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INSURANCE DEPARTMENT

2010 DEC 28 PM 12:06

ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:
: :
INTERNATIONAL E&S INSURANCE : 40 P.S. §§ 310.11(20) and 991.1621(c)
BROKERS, INC. :
2010 Main Street, Suite 320 :
Irvine, CA 92614 :
: Respondent. : Docket No. CO10-11-010

CONSENT ORDER

AND NOW, this *28TH* day of *DECEMBER*, *2010*, 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 International E&S Insurance Brokers, Inc., and maintains its address at 2010 Main Street, Suite 320, Irvine, CA 92614.
- (b) Respondent is, and at all times relevant hereto has been, a licensed insurance producer.
- (c) Respondent received surplus lines taxes from a policyholder during 2009 that totaled approximately \$1,559.22 but did not attempt to remit the taxes until March 31, 2010, at which time check #21039 was remitted to the Pennsylvania Department of Revenue.
- (d) Respondent's aforementioned remittance check, #21039, was not signed by the agency and subsequently not converted by the Pennsylvania Department of Revenue. The associated filing on form RCT-123 lacked adequate producer contact information.

- (e) Respondent's second remittance check, #12550 dated July 31, 2010, was signed but was addressed to the Pennsylvania Insurance Department instead of the Pennsylvania Department of Revenue.

- (f) On November 12, 2010, Respondent provided a copy of its original filing and a check, #13500 dated November 1, 2010, for \$1,559.22. The check was signed and paid to the order of the Pennsylvania Department of Revenue.

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(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(f) violate 40 P.S. § 310.11(20).

- (d) Respondent's violations of Section 310.11(20) are punishable by the following, under 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 every violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.
- (c) 40 P.S. § 991.1621(c) requires the surplus lines licensee to collect from the insured or the producing broker the amount of the tax at the time of delivery of the initial policy. Each surplus lines licensee shall, on or before January 31 of each year, file with the Department of Revenue a report of all transactions involving the placement of insurance with either an eligible surplus lines insurer or other nonadmitted insurers during the previous calendar year. The report shall set forth the name of the insured, identification of the insurer, the type of insurance, gross premiums charged less any return premiums allowed and the tax due as provided in this section. The remittance for the taxes due shall accompany this report. The report shall be made on a form prescribed and furnished by the Department of Revenue. A copy of the report shall be filed with the commissioner by the surplus lines licensee.

- (f) Respondent's activities described above in paragraphs 3(c) through 3(f) constitute failure to collect and remit the required three percent surplus lines premium tax, and violate 40 P.S. § 991.1621(c).

- (g) Respondent's violations of 40 P.S. §991.1621(c) are punishable by the following, under 40 P.S. §§ 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 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. Fraser, Manager, 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) any terms of this Order have not been complied with, or (ii) 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 its 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 it 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 it 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.

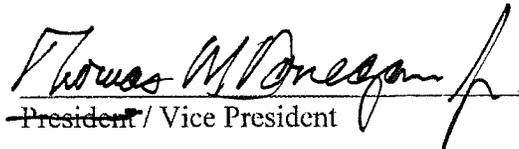
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

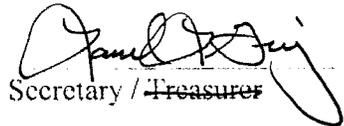
10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

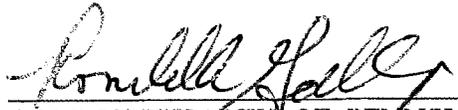
11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law

contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: INTERNATIONAL E&S INSURANCE
BROKERS, INC., Respondent


~~President / Vice President~~


~~Secretary / Treasurer~~


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