

JAN 12 2007

DEPT OF INSURANCE
BY 

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:)
)
 MIKE PIERCE INSURANCE, INC.)
)
)
 Respondent.)
)

No. 07A-009-INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department") has received evidence that Mike Pierce Insurance, Inc. ("Respondent") violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent is, and was at all material times licensed as an Arizona resident property, casualty, life and accident/health insurance producer, Arizona license number 644054, which license expires January 31, 2010.

2. Respondents employed agents are listed as: Brenden Donovan Pierce, Irma Francisca Moreno, Ursa Veronica Herman, Araceli Morales Cambron and Stephen Michael Pierce.

3. Respondents employed agents are licensed as follows:

a. Brenden Donovan Pierce: resident property and casualty producer, Arizona license number 43040, which license expires September 30, 2010.

b. Irma Francisca Moreno: resident property and casualty producer, Arizona license number 44860, which license expires June 30, 2010.

- 1 c. Ursa Veronica Herman: resident life, accident/health, casualty and
2 property producer, Arizona license number 99073, which license expires
3 May 31, 2008.
- 4 d. Araceli Morales Cambron: resident property and casualty producer,
5 Arizona license number 161895, which license expires October 31, 2008.
- 6 e. Stephen Michael Pierce: resident property and casualty producer,
7 Arizona license number 823092, which license expires March 31, 2010.

8 4. Neither Respondent nor any of Respondent's employed agents were licensed,
9 at all material times, as either a resident or non-resident surplus lines broker or Mexican
10 insurance surplus lines broker.

11 5. Neither Respondent nor any of Respondent's employed agents are exempt from
12 licensure as either a resident or non-resident surplus lines broker or Mexican insurance
13 surplus lines broker.

13 **Unlicensed Sale of Mexican Surplus Lines Insurance**

14 6. Between 1998 and November 22, 2006, Respondent transacted Mexican Surplus
15 Lines insurance without a license. Respondent received commissions for said transactions.

16 **Premium Price Misrepresentation**

17 7. As a general business practice, between 1998 and November 22, 2006,
18 Respondent misrepresented insurance premium prices to its clients by charging processing
19 fees that were not filed with or approved by the Department. Respondent quoted the
20 processing fees as part of the premium and failed to disclose the fees to the clients as a
21 separate charge. The processing fees are as follows;

- 22 a) \$5.00 for making a premium payment in the office.
- 23 b) \$25.00 for processing a homeowner's insurance application.
- c) \$100.00 for processing a commercial liability insurance policy application.
- d) \$25.00 for processing an automobile insurance policy application.
- e) \$25.00 for a roadside assistance auto club membership.

1 e) \$25.00 for a roadside assistance auto club membership.

2 **CONCLUSIONS OF LAW**

3 1. The Director has jurisdiction over this matter.

4 2. Insurance contracts procured as surplus lines coverage are fully valid and
5 enforceable as to all parties and shall be recognized in all matters in the same manner as like
6 contracts issued by authorized insurers, within the meaning of A.R.S. § 20-410(A).

7 3. Respondent's conduct, as alleged above, constitutes transacting Mexican
8 Surplus Lines insurance without a license, within the meaning of A.R.S. §20-282 and 411.01.

9 4. Respondent's conduct as described above constitutes the unlawful receipt of
10 commission, within the meaning of A.R.S. §20-298(B).

11 5. Respondent's conduct, as alleged above, constitutes charging or receiving a
12 fee or service charge in addition to the premium charged for services customarily provided in
13 the transaction of insurance without filing it with and receiving approval from the Department,
14 within the meaning of A.R.S. §20-465.

15 6. Respondent's conduct as described above constitutes a violation of any
16 provision of Title 20, within the meaning of A.R.S. § 20-295(A)(2).

17 7. Grounds exist for the Director to order Respondent to cease and desist from
18 continuing the violation, engaging in the violation or doing any act in furtherance of the
19 violation within the meaning of A.R.S. § 20-292.

20 8. Grounds exist for the Director to suspend, revoke, or refuse to renew
21 Respondents' insurance license, impose a civil penalty and/or order restitution pursuant to
22 A.R.S. §§20-295(B)&(F).

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ORDER

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IT IS HEREBY ORDERED THAT

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1. Respondent shall immediately cease and desist from soliciting Mexican Surplus Lines insurance, taking or receiving any application for Mexican Surplus Lines insurance, taking or collecting any premium, commission, or any other consideration or service fee for any Mexican Surplus Lines insurance contract, or otherwise transacting Mexican Surplus Lines insurance business from offices or by personnel or facilities located in the State of Arizona until such time as respondent is in compliance with the relevant Arizona licensing requirements.

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2. Respondent shall pay a civil penalty in the amount of \$20,000.00 to the Director for deposit in the State General Fund in accordance with A.R.S. § 20-295(G). A down payment of \$5,000.00 will be due at the signing of the Consent Order and \$2,500.00 due the first of each month until paid in full beginning February 1, 2007.

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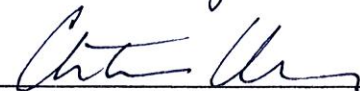
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DATED AND EFFECTIVE this 11th day of January, 2007.

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CHRISTINA URIAS
Director of Insurance

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CONSENT TO ORDER

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1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

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1 2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona,
2 and admits the foregoing Findings of Fact and consents to the entry of the foregoing
3 Conclusions of Law and Order.

4 3. Respondent is aware of its right to notice and a hearing at which it may be
5 represented by counsel, present evidence and examine witnesses. Respondent irrevocably
6 waives its right to such notice and hearing and to any court appeals relating to this Consent
7 Order.

8 4. Respondent states that no promise of any kind or nature whatsoever, except as
9 expressly contained in this Consent Order, was made to it to induce it to enter into this
10 Consent Order and that it has entered into this Consent Order voluntarily.

11 5. Respondent acknowledges that the acceptance of this Consent Order by the
12 Director is solely to settle this matter against it and does not preclude any other agency,
13 officer, or subdivision of this state from instituting civil or criminal proceedings as may be
14 appropriate now or in the future nor does it preclude the Department from instituting
15 proceedings not related to this matter as may be appropriate now or in the future.

16 6. Georgia Marie Boyle is President of Mike Pierce Insurance, Inc. and as such is
17 authorized to sign this Consent Order on its behalf.

18
19 1/4/07
Date

By: Georgia Marie Boyle
Georgia Marie Boyle, President

1 COPIES of the foregoing mailed/delivered
this 12th day of January, 2007, to:

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3 Mike Pierce Insurance, Inc.
4 % Georgia Marie Boyle
5 5134 E. Ft. Lowell
6 Tucson, AZ 85712

7 Mary E. Kosinski, Exec. Assistant for Reg. Affairs
8 Catherine M. O'Neil, Consumer Legal Affairs Officer
9 Terry Cooper, Assistant Director
10 Steve Fromholtz, Licensing Supervisor
11 Arnold Sniegowski, Investigations Supervisor
12 Mark Denman, Investigator
13 Department of Insurance
14 2910 North 44th Street, Suite 210
15 Phoenix, Arizona 85018

16 
17 Curvey Walters Burton