

JAN 22 2013

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

FILED

STATE OF NEBRASKA	)	
DEPARTMENT OF INSURANCE,	)	
	)	CONSENT ORDER
PETITIONER,	)	
	)	CAUSE NO. A-1953
VS.	)	
	)	
MELISSA LARSON,	)	
NAIC NATIONAL PRODUCER #	)	
8551910	)	
	)	
RESPONDENT.	)	

In order to resolve this matter, the Nebraska Department of Insurance (“Department”), by and through its attorney, Charles A. Hamilton, and Melissa Larson (“Respondent”), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to NEB. REV. STATS. §§ 44-101.01 and 44-4047 et seq. (Reissue 2010). Said jurisdiction and control have been present at all times material hereto.

2. Melissa Larson (“Respondent”) is a licensed insurance producer, whose current registered business address with the Nebraska Department of Insurance is 45403 E. Highway 92, Ansley, NE 68814-5155.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Melissa Larson, Cause Number A-1953, on December 11, 2012. A copy of the petition was served upon Respondent at the Respondent’s

registered business and home mailing address, 45403 E. Highway 92, Ansley, NE 68814-5155, for service of process by certified mail, return receipt requested.

2. Respondent violated NEB. REV. STAT. §§ 44-354, 356 (2) and 4059(1)(b), (d), (g), & (h) as a result of the conduct set forth below:

- a. Respondent engaged in the following Unfair Trade Practices with respect to the interest rate charged to customers:
  - i. Respondent charged Jess Springman (“Complainant”) 18% interest on policy premiums in return for Respondent paying Complainant’s premium in full to Progressive (“Company”) for his business policy, effective January 9, 2007 to January 9, 2009.
  - ii. Complainant did not sign a contract acknowledging he knew the terms of the repayment agreement.
  - iii. Respondent’s invoices lack documentation of the policy number paid.
  - iv. Respondent’s files did not indicate whether the insured had been advised of payment options available or the payment amounts due each month.
  - v. In addition to Neb. Rev. Stat. § 44-354, Company’s Producer Agreement prohibits a producer to “collect from any person who is or has applied to be insured with us any fees or charges in connection with the performance of this Agreement that are in addition to those specified in the application for a Policy or declarations page for a Renewal, except in compliance with all applicable laws.” The Company’s Producer Agreement is approved by the Nebraska Department of Insurance and is required to comply with Nebraska law.
- b. On or about July 19, 2007, Respondent changed the address on Complainant’s commercial auto policy to the address of Respondent’s business. The Department sent an inquiry to Respondent concerning who requested the address change, and Respondent’s records were insufficient to prove any details regarding the request.
- c. Respondent engaged in the following Unfair Trade Practices with respect to endorsing and cashing a check made out to the Complainant:
  - i. On or about August 26, 2008, Respondent endorsed and cashed two checks for return premium made out to the Complainant, and deposited the money in Respondent’s business account. The checks were endorsed as “for the benefit of LRS, Ansley Agency”.
  - ii. The commercial automobile insurance policy for J&J Trucking for February 9, 2007 to February 9, 2008 had a one- year premium of one thousand, three hundred and twenty-seven dollars (\$1,327.00) plus listed finance and other charges of two hundred and fifty dollar and seventy-seven cents (\$250.77), for a total amount due of one thousand, five hundred and seventy-seven dollars and seventy-seven cents (\$1,577.77). The balance due and owing on the account at the time of cancellation was eight hundred and ninety-five

dollars and thirty cents (\$895.30). After a refund of six hundred and thirty dollars (\$630.00) was applied, Complainant had an account balance left of two hundred and sixty-five dollars and thirty cents (\$265.30).

- iii. LRS Trucking had two commercial automobile insurance policies on its account. The first had a one year premium of two thousand, seven hundred and fifteen dollar (\$2,715.00) plus finance and other charges of five hundred and three dollars and seventy cents (\$503.70), for a total due of three thousand, two hundred and eighteen dollars and seventy cents (\$3,218.70). The second policy had a six month premium of three hundred and one dollars (\$301.00) plus finance and other charge of thirty-seven dollars and nine cents (\$37.09) for a total due of three hundred and thirty-eight dollars and nine cents (\$338.09). The balance due on the account at the time of cancellation was one thousand, seven hundred and sixty-three dollars and seven cents (\$1,763.07). After the refunds of five hundred and sixty-nine dollars and twenty-three cents (\$569.23) and one hundred and thirty-five dollars (\$135.00), respectively, were applied, Complainant had an account balance left of one thousand and fifty-eight dollars and eighty-four cents (\$1,058.84).
  - iv. Complainant was unaware of the late charges, finance charges, and policy fees associated with his policies with Respondent and believed that the refund checks from the Company would pay his balance in full to Respondent.
- d. On or about March 12, 2012, the Market Conduct Division of the Nebraska Department of Insurance conducted an onsite review of Respondent. The review concluded the following:
- i. Respondent had been adding a nine percent (9%) finance charge to semi-annual premiums and an eighteen (18%) finance charge to annual premiums in return for Respondent advancing the policy premium to the insurer.
  - ii. Respondent acknowledges that customers in a premium finance agreement with the agency do not sign a contract, and are verbally advised of the terms of the repayment agreement.
  - iii. The monthly premiums for the premium finance agreements mentioned above were calculated by dividing the premium plus the finance charges by six or twelve representing the months contained in the policy period.
  - iv. Late charges were assessed at one and one-half percent (1.5%) of the agency statement balance if the monthly bill was not paid by the due date.
  - v. Respondent contends that the practice of premium financing and charges associated were set up prior to her employment with the agency, and as of the time of the review those practices were still in place.
  - vi. The premium finance charges charged by the Insurance Center to clients' accounts totaled one hundred and twenty-five thousand, six hundred and eighty-two dollars and seventy-three cents (\$125,682.73) for the calendar years 2008 through 2012.

- vii. The monthly processing fees charged by the Insurance Center to clients' accounts totaled six thousand, nine hundred and ninety-four dollars and forty-two cents (\$6,994.42) for the calendar years 2008 through 2012.
- viii. The Express Money fees charged by the Insurance Center to clients' accounts totaled nine thousand, two hundred and fifty-eight dollars and sixty-three cents (\$9,258.63) for the calendar years 2008 through 2012.
- ix. Fees referred to by the Respondent and the Insurance Center as "MVR fees" charged by the Insurance Center to clients' accounts totaled one hundred and ninety-six dollar (\$196.00) for the calendar years 2008 to 2012.
- x. Fees referred to by the Respondent and the Insurance Center as "NSF fees" charged by the Insurance Center to clients' accounts totaled two thousand, two hundred and fifty-six dollars and ninety-six cents (\$2,256.96) for the calendar years 2008 to 2012.
- xi. A review of Express Money fees revealed that ninety-two (92) accounts had been doubly charged, resulting in an amount of nine hundred and twenty dollars (\$920.00) being refunded to customers.
- xii. As of the time of the Market Conduct review, Respondent did not have policies and procedures in place that included policy numbers on invoices, documentation of all policy changes with an explanation of the change, or had a system which documented all phone calls. At the time of the Market Conduct review, Respondent indicated intent to implement procedures and policies to correct these issues.

3. Respondent was informed of her right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving the right to a public hearing, Respondent also waives the right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits the allegations stated in Paragraph 2.

#### CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes a violation of NEB REV. STATS. §§ 44-1525 and 44-4059(1) (Reissue 2010) and is subject to disciplinary action pursuant to NEB. REV. STAT. § 44-4059 (Reissue 2010).

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by Respondent, Melissa Larson, that Respondent shall pay an administrative fine in the amount of three thousand dollars (\$3,000.00), one thousand dollars (\$1,000.00) for each of three different violations outlined above due within 30 days after the Director of Insurance or his designee approves and signs this consent order.

The Department of Insurance will continue to retain jurisdiction over this matter. If Respondent fails to pay the amount required as specified under this consent order, additional administrative action shall be taken by the Petitioner, which may include revocation of Respondent's Nebraska certificate of authority. In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his/her signature below.

Charles A. Hamilton

Charles A. Hamilton, #22100  
Attorney for Petitioner  
941 "O" Street, Suite 400  
Lincoln, NE 68508  
(402) 471-8864

1/17/13  
Date

Melissa Larson

Melissa Larson,  
Respondent

By: Melissa Larson

1-15-13  
Date

State of Nebraska )  
County of Custer ) ss.  
)

On this 15 day of January, 2012, Melissa Larson, personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.

Sunshine Hammond  
Notary Public



CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Melissa Larson, Cause No. A-1953.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

Bruce R. Ramge

BRUCE R. RAMGE  
Director of Insurance

1-22-2013

Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent's registered mailing address, 45403 E. Highway 92, Ansley, NE 68814-5155, by certified mail, return receipt requested on this 22<sup>nd</sup> day of January, 2012.

Jerry A. Guba