



OFFICE OF
INSURANCE COMMISSIONER

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In The Matter of

Nathan J. Bochsler

Licensee.

No. 12-0023

FILED
JUN 23 2012
Chief Deputy Commissioner

OIC HEARING MEMORANDUM

I. FACTS

By Order dated January 31, 2012 the Commissioner revoked the license of Nathan Bochsler, effective February 18, 2012. (OIC Exhibit1). Mr. Bochsler first received a Washington resident insurance producer license, WAOIC # 233844, on November 16, 2004. At the time of revocation Mr. Bochsler was authorized to sell property, casualty, life, disability, and variable lines.

Between February and April 2010 Mr. Bochsler and his staff, under his direction, engaged in a series of insurance transactions with Allstate customers Mr. Wright and Ms. Joe. Mr. Wright and Ms. Joe resided together as unmarried cohabitants. Wright and Joe sought to insure a house and several vehicles. The series of insurance transactions and the fraudulent and deceptive conduct surrounding these transactions are described in the following paragraphs.

A. Auto Policy # 964333219 (OIC Exhibit 5)

On November 16, 2009 an automobile insurance application was prepared by Mr. Bochsler for consumer Joe. The application was in the name of Ms. Joe, but signed by Mr. Wright. Ms. Joe was listed as the owner and operator of a 1992 Ford Explorer and a 1988 Mitsubishi Montcro. A credit report was run for Ms. Joe. A policy binder was issued. According

to Mr. Bochsler the premium on the policy was \$730 for six months. (OIC Exhibit 4, p.3). The policy was canceled by Allstate on January 17, 2010 when it was discovered that the vehicles were solely owned by customer Wright. Ms. Joe did not have an insurable interest in the vehicles.

B. Auto Policy # 964407330 (OIC Exhibit 6)

On February 12, 2010 Mr. Bochsler made a second attempt to write an auto policy for Wright and Joe on the same vehicles owned by Wright. Mr. Bochsler again used the credit report for Ms. Joe. He did not provide a credit report, motor vehicle report, or loss history report for Mr. Wright, the legal owner of the vehicles. Allstate cancelled the policy on February 13, 2010 when it discovered the deficiencies.

C. Auto Policy # 964420263 (OIC Exhibit 7)

A third attempt was made by Mr. Bochsler in February 2010 to write an auto policy for customers Wright and Joe. This time, Mr. Bochsler correctly ordered a credit report for Mr. Wright, the legal owner of the vehicles. The credit score for Wright came back higher than the score generated for Ms. Joe on the two previous attempts to write a policy. The higher credit score resulted in a higher premium rate. Thereafter ensued fraudulent conduct by Mr. Bochsler in an attempt to secure the lower rate he previously obtained for the consumers when he had improperly used Joe's credit score.

In an effort to obtain a lower rate, Mr. Bochsler submitted or directed the submission of another auto application, this time in the name of his employee, David Alber. The application lists Wright's vehicles as being owned by Alber. Bochsler also ran a credit report on David Alber

(OIC Exhibit 9). According to Bochsler, Mr. Alber's credit score was close to that of customer Joe. The plan was to gain approval for the policy by using Alber's name and credit score, and once the approval and rate was secured, to file a name change request and switch the policy back in to the name of Wright and Joe. Just as Bochsler planned, the policy for Alber was approved. Bochsler submitted an endorsement to Allstate on May 25, 2010 to change the named insureds from Alber to Wright and Joe. Eventually Allstate caught on to the fraudulent scheme. The policy was cancelled.

The activity logs for this policy reveal the following activity by Bochsler:

Entry # 23 dated May 25, 2010 shows a change in vehicle operator from Alber, DOB 1/15/85 to Joe, DOB 6/1/53.

Entry # 24 dated May 25, 2010 shows a name and address change from Alber to Joe.

(OIC Exhibit 7, p. 4)

The computer records for this policy in Exhibit 7 further show that the policy was written in Alber's name and identify Alber as the owner of a Montero, Ford Explorer, and a Porsche, all legally owned by Wright.

Mr. Bochsler states that he instructed Mr. Alber to utilize Alber's credit and name himself (Alber) as the insured on policy # 964420263 (Exhibit 3).

D. Auto Policy # 964419003 (OIC Exhibit 8)

The records show that at the same time as he was using Alber's information to process an application Mr. Bochsler also completed an application for an auto policy purportedly for himself, listing himself as the driver and legal owner of the three vehicles owned by Wright. A credit report was also run for Bochsler in another attempt to mirror Joe's credit rating. (OIC

Exhibit 9, p.5) When the rate came back higher than had been promised to Wright and Joe, and Bochsler realized he would not be able to make the plan work using his own information, he cancelled the policy.

Bochsler, in a statement to Allstate, originally could not explain how an application was processed in his name using his credit. (OIC Exhibit 2) When later questioned about this issue by the OIC, Bochsler admitted through an e-mail prepared by his attorney on September 23, 2011, (OIC Exhibit 3) that a policy application and credit report was purposefully generated in his own name in an effort to alter the premium rate for Wright and Joe. The e-mail statement provided in OIC Exhibit 3 reads:

OIC question: Did Nathan Bochsler instruct David Alber to utilize Alber's credit and name himself as the insured on policy #964420263?

Answer: Yes.

OIC question: According to Allstate, Mr. Bochsler said during a recorded interview that he could not explain why he was listed as the insured for vehicles that were registered to Edward Wright. Does Mr. Bochsler have an explanation?

Answer: Yes. Mr. Bochsler advised David Alber to write policy #964419003 using Mr. Bochsler's credit in an attempt to obtain a policy rate for Mr. Wright at the valid rate Mr. Wright originally qualified for. Mr. Bochsler, however, realized that writing the policy under Mr. Alber's credit, rather than his own, would provide a rate more closely resembling the original rate that Mr. Wright had originally qualified for. Mr. Alber and Mr. Bochsler realized that even though this rate "closely resembled" the rate Mr. Wright had originally qualified for, this rate was still higher than the original rate for which Mr. Wright qualified. Mr. Alber and Mr. Bochsler were not attempting to provide a lower rate to Mr. Wright, but, rather, they were attempting to obtain the rate Mr. Wright had originally qualified for.

The statement by Bochsler that he was attempting to obtain the "valid" or "original" rate that

Wright qualified for makes little sense when the original premium rate of \$730 had been improperly and unjustifiably obtained by Bochsler under policy # 964333219 when he used Joe and not Wright's credit information and driving history. Bochsler's explanation does not, by any stretch of the imagination, justify the falsification of information.

E. Homeowner's Policy # 964462748 (OIC Exhibit 10)

This pattern of attempting to manipulate Allstate's underwriting requirements for a better rate for customers continued in April 2010 when Bochsler wrote a homeowner's policy for Wright and Joe. Wright informed Allstate in a recorded interview that he had informed Bochsler that he was the sole owner of the property. (OIC Exhibit 2, p.4). Bochsler again ran a credit report in the name of Ms. Joe and listed Ms. Joe as the legal owner of the property. The policy was initially bound but later cancelled by Allstate when it was discovered that a credit report and loss history had not been submitted for Mr. Wright.

F. Homeowner's Policy # 964484405 (OIC Exhibit 11)

In June 2010 Bochsler again attempted to write a homeowner's policy for Wright and Joe. The policy again was processed by Bochsler using Joe's credit. The policy terminated later that month after the property was purportedly sold.

II. LEGAL AUTHORITY AND ARGUMENT

Mr. Bochsler's license was revoked by the Office of the Insurance Commissioner based upon the following insurance code violations:

1. **RCW 48.17.530(1) (e):** intentionally misrepresenting the terms of an actual or

proposed insurance contract or application for insurance;

2. **RCW 48.17.530(1) (h)**: engaging in conduct involving the use of fraudulent, coercive, or dishonest practices, and for demonstrating incompetence, untrustworthiness, and financial irresponsibility in this state.

RCW 48.17.530 and RCW 48.17.540(2) grant authority to the Commissioner to revoke a producer's license for engaging in such dishonest conduct as described herein. Further authority to revoke is granted under **RCW 48.30.210**, as cited to in the Order of Revocation. RCW 48.30.210 provides that a person who knowingly makes a false or misleading statement or impersonation, or who willfully fails to reveal a material fact, in or relative to an insurer, is guilty of a gross misdemeanor, and the license of any such person may be revoked.

Bochsler, while admitting to the conduct described herein, does not understand or acknowledge that he provided false information or falsified documents. (OIC Exhibit 4, p.1) Bochsler is seemingly of the opinion that the end, getting a better rate for a customer, justifies the means, falsifying information.

The defense Bochsler offers, that he was simply attempting to obtain the lower rate that Wright originally qualified for, shows his lack of understanding and appreciation for the seriousness of this matter. Certainly his explanation makes little sense when the original premium rate he was so intent on restoring for his client had been unjustifiably obtained by Bochsler in the first place by using Joe and not Wright's credit score. Nor does this explanation by any stretch of the imagination justify the falsification of information. If the customer was not willing to purchase the policy at an accurate and authorized rate then Bochsler needed to accept

that fact and walk away from the sale. Instead, he attempted to manipulate the system in order keep the business and in doing so, knowingly provided false and misleading information in connection with an insurance transaction. Bochsler's failure to understand the severity of the conduct makes it that much more likely that this type of conduct will be repeated in the future if his license were to be reinstated.

III. CONCLUSION

For the conduct described herein and in accordance with the above cited violations of the insurance code, the OIC urges the Hearing Officer to uphold the revocation of Mr. Bochsler's insurance producer license. The evidence submitted by the Commissioner supports and justifies that the revocation should be upheld.

Respectfully Submitted this 23rd day of August, 2012.

MIKE KREIDLER
Insurance Commissioner

By 

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