

RECEIVED
INSURANCE DEPARTMENT

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

2013 MAY 28 PM 1:42

IN RE:	:	VIOLATIONS:
	:	
PROFESSIONAL CASUALTY ASSOCIATION :	:	Sections 671-A and 671.1-A
1012 West Ninth Avenue :	:	of the Insurance Department Act
2 nd Floor :	:	of 1921, Act of May 17, 1921,
King of Prussia, PA 19406 :	:	P.L. 789 (40 P.S. §§ 310.71,
	:	310.71a)
	:	
Respondent :	:	Docket No. CO13-04-006

CONSENT ORDER

AND NOW, this 28 day of MAY, 2013 this Order is hereby issued by the Pennsylvania Insurance Department 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 contained herein, Respondent specifically 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 Professional Casualty Association and maintains its address at 1012 West Ninth Avenue, 2nd Floor, King of Prussia, PA 19406.
- (b) At all relevant times herein, Respondent has been a licensed reciprocal insurance exchange.
- (c) In March of 2013, Respondent voluntarily contacted the Pennsylvania Insurance Department ("Department") and provided the Department with information regarding its contracts with insurance producers.

- (d) The information provided by Respondent indicated that, from 2003 until the present, Respondent had executed contracts appointing various insurance producers but had not provided the Department with notification of those appointments or with notification upon the termination of certain producer contracts.
- (e) At Respondent's request, the Department updated its records to reflect Respondent's appointment activity based on the information Respondent provided to the Department.
- (f) Because Respondent's appointments from 2003 through 2011 were not reflected in the Department's records, Respondent did not pay annual appointment fees to the Department for those years.
- (g) Further, Respondent has not yet paid its annual appointment fees for 2012, which are only now becoming due.

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) Section 671-A(c) of the Insurance Department Act of 1921, 40 P.S. § 310.71(c), requires an insurer that appoints a producer to file a notice of appointment with the Department.
- (c) Respondent's activities described above in paragraph 4(d) violate 40 P.S. § 310.71(c).
- (d) Section 671.1-A(a) of the Insurance Department Act of 1921, 40 P.S. § 310.71a(a), requires an insurer that terminates an appointment to file a notice of the termination with the Department within 30 days.
- (e) Respondent's activities described above in paragraph 4(d) violate 40 P.S. § 310.71a(a).
- (f) Section 671-A(e) of the Insurance Department Act of 1921, 40 P.S. § 310.71(e), requires an insurer to pay an annual appointment fee for each producer appointed by the insurer during the preceding calendar year regardless of the length of time the producer held the appointment.
- (g) Respondent's activities described above in paragraph 4(f) violate 40 P.S. § 310.71(e).

(h) Respondent's violations of 40 P.S. §§ 310.71(c), 310.71(e), and 310.71a(a) 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.

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 pay a civil penalty of Twenty-Five Thousand Dollars (\$25,000.00) and shall pay an additional Twenty-Five Thousand Dollars (\$25,000.00), representing reimbursement to the Department for administrative and legal expenses, for a total payment of Fifty-Thousand Dollars (\$50,000.00) to the Commonwealth of Pennsylvania. Payment shall be made payable to the Commonwealth of Pennsylvania and should be directed to April Phelps, 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 sixty (60) days after the date of the Consent Order.

- (c) Respondent shall also pay Nine-Thousand Two-Hundred and Fifty-Five Dollars (\$9,255.00), representing the amount of outstanding appointment fees owed by Respondent. Payment shall be made payable to the Commonwealth of Pennsylvania and should be directed to April Phelps, 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 sixty (60) days after the date of the Consent 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

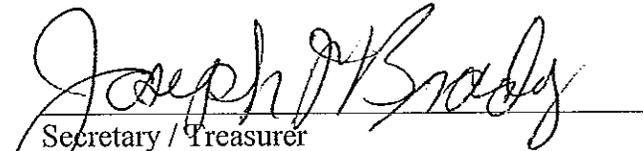
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contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: PROFESSIONAL CASUALTY ASSOCIATION
Respondent



President / Vice President



Secretary / Treasurer



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

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 27th day of April, 2011, Ronald A.

Gallagher, 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.


Michael F. Consedine
Insurance Commissioner

