

2015 FEB 27 PK 2: 13  
ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
PA AUTO INS OUTLET CORP	:	40 P.S. §§310.11(7) and (20)
4901 Frankford Avenue	:	
Philadelphia, PA 19124	:	
	:	
	:	
Respondent.	:	Docket No. CO15-01-006

CONSENT ORDER

AND NOW, this 27<sup>th</sup> day of FEBRUARY, 2015, 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.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 PA Auto Ins Outlet Corp, and maintains its mailing address at 4901 Frankford Avenue, Philadelphia, PA 19124.
- (b) Respondent is, and at all times relevant hereto has been, a licensed insurance producer agency.
- (c) On September 24, 2010, Respondent submitted an application for a private passenger automobile policy for a named insured with a residence and garaging address in Palmyra, PA.

- (d) The owner (Complainant) and resident of the address noted on the application filed a complaint with the Department wherein he stated the named insured does not reside at his residence.
- (e) On November 29, 2012, the Complainant contacted the insurer and advised the named insured on the 2010 private passenger automobile policy did not reside at the residence.
- (f) Respondent received notification from the insurer that the address on file was not valid and the Complainant's address was removed from the computer system.
- (g) On December 24, 2012, the insurer sent a letter to the Department stating that Respondent had been contacted and that insurer had taken corrective action to ensure the mailings for the 2010 private passenger automobile policy would not be sent to Complainant's residence.
- (h) On September 11, 2013, the Department contacted the insurer and advised that the Complainant was again receiving mailings for the 2010 private passenger automobile policy for a named insured that did not reside at his address.

- (i) On August 31, 2013, the Respondent submitted another application for a private passenger automobile policy.
- (j) The address provided by the policyholder for the 2013 private passenger automobile policy was and is the residence of the Complainant.
- (k) The Complainant contacted the insurer and advised the named insured indicated on the 2013 private passenger automobile policy did not reside at the residence.
- (l) In August 2014, the Respondent received notification from the insurer that the address on file was not valid. While the address was removed from the system, the Respondent did not implement measures to make sure that the address could not be used again.
- (m) On August 28, 2014, the named insured for the 2013 private passenger automobile policy made the premium payment on the policy in person at the Respondent's place of business and the policy was renewed with the Complainant's address on record.
- (n) On December 3, 2014, Respondent reported that employees at the Respondent's place of business were not adequately notified that the garaging

and mailing information for the 2013 private passenger automobile policy needed to be verified.

- (o) On December 3, 2014, Respondent acknowledged that removing an address from the computer system was/is not an effective means of detecting and deterring the use of false garaging or mailing addresses.
- (p) Respondent has taken corrective action in an attempt to prevent a similar occurrence.

#### 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 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.

- (c) Respondent's activities described above in paragraphs 3(c) through 3(o) violate 40 P.S. §310.11(7).
  
- (d) 40 P.S. §310.11(20) prohibits a licensee or an applicant 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 3(c) through 3(o) violate 40 P.S. §310.11(20).
  
- (f) Respondent's violations of Sections 310.11(7) and (20) are punishable by the following, under 40 Purdons Statutes, Section 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.

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 Two Thousand Dollars (\$2,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the PA Insurance Department, Commonwealth of Pennsylvania. Payment should be directed to 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 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 confirmed 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 three (3) years from the date of this Order.

- (d) Respondent specifically waives 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, Respondent shall have the burden of demonstrating that they are worthy of a license.
- (f) In the event Respondent's 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 they are worthy of a license, Respondent's suspended 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 Insurance 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.

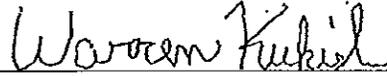
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

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.

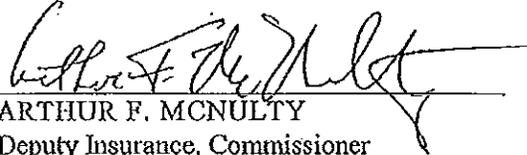
BY: PA AUTO INS OUTLET CORP  
Respondent



\_\_\_\_\_  
President / Vice President



\_\_\_\_\_  
Secretary / Treasurer

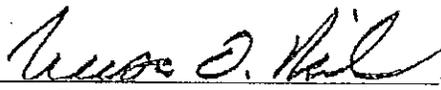


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ARTHUR F. MCNULTY  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE: The Act of April 9, 1929, P.L. 177, No. 175, known as The  
Administrative Code of 1929

AND NOW, this 21<sup>st</sup> day of Jan, 2015, Arthur F. McNulty,  
Deputy Insurance Commissioner, is hereby designated as the Commissioner's duly  
authorized representative for purposes of entering in and executing Consent Orders. This  
delegation of authority shall continue in effect until otherwise terminated by a later Order  
of the Insurance Commissioner.

  
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Teresa D. Miller  
Acting Insurance Commissioner

