

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

RECEIVED
INSURANCE DEPARTMENT
2007 JUL 16 AM 10:51
ADMIN HEARINGS OFFICE

IN RE: : VIOLATIONS:
: :
THOMAS J. LENNON : Sections 611-A(5), (20) and 674-A(b)
560 McCarty Drive : of Act 147 of 2002 (40 P.S. §§310.11
Furlong, PA 18925 : and 310.74)
: :
LENNON INSURANCE AGENCY, :
INC. :
1 South York Road :
Hatboro, PA 19040 :
: :
Respondents. : Docket No. CO07-05-009

CONSENT ORDER

AND NOW, this 16th day of July, 2007, 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. Respondents hereby admit and acknowledge that they have received proper notice of their rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondents hereby waive all rights to a formal administrative hearing in this matter, and agree 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) Respondents are Thomas J. Lennon, who maintains his address at 560 McCarty Drive, Furlong, Pennsylvania 18925, and Lennon Insurance Agency, Inc., which address is maintained at 1 South York Road, Hatboro, Pennsylvania 19040.
- (b) At all relevant times herein, Respondents have been licensed insurance producers in Pennsylvania.
- (c) On October 20, 1997, Respondent signed a Nationwide Agent Operating Agreement with Insurance Intermediaries, Inc., of Columbus, Ohio.
- (d) On October 6, 2004, Respondents notified nine sub-agents through e-mail, reprimanding them for not collecting brokers fees, and the sub-agents “personally balked” at this practice.

- (e) Respondents' guidelines provided for the collection of fees, which Respondents assured the sub-agents "was a legal practice".
- (f) Respondents' guidelines stated: "Please be sure to collect the \$50 Broker fee for these policies and get the Broker's Fee form signed for our files".
- (g) Respondents' brokers fee form failed to give proper disclosure to the insureds.
- (h) Between January 3, 2004 and July 19, 2006, Respondent admitted to providing guidelines to the nine sub-agents under an "Agency Associate Agent / Office Staff Agreement" for the collection of additional fees for the placement of insurance coverage.
- (i) Respondents provided supporting documentation for the 100 clients involved in the collection of inappropriate fees, and have made the insureds whole.

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) Respondents are subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Section 611-A(5) of Act 147 of 2002 prohibits a licensee from intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance (40 P.S. § 310.11).
- (c) 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).
- (d) Section 674-A(b) specifically states that no insurance producer shall charge a fee for the completion of an application for a contract of insurance (40 P.S. § 310.74(b)).
- (e) Respondents' violations of Sections 611-A(5), (20) and 674-A(b) of Act 147 of 2002 are punishable by the following, under Section 691-A of Act 147 of 2002 (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.

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) Respondents shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondents shall pay a civil penalty of Five Thousand Dollars (\$5,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Fraser, Office Manager, Bureau of 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 ninety (90) days after the date of the Consent Order.
- (c) Respondents' certificates and licenses may be immediately suspended by the Department following its investigation and determination that (i) penalty payment has not been made, or (ii) any other terms of this Order have not been

complied with, or (iii) any complaint against Respondents 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) Respondents specifically waives the 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 Respondents' written request.
- (e) At the hearing referred to in paragraph 5(d) of this Order, Respondents shall have the burden of demonstrating that they are worthy of a license.
- (f) In the event Respondents' certificates and 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 certificates and 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.

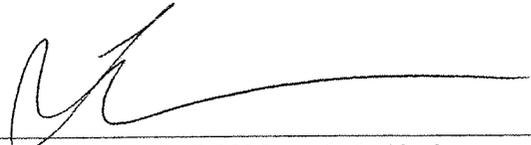
8. In any such enforcement proceeding, Respondents may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

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

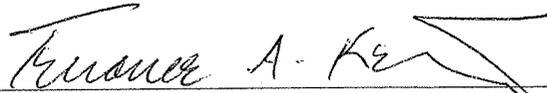
10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

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:



THOMAS J. LENNON, on behalf of
LENNON INSURANCE AGENCY, INC.,
Respondents



COMMONWEALTH OF PENNSYLVANIA
By: Terrance A. Keating
Deputy Chief Counsel