

BEFORE THE INSURANCE COMMISSIONER
2014 AUG 21 AM 11: 12 OF THE
COMMONWEALTH OF PENNSYLVANIA
ADMIN HEARINGS OFFICE

IN RE: : VIOLATIONS:
: :
ROBERT A. KUSTRON : 40 P.S. §§ 310.11(4), (7), (20)
104 Marble Drive : and 310.45
McMurray, PA 15317 :
: Respondent. : Docket No. CO14-07-015

CONSENT ORDER

AND NOW, this 21ST day of August, 2014, 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 Robert A. Kustron, and maintains his address at 104 Marble Drive, McMurray, PA 15317.

- (b) Respondent is, and at all times relevant hereto has been, a licensed insurance producer.

- (c) On July 22, 2013, the Robert Kustron Agency was purchased through bankruptcy proceedings and an audit of the Respondent's agency billed accounts was conducted.

- (d) In 2013, Respondent collected and failed to remit premium or make available funds owed in the approximate amount of \$50,700.00 to State Auto Insurance Company.

- (e) In 2013, Respondent engaged in rebating by invoicing policyholders \$777.00 less than their State Auto Insurance Company premium renewal.

- (f) In 2013, Respondent established installment payment plans for at least fifteen policyholders that did not reflect the amount of premium collected and without the policyholders' knowledge or consent.
- (g) In 2013, Respondent used premium collected from policyholders to pay the premiums of other policyholders.
- (h) In 2013, Respondent collected premium and issued binders of insurance to at least two policyholders but failed to remit the premium or policy applications to State Auto Insurance Company.
- (i) Respondent was interviewed and admitted that he mismanaged his accounts, permitted customers to pay less than the amount of premiums due, failed to collect enough premium, failed to remit all premium collected, and owed State Auto Insurance monies.
- (j) Respondent admitted that the aforementioned activities occurred during and prior to 2013.

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(4) prohibits producers from improperly withholding, misappropriating, or converting money or property received in the course of doing business.
- (c) Respondent's activities described above in paragraphs 3(d) through 3(j) constitute improperly withholding, misappropriating, or converting money or property received in the course of doing business, in violation of 40 P.S. § 310.11(4).
- (d) 40 P.S. § 310.11(7) prohibits a licensee or an applicant from using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business.

- (e) Respondent's activities described above in paragraphs 3(c) through 3(j) violate 40 P.S. § 310.11(7).

- (f) 40 P.S. § 310.11(20) prohibits a licensee or an applicant from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the department that the licensee is worthy of licensure.

- (g) Respondent's activities described above in paragraphs 3(c) and 3(j) violate 40 P.S. § 310.11(20).

- (h) 40 P.S. § 310.45 prohibits producers from offering rebates for insurance on any risk in this Commonwealth.

- (i) Respondent's activities described above in paragraph 3(e) constitute offering rebates for insurance on a risk in this Commonwealth and violate 40 P.S. § 310.45.

- (j) Respondent's violations of Sections 310.11(4), (7), (20) and 310.45 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.

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) All licenses of Respondent to do the business of insurance are hereby revoked.
- (c) Respondent shall make restitution to all persons listed in the above Findings of Fact. Proof of restitution payment shall be provided to the Insurance Department by Respondent. Future license applications will not be considered until restitution has been made.
- (d) If Respondent should ever become licensed in the future, his 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 issuance of such licenses.

(e) 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.

(f) At the hearing referred to in paragraph 5(e) of this Order, Respondent shall have the burden of demonstrating that he is worthy of an insurance license.

(g) In the event Respondent's licenses are suspended pursuant to paragraph 5(d) 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: 
ROBERT A. KUSTRON, Respondent


COMMONWEALTH OF PENNSYLVANIA
By: ARTHUR F. MCNULTY
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 10 day of March, 2014, Arthur F. McNulty,
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

