

IN RE:

Ann M. Harris

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CONSENT AGREEMENT  
Docket No. INS-11-235

**THIS CONSENT AGREEMENT** is entered into by and among ANN M. HARRIS (“Harris”), the MAINE SUPERINTENDENT OF INSURANCE (the “Superintendent”), and the OFFICE OF THE MAINE ATTORNEY GENERAL (the “Attorney General”) pursuant to 10 M.R.S.A. § 8003(5)(B). Its purpose is to bring to resolve, without resort to an adjudicatory proceeding, violations of 24-A M.R.S.A. §§ 1420-K(1)(H), 1420-K(1)(J) and 1449 as described below.

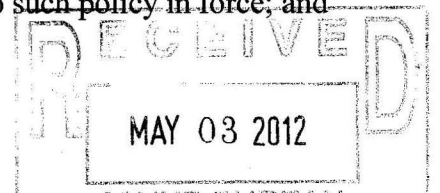
I

STIPULATIONS

The parties stipulate that:

*Background*

1. The Superintendent is the official charged with administering and enforcing Maine’s insurance laws and regulations, and the Bureau of Insurance (“Bureau”) is the administrative agency that carries out the Superintendent’s duties.
2. Harris holds Maine resident producer license PRR99820, first issued on November 17, 2003. She operates the Ann Harris Agency—Nationwide Insurance in Saco, Maine (“Harris Agency”).
3. In 2010, the Bureau’s Property & Casualty Division received a complaint from one of Harris’ customers. The complaint arose from steps that Harris had taken to carry out the customer’s authorization earlier in 2010 to move the customer’s property, liability and automobile insurance from Rain/Hail and MetLife to Nationwide.
4. In June 2010, Harris took steps to implement the customer’s authorization to move her coverages. They included (i) preparing a Cancellation Request/Policy Release, which the customer signed, to cancel an existing Farm Property and Liability policy with Rain/Hail, (ii) applying for Farm Property and Liability and Business Automobile coverage with Nationwide and (iii) subsequently applying for Equine liability coverage with Markel, which was declined.
5. The Bureau’s investigation of the complaint revealed that Harris:
  - a. did not forward monies properly due either to an insurer or the Complainant within the time required by statute;
  - b. issued a certificate of insurance when there was no such policy in force; and



- c. photocopied a Cancellation Request/Policy Release that the Complainant had signed and changed the company name and policy number to cancel a different policy.

*Money violations*

6. On June 30, 2010, Harris applied to Markel for equine liability coverage, which Markel declined that day.
7. On July 1, 2010, Harris bound coverage through Nationwide for the farm property and automobile coverage.
8. On July 13, 2010, Harris received a refund of \$8,600 from Rain/Hail. The customer had directed Harris to use this refund to pay for the new Nationwide policies.
9. On July 16, 2010, Harris again applied to Markel for liability coverage and sent Markel a check for \$760 for the premium.
10. On July 29, 2010, Nationwide sent the customer a premium bill.
11. On August 17, 2010, the Harris Agency received the Nationwide policies. The Harris Agency had not paid the premium for these policies.
12. On September 8, 2010, the Harris Agency delivered the Nationwide policies to the customer but had not paid and did not pay the premium for them.
13. On or about September 8, 2010, Nationwide mailed a notice of cancellation effective September 23, 2010 based on nonpayment of \$7,503 premium.
14. On September 24, 2010, Harris released \$7,518 to pay the Nationwide premium (including a \$5 installment fee and \$10 late fee). She had had this money for 73 days, since July 13, 2010. Nationwide thereupon reinstated the policies.
15. On October 8, 2010, Harris received a \$760 refund of the application premium from Markel. Harris did not remit this money, or the \$337 remaining from the Rain/Hail refund that she had received on July 13, 2010, to the customer until November 29, 2010. Harris held the \$760 Markel refund for 52 days, and the \$337 Rain/Hail balance for 139 days.

*Certificate of Insurance*

16. On July 16, 2010, Harris faxed an application for liability coverage to Markel.
17. On July 20, 2010 at 10:14 a.m., Markel sent a facsimile notice to the Harris Agency that it again declined to insure the requested risk.
18. On July 20, 2010 at 10:28 a.m., Harris sent a certificate of insurance on ACORD Form 25 (2009/09) by facsimile to one of the customer's clients, certifying that the customer had general liability coverage with Markel for one year starting July 1, 2010. The certificate showed coverage of \$1,000,000 per occurrence and \$3,000,000 aggregate. Under "policy number," the certificate read "TBD"—to be determined.

19. The ACORD Form 25 (2009/09) includes the following language:

This is to certify that the policies of insurance listed below have been issued to the named insured above for the policy period indicated.

*Cancellation Request/Policy Release*

20. In early July 2010, Harris completed a Cancellation Request/Policy Release (ACORD Form 35 (1/97)), requesting cancellation of the customer's policy with Rain/Hail, for the customer's signature. After the customer had signed the form, Harris photocopied the document and changed the photocopy to request that a policy that the customer had with MetLife be canceled. Harris sent the photocopied form to MetLife, which did not process it.

II

MAINE LAW

21. Under 10 M.R.S.A. § 8003(5)(A), and 24-A M.R.S.A. §§ 12-A and 1420-K, the Superintendent may, in any combination of such actions, issue a warning, censure, or reprimand to; may suspend, revoke or refuse to renew the license of; may impose conditions of probation on; or may levy a civil penalty on a licensee for violating any insurance laws, or violating any rule, regulation, subpoena, or order of the Superintendent.
22. 24-A M.R.S.A. § 1420-K(1)(H) provides that it is a violation for a licensee to:
- Us[e] fraudulent, coercive or dishonest practices, or demonstrate[e] incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.
23. 24-A M.R.S.A. § 1420-K(1)(J) provides that it is a violation for a licensee to:
- Forg[e] another's name to an application for insurance or to any document related to an insurance transaction.
24. 24-A M.R.S.A. § 1449 provides in part that:
- All premiums and return premiums received by an insurance producer are trust funds received by the licensee in a fiduciary capacity in accordance with this section.
1. Return premiums; accounting and payment to an insured. The licensee shall account for and pay the return premiums to the insured or apply the return premiums to outstanding balances of any insured within 30 days from the date of receipt. The date of receipt is the date the money is actually received or the date the credit is posted by the insurer ... to the licensee's account.
  2. Premiums; accounting and payment to an insurer. The licensee shall promptly account for and pay premiums to the insurer ... in accordance with the contract between the insurer ... and the licensee.

### III

#### CONCLUSIONS OF LAW

25. Harris violated 24-A M.R.S.A. § 1420-K(1)(H) by issuing a certificate of insurance for a policy that Harris knew or should have known the insurer had declined, and by issuing a document that falsely purported to be a policy cancellation request signed by a customer.
26. Harris violated 24-A M.R.S.A. § 1420-K(1)(J) by issuing a document that falsely purported to be a policy cancellation request signed by a customer.
27. Harris violated 24-A M.R.S.A. § 1449 by failing (i) to account for and pay a return premium to a customer within 30 days, and (ii) to apply the return premium to the outstanding balance of the insured within 30 days.

### IV

#### COVENANTS

28. Harris shall comply with each provision of this Agreement.
29. Within thirty (30) days after executing this Agreement, Harris shall adopt, and deliver to the Superintendent for approval, written office procedures, the purpose of which is to instruct Harris Agency employees and to prevent the conduct that is the subject of this agreement from occurring again in the Harris Agency.
30. Harris will provide the office procedures to all current Harris Agency employees and to all employees subsequently hired by the Harris Agency.
31. Harris shall pay, as a disciplinary sanction, a civil penalty of Fifteen Hundred Dollars (\$1,500), payable in six (6) consecutive monthly installments of Two Hundred Fifty Dollars (\$250). Harris shall pay each installment by check, made out to "Treasurer, State of Maine," with the first payment due by May 15, 2012 and the remaining payments due on the fifteenth day of each month thereafter.
32. Harris accepts, as a disciplinary sanction, suspension of her Maine producer license for seven (7) calendar days, during which period she may not engage in any producer activities or hold herself out as currently authorized to engage in such activities. The period of suspension will commence on the first Monday following the date of the Superintendent's signature below. The suspension period will terminate, and Harris' license will become active, on the eighth calendar day.
33. Within six (6) months after the date of the Superintendent's signature below, Harris will certify to the Superintendent, in addition to meeting her next regular producer continuing education requirements, her attendance at and successful completion of three (3) credit hours of approved continuing education each in office management and in ethics.
34. Harris shall pay, as provided by law, the Superintendent's reasonable costs and expenses of monitoring Harris' compliance with, and enforcing Harris' obligations under, this Agreement.

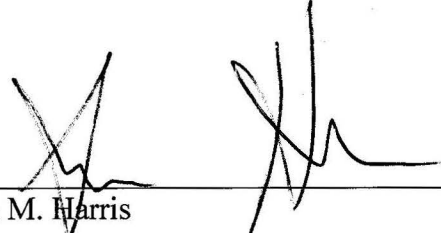
35. This Agreement is not subject to appeal. Harris waives any further hearings or appeals regarding the matters that are the subject of this Agreement.

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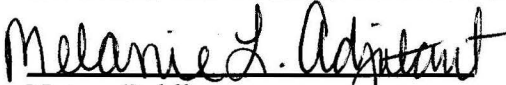
MISCELLANEOUS

36. This Agreement is enforceable by an action in Maine Superior Court.
37. Harris acknowledges that this Agreement is a public record within the meaning of 1 M.R.S.A. § 402 and 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.
38. Harris has been advised of her right to consult with counsel before executing this Agreement.
39. This Agreement does not bind any person or entity not a party to this Agreement, or limit the Superintendent's ability to seek any available legal remedy for alleged or actual violations of the Maine Insurance Code against any person or entity not a party to this Agreement.
38. In consideration of the Harris' execution of and compliance with the terms of this Agreement, the Superintendent and Attorney General agree to forgo pursuing against Harris and against the Harris Agency any further disciplinary measures or other civil or administrative sanctions available under the Maine Insurance Code concerning the specific conduct described in this Agreement, other than those agreed to herein.
39. This 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 Agreement rests in the discretion of the Superintendent and the Attorney General.

Dated: May 7, 2012

  
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Ann M. Harris

Subscribed and sworn to before me this 7 day of May, 2012.

  
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Notary Public  
  
\_\_\_\_\_  
Printed name  
Melanie Adjutant  
\_\_\_\_\_  
4/20/18  
\_\_\_\_\_  
Date commission expires

**OFFICE OF THE MAINE ATTORNEY  
GENERAL**

Dated: *May 4*, 2012

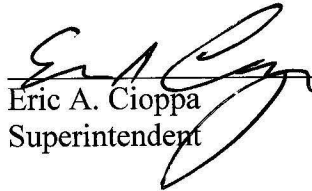


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Jonathan R. Bolton  
Assistant Attorney General

**MAINE BUREAU OF INSURANCE**

Effective  
Date: *May 4*, 2012



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Eric A. Cioppa  
Superintendent