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INSURANCE DEPARTMENT
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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
KING INSURANCE AGENCY and	:	Sections 611-A(11) and 612-A(a)
TIMOTHY J. KING	:	of Act 147 of 2002 (40 P.S. §§
1906 East Allegheny Avenue	:	310.11(11) and 310.12(a))
Philadelphia, PA 19134	:	
	:	Section 5(a)(7)(ii) of the Unfair
	:	Insurance Practices Act, Act of
	:	July 22, 1974, P.L. 589, No. 205
	:	(40 P.S. § 1171.5)
	:	
Respondents.	:	Docket No. CO04-11-007

CONSENT ORDER

AND NOW, this *31st* day of *January*, 200*5*, 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. Respondents hereby admit and acknowledge that they have received proper notice of their rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondents hereby waive all rights to a formal administrative hearing in this matter, and agree 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) Respondents are the King Insurance Agency and Timothy J. King, Qualifying Active Officer of King Insurance Agency, and maintain their business address at 1906 East Allegheny Avenue, Philadelphia, Pennsylvania 19134.
- (b) At all relevant times herein, Respondents have been licensed as insurance producers in the Commonwealth of Pennsylvania.
- (c) Respondent King Insurance Agency is under license supervision until August 21, 2007, via previous Consent Order at Docket No. CO02-07-009, for charging undisclosed fees and failing to refund premium to insureds in a timely manner.

- (d) Between September 3, 2003 and March 1, 2004, on five occasions, Respondents charged different fees of \$50.00, \$100.00, \$150.00, \$200.00 and \$400.00 to insurance applicants to join the King Insurance Club/Automobile Service Contract.
- (e) On or about March 10, 2004, Respondents were requested in writing by the Department to provide information and documentation regarding an insurance complaint, however failed to respond to the Department until June 7, 2004.
- (f) On or about April 13, 2004, Respondents knowingly accepted one piece of insurance business which was solicited and negotiated by employee Lisa Velasquez, who is not licensed as an insurance producer.

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) Respondents are subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Section 611-A(11) of Act 147 of 2002 prohibits a licensee from knowingly accepting insurance business which was sold, solicited or negotiated by a person who is not licensed as an insurance producer (40 P.S. § 310.11).
- (c) Respondents' activities described above in paragraphs 3(c) through 3(f) violate Section 611-A(11) of Act 147 of 2002.
- (d) Section 612-A(a) of Act 147 of 2002 requires a licensee to provide a written response to the department within 30 days of receipt of a written inquiry (40 P.S. § 310.12).
- (e) Respondents' activities described above in paragraphs 3(c) through 3(f) violate Section 612-A(a) of Act 147 of 2002.
- (f) Respondents' violations of Sections 611-A(11) and 612-A(a) 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.

- (g) Section 5(a)(7)(ii) of the Unfair Insurance Practices Act prohibits making or permitting any unfair discrimination between individuals of the same class and same hazard in the amount of premium, policy, fees, rates charged or benefits payable, or in any manner whatever (40 P.S. § 1171.5).

- (h) Respondents' activities described above in paragraphs 3(c) through 3(f) constitute unfair discrimination between individuals of the same class and same hazard and violate Section 5(a)(7)(ii) of the Unfair Insurance Practices Act.

- (i) Respondents' violations of Section 5(a)(7)(ii) of the Unfair Insurance Practices Act are punishable by the following, under Sections 8, 9, and 11 of the Act (40 P.S. §§ 1171.8, 1171.9, and 1171.11):
 - (i) order requiring Respondents to cease and desist from engaging in such violation and/or, if such violation is a method of competition, act or practice defined in Section 5 of this Act, suspension or revocation of Respondents' license(s);

(ii) commencement of an action against Respondents for the following civil penalties:

(1) for each method of competition, act or practice defined in Section 5 and in violation of the Act which Respondents knew or reasonably should have known was such a violation, a penalty of not more than five thousand dollars (\$5,000.00) for each violation, not to exceed an aggregate penalty of fifty thousand dollars (\$50,000.00) in any six month period;

(2) for each method of competition, act or practice defined in Section 5 and in violation of this Act which Respondents did not know nor reasonably should have known was such a violation, a penalty of not more than one thousand dollars (\$1,000.00) for each violation, not to exceed an aggregate penalty of ten thousand dollars (\$10,000.00) in any six month period;

(3) for each violation of an Order issued by the Commissioner pursuant to Section 9 of the Act, while such Order is in effect, a penalty of not more than ten thousand dollars (\$10,000.00).

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) Respondents shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

- (b) Respondents shall pay a civil penalty of Five Thousand Dollars (\$5,000.00) 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) Respondents' 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 Respondents are 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) Respondents specifically waive 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 Respondents 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 Respondents' written request.

- (e) At the hearing referred to in paragraph 5(d) of this Order, Respondents shall have the burden of demonstrating that they are worthy of a license.

- (f) In the event Respondents' certificates and licenses are suspended pursuant to paragraph 5(c) above, and Respondents either fail to request a hearing within thirty (30) days or at the hearing fail to demonstrate that they are worthy of a license, Respondents' 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.

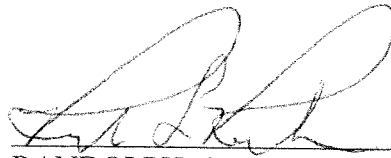
11. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or the duly authorized Deputy

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:



TIMOTHY J. KING, Qualifying Active
Officer of KING INSURANCE AGENCY,
Respondents



RANDOLPH L. ROHRBAUGH
Deputy Insurance Commissioner
Commonwealth of Pennsylvania