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ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
TIMOTHY J. KING	:	Sections 611-A(20), 641.1-A and
1366 Perkiomen Avenue	:	674-A of Act 147 of 2002 (40 P.S.
Reading, PA 19602	:	§§ 310.11, 310.41 and 310.74)
	:	
KING INSURANCE AGENCY, INC.	:	
304 North 5 th Street	:	
Reading, PA 19601	:	
	:	
Respondents	:	Docket No. CO07-03-018

CONSENT ORDER

AND NOW, this 29th day of May, 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) Respondent is Timothy J. King, and maintains his address at 1366 Perkiomen Avenue, Reading, Pennsylvania 19602.
- (b) Respondent is King Insurance Agency, Inc., and maintains its business address at 304 North 5th Street, Reading, Pennsylvania 19601.
- (c) At all relevant times herein, Respondent has held a resident producer license #356768 that expires on July 25, 2008, and Respondent King Agency has held a producer agency license # 61512 that expires on June 30, 2008.

- (d) Respondents are under supervision due to regulatory action taken under two Consent Orders CO02-07-009 and CO04-11-007.
- (e) Between June, 2004 and September, 2006, Respondents hired at least six employees, including two managers, who were not licensed individual producers.
- (f) As part of Respondents' employee training program, all six employees were instructed by Respondent on the completion of insurance contracts, accessing the computer system for rate information, and practicing Respondent's signature on a separate sheet of paper so they would be able to accurately place Respondent's signature on policy applications.
- (g) Additional employee training included Respondents' fee system regarding consumers purchasing insurance and other various fees for services.
- (h) During each employee's tenure, they accessed Respondents' computer system for insurance quotes, gave insureds quotes, completed insurance applications, collected undisclosed fees for placing insurance coverage and affixed the purported signatures of Respondent to insurance documents.

- (g) Unlicensed employees giving quotes for insurance and signing applications occurred at all of Respondents' five business locations: Reading (2), Philadelphia (1), Allentown (1) and Lancaster (1).
- (h) At the end of each business day, the six unlicensed employees were required to submit the day's insurance business receipts to Respondent at the 5th Street location in Reading, Pennsylvania.
- (i) On November 1, 2005, Susan Ebbert went to Respondents' business location at 304 North 5th Street, Reading, and discussed the purchase of homeowners insurance for her apartment complex in Reading, with unlicensed employee Karla M. Rodriguez-Lugo.
- (j) At that time, Rodriguez-Lugo quoted Ebbert coverage with Fact Home Insurance Group, a division of Farmers Insurance Group. Rodriguez-Lugo completed the homeowner's application for coverage, and Ebbert provided Rodriguez-Lugo with \$200 for inspection fees and \$543.00 for the first two months of premium.
- (k) Ms. Ebbert was issued receipts 7970 and 7972 for \$100 each for the inspection fees, by Rodriguez-Lugo on behalf of Respondents.

- (k) Ms. Ebbert asserted that no inspection occurred, and Respondents made the insured 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(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).
- (c) Respondents' activities described above in paragraphs 3(d) through 3(m) violate Section 611-A(20) of Act 147 of 2002.
- (d) Section 674-A of Act 147 of 2002 states (a) a licensee may charge a fee in addition to a commission for the sale of insurance for commercial business. The fee shall be disclosed in writing, in advance; and (b) no producer shall charge a fee for the completion of an application for a contract of insurance.

(e) Respondents' activities described above in paragraphs 3(d) through 3(m) violate Section 674-A of Act 147 of 2002.

(f) Respondents' violations of Sections 611-A(20) and 674-A 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.

(g) Section 641.1-A of Act 147 of 2002, Doing Business With Unlicensed Persons, states any insurance entity or licensee accepting applications or orders for insurance from any person or securing any insurance business that was sold, solicited or negotiated by any person acting without a license shall be subject to civil penalty of no more than \$5,000 per violation.

(h) Respondents' activities described above in paragraphs 3(d) through 3(m) violate Section 641.1-A Act 147 of 2002.

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) All licenses/certificates of Respondents to conduct insurance business are hereby revoked.
- (c) If Respondents should ever become licensed in the future, their 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 Respondents is accurate and a statute or regulation has been violated. The Department's right to act under (ii) above is limited to a period of five (5) years from the date of issuance of such certificates and licenses.
- (d) Respondents specifically waive their 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, Respondents shall have the burden of demonstrating that they are worthy of an insurance certificate and license.

(f) In the event Respondents certificates and licenses are suspended pursuant to paragraph 5(c) above, and Respondents either fail to request a hearing within thirty (30) days or at the hearing fails to demonstrate that they are worthy of a certificate and license, Respondents' 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, 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.

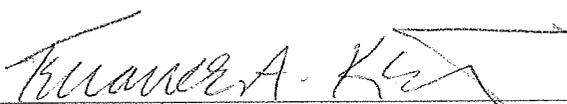
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

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 the duly authorized delegee 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 delegee.

BY: 
TIMOTHY J. KING, and KING
INSURANCE AGENCY, INC.,
Respondents


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