

In re:  
The McGraw Company, d/b/a  
McGraw Insurance Services

STATE OF MAINE  
BUREAU OF INSURANCE

Docket No. INS-01-2541

CONSENT AGREEMENT

This document is a Consent Agreement authorized by Title 10 M.R.S.A. § 8003(5), entered into among The McGraw Company, a California corporation doing business as McGraw Insurance Services (hereafter, "McGraw Insurance Services"); the Maine Bureau of Insurance; and the Maine Department of the Attorney General. Its purpose is to resolve, in lieu of an adjudicatory proceeding, a violation of Title 24-A M.R.S.A §1417(1)(C).

STATEMENT OF FACTS

1. The Superintendent of Insurance is the official charged with administering and enforcing Maine's insurance laws and regulations, and the Bureau of Insurance is the administrative agency with such jurisdiction.
2. McGraw Insurance Services applied for a Maine Nonresident Agency License in February, 2001.
3. Item 22 (2) on the NAIC "Uniform Application for Business Entity Non-Resident License / Registration" form filed with the Bureau, required a response to the following question:

"Has the business entity or any owner, partner, officer or director ever been involved in an administrative proceeding regarding any professional or occupational license? 'Involved' means having a license censured, suspended, revoked, canceled, terminated; or, being assessed a fine, placed on probation or surrendering a license to resolve an administrative action. 'Involved' also means having a license application denied or the act of withdrawing an application to avoid a denial. You may exclude terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee. "

4. The applicant answered "Yes" to Item 22 (2), and disclosed two California matters resulting in fines, in 1980 and 1989.
5. The application included Michael J. McGraw's signature as Executive Vice President and Chief Operating Officer of the corporation, dated January 26, 2001, under the statement:

"The undersigned owner, partner, officer or director of the business entity hereby certifies, under penalty of perjury, that: 1) All of the information submitted in this application and attachments is true and complete and I am aware that submitting false information or omitting permanent or material information in connection with this application is grounds for license or registration revocation and may subject me and the business entity to civil or criminal penalties...."

6. Staff of the Maine Bureau of Insurance discovered, through its routine application review process, that the Michigan insurance license of McGraw Insurance Services had been revoked in 2000 based upon what the Michigan Department characterized as the firm's failure to respond, in a routine department action.
7. The Supervisor of Licensing for the Maine Bureau of Insurance requested, by letter, an explanation for McGraw Insurance Services failure to disclose the Michigan revocation.
8. The Bureau received a written reply from Robert K. Large, the firm's Product Development Manager, which explained the circumstances of the Michigan matter, and the reinstatement of the Michigan license upon payment of a fine, but did not otherwise provide any explanation for the failure originally to disclose the matter to Maine as required in the application.

### CONCLUSIONS OF LAW

9. McGraw Insurance Services failed to disclose a material fact in its Maine application for nonresident licensing.
10. The firm's failure in its Maine nonresident agency application to disclose the Michigan matter constituted a violation of 24-A M.R.S.A. §1417(1)(C), which provides that obtaining or attempting to obtain any license through misrepresentation, failure to disclose a material fact required to be disclosed in the application or fraud constitutes grounds for denial of the license application.

### COVENANTS

11. McGraw Insurance Services, the Maine Bureau of Insurance, and the Maine Department of the Attorney General agree to the following.
12. This Consent Agreement is entered into in accordance with 10 M.R.S.A. § 8003(5)(B) and is not subject to review or appeal. This Consent Agreement is enforceable by an action in the Superior Court.
13. At the time of executing this Consent Agreement, McGraw Insurance Services will remit to the Maine Bureau of Insurance a civil penalty in the amount of \$250.00, payable to the Treasurer of the State of Maine.
14. McGraw Insurance Services will promptly report any matters to the Maine Bureau of Insurance during all times as it is licensed through the Bureau, to the extent such reporting is required under the Maine Insurance Code, and will comply in all other respects with the provisions of the Maine Insurance Code, as applicable.
15. In consideration of the applicant's execution of this Consent Agreement, the State of Maine Bureau of Insurance shall issue the Nonresident Agency License for which McGraw Insurance Services has applied.

16. McGraw Insurance Services understands and acknowledges that this Agreement will constitute a public record within the meaning of 1 MRSA § 402, and will be available for public inspection and copying as provided for by 1 MRSA § 408, and will be reported to the NAIC "RIRS" database.

17. Nothing herein shall prohibit the Superintendent or the Maine Bureau of Insurance from seeking an Order to revoke or suspend McGraw's license in the State of Maine in the event that it does not comply with the above terms or in the event the Bureau receives evidence that further legal action is necessary for the protection of Maine consumers.

18. Nothing in this Agreement shall affect the rights or interests of any person who is not a party to this Agreement.

#### FOR McGRAW INSURANCE SERVICES

Dated: OCTOBER 5, 2001

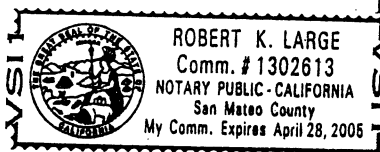
McGraw Insurance Services

By:

Timothy B. Summers  
TIMOTHY B. SUMMERS  
(printed name)

Its: EXECUTIVE VICE PRESIDENT  
(Title)

State of California  
County of SAN MATEO



Subscribed and Sworn to before me  
this 5<sup>th</sup> day of OCTOBER, 2001

Robert K. Large  
Notary Public

#### THE MAINE BUREAU OF INSURANCE

Dated: OCT. 22, 2001

Alessandro A. Iuppa  
By Alessandro A. Iuppa, Superintendent

#### FOR THE DEPARTMENT OF THE ATTORNEY GENERAL

Dated: OCT. 22, 2001

Thomas C. Sturtevant, Jr.  
Assistant Attorney General

Thomas C. Sturtevant, Jr., ATG  
(printed name)