

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

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INSURANCE DEPARTMENT
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ADMIN HEARINGS OFFICE

IN RE: : VIOLATIONS:
: :
ROBERT J. STILLWELL AGENCY, : 40 P.S. §§ 310.11(6), (7), (20) and
INC. : 310.95
1009 N. Bethlehem Pike :
Spring House, PA 19477 :
: *CO10-12-017 (pm)*
Respondent. : Docket No. ~~CO10-10-017~~

CONSENT ORDER

AND NOW, this *22nd* day of *March*, *2011*, 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.

3. Without admitting the allegations of fact and conclusions of law, Respondent neither admits nor denies that it violated any law or regulation of the Commonwealth.

FINDINGS OF FACT

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

Findings of Fact:

- (a) Respondent is the Robert J. Stillwell Agency, Inc., and maintains its address at 1009 N. Bethlehem Pike, Spring House, PA 19477.
- (b) Respondent has an active resident producer agency license # 52916 that expires on July 18, 2011.
- (c) On or about October 15, 2008, Jed Karpinski, Ritter Insurance Marketing, 4800 Linglestown Road, Harrisburg, PA, sent literature regarding AIM Health Plans (AIM) to the Robert J. Stillwell Agency, Inc.
- (d) On or about January 30, 2009, Gary L. Karns, identifying himself as National Sales Manager, AIM Health Plans, holding a non-resident individual producer license, faxed to Respondent literature and supporting documentation regarding a defined benefit health insurance plan managed by Insurance Resource Group (IRG), 20 Madison Avenue, Valhalla, New York.

- (e) The AIM literature indicates enrollment is made by sending payment and application to 20 Madison Avenue, Valhalla, New York, the same address as IRG.
- (f) The AIM literature does not contain the name of any insurance company purportedly providing coverage.
- (g) In order for an association to be bona fide under the United States Department of Labor's guidelines within the meaning of Section 3(5), it is supposed to be organized as a trade group or similar organization, not solely for the purpose of supplying health benefits. AIM was organized for providing health insurance. Therefore, AIM is not and was not recognized as a bona fide group by the federal or state government.
- (h) After Respondent received the AIM literature and supporting documentation from Karns, Respondent failed to show due diligence to determine if AIM was a bona fide group and to further perform due diligence by verification that coverage actually existed.
- (i) On or about June 1, 2009, a producer employed by Respondent met with a Pennsylvania consumer and sold this individual AIM coverage.

- (j) The consumer solicited by the producer employed by Respondent incurred medical costs during 2010 which have not been paid.
- (k) As a result of Respondent's solicitation, the consumer has outstanding medical bills in the amount of \$2,732.25.

CONCLUSIONS OF LAW

5. 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(6) prohibits a licensee or an applicant from committing any unfair insurance practice or fraud.
- (c) 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.

- (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 4(g) and 4(k) violate 40 P.S. §§ 310.11(6), (7) and (20).
- (f) Respondent's violations of Sections 310.11(6), (7) and (20) 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.
- (i) 40 P.S. § 310.95 holds an insurance agent personally liable on all contracts of insurance made through any company not authorized to do business in this Commonwealth.
- (j) Respondent's activities described above in paragraphs 4(g) through 4(k) constitute transacting insurance business within this Commonwealth through a company not authorized to do business and violate 40 P.S. § 310.95.

- (k) Respondent's violation of 40 P.S. § 310.95 makes the insurance producer personally liable for all contracts issued through the unauthorized company.

ORDER

6. 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 make restitution to the harmed consumer referenced in paragraphs 4(i) through 4(k) in the amount of \$2,732.25, within thirty (30) days from the date of this Order. Respondent shall make restitution to persons other than the named consumer if the Deputy Commissioner identifies such persons and determines that restitution is owed to them by Respondent. Proof of restitution payment shall be provided to the Insurance Department by Respondent within sixty (60) days from the date of this Order.

7. 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.

8. 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.

9. 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.

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

11. 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.

12. 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: Cynthia J. Fitzgerald Stillwell
Cynthia J. Fitzgerald-Stillwell, on behalf of
ROBERT J. STILLWELL AGENCY, INC.,
Respondent

Ronald A. Gallagher, Jr.
COMMONWEALTH OF PENNSYLVANIA
By: RONALD A. GALLAGHER, JR.
Deputy Insurance Commissioner