

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of	)	
Banking and Insurance, State of New Jersey,	)	<b>CONSENT ORDER</b>
to fine, suspend and/or revoke the	)	
the insurance producer license of	)	
Guy Spradling, Reference No. 8808135	)	

To: Guy Spradling  
149 Milford Heights Road  
Milford, PA 18337

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon issuance of Order to Show Cause No. E17-44 (the “OTSC”) on June 2, 2017, alleging that Respondent, Guy Spradling (“Spradling”), currently licensed as a resident individual insurance producer pursuant to N.J.S.A. 17:22A-32, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Spradling is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. (“Producer Act”), and regulations governing the Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena or order of the Commissioner or of another state’s insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy or application for insurance; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

WHEREAS, pursuant to N.J.S.A. 17:29A-15, no insurer or employee thereof, and no broker or agent shall knowingly charge, demand or receive a premium for any policy of insurance except in accordance with the respective rating-systems on file with and approved by the Commissioner or, as required by the Commissioner, to be used on an interim basis in accordance with subsection e. of section 14 of P.L.1944, c. 27 (C. 17:29A-14). No insurer or employee thereof, and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent that such rebate, discount, abatement, credit, reduction, favor, advantage or consideration may be provided for in rating-systems filed by or on behalf of such insurer and approved by the Commissioner; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(a), an insurance producer shall not offer, make or give, or permit to be offered, made or given, to any person directly or indirectly, an inducement to purchase insurance other than that plainly expressed in the insurance contract; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(c), an insurance producer shall not offer, pay or give, or permit to be offered, paid or given, to any person, directly or indirectly, anything of value in return for that person's agreement not to purchase insurance from another insurance producer or insurer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(d), an insurance producer shall not offer, pay or give, or permit to be offered, paid or given, to any person, directly or indirectly, anything of value as compensation for being unable to offer a comparable or better insurance program at less cost; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(e), the provisions of N.J.A.C. 11:17A-2.3 shall apply whether or not a contract of insurance is ultimately effected; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.8, an insurance producer shall not make any misleading representations or incomplete or fraudulent comparison of any insurance policies or annuity contracts or insurers for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, or convert any insurance policy or annuity contract, or to take out a policy of insurance or annuity contract with another insurer; and

WHEREAS, pursuant to the provisions of N.J.S.A. 17:22A-40 and N.J.S.A. 17:22A-45c, the Commissioner may assess a fine of up to \$5,000.00 for the first violation and \$10,000 for each subsequent violation of the Producer Act, and may suspend or revoke an insurance producer's license for violating any one or more of the provisions of N.J.S.A. 17:22A-40; and

WHEREAS, the OTSC, alleged as follows:

### **FACTUAL ALLEGATIONS**

IT APPEARING, that L.S., a resident of New Jersey, maintained a homeowners insurance policy issued by Travelers Insurance Company ("Travelers"), with a policy period from February 24, 2016 to February 24, 2017, and an automobile insurance policy also issued by Travelers, with a policy period from January 28, 2016 to January 28, 2017; and

IT FURTHER APPEARING, that Spradling acted as the insurance producer for L.S. for her homeowners and automobile insurance policies with Travelers; and

IT FURTHER APPEARING, that, on April 28, 2016, L.S. emailed Spradling for the purpose of reducing the cost of her homeowners insurance premium because the

Traveler's Policy was based on a value that was greater than her home's appraised value; and

IT FURTHER APPEARING, that, on August 22, 2016, L.S. emailed Spradling and informed him that she found another insurance company that saved her a few hundred dollars a year on the cost of the combined premiums for her homeowners and automobile insurance policies, and requested cancellation of her two insurance policies with Travelers effective immediately; and

IT FURTHER APPEARING, that, on August 22, 2016, Spradling replied to L.S. by email and attempted to discourage her from cancelling her two insurance policies with Travelers by claiming, among other things, that the Travelers' insurance policies had a "2 year rate lock" and that Spradling had a "price match program;" and

IT FURTHER APPEARING, that, on August 23, 2016, L.S. emailed Spradling and told him that her new insurance policies were effective as of August 22, 2016 and that she needed her Travelers insurance policies cancelled as soon as possible; and

IT FURTHER APPEARING, that, on August 23, 2016, Spradling replied to L.S.'s email and again attempted to dissuade her from cancelling her Travelers insurance policies and stated, among other things, that L.S. would "no longer have a 2 year rate lock," moreover Spradling requested that L.S. send him her new policies for "review and price match;" and

IT FURTHER APPEARING, that, on August 23, 2016, L.S. sent a second email to Spradling and thanked him for managing her policies for the past 10 years and advised him that she would cancel the Travelers policies herself; and

IT FURTHER APPEARING, that, on August 24, 2016, Spradling emailed L.S. and once again attempted to dissuade her from cancelling her insurance policies with Travelers by stating, among other things, that "I know you don't have a 2 year rate lock" and that "[i]f coverage is the same and I can't beat that pricing, once I receive a copy of both policies, I'll send you a check for the new premium of the home policy. I doubt your other agent will do that;" and

IT FURTHER APPEARING, that L.S. cancelled her homeowners and automobile insurance policies with Travelers effective August 22, 2016; and

IT FURTHER APPEARING, that, on September 14, 2016, the insurance agency that placed L.S.'s new homeowners and automobile insurance policies filed a complaint with the New Jersey Department of Banking and Insurance (the "Department") about Spradling's above-referenced conduct; and

IT FURTHER APPEARING, that Travelers does not have a guaranteed two-year price lock provision in its insurance policies and does not offer a "price match" program against competing insurance companies; and

IT FURTHER APPEARING, that Spradling told at least two other insureds that maintain Travelers homeowners and/or automobile insurance policies that their rates were

not increasing, as an incentive to use Spradling's insurance agency, when, in fact, their premiums actually increased from those of the prior policy period; and

**COUNT 1**

IT FURTHER APPEARING, that Spradling improperly offered rebates and/or inducements to clients as an incentive for the clients to use his insurance agency to obtain homeowners and/or automobile insurance policies with Travelers, in violation of N.J.S.A. 17:22A-40a(2), (5) and (8); N.J.S.A. 17:29A-15; N.J.A.C. 11:17A-2.3(a), (c) and (d); and N.J.A.C. 11:17A-2.8;

and

IT FURTHER APPEARING, that Spradling admits and agrees to take responsibility for the aforementioned violations contained in the OTSC; and

IT FURTHER APPEARING, that Spradling has waived his right to a hearing on the aforementioned violations and consented to the payment of a fine in the amount of \$5,000.00; and

IT FURTHER APPEARING, that this matter should be resolved upon the consent of the parties without resort to a formal hearing; and

IT FURTHER APPEARING, that good cause exists to enter into this Consent Order and to impose a fine pursuant to N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c; and

NOW, THEREFORE, IT IS on this 23<sup>rd</sup> day of October, 2017;

ORDERED AND AGREED, that Spradling admits to the violations of the Producer Act and the regulations governing Insurance Producer Standard of Conduct, as described in the OTSC; and

IT IS FURTHER ORDERED AND AGREED, that Spradling shall cease and desist engaging in the conduct that gave rise to this Consent Order; and

IT IS FURTHER ORDERED AND AGREED, that Spradling shall pay a fine in the amount of \$5,000.00 to the Department; and

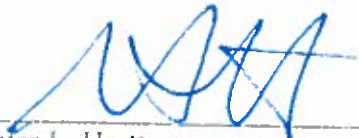
IT IS FURTHER ORDERED AND AGREED, that said fine shall be paid by certified check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," which shall be paid upon execution of this Consent Order by Spradling; and

IT IS FURTHER ORDERED AND AGREED, that the signed Consent Order, together with the fine payment of \$5,000.00, shall be remitted to:

Adam B. Masel, Deputy Attorney General  
State of New Jersey, Division of Law  
Richard J. Hughes Justice Complex  
25 Market Street, P.O. Box 117  
Trenton, NJ 08625-0117


and

IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein.

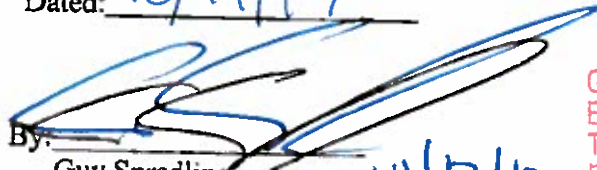
  
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Peter L. Hartt  
Director of Insurance

Consented to as to  
Form, Content, and Entry:

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for New Jersey Department of  
Banking and Insurance

By:   
Adam B. Masef  
Deputy Attorney General

Dated: 10/19/17

By:   
Guy Spradling 10/12/17

GUY SPRADLING/VP  
EDSALL INS.  
TEL (973) 726-9455  
FAX (973) 726-9626

Dated: 10/12/17