(f) constitute engaging in this Commonwealth in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to the Act and violate 40 P.S. § 1171.4.
- (j) 40 P.S. § 1171.5(a)(1)(i) prohibits persons from misrepresenting the benefits, advantages, conditions or terms of any insurance policy.
- (k) Respondent's activities described above in paragraphs 3(c) through 3(f) constitute misrepresenting the benefits, advantages, conditions or terms of any insurance policy and violate 40 P.S. § 1171.5(a)(1)(i).

(l) Respondent's violations of Sections 310.11(5), (20) and 310.71(a) are punishable by the following, under 40 P.S. § 310.91:

- (i) suspension, revocation or refusal to issue the license;
- (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
- (iii) an order to cease and desist; and
- (iv) any other conditions as the Commissioner deems appropriate.

(m) Respondent's violations of 40 P. S. §§ 1171.4 and 1171.5(a)(1)(i), are punishable by the following, under 40 Purdons Statutes, Sections 1171.8, 1171.9, and 1171.11:

(i) an order requiring Respondent to cease and desist from engaging in such violation and/or, if such violation is a method of competition, act or practice defined in Section 5 of this Act, suspension or revocation of Respondent's license(s);

(ii) commencement of an action against Respondent for the following civil penalties:

(1) for each method of competition, act or practice defined in Section 5 and in violation of the Act which Respondent knew or

reasonably should have known was such a violation, a penalty of not more than five thousand dollars (\$5,000.00) for each violation, not to exceed an aggregate penalty of fifty thousand dollars (\$50,000.00) in any six month period;

(2) for each method of competition, act or practice defined in Section 5 and in violation of this Act which Respondent did not know nor reasonably should have known was such a violation, a penalty of not more than one thousand dollars (\$1,000.00) for each violation, not to exceed an aggregate penalty of ten thousand dollars (\$10,000.00) in any six month period;

(3) for each violation of an Order issued by the Commissioner pursuant to Section 9 of the Act, while such Order is in effect, a penalty of not more than ten thousand dollars (\$10,000.00).

(n) 40 P.S. § 710-5(a) states all forms and rates used by an insurer shall be filed with the Department unless otherwise provided in subsections (b), (c) and (d).

(o) Respondent's activities described above in paragraph 3(c) constitute use of forms and/or rates not filed with the Department and violate 40 P.S. § 710-5(a).

(p) Respondent's violations of 40 P. S. § 710-5(a) are punishable by the following, under Purdon's Statutes Sections 710-18(b):

- (1) Suspension or revocation of a license.
- (2) Refusal for a period not to exceed one (1) year to issue a new license to the offending insurer or other persons.
- (3) A fine or not more than five thousand dollars (\$5,000) for a violation of this article.
- (4) A fine of not more than ten thousand dollars (\$10,000) for a willful violation of this article.
- (5) A fine of not more than ten thousand dollars (\$10,000) for a violation of subsection (a).
- (6) A fine of not more than twenty-five thousand dollars (\$25,000) for a willful violation of section 516-A.

(i) Title 31, Pennsylvania Code, Section 89b.11(a) states that each form shall state the full corporate or legal name of the company, association, exchange or society. However, the name need appear for filing purposes only on a rider, endorsement, amendment, agreement or insert page. If added for filing purposes only, the name may be added by any legible means. If more than one insurer is using an application, a multicompany application providing for the designation of the applicable insurer and available coverages, if applicable, may be used. A policy, contract or fraternal certificate shall state

a current address for the insurer, consisting of at least a city and state or province.

- (q) Respondent's activities described above in paragraphs 3(c) through 3(f) violate Title 31, Pennsylvania Code, Section 89.b.11(a).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department 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 shall pay a civil penalty of Ten Thousand Dollars (\$10,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the PA Insurance Department, Commonwealth of Pennsylvania. Payment should be directed to April Phelps, Bureau of Licensing and Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

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

6. In the event the Insurance Department 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 Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department 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.

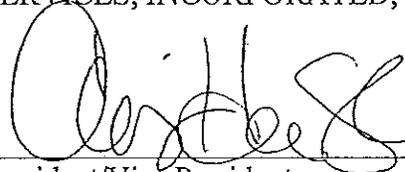
8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

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 Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: HOWARD HANNA INSURANCE
SERVICES, INCORPORATED, Respondent



President/Vice President



Secretary/Treasurer



COMMONWEALTH OF PENNSYLVANIA

By: RONALD A. GALLAGHER, JR.
Deputy Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: The Act of April 9, 1929, P.L. 177, No. 175, known as The
Administrative Code of 1929

AND NOW, this 27th day of April, 2011, Ronald A.

Gallagher, Deputy Insurance Commissioner, is hereby designated as the Commissioner's
duly authorized representative for purposes of entering in and executing Consent Orders.

This delegation of authority shall continue in effect until otherwise terminated by a later
Order of the Insurance Commissioner.


Michael F. Considine
Insurance Commissioner

