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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
LIZABETH ANN SHAHINIAN, and	:	Sections 603-A, 611-A(11), (20) and
SHAHINIAN INSURANCE	:	671-A of Act 147 of 2002 (40 P.S.
SERVICES	:	§§ 310.3, 310.11 and 310.71)
202 Fashion Lane	:	
Tustin, CA 92780	:	
	:	
Respondents.	:	Docket No. CO06-03-014

CONSENT ORDER

AND NOW, this 27th day of April, 2006, this Order is hereby issued by the Deputy Insurance Commissioner 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 Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

- (a) Respondents are Lizabeth Ann Shahinian, and Shahinnian Insurance Services, and maintain their business address at 202 Fashion Lane, Tustin, California 92780.
- (b) Respondent Lizabeth Ann Shahinian, at all relevant times herein, possessed a Pennsylvania producer license but no appointments with insurers. Respondent Shahinian Insurance Services possessed no Pennsylvania producer license.

- (c) Respondent Shahinian established and owned C.A.R.T., an association that provided professional guidance and services to members that operated retail marketing units, typified by kiosks that sold merchandise in shopping malls, trade shows, and similar outlets.
- (d) A service for members of C.A.R.T. included the option to procure commercial liability insurance for the retail outlets for periods from one day to one year.
- (e) Between 1998 and 2005, Respondents procured commercial liability insurance for members of C.A.R.T., although neither possessed appropriate licensing or appointments with the two affiliated insurance companies.
- (f) Respondents procured the insurance through Bliss & Glennon, a producing agency domiciled in California that possessed no Pennsylvania insurance licenses.
- (g) The insurance procured by Respondents was issued in California on a surplus lines basis, with all filings and taxes being remitted to California, although both insurers were licensed in Pennsylvania as admitted insurers.
- (h) Penn-Star Insurance Company confirmed that Respondents issued binders for approximately 265 certificates of insurance for Pennsylvania risks.

- (i) Great Divide Insurance Company confirmed that Respondents issued binders for approximately 342 certificates of insurance for Pennsylvania risks.
- (j) Respondent Lizabeth Ann Shahinian confirmed there were no Pennsylvania claims pending, and there was no history of problems associated with claims processing by Bliss & Glennon and the two insurers.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner concludes and finds the following Conclusions of Law:

- (a) Respondents are subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Section 603-A of Act 147 of 2002 (40 P.S. 310.3(a)), prohibits a person from acting as a producer unless he obtains a certificate from the Insurance Department reflecting the lines of authority for the kinds of insurance for which he intends to act as producer.

- (c) Respondents' activities described above in paragraphs 3(c) through 3(j) constitute acting as an insurance producer without a certificate of qualification, in violation of Section 603-A of Act 147 of 2003 (40 P.S. §310.3(a)).
- (d) Section 611-A(11) of Act 147 of 2002 prohibits a licensee from knowingly accepting insurance business which was sold, solicited or negotiated by a person who is not licensed as an insurance producer.
- (e) Respondents' activities described above in paragraphs 3(c) through 3(j) violates Section 611-A(20) of Act 147 of 2002.
- (f) 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).
- (g) Respondents' activities described above in paragraphs 3(c) through 3(j) violates Section 611-A(20) of Act 147 of 2002.
- (h) Section 671-A of Act 147 of 2002 prohibits agents from transacting business within this Commonwealth without written appointment as required by the Act (40 P.S. § 310.71).

- (i) Respondents' activities described above in paragraphs 3(c) through 3(j) constitute transacting business within this Commonwealth without written appointment as required by the Act and violate Section 671-A of Act 147 of 2002.

- (j) Respondents' violations of Sections 603-A, 611-A(11) and(20), and 671-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.

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner 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 One Thousand Dollars (\$1,000.00) 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. Harbert, Administrative Assistant, 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 thirty (30) 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, (ii) any 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 three (3) 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 Respondents either fail to request a hearing within thirty (30) days or at the hearing fail to demonstrate that they are worthy of a license, Respondents' suspended certificates and licenses shall be revoked.

6. In the event the Deputy Insurance Commissioner 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 Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner 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 Deputy Insurance Commissioner. Only the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner 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 Deputy Insurance Commissioner.

BY:


LIZABETH ANN SHAHINIAN, and
SHAHINIAN INSURANCE SERVICES,
Respondents


RANDOLPH L. ROHRBAUGH
Deputy Insurance Commissioner
Commonwealth of Pennsylvania