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INSURANCE DEPARTMENT

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BEFORE THE INSURANCE COMMISSIONER
OF THE ADMIN HEARINGS OFFICE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
PROFESSIONAL LINES UNDERWRITING :	:	40 Purdons Statutes, Sections
SPECIALISTS, INC. :	:	310.11(20), 991.1615 and
716 Congress Avenue, Suite #100 :	:	991.1616
Austin, Texas 78701 :	:	
	:	
Respondent. :	:	Docket No. CO08-09-018

CONSENT ORDER

AND NOW, this *12th* day of *November*, 2008, 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 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.

FINDINGS OF FACT

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

- (a) Respondent is Professional Lines Underwriting Specialists, Inc. and maintains its address at 716 Congress Avenue, Suite #100, Austin, Texas 78701.
- (b) Respondent, and at all times relevant hereto has been, a licensed insurance producer, but possessed no surplus lines license.
- (c) During 2007, North American Professional Liability Agency, Framingham, Massachusetts, procured four surplus lines insurance policies for four Pennsylvania policyholders through Respondent although neither possessed surplus lines licenses.

- (d) Surplus lines filings and taxes were submitted to the Pennsylvania Insurance Department and the Pennsylvania Department of Revenue, respectively, through Allied Insurance Brokers as an accommodation filing for North American Professional Liability Agency and Respondent although Allied Insurance Brokers did not participate in the sale or procurement of the insurance.
- (e) On August 27, 2008, Allied Insurance Brokers confirmed that it submitted the surplus lines filings and taxes.
- (f) The filings submitted by Allied Insurance Brokers represented Allied Insurance Brokers to be the retail and surplus lines producer.
- (g) On September 3, 2008, North American Professional Liability Agency affirmed the aforementioned information.
- (h) On September 4, 2008, Respondent affirmed the aforementioned information.

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 Purdons Statutes, Section 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.
- (c) Respondent's activities described above in paragraphs 3(c) through 3(h) violate 40 Purdons Statutes, Section 310.11(20).
- (d) Respondent's violations of Section 310.11(20) are punishable by the following, under 40 Purdons Statutes, Section 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 every violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.

- (e) 40 Purdons Statutes, Section 991.1615 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.
- (f) Respondent's activities described above in paragraphs 3(c) through 3(h) constitute transacting surplus lines insurance without being properly licensed, in violation of 40 Purdons Statutes, Section 991.1615.
- (g) 40 Purdons Statutes, Section 991.1616 of the Surplus Lines Act stipulates that a surplus lines licensee may accept insurance from any broker duly licensed as to the kind or kinds of insurance involved.
- (h) Respondent's activities described above in paragraphs 3(c) through 3(h) constitute accepting business from unlicensed brokers, in violation of 40 Purdons Statutes, Section 991.1616.
- (i) Respondent's violations of 40 Purdons Statutes, Sections 991.1615 and 991.1616 are punishable by the following, under 40 Purdons Statutes, Sections 991.1623 and 991.1625:
 - (i) suspension, revocation or refusal to renew the surplus lines license,
 - (ii) imposition of a penalty not exceeding \$1,000 for the first offense and \$2,000 for each succeeding offense, and

- (iii) imposition of a penalty that may be assessed under the Unfair Insurance Practices Act of July 22, 1974, P.L. 589, No. 205, or any other applicable statute

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 Four Thousand Dollars (\$4,000.00) 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 April Phelps, Bureau Secretary, 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 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 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 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, 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.

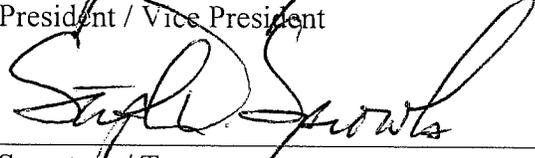
11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective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

BY: PROFESSIONAL LINES UNDERWRITING
SPECIALIST, INC.

Respondent



President / Vice President



Secretary / Treasurer



COMMONWEALTH OF PENNSYLVANIA

By: RONALD A. GALLAGHER, JR

Deputy Insurance Commissioner