

**RECEIVED**

By Admin Hearings, Ins Dept at 9:12 am, Apr 13, 2021

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:

APPLIED RISK SERVICES, INC.  
PO Box 3646  
Omaha, NE 68103

:  
:  
:  
:  
:  
:  
:  
:  
:  
:

VIOLATIONS:

40 P.S. §§ 310.11(1), (2), (20)  
and 310.78(a)

Respondent.

Docket No. CO21-03-015

CONSENT ORDER

AND NOW, this 13th day of April, 2021, this Order is  
hereby issued by the Insurance Department of 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 Applied Risk Services, Inc. and maintains its address with the Pennsylvania Insurance Department as PO Box 3646, Omaha, NE 68103.
- (b) Respondent is, and at all times relevant hereto has been, a licensed non-resident producer agency.
- (c) Respondent was subject to the following five (5) administrative actions that were not reported to the Department within thirty 30 days:
  - On June 22, 2015, the Wisconsin Department of Insurance (DOI) issued the Respondent an administrative action with a \$20,000.00 fine for the use of unlicensed/unappointed producer(s); the use of an unapproved insurance product(s); and the use of misleading advertising.
  - On October 30, 2015, the Vermont DOI issued the Respondent an administrative action with a \$300,000.00 fine for the use of an unfiled, unapproved insurance product; the sale of unsuitable policies; and misleading advertising.

- On January 7, 2016, the Wisconsin DOI issued the Respondent an administrative action with a \$140,000.00 fine for violating its previous June 22, 2015 action.
  - On January 7, 2016, the Ohio DOI issued the Respondent an administrative action with a \$400.00 fine for failing to report other state administrative actions and providing misleading information on a license renewal application.
- (d) Respondent, on September 6, 2016, submitted a renewal application to the Department and improperly answered “No” to the question asking, “[h]as the business entity or any owner, partner, officer or director of the business entity, or manager or member of a limited liability company, been named or involved as a party in an administrative proceeding, including a FINRA sanction or arbitration proceeding regarding any professional or occupational license, or registration, which has not been previously reported to this Insurance department?”
- (e) Respondent did notify the Department of the following three (3) administrative actions within 30 days:
- On January 23, 2018, the Louisiana DOI issued the Respondent an administrative action with a \$250.00 fine for failing to report other state administrative actions and providing misleading information on a renewal application.

- On March 26, 2019, the New Jersey DOI issued the Respondent an administrative action for marketing and selling an unfiled, unapproved workers' compensation program with impermissible retrospective rating. This action resulted in an Order To Show Cause that Respondent is contesting.
- On June 17, 2019, the New York DOI issued the Respondent an administrative action with a \$3,000,000.00 fine for the sale of unapproved workers' compensation insurance products.

#### CONCLUSION 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(1) prohibits a licensee or an applicant for a license from providing incorrect, misleading, incomplete or false information to the Department in a license application.
- (c) Respondent's activities described in paragraph 3(d) violate 40 P.S. § 310.11(1).

- (d) 40 P.S. § 310.11(2) prohibits a licensee or an applicant from violating the insurance laws or regulations of this Commonwealth or a subpoena or order of the commissioner or of another state's insurance commissioner.
- (e) Respondent's activities described above in paragraphs 3(c) through 3(e) violate 40 P.S. § 310.11(2).
- (f) 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.
- (g) Respondent's activities described in paragraphs 3(c) through 3(e) violate 40 P.S. § 310.11(20).
- (h) 40 P.S. § 310.78(a) requires a licensee to report any administrative action taken in another jurisdiction or by another governmental agency within 30 days of the final disposition, to include a copy of the order, consent order or other relevant legal documents.
- (i) Respondent's activities described in paragraph 3(c) violate 40 P.S. § 310.78(a).
- (j) Respondent's violations of §§ 310.11 (1), (2), (8), (20), 310.78(a), and 310.78(b) 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

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 Commonwealth of Pennsylvania. Payment should be directed to the Pennsylvania Insurance Department, 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 fourteen (14) 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 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 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 licenses shall be revoked.

6. In the event the Insurance Department find 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 provisions 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 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 delegate 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 duly authorized delegate.

BY: APPLIED RISK SERVICES, INC.,  
Respondent



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



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



\_\_\_\_\_  
COMMONWEALTH OF PENNSYLVANIA

By: CHRISTOPHER R. MONAHAN

Deputy Insurance Commissioner