

INSURANCE *Insights*

DIVISION OF AGENT AND AGENCY SERVICES

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Case Notes

The following are instances in which licensees or other persons violated the Florida Insurance Code and the administrative action the Department has taken against them. Note: All administrative investigations are subject to referral to the [Division of Insurance Fraud](#) for criminal investigation.

Case: An investigation of a life, health & variable annuity agent alleged that he made a false representation of an annuity contract for multiple consumers. The agent enjoyed making brisk annuity sales. Unfortunately for the consumers involved, the sales were the result of the agent's trickery and deceit. In numerous cases, the agent told his clients they were buying certificates of deposit (CDs) that were insured by the FDIC. Nothing was further from the truth since the agent's vulnerable senior clients were actually buying annuities - annuities that denied them access to their money for much longer than the typical CD unless they paid surrender charges.

Disposition: License revoked and permanently barred from the insurance industry. The Department's efforts were successful in obtaining \$100,000 in restitution to the affected consumers.

Case: An investigation of a bail bond agent alleged that he was continuing to violate the law despite previous actions taken against him and his license. He previously was placed on probation for two years, fined \$3,000 and ordered to pay \$2,000 in costs to the Department after he had failed to forward collateral in excess of \$5,000 to the surety company and make premium refunds in a timely manner. The investigation determined that he had still neither returned the collateral to the indemnitor nor refunded the premium owed. Unfortunately, the bail bond agent continued to violate the law. In one case, he threatened to sell an indemnitor's home out from under them to pay for a forfeited bond and to take him to jail if he didn't produce \$25,000 in 24 hours. The consumer came up with \$20,000, which was refunded by the surety company. The next month, the bail bond agent handled an out of state bond that left him holding a BMW hostage that was used as collateral. He refused to hand it over unless the consumer paid more than an additional \$1,500 in alleged "storage charges". He continued this pattern of failing to return collateral in order for him to divert and mishandle the fiduciary funds to pay his own personal bills. The agent was arrested by the Department's Division of Insurance Fraud twice and charged with Grand Theft leading to a temporary suspension of his license.

Disposition: License revoked and he is permanently ineligible to apply for another bail bond agent license.

Case: A referral received regarding a life, health & variable annuity agent from the Financial Industry Regulatory Authority (FINRA) alleged that a consumer received as an inducement a solicitation from the agent offering a \$100 gift card in exchange for a consultation to review her finances. The consumer met



and spoke with the agent who told her that she would have to attend a second meeting in order to get the gift card. The consumer told the agent that she considered this a bait and switch tactic and then filed a complaint with the Attorney General's office. Department investigators obtained evidence from the agent confirming that he'd given out 152 of these gift cards - a practice considered by the Department to be an illegal inducement.

Disposition: License placed on probation for two years; paid \$2,500 in costs to the Department.

Case: The Department was notified by an insurance company that agents at an insurance agency had submitted fraudulent inspections forms. The investigation of the agency determined a licensed general lines agent, who was also the agency's agent in charge, had altered several inspection reports and submitted them with the applications so the risks would meet the insurance company's eligibility guidelines. Similarly, the investigation revealed a corporate officer of the agency, also a general lines agent, had altered an inspection report to submit with an application to ensure it would qualify for coverage.

Disposition: The agent in charge was fined \$3,000 and placed on probation for one year. The officer-agent's license was suspended for three months and he was fined \$1,500.

Case: An investigation of a life & variable annuity agent alleged the agent advertised in local newspapers CDs with a high rate of return, although he had no relationship or authorization to sell CDs from the advertised bank. After consumers responded to the advertisement he would pitch a switch to an equity indexed annuity, making the sales by misrepresenting the terms and conditions of the annuities which were unsuitable for a senior consumer. The agent continued his deceptive practices by submitting application documents to the insurer containing false signatures.

Disposition: License revoked and permanently barred from the insurance industry.

Case: An investigation of a bail bond agent alleged he failed to forward all premiums collected for bail bonds to his surety company and failed to reimburse the surety company for satisfying judgments and forfeitures they were obligated to pay when he failed to do so. The agent also failed to maintain his agency records as required by the Florida Insurance Code.

Disposition: License suspended for six months and he was ordered to pay restitution of \$4,482.16 to the surety company. The agent will be placed on probation for one year if his license is reinstated following the suspension.

Case: An investigation of a life, health & annuity agent alleged actions were taken by other regulatory entities against the agent including a suspension followed by a bar by the Financial Industry Regulatory Authority (FINRA) for borrowing money from clients and failing to disclose the loans to his firm. The agent borrowed about \$500,000 from five consumers. The agent also failed to report the FINRA action within 30 days to the Department as required by law.

Disposition: License revoked.

Case: An investigation of a title insurance agency alleged it had not paid the 2014 annual title administrative surcharge. Licensed title insurance agencies are required to pay the \$200 surcharge annually by January 30 of each year. The agency failed to pay the surcharge despite multiple attempts to contact the agency.

Disposition: License suspended for 90 days and may not be reinstated afterward until payment of all delinquent surcharges has been made.

Case: An investigation of a bail bond agent alleged that he aided and abetted an unlicensed person by allowing her to work as a temporary bail bond agent prior to being licensed and appointed as such.

Both the agent and temporary agent completed employment reports required to be submitted to the Department, which certified the documented hours she had worked as a temporary bail bond agent and he supervised her in that capacity.

Disposition: The supervising bail bond agent was placed on probation for one year and fined \$3,000. The temporary bail bond agent's license was suspended for three months.