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OFFICE OF
INSURANCE COMMISSIONER

2011 JUN 22 P 3:12

IN THE MATTER OF

RALPH G. TAYLOR d/b/a ORION
INSURANCE GROUP, INC.,

Licensees.

ORDER NO. 11-0123

NOTICE OF INTENTION TO HOLD
HEARING AND IMPOSE PENALTIES

Hearings Unit, D/C
Patricia D. Petersen
Chief Hearing Officer

I. ISSUES FOR HEARING

A. FACTUAL ALLEGATIONS

1. Ralph G. Taylor is a licensed insurance producer. He holds resident insurance producer license No. WAOIC 65457. He owns an insurance agency, Orion Insurance Group, Inc. ("Orion"), which also is a licensed insurance producer business entity. It holds resident insurance producer license No. WAOIC 115305.
2. A Washington consumer complained about a fee charged by Orion during the solicitation of car insurance. According to Mr. Taylor, between July 2009 and the present, Mr. Taylor and Orion charged and collected at least \$100,000 in fees from at least 200 Washington commercial clients and 400 Washington personal clients using a form attached and incorporated herein by reference as "Attachment A."

B. ALLEGED VIOLATIONS – PENALTIES

3. The form attached as "Attachment A" violates RCW 48.17.270 in several respects: (a) it fails to provide the full name of the insurer that may pay any commission to the insurance producer, as required by RCW 48.17.270(3)(e); (b) it fails to provide the full amount of any commission paid to the insurance producer by the insurer, if one is received, as required by RCW 48.17.270(3)(b); and (c) it fails to provide "notice" as referred to in RCW 48.17.270(3)(d).
4. By collecting a fee on at least 600 occasions using a disclosure form that failed to comply in numerous respects with RCW 48.17.270, Mr. Taylor and Orion committed at least 600 violations of the Insurance Code, including RCW 48.17.270(3)(e), RCW 48.17.270(3)(b), and RCW 48.17.270(3)(d).



5. RCW 48.17.530(1)(b) provides that the Commissioner may suspend, revoke, or refuse to renew the license of an insurance producer for violating any insurance laws. RCW 48.17.560 provides that after a hearing or upon stipulation by the licensee, and in addition to or in lieu of suspension, revocation, or refusal to renew any such license, the Commissioner may levy a fine upon the licensee of not more than \$1,000 per violation of the insurance code. Pursuant to these statutes, the OIC seeks to impose an appropriate penalty to be determined by the Chief Hearing Officer after hearing for the violations alleged herein.

II. REQUEST FOR PRE-HEARING CONFERENCE

6. Patricia Petersen, Office of the Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255, (360) 725-7002, has been appointed as Chief Hearing Officer in this matter. Pursuant to RCW 34.05.446, a pre-hearing conference is hereby requested to be scheduled to commence before the Chief Hearing Officer at a date and time and in such a manner as may be determined and included in subsequent notice from the Chief Hearing Officer. At this pre-hearing conference, the Insurance Commissioner would ask the Chief Hearing Officer to enter a pre-hearing order relative to discovery and setting forth the date and time of a final hearing in accordance with RCW 48.04 *et seq.* and RCW 34.05 *et seq.*
7. If a pre-hearing conference is ordered and a final hearing is set, at the final hearing, the Insurance Commissioner will ask the Chief Hearing Officer to consider imposing the range of the above-mentioned penalties, jointly and severally against Mr. Taylor and Orion. At the final hearing, the Insurance Commissioner will present evidence and argument to sustain the allegations and request for penalties outlined herein, and Mr. Taylor and Orion may then present any defenses, evidence or argument they may have in opposition.
8. The Insurance Commissioner's staff will participate in this matter through its designated representative, Alan Singer, Office of the Insurance Commissioner, P.O. Box 40255, Olympia, Washington, 98504-0255, alans@oic.wa.gov, (360) 725-7046. Pursuant to RCW 34.05.428 and WAC 10-08-083, Mr. Taylor and Orion are hereby requested to provide the Chief Hearing Officer and Mr. Singer with written notification of the person who will appear at all conferences and hearings, including the person's name, address, e-mail address, and telephone number.

III. DEFAULT

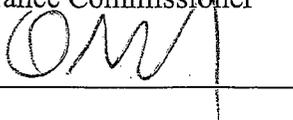
9. Pursuant to RCW 34.05.434(2)(i), a party who fails to attend or participate in a hearing or other stage of an adjudicative proceeding may be held in default in accordance with RCW 34.05 *et seq.* The aforementioned pre-hearing conference is considered an "other stage of an adjudicative proceeding" under this provision. RCW 34.05.440, titled "Default," provides:

- (1) Failure of a party to file an application for an adjudicative proceeding within the time limit or limits established by statute or agency rule constitutes a default and results in the loss of that party's right to an adjudicative proceeding, and the agency may proceed to resolve the case without further notice to, or hearing for the benefit of, that party, except that any default or other dispositive order affecting that party shall be served upon him or her or upon his or her attorney, if any.
- (2) If a party fails to attend or participate in a hearing or other stage of an adjudicative proceeding, other than failing to timely request an adjudicative proceeding as set out in subsection (1) of this section, the presiding officer may serve upon all parties a default or other dispositive order, which shall include a statement of the grounds for the order.
- (3) Within seven days after service of a default order under subsection (2) of this section, or such longer period as provided by agency rule, the party against whom it was entered may file a written motion requesting that the order be vacated, and stating the grounds relied upon. During the time within which a party may file a written motion under this subsection, the presiding officer may adjourn the proceedings or conduct them without the participation of that party, having due regard for the interests of justice and the orderly and prompt conduct of the proceedings.

10. In the event a default occurs, the Insurance Commissioner will request that the Chief Hearing Officer immediately and with no further notice enter an order imposing any and all penalties allowed under the law, including but not limited to the revocation of the licensees' licenses.

Dated at Tumwater, Washington, this 22nd day of June, 2011.

MIKE KREIDLER
Insurance Commissioner

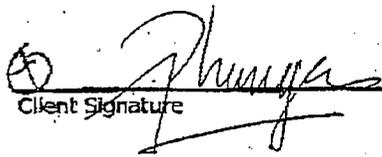
By: 

ALAN MICHAEL SINGER
Staff Attorney, Legal Affairs

Attachment "A"

STANDARD BROKER FEE AGREEMENT & DISCLOSURE

1. The parties to this agreement are Ngoc Pham(CLIENT) and Orion Insurance Group, Inc. (Brokerage).
2. CLIENT appoints Brokerage as CLIENT's insurance Brokerage of Record.
3. This agreement shall become operative on today's date and shall continue in full force until terminated by either party.
4. Brokerage agrees to represent CLIENT honestly and competently.
5. CLIENT agrees to pay Brokerage a service fee for Broker's services. The broker fee charge is one hundred fifty dollars. **(THIS AMOUNT IS INCLUDED IN YOUR DOWN PAYMENT)**
6. Do not sign any service fee agreement unless all of its blank lines and spaces have been filled-in and you have read this entire document and the agreement carefully.
7. Your insurance brokerage represents you, the consumer, and is entitled to a service fee if they choose. This fee is not set by law, and may be negotiable between you and the brokerage. A percentage of the brokerage fee may be paid to a referral source where law permits.
8. This service fee is non-refundable even if you cancel your coverage.
9. You are entitled to obtain and keep a completed copy of this disclosure and any service fee agreement you sign.
10. Your brokerage may receive commission from insurance company(ies) for placing your insurance. Commissions can range from 0 to 20%. This commission may be paid to your broker by the insurance company(ies) in addition to any broker fee you pay.


 Client Signature

08/20/10
 Date

 Producer or Broker Signature

 Date

CERTIFICATE OF MAILING

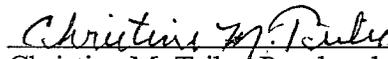
The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing NOTICE OF INTENTION TO HOLD HEARING AND IMPOSE PENALTIES on Ralph G. Taylor, Owner and Orion Insurance Group, Inc. via email and US Mail and on Patricia Petersen, Chief Hearing Officer via email and hand-delivery.

Ralph G. Taylor, Owner
Orion Insurance Group, Inc.
4208 198th St SW Ste 201
Lynwood, WA 98036
rtaylor@orioninsgroup.com

Patricia Petersen
Chief Hearing Officer
Office Of Insurance Commissioner
Email: OIC Hearings Unit
Hand-delivery

SIGNED this 22nd day of June, 2010, at Tumwater, Washington.


Christine M. Tribe, Paralegal