

STATE OF MAINE  
BUREAU OF INSURANCE

IN RE:

AMY ALWARD AGENCY, INC.

Maine License No. AGR69668

**CONSENT AGREEMENT**

Docket No. INS-11-234

**INTRODUCTION**

Amy Alward Agency, Inc. ("Alward Agency"), a Maine-licensed resident insurance producer business entity, the Maine Superintendent of Insurance ("the Superintendent"), and the Office of the Maine Attorney General ("Attorney General") hereby enter into this Consent Agreement pursuant to 10 M.R.S.A. § 8003(5)(B) to resolve, without an adjudicatory proceeding, the Superintendent's findings of violations of the Maine Insurance Code under an examination conducted by the Bureau of Insurance ("Bureau"). As more fully set out below, the Superintendent finds the Alward Agency violated the Maine Insurance Code by advising policyholders to continue to insure on their automobile policies vehicles that the policyholders no longer owned in order to provide the policyholders with discounts or credits to which they were not entitled.

**PARTIES**

1. The Superintendent of Insurance is the official charged with administering and enforcing Maine's insurance laws and regulations, and the Bureau of Insurance is the administrative agency with such jurisdiction. The Superintendent has jurisdiction over this matter pursuant to 24-A M.R.S.A. §§ 12-A and 211.
2. Amy E. Alward holds Maine resident producer license number PRR27164, issued May 17, 2000. Ms. Alward owns the Alward Agency, an insurance agency with both its main office and a one-person branch office in South Portland, Maine. The Alward Agency has been licensed in Maine as a resident producer business entity since May 17, 2000. The Alward Agency's Maine license number is AGR 69668.

**STATUTORY AUTHORITY**

3. Under 10 M.R.S.A. § 8003(5)(A), and 24-A M.R.S. § 12-A and 1420-K, the Superintendent may issue a warning, censure, or reprimand to a licensee, may suspend, revoke or refuse to renew the license of a licensee, may impose conditions of probation on the licensee, may levy a civil penalty, or may take any combination of such actions, for violating any insurance laws, or violating any rule, regulation, subpoena, or order of the Superintendent.
4. Pursuant to 10 M.R.S.A. § 8003(5)(B), the Superintendent may resolve a complaint by

entering into a consent agreement with a licensee and with the agreement of the Attorney General.

## FACTS

5. In late 2009, the Bureau received an inquiry from a consumer alleging that she had been advised by an Alward Agency producer that she should continue to insure a junked vehicle on her automobile insurance policy, thereby preventing a youthful operator in her family from being reassigned to a higher-rated vehicle, so that she could avoid having her premium increase.

6. The matter was referred to the Bureau's Market Conduct Division to conduct a targeted market conduct investigation. The investigation period of the examination was January 1, 2008, through January 1, 2010.

7. The examination uncovered three instances in which an Alward Agency producer advised a policyholder to leave a vehicle on the policy that the insured no longer owned (the vehicle having been junked or sold), thus resulting in improperly rated vehicles.

8. In each instance, the information that the vehicle was no longer owned by the policyholder was not accurately relayed by the producer to the insurer and was not in compliance with the insurer's underwriting rules. In each instance, the advice given by the Alward Agency producer resulted in the policyholder receiving discounts or credits to which the policyholder was not entitled.

9. In addition to the three instances uncovered during the examination, an Alward Agency producer who was deposed during the investigation testified that she had advised the consumer who originally made inquiry to the Bureau to keep on her policy a vehicle that the consumer no longer owned. This advice resulted in the consumer retaining a multi-vehicle discount to which she was no longer entitled. This constituted the fourth instance that this advice was given by an Alward Agency producer to an Agency policyholder during the examination period.

## APPLICABLE LAW

10. Title 24-A M.R.S.A. § 2178 provides that "No agent, broker ... or other person may knowingly or willfully make any false or fraudulent statement or representation in or with reference to any application for insurance...." A violation of this statute constitutes an "unfair method of competition or an unfair or deceptive act or practice" within the meaning of 24-A M.R.S.A. § 2152.

11. Title 24-A M.R.S.A. § 1420-K provides that the Superintendent may impose discipline upon an insurance producer for any of the following causes: "Violating any insurance laws...", § 1420-K(1)(B); "Having admitted to or been found to have committed any insurance unfair trade practice or fraud," § 1420-K(1)(G); or "Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business..." § 1420-K(1)(H)

12. Title 24-A M.R.S.A. § 2406(2) defines "insurable interest" as "any actual, lawful, and substantial economic interest in the safety or preservation of the subject of the insurance free

from loss, destruction, or pecuniary damage or impairment.” 24-A M.R.S.A. § 2406(1) provides that a property and casualty insurance policy is not enforceable unless the policyholder has an insurable interest in the covered property at the time of loss.

### CONCLUSIONS OF LAW

13. Based on the foregoing, the Superintendent finds the following:
  - a. That by the conduct described in paragraphs 5 through 9 above, the Alward Agency violated 24-A M.R.S.A. §§ 2178 and 2152;
  - b. That by engaging in the conduct as described in paragraphs 5 through 9 above, the producers employed by the Alward Agency could be subject to discipline pursuant to 24-A M.R.S.A. § 1420-K; and
  - c. That the Alward Agency producers should not issue policies unless the policyholder has an “insurable interest” in the property to be insured under the policy, as defined in 24-A M.R.S.A. § 2406(2).
14. By entering into this agreement, the Alward Agency neither admits nor denies the conclusions of law as cited in Paragraph 13.

### COVENANTS

15. The Alward Agency agrees to the imposition of a civil penalty in the amount of Eight Thousand Dollars (\$8,000.00). The Alward Agency shall remit payment of this civil penalty within thirty (30) days after signing this Consent Agreement. Payment shall be by certified check or money order made out to “Treasurer, State of Maine” and delivered to the Bureau.
16. Within thirty days of the date of the last signature to this Consent Agreement, the Alward Agency will instruct Agency employees in writing that knowing misrepresentations of fact regarding ownership or usage of vehicles shall not be made to any insurer. The Alward Agency will provide the Bureau with a copy of the written instruction for review.
17. The written instruction will be provided to all current Agency employees and to all employees subsequently hired by the Agency.
18. The parties to this Consent Agreement understand that nothing herein shall affect any rights or interest that any person not a party to this Agreement may possess.
19. In consideration of the Alward Agency’s execution of and compliance with the terms of this Consent Agreement, the Superintendent and Attorney General agree to forgo pursuing against the Alward Agency and against Agency employees any further disciplinary measures or other civil or administrative sanctions available under the Maine Insurance Code concerning the specific conduct described in this Consent Agreement, other than those agreed to herein.
20. This Consent Agreement is enforceable by an action in Maine Superior Court.

21. This Consent Agreement is not subject to appeal. The parties waive any further hearings or appeals regarding the matters that are the subject of this Consent Agreement.

22. This Consent Agreement may be modified only by a written agreement executed by all of the parties hereto. Any decision to modify, continue, or terminate any provision of this Consent Agreement rests in the discretion of the Superintendent and the Attorney General.

23. This Consent Agreement is a public record subject to the provisions of the Maine Freedom of Access Law, 1 M.R.S.A. §§ 401 through 410, will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408, and will be reported to the Regulatory Information Retrieval System database at the National Association of Insurance Commissioners.

24. The Alward Agency agrees that it has read this Consent Agreement, that it understands this Consent Agreement, that it has reviewed the statutory provisions set forth herein, that it has been advised of its right to consult with counsel and has had an opportunity to consult with counsel before signing this Consent Agreement, and that it enters into this Consent Agreement voluntarily and without coercion of any kind from any person.

**AMY ALWARD AGENCY, INC.**

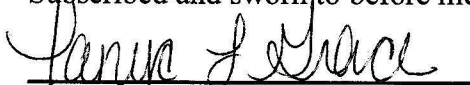
Dated: 11-8-, 2011

By: 

Its Authorized Representative

Amy Alward / owner  
Print Name and Title

Subscribed and sworn to before me this 8 day of November 2011.



Notary Public

Tanya L. Grace

Printed name

**TANYA GRACE**

Notary Public, Maine

My Commission Expires 9/15, 2013

**THE MAINE SUPERINTENDENT OF INSURANCE**

Dated: 11/29, 2011

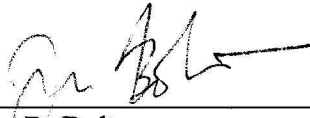
By: 

Eric A. Cioppa

Superintendent of Insurance

**THE MAINE OFFICE OF THE ATTORNEY  
GENERAL**

Dated: 11/21, 2011

By:   
Jonathan R. Bolton  
Assistant Attorney General