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BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

HEARINGS OFFICE

IN RE:	:	VIOLATIONS:
	:	
LORRAINE PALAZZO	:	Sections 611-A(7), (20) of Act 147
605 Cedar Grove Rd.	:	of 2002 (40 P.S. §§ 310.11)
Broomall, PA 19008	:	
	:	
	:	
Respondent.	:	Docket No. CO05-07-035

CONSENT ORDER

AND NOW, this *53<sup>rd</sup>* day of *September*, 2005, 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. Respondent hereby admits and acknowledges that she has received proper notice of her 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 Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

- (a) Respondent is Lorraine Palazzo and maintains her address at 605 Cedar Grove Road, Broomall, Pennsylvania 19008.
- (b) At all relevant times herein, Respondent has been a licensed resident insurance producer in Pennsylvania.
- (c) Respondent, on or around June 10, 2004, provided a document to the Pennsylvania Insurance Department's Consumer Services Division to prove that an applicant for automobile insurance named James Leggett, doing business as James Towing and Recovery, Inc., Yeadon, Pennsylvania, desired a service called Ministration and Assistance Plan.

- (d) The Ministration and Assistance Plan document indicated a date of 1/16/04, displayed a charge of \$35, and bears the signature of James Leggett.
- (e) Respondent provided a document as proof that Leggett desired a service called Vehicle Recovery Service.
- (f) The Vehicle Recovery Service document indicated a date of 1/16/04, displayed a fee of \$35, and bears the signature of James Leggett.
- (g) Respondent provided a document as proof that Leggett desired a service called Automobile Service Contract.
- (h) The Automobile Service Contract document indicated a date of 1/16/04, displayed a fee of \$70, and bears the signature of James Leggett.
- (i) Respondent, on or around June 7, 2005, provided to the Insurance Department's Bureau of Enforcement the same three documents indicated in 3c, 3e, and 3g as proof that Leggett desired the services indicated.

- (j) The Ministration and Assistance Plan document, provided on June 7, 2005, indicates the date as 1/16/04, bears the signature of James Leggett but the amount charged on this document displays \$200.
- (k) The other two documents, Vehicle Recovery Service and Automobile Service Contract, both indicate the date as 1/16/04, bear the signature of James Leggett but no dollar amounts are indicated.
- (l) Respondent was unable to explain the reason for the differences in these documents or why the copies bear Leggett's signature.
- (m) Respondent, on or about 2/14/05, wrote an automobile application for Aurel Cirstea, Lansdale, Pennsylvania.
- (n) Respondent, on or about 2/14/05, offered the Ministration and Assistance plan and the Automobile Service Contract to Cirstea.
- (o) Respondent had Cirstea sign the appropriate document for these two plans and charged a total of \$130.
- (p) Respondent provided copies of these documents as proof that Cirstea desired the services.

- (q) The documents provided by Respondent bear the signatures of Aurel Cirstea but contain no dates and no fees amounts.
- (r) Respondent, did make the appropriate refund to Leggett and Cirstea.

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) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Section 611-A(7) of Act 147 of 2002 prohibits a licensee from using fraudulent, coercive or dishonest practices or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business in this Commonwealth or elsewhere (40 P.S. § 310.11).
- (c) Respondent's activities described above in paragraphs 3(c) through 3(r) violates Section 611-A(7) of Act 147 of 2002.

- (d) 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.
- (e) Respondent's activities described above in paragraphs 3(c) through 3(r) violates Section 611-A(20) of Act 147 of 2002.
- (f) Respondent's violations of Sections 611-A(7), (20) 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) 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. 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) Respondent's 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 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 her 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 she 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 she is worthy of a license, Respondent's 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, 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 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:



LORRAINE PALAZZO, Respondent



RANDOLPH L. ROHRBAUGH  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania