



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

**CEASE AND DESIST ORDER
AND NOTICE OF FINE
PRODUCER LICENSE #653025**

July 7, 2022

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WHEREAS, IT HAS COME TO MY ATTENTION, as Commissioner of Insurance (Commissioner) of the Louisiana Department of Insurance (LDI), that Multi-State Insurance Services, LLC (MSIS) has violated certain provisions of the Louisiana Insurance Code, Title 22, La. R.S. 22:1 *et. seq.* As used hereinafter, “you” and “your” refer to Multi-State Insurance Services, LLC. Accordingly, pursuant to the power and authority vested in me as the Commissioner, I issue this Cease and Desist Order and Notice of Fine based on the following to wit:

Multi-State Insurance Services, LLC (License #653025 and LDI #528707), f/k/a Multi-State Insurance Services, Inc. until December 21, 2017, has been licensed in the State of Louisiana as a claims adjuster since November 14, 2017, and as a producer agency since April 17, 2015. Both licenses are currently active. You registered your tradename USAgencies Management Services on June 16, 2016. Sarah Louise Wendy Haylock is currently listed as the designated responsible party for the company, and Jim Patrick Rafter was the former responsible party.

The LDI conducted a comprehensive Market Conduct Examination (Examination) of Lyndon Southern Insurance Company’s (LSIC) insurance activities in Louisiana covering the examination period of January 1, 2015, through July 31, 2018, pursuant to La. R.S. 22:1967 and La. R.S. 22:1981-1995 and found violations that involved contracted responsibilities performed by MSIS.

For operations and management, LSIC contracted third parties to administer LSIC’s underwriting and claims processing operations for its non-standard auto business—Multi-State Insurance

Services, LLC (MSIS) and Affirmative Agencies, Inc. (Affirmative). LDI records indicate that in September 2015, MSIS became the non-exclusive MGA for the purpose of underwriting, issuing, and delivering binders and policies of private passenger automobile liability and automobile physical damage in the states of Alabama and Louisiana. Affirmative was employed to perform claims adjustment and administrative services for certain claims and losses arising from policies issued through MSIS in Alabama and Louisiana.

The Examination commenced on October 23, 2018. All records that were provided were provided by LSIC. The LDI retained Risk & Regulatory Consulting, LLC (Examiners) to assist with the Examination. The Examiners submitted Information and Data Requests (IDRs) to which LSIC provided responses, and interviews were conducted of the management and personnel knowledgeable in the areas of concern. The Examiners prepared criticisms, i.e., potential violations identified during the examination, which were communicated to LSIC, affording the company the opportunity to respond as it deemed appropriate. LSIC responded, and the Examination Report was issued on July 2, 2021, documenting the practices found to be noncompliant with the Louisiana Insurance Code (Code). An Order Adopting the Report of Examination of Lyndon Southern Insurance Company as of July 31, 2018, was entered on July 7, 2021.

The Examination disclosed thirty-two (32) instances of improper activity and/or business practices which were noncompliant with the Louisiana Insurance Code in the areas of: a) operations and management, b) complaint handling, c) underwriting and rating, and d) claims handling. These violations are discussed below. LSIC disagreed with some of the findings, but did not appeal the report. In accordance with La. R.S. 22:1626, hereinafter, references to "the Company" pertain to both LSIC and MSIS. The violation pertaining to operations and management, for LSIC's failure to conduct periodic on-site reviews of the underwriting and claims processing operations of the managing general agents (MGAs), as required under La. R.S. 22:1625(C), is non-transferable or assignable, and therefore, is not attributed to MSIS.

Complaint Handling: A random sample of 50 complaints were selected from the Company's complaint logs to test for compliance with the Code.

- 1) The Company was deemed to be in violation of La. R.S. 22:1964(14)(a). In nine (9) of 50 complaints, or 18% of the sample, a claim associated with the complaint was denied based upon an application having an alleged material misrepresentation. Of the nine (9) complaints with claims denied based upon an application having an alleged material misrepresentation, all nine (9) policies under which the claim was made were not rescinded and the insured's premiums were not refunded. The Company's failure to rescind the policies and refund premiums paid by policyholders is a misrepresentation of policy provisions.
- 2) The Company was deemed to be in violation of La. R.S. 22:1963 and La. R.S. 22:1964(17). In one (1) of 50 complaints, or 2% of the sample, the Company's complaint handling procedures were not adequate because the Company did not record the complaint disposition in the complaint file.
- 3) The Company was deemed to be in violation of La. R.S. 22:1268(A). In two (2) of 50 complaints, or 4% of the sample, the Company did not pay interest on premium refunds that were paid later than 30 days after they were due.

Underwriting and Rating: During the Examination Period, LSIC issued Louisiana private passenger automobile policies using three (3) separate underwriting and rating programs. The initial private passenger automobile rate and form filings were approved by the LDI and became effective August of 2015. The Company's LL-PPA-RATES/RULES 1.0 and LL-PPA-RATES/RULES 3.0 (credit scoring) filings were approved by the LDI and became effective December of 2015. LSIC did not obtain authorization to reduce or eliminate the statutory 45 day waiting period that would have been required before using the new forms prior to their effective dates.

The Examiners sampled fifteen (15) private passenger automobile policies issued in each of the three programs during the Examination Period. The Examiners sampled 116 private passenger automobile policies to review transactions of new and renewal policies, policy cancellations and non-renewals, policy declinations, and policy rescissions, including rescissions and cancellations for alleged material misrepresentations by policyholders. Noncompliance with Code requirements are noted. Rescissions relating to unfair claims practices are reported under the Claims Handling section of violations.

- 1) The Company was deemed to be in violation of La. R.S. 22:1464(A)(1). In eight (8) of 15 private passenger automobile policies issued during the Examination Period, or 53% of the sample, the Company used unfiled financial responsibility codes in the policy rating.
- 2) The Company was deemed to be in violation of La. R.S. 22:1451(C)(1). In one (1) of 15 private passenger automobile policies issued during the Examination Period, or 7% of the sample, the Company used unapproved base rates. The policy was also one (1) of the eight (8) policies, or 13% of the policies, in the sample that was issued using the Company's 3.0 program.
- 3) The Company was deemed to be in violation of La. R.S. 22:1464(A)(1). In one (1) of 15 private passenger automobile policies issued during the Examination Period, or 7% of the sample, the Company used expired and thus unapproved base rates.
- 4) The Company was deemed to be in violation of La. R.S. 22:1464(A)(1) and La. R.S. 22:855(C). In one (1) of 15 private passenger automobile policies issued during the Examination Period, or 7% of the sample, the Company issued a policy with an incorrect tier code and a premium undercharge. The Examiners identified an additional 123 policies not in the sample that were issued with an incorrect tier code and a premium undercharge.
- 5) The Company was deemed to be in violation of La. R.S. 22:861(A)(1) and La. LAC 37:XIII §10107(B)(1). In 86 of 116 private passenger automobile policies issued or declined during the Examination Period, or 74% of the sample, the Company issued a policy using at least one policy form that was not filed with and approved by the LDI.
- 6) Company was deemed to be in violation of La. R.S. 22:861(A)(1) and La. LAC 37: XIII §10107(B)(1). In three (3) of 116 private passenger automobile policies issued or declined during the Examination Period, or 3% of the sample, the Company did not provide the Examiners with a copy of the new business policy application that attaches to and forms a part of the policy.

- 7) The Company was deemed to be in violation of La. R.S. 22:1964(16) and La. R.S. 22:1295(1). In three (3) of 116 private passenger automobile policies issued or declined during the Examination Period, or 3% of the sample, the Company could not produce a valid uninsured motorist coverage rejection form. In each case, the policy declaration page showed that uninsured motorist coverage was not provided.
- 8) The Company was deemed to be in violation of La. R.S. 22:1963 and La. R.S. 22:1964(16). In one (1) of 15 private passenger automobile policies issued during the Examination Period, or 7% of the sample, the Company could not produce a copy of the vehicle history report used to determine the vehicle history rating factor.
- 9) The Company was deemed to be in violation of La. R.S. 22:1266(D)(3)(b)(ii), La. R.S. 22:1266(D)(3)(d)(i) and Louisiana R.S. 22:1266(D)(3)(d)(iii) as the Company's general procedures for handling nonpayment cancellation requests sent by the PFC and returned for insufficient funds were deficient.
- 10) The Company was deemed to be in violation of La. R.S. 22:1464(A)(1) and La. R.S. 22:855(C). In one (1) of a sample of 15 private passenger automobile policies issued during the Examination Period, or 7% of the sample, the Company failed to apply the Preferred Risk Discount rating factor, resulting in a premium overcharge to the policyholder. The Company stated there was a system issue resulting in premium overcharges to 856 policies affecting 2,345 policy terms, including the sample item. The net aggregate amount of the premium overcharges was \$37,613. The Company represented that the policy corrections were added in the system on May 1, 2020. The policy corrections were not validated by the Examiners.
- 11) The Company was deemed to be in violation of La. R.S. 22:855(C). In one (1) of 15 private passenger automobile policies issued during the Examination Period and re-rated by the Examiners, or 7% of the sample, the policy declarations page showed total premium and fees of \$700, while the individual premiums and fees displayed in the policy declarations page equaled \$680. The correct premium of \$690 was displayed in the policy application that attaches to the policy.
- 12) The Company was deemed to be in violation of La. R.S. 22:885(A). In 65 of 71 private passenger automobile policies cancelled during the Examination Period, or 92% of the sample, the Company engaged in a general business practice of improperly processing policy cancellations requested by a PFC.
- 13) The Company was deemed to be in violation of La. R.S. 22:1990. In 26 of 31 private passenger automobile policies rescinded or cancelled by the Company for material misrepresentation during the Examination Period, or 84% of the sample, the Company did not furnish information requested by the Examiners.
- 14) The Company was deemed to be in violation of La. R.S. 22:1964(16). In 16 of 31 private passenger automobile policies rescinded or cancelled by the Company for material misrepresentation during the Examination Period, or 52% of the sample, the Company did not maintain the necessary books, records, documents and other business records.

- 15) The Company was deemed to be in violation of La. R.S. 22:1964(1)(a). In three (3) of 31 private passenger automobile policies rescinded or cancelled by the Company for material misrepresentation during the Examination Period, or 10% of the sample, the Company rescinded a policy in the absence of application material misrepresentation. There was no documentation in the file that such was a factor in the rescission decision or the denial of an associated claim.
- 16) The Company was deemed to be in violation of La. R.S. 22:1926(A). In three (3) of 31 private passenger automobile policies rescinded or cancelled by the Company for material misrepresentation during the Examination Period, or 10% of the sample, the Company did not notify the LDI of a suspected fraudulent insurance act.
- 17) The Company was deemed to be in violation of La. R.S. 22:1964(1)(a). In one (1) of 27 private passenger automobile policies rescinded during the Examination Period, or 4% of the sample, the Company used an invalid reason for the rescission, misrepresented a premium increase, and improperly denied an associated claim

Claims Handling: The Examiners reviewed samples of claims closed with payment and claims closed without payment during the Examination Period. The samples of claims also included claims identified by the Company claim handlers as potentially associated with a material misrepresentation by the insured or denied due to a material misrepresentation to test for compliance with the Louisiana Insurance Code. Claims that did not contain terms associated with material misrepresentation ("MMR") are referred to as the "Non-MMR" claims. A random sample of 90 MMR and 90 Non-MMR was selected and reviewed from claims closed with payment and claims closed without payment.

- 1) The Company was deemed to be in violation of La. R.S. 22:1892(A)(3). In one (1) of 90 Non-MMR claims closed during the Examination Period, or 1% of the sample, the Company failed to initiate the loss adjustment within 14 days after notification of loss by the claimant.
- 2) The Company was deemed to be in violation of La. R.S. 22:1964(1)(a) and La. R.S. 22:1964(2). In one (1) of 90 Non-MMR claims closed during the Examination Period, or 1% of the sample, the Company's claim handler made a false statement to the insured.
- 3) The Company was deemed to be in violation of La. R.S. 22:1892(A)(1). In one (1) of 90 Non-MMR claims closed during the Examination Period, or 1% of the sample, the Company failed to reimburse the first party claimant for covered rental car taxes.
- 4) The Company was deemed to be in violation of La. R.S. 22:1297(A). In one (1) of 31 property damage claims closed during the Examination Period, or 3% of the sample, the Company did not perform a timely physical damage appraisal of an insured's vehicle located within a storage facility.
- 5) The Company was deemed to be in violation of La. R.S. 22:1964(14)(j). In eight (8) of 90 Non-MMR claims closed during the Examination Period, or 9% of the sample, the Company did not include a statement identifying the coverage under which a first party claim payment was made.

- 6) The Company was deemed to be in violation of La. R.S. 22:1892(A)(4). In one (1) of 90 Non-MMR claims closed during the Examination Period, or 1% of the sample, the Company did not make a written offer to settle the property damage claim within 30 days after receipt of satisfactory proofs of loss.
- 7) The Company was deemed to be in violation of La. R.S. 22:1926(A). In one (1) of 90 Non-MMR claims closed during the Examination Period, or 1% of the sample, the Company did not notify the LDI of a suspected fraudulent claim.
- 8) The Company was deemed to be in violation of La. R.S. 22:1964(16). In three (3) of 90 MMR claims closed during the Examination Period, or 3% of the sample, the Company did not maintain required claim records.
- 9) The Company was deemed to be in violation of La. R.S. 22:1964(1)(a). In one (1) of 90 MMR claims closed during the Examination Period, or 1% of the sample, the claim was improperly denied.
- 10) The Company was deemed to be in violation of La. R.S. 22:1964(14)(a). In 76 of 90 MMR claims closed during the Examination Period, or 84% of the sample and in one (1) of 90 Non-MMR claims closed during the Examination Period, or 1% of the sample, the Company misrepresented policy provisions in the handling of the claim.
- 11) The Company was deemed to be in violation of La. R.S. 22:1964(14)(f). In 22 of 31 policy rescission transactions during the Examination Period, or 71% of the sample, the policy rescission resulted from post-claim underwriting activities by senior members of the Company's Claims unit after a claim was filed alleging that a policy application material misrepresentation had been made by the insured that resulted in the claim being denied.

It is the duty of the Commissioner of Insurance to administer the provisions of the Louisiana Insurance Code. On March 21, 2022, a Notice of Proposed Regulatory Action was sent to your addresses of record via certified mail in accordance with La. R.S. 49:961 and La. R.S. 22:2195. No response was received. Following an assessment of your nonresponse and the findings cited in the Examination Report adopted on July 31, 2018, this department determined to move forward with an administrative action. Pursuant to La. R.S. 22:1969, the Commissioner of Insurance finds that the Company has engaged in an unfair method of competition or an unfair or deceptive act or practice.

AUTHORITY OF THE COMMISSIONER

The Louisiana Insurance Code, Title 22, R.S. §22:1 *et seq.* states as follows:

§2. Insurance regulated in the public interest

A. (1) Insurance is an industry affected with the public interest and it is the purpose of this Code to regulate that industry in all its phases....It shall be the duty of the commissioner of insurance to administer the provisions of this Code.

La. R.S. 22:18 maintains in pertinent part:

§18. Suspension or revocation of insurers' licenses; fines; orders

A. The commissioner of insurance may, as a penalty, in accordance with R.S. 49:961, refuse to renew, or may suspend, or revoke the certificate of authority or license of any insurer, person, or entity violating any of the provisions of this Code, or in lieu of suspension or revocation of a certificate or license duly issued, the commissioner may levy a fine not to exceed one thousand dollars for each violation per insurer, person, or entity, up to one hundred thousand dollars aggregate for all violations in a calendar year per insurer, person, or entity, when such violations warrant the refusal, suspension, or revocation of such certificate or license, or the imposition of the fine. The commissioner is also authorized to order any insurer, person, or entity to cease and desist any such action that violates any provision of this Code.

La. R.S. 22:855 maintains in pertinent part:

§855. Quoted premium shall include all charges; dollar amount required

C. Each policy delivered to the insured shall have the full and accurate dollar amount of the premium disclosed on the policy, which shall be inclusive of all fees, charges, premiums, or other consideration charged for the insurance or for the procurement thereof, except that, in any subsequent modification of the policy, the insurer may require that evidence of insurability be furnished at the insured's expense, and except that the premium tax on a surplus lines policy shall be separately stated, and except for reimbursement of expenses and agency fees as authorized in Paragraph (B)(2) of this Section.

La. R.S. 22:861 maintains in pertinent part:

§861. Approval of forms

A. (1) No basic insurance policy form, other than fidelity or surety bond forms, or application form where written application is required and is to be attached to the policy, or be a part of the contract or printed life, annuity, or health and accident rider or endorsement form shall be issued, delivered, or used unless it has been filed with and approved by the commissioner of insurance.

La. R.S. 22:885 maintains in pertinent part:

§885. Cancellation by the insured; surrender

A. Cancellation by the insured of any policy which by its terms may be cancelled at the insured's option or of any binder based on the policy shall be effected only by written notice thereof to the insurer. Nothing in this Subsection shall be construed to require an insurer to cancel any policy or any binder based on the policy prior to the date of receipt by the insurer of the written notice required by this Subsection.

La. R.S. 22:1266 maintains in pertinent part:

§1266. Automobile, property, casualty, and liability insurance policies; cancellations

D. (3)(b)(ii) The insurer shall immediately, and in no case later than ten days after the producer or premium finance company has notified the insurer, notify the named insured, by certified mail or delivering to the named insured a written notice that the policy is canceled from the date the premium payment was due. The insurer shall advise the named insured that the policy shall be reinstated effective from the date the premium payment was due for the term of the policy only if the named insured or his legal representative presents to the insurer a cashier's check or money order for the full amount of the returned check or other negotiable instrument within ten days of the date that the notice of cancellation was mailed.

(3)(d)(i) Within ten days of the expiration of the ten day-notice, the insurer shall return all funds paid by the producer to the insurer on behalf of the insured, except that when an insurance premium finance company has funded an insured's policy the insurer shall return those funds directly to the insurance premium finance company. These funds shall be returned by check or other negotiable instrument and shall not be placed on the producer's or premium finance company's account currents unless the producer or premium finance company and the insurer have agreed to other methods for handling these funds. Funds received by the insurance premium finance company in excess of the amount funded by the insurance premium finance company shall be forwarded to the producer. When funds are returned to the premium finance company by an insurer, the insurer shall also mail a copy of the check or other negotiable instrument to the insured at the insured's last-known address.

(3)(d)(iii) When an insured pays the dishonored check by delivery to the producer of cash or a certified check, the producer shall notify the insurer within ten days of the payment of the dishonored check.

La. R.S. 22:1268 maintains in pertinent part:

§1268. Interest on refund; exception

A. Any refund due an insured by an insurer writing or delivering insurance policies excluding health insurance, life insurance, and annuities in the state because of either cancellation, elimination, or reduction of coverage by the insurer or the insured, shall be accompanied with interest at the rate of one and one-half percent per month of the amount of the refund due the customer, without the benefit of daily proration of this monthly interest, after thirty days of either of the following:

(1) The delivery to the insured of the written notice of such cancellation, elimination, or reduction.

(2) Delivery to the insurer's state, regional, or home office, from which such refund would issue, of the written request for such cancellation, elimination, or reduction. An insurer shall be deemed in compliance with this Section and not subject to the further accrual of interest by furnishing timely evidence of the mailing of such refund to the last known address of the insured. However, when the insured continues to maintain a policy of insurance with the insurer, or an affiliated insurer, and the amount of the refund plus interest is twenty-five dollars or less, the insurer may credit the amount of the payment against future premiums. The insurer shall give written notice to the insured of the credit and the amount at policy renewal.

La. R.S. 22:1295 maintains in pertinent part:

§1295. Uninsured motorist coverage

The following provisions shall govern the issuance of uninsured motorist coverage in this state:

(1)(a)(i) No automobile liability insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle shall be delivered or issued for delivery in this state with respect to any motor vehicle designed for use on public highways and required to be registered in this state or as provided in this Section unless coverage is provided therein or supplemental thereto, in not less than the limits of bodily injury liability provided by the policy, under provisions filed with and approved by the commissioner of insurance, for the protection of persons insured thereunder who are legally entitled to recover nonpunitive damages from owners or operators of uninsured or underinsured motor vehicles because of bodily injury, sickness, or disease, including death resulting therefrom; however, the coverage required under this Section is not applicable when any insured named in the policy either rejects coverage, selects lower limits, or selects economic-only coverage, in the manner provided in Item (1)(a)(ii) of this Section. In no event shall the policy limits of an uninsured motorist policy be less than the minimum liability limits required under R.S. 32:900, unless economic-only coverage is selected as authorized in this Section. Such coverage need not be provided in or supplemental to a renewal, reinstatement, or substitute policy when the named insured has rejected the coverage or selected lower limits in connection with a policy previously issued to him by the same insurer or any of its affiliates. The coverage provided under this Section may exclude coverage for punitive or exemplary damages by the terms of the policy or contract. Insurers may also make available, at a reduced premium, the coverage provided under this Section with an exclusion for all noneconomic loss. This coverage shall be known as "economic-only" uninsured motorist coverage. Noneconomic loss means any loss other than economic loss and includes but is not limited to pain, suffering, inconvenience, mental anguish, and other noneconomic damages otherwise recoverable under the laws of this state.

(ii) Such rejection, selection of lower limits, or selection of economic-only coverage shall be made only on a form prescribed by the commissioner of insurance. The prescribed form shall be provided by the insurer and signed by the named insured or his legal representative. The form signed by the named insured or his legal representative which initially rejects such coverage, selects lower limits, or selects economic-only coverage shall be conclusively presumed to become a part of the policy or contract when issued and delivered, irrespective of whether physically attached thereto. A properly completed and signed form creates a rebuttable presumption that the insured knowingly rejected coverage, selected a lower limit, or selected economic-only coverage. The form signed by the insured or his legal representative which initially rejects coverage, selects lower limits, or selects economic-only coverage shall remain valid for the life of the policy and shall not require the completion of a new selection form when a renewal, reinstatement, substitute, or amended policy is issued to the same named insured by the same insurer or any of its affiliates. An insured may change the original uninsured motorist selection or rejection on a policy at any time during the life of the policy by submitting a new uninsured motorist selection form to the insurer on the form prescribed by the commissioner of insurance. Any changes to an existing policy, regardless of whether these changes create new coverage, except changes in the limits of liability, do not create a new policy and do not require the completion of new uninsured motorist selection

forms. For the purpose of this Section, a new policy shall mean an original contract of insurance which an insured enters into through the completion of an application on the form required by the insurer.

(iii) This Subparagraph and its requirement for uninsured motorist coverage shall apply to any liability insurance covering any accident which occurs in this state and involves a resident of this state

(iv) Notwithstanding any contrary provision of this Section and R.S. 22:1406 [Repealed], an automobile liability policy written to provide coverage for a school bus may limit the scope of uninsured motorist liability to only provide liability coverage for damages incurred by reason of an accident or incident involving the school bus, or a temporary substitute vehicle, and such limitation shall limit the uninsured motorist coverage of a named insured in the policy to only damages incurred by reason of such accident or incident.

La. R.S. 22.1297 maintains in pertinent part:

§1297. Damaged vehicle in storage facility; timely appraisal; penalties

A. Whenever a property damage claim on a personal vehicle is made by an insured or a third party claimant, and the damaged vehicle is located in a storage facility, the insurer responsible for payment of the claim shall cause an appraisal of the damaged vehicle to be made within ten working days of the date of notification of the location and availability of the vehicle. In the event the property damage is caused by a natural disaster or catastrophe or unusual circumstances, the appraisal requirement in this Section shall be twenty working days.

La. R.S. 22:1451 maintains in pertinent part:

§1451. Systems for ratemaking.

C. (1) Subject to the exception specified in Subsection D of this Section, each filing submitted to the commissioner shall be on file for a waiting period of forty-five days before it becomes effective. Upon written application by such insurer or rating organization, the commissioner may authorize a filing which he has reviewed to become effective before the expiration of the waiting period. A filing shall be deemed to meet the requirements of this Subpart unless disapproved in writing by the commissioner within the forty-five-day waiting period. The commissioner may by rule, regulation, or order reduce or eliminate the waiting period specified in this Subsection. For any filing that is disapproved, the insurer may appeal such disapproval to the Nineteenth Judicial District Court within fifteen days from the receipt of written notice of disapproval.

La. R.S. 22:1464 maintains in pertinent part:

§1464. Rate filing

A. (1) Every insurer whose rates are subject to regulation under the provisions of this Subpart shall file with the commissioner, except as to individually rated excess insurance coverages which are not written according to manual rates or rating plans, every manual, minimum, class rate, rating schedule, or rating plan and every other rating rule and every modification of any

of the foregoing which it proposes to use. Every such filing shall state the proposed effective date thereof and shall indicate the character and extent of the coverage contemplated. Specific inland marine rates on risks specifically rated, made by a rating organization, shall be filed with the commissioner.

La. R.S. 22:1626 maintains in pertinent part:

§1626. Examination authority

The acts of the MGA are considered to be the acts of the insurer on whose behalf it is acting. An MGA may be examined as if it were the insurer.

La. R.S. 22:1892 maintains in pertinent part:

§1892. Payment and adjustment of claims, policies other than life and health and accident; personal vehicle damage claims; extension of time to respond to claims during emergency or disaster; penalties; arson-related claims suspension

A. (1) All insurers issuing any type of contract, other than those specified in R.S. 22:1811, 1821, and Chapter 10 of Title 23 of the Louisiana Revised Statutes of 1950, shall pay the amount of any claim due any insured within thirty days after receipt of satisfactory proofs of loss from the insured or any party in interest. The insurer shall notify the insurance producer of record of all such payments for property damage claims made in accordance with this Paragraph.

(3) Except in the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim and of a claim for reasonable medical expenses within fourteen days after notification of loss by the claimant. In the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim within thirty days after notification of loss by the claimant except that the commissioner may promulgate a rule for extending the time period for initiating a loss adjustment for damages arising from a presidentially declared emergency or disaster or a gubernatorially declared emergency or disaster up to an additional thirty days. Thereafter, only one additional extension of the period of time for initiating a loss adjustment may be allowed and must be approved by the Senate Committee on Insurance and the House Committee on Insurance, voting separately. Failure to comply with the provisions of this Paragraph shall subject the insurer to the penalties provided in R.S. 22:1973.

(4) All insurers shall make a written offer to settle any property damage claim, including a third-party claim, within thirty days after receipt of satisfactory proofs of loss of that claim.

La. R.S. 22:1926 maintains in pertinent part:

§1926. Duties of companies and others

A. Any person, company, or other legal entity including but not limited to those engaged in the business of insurance, including producers and adjusters, that suspects that a fraudulent insurance act will be, is being, or has been committed shall, within sixty days of the receipt of such notice, send to the division of insurance fraud, on a form prescribed by the

commissioner, the information requested and such additional information relative to the insurance act and the parties claiming loss or damages because of an occurrence or accident as the commissioner may require. The division of insurance fraud shall review such reports and select such insurance acts as, in its judgment, may require further investigation. It shall then cause an independent examination of the facts surrounding such insurance act to be made to determine the extent, if any, to which fraud, deceit, or intentional misrepresentation of any kind exists in the submission of the insurance act.

La. R.S. 22:1963 maintains in pertinent part:

§1963. Unfair methods and unfair or deceptive acts and practices prohibited

No person shall engage in this state in any trade practice which is defined in this Part to be an unfair method of competition or an unfair or deceptive act or practice in the conduct of the business of insurance, including unauthorized insurance as provided in R.S. 22:1902 et seq. or the failure to maintain professional liability insurance, if such coverage is required pursuant to R.S. 22:1570.1.

La. R.S. 22:1964 maintains in pertinent part:

§1964. Methods, acts, and practices which are defined as unfair or deceptive

The following are declared to be unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(1) Misrepresentations and false advertising of insurance policies. Making, issuing, circulating, or causing to be made, issued, or circulated any estimate, illustration, circular or statement, sales presentation, omission, or comparison that does any of the following:

(a) Misrepresents the benefits, advantages, conditions, or terms of any policy issued or to be issued.

(2) False information and advertising generally. Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of his insurance business, which is untrue, deceptive or misleading.

(14) Unfair claims settlement practices. Committing or performing with such frequency as to indicate a general business practice any of the following:

(a) Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue.

(f) Not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear.

(j) Making claims payments to insureds or beneficiaries not accompanied by statement setting forth the coverage under which the payments are being made.

(16) Failure to maintain marketing and performance records. Failure of an insurer to maintain its books, records, documents, and other business records in such an order that data regarding complaints, claims, rating, underwriting, and marketing are accessible and retrievable for examination by the insurance commissioner. Data for at least the current calendar year and the two preceding years shall be maintained.

(17) Failure to maintain adequate complaint handling procedures. Failure of any insurer to maintain a complete record of all the complaints that it received since the date of its last examination. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of each complaint, and the time it took to process each complaint. For purposes of this Paragraph, "complaint" shall mean any written communication primarily expressing a grievance received by the Insurer from the Department of Insurance.

La. R.S. 22:1967 maintains in pertinent part:

§1967. Power of commissioner of Insurance

The commissioner of insurance shall have power to examine and investigate the affairs of every person engaged in the business of insurance, including violations of R.S. 22:1902 et seq., in order to determine whether such person has been or is engaged in any unfair method of competition or in any unfair or deceptive act or practice prohibited by this Part.

La. R.S. 22:1969 maintains in pertinent part:

§1969. Violations, penalties

A. If, after receiving the person's answer or response or if no answer or response is received within twenty days of receipt of mailing, faxing, or delivery of the notice, the commissioner shall determine that the person charged has engaged in an unfair method of competition or an unfair or deceptive act or practice, he shall reduce his findings to writing and shall issue and cause to be served upon the person charged with the violation a copy of such findings and an order requiring such person to cease and desist from engaging in such method of competition, act, or practice and order any one or more of the following:

(1) Payment of a monetary penalty of not more than one thousand dollars for each and every act or violation, but not to exceed an aggregate penalty of one hundred thousand dollars unless the person knew or reasonably should have known he was in violation of this Part, in which case the penalty shall be not more than twenty-five thousand dollars for each and every act or violation, but not to exceed an aggregate penalty of two hundred fifty thousand dollars in any six-month period.

(2) Suspension or revocation of the license of the person if he knew or reasonably should have known he was in violation of this Part.

La. R.S. 22:1990 maintains in pertinent part:

§1990. Production of books and records

Every insurer being examined, its officers, employees and representatives, shall produce and make freely accessible to the commissioner of insurance the accounts, records, documents and files in its possession or control relating to the subject of the examination, and shall otherwise facilitate the examination.

Louisiana Administrative Code Title 37, Part XIII, §10107 maintains in pertinent part:

§10107. Filing and Review of Health Insurance Policy Forms and Related Matters

B. (1) Pursuant to R.S. 22:861(A), no basic insurance policy form, other than fidelity or surety bond forms, or application form where written application is required and is to be attached to the policy or be a part of the contract, or printed rider or endorsement form, shall be issued, delivered, or used in this state unless and until it has been filed with and approved by the commissioner. This requirement also applies to any group health or accident insurance policy covering residents of Louisiana, regardless of where issued or delivered. Every page of each such form including rider and endorsement forms filed with the department must be identified by a form number in the lower left corner of the page.

VIOLATIONS:

Complaint Handling:

1. Failing to rescind policies containing material misrepresentations and refunding premiums paid thereon then denying policyholder claims based upon the material misrepresentations constitutes a violation of La. R.S. 22:1964(14)(a);
2. Failing to maintain adequate complaint handling procedures to record a complaint disposition in a complaint file is an unfair or deceptive act or practice, in violation of La. R.S. 22:1963 and La. R.S. 22:1964(17);
3. Failing to pay interest on premium refunds that were paid later than 30 days after they were due, constitutes violations of La. R.S. 22:1268(A);

Underwriting and Rating:

1. Using financial responsibility codes in policy ratings that were not properly filed and approved by the LDI constitutes violations of La. R.S. 22:1464(A)(1);
2. Issuing a policy using unapproved base rates constitutes violations of La. R.S. 22:1451(C)(1);
3. Issuing a policy using an expired base rate, which is the equivalent of using an unapproved base rate, and thereby constitutes violation of La. R.S. 22:1464(A)(1);

4. Applying the incorrect tier code resulting in a premium undercharge constitutes violations of La. R.S. 22:1464(A)(1) and La. R.S. 22:855(C);
5. Issuing policies using forms that were not filed with nor approved by the LDI constitutes violations of La. R.S. 22:861(A)(1) and LAC 37:XIII §10107(B)(1);
6. Issuing private passenger automobile policies without the application attached constitutes violations of La. R.S. 22:861(A)(1) and LAC 37:XIII §10107(B)(1);
7. Failing to provide uninsured motorist coverage at limits not less than the bodily injury liability limits provided by the policy or produce a valid uninsured motorist coverage rejection form constitutes violations of La. R.S. 22:1964(16) and La. R.S. 22:1295(1);
8. Failing to maintain an underwriting record in the form of a vehicle history report used to determine a vehicle history rating factor constitutes violations of La. R.S. 22:1963 and La. R.S. 22:1964(16);
9. Having deficient procedures for handling nonpayment cancellation requests from premium finance companies and for payments returned for insufficient funds constitutes violations of La. R.S. 22:1266(D)(3)(b)(ii), La. R.S. 22:1266(D)(3)(d)(i), and La. R.S. 22:1266(D)(3)(d)(iii);
10. Failing to apply the Preferred Risk Discount rating factor to private passenger automobile policies issued during the Examination Period, resulting in a premium overcharge to a policyholder, constitutes violations of La. R.S. 22:855(C) and La. R.S. 22:1464(A)(1);
11. Issuing inaccurate and/or inconsistent premium rates showing on the policy declarations page that differ from the amounts quoted in the application attached to the policies, which differ from the actual sum of the individual fees, charges, and premiums delineated in a quote constitutes a violation of La. R.S. 22:855(C);
12. Processing private passenger automobile policy cancellations requested by premium finance companies prior to obtaining the required written notices of cancellation from the premium finance company constitutes a violation of La. R.S. 22:885(A);
13. Failing to furnish information requested by the Examiners constitutes violations of La. R.S. 22:1990;
14. Failing to maintain the necessary books, records, documents, and other business records for policies rescinded or cancelled by the Company for material misrepresentation constitutes violations of La. R.S. 22:1964(16);
15. Failing to maintain documentation in the private passenger automobile policy files to support the rescission of policies or denial of claims based on material misrepresentations associated with fraudulent claims constitutes an unfair or deceptive act or practice in violation of La. R.S. 22:1964(1)(a);
16. Failing to notify the LDI of suspected fraudulent insurance acts, including but not limited to the material misrepresentations associated with fraudulent claims that resulted in the

Company's rescission of policies or denial of claims, constitutes violations of La. R.S. 22:1926(A);

17. Rescinding a private passenger automobile policy for an invalid reason, misrepresenting a premium increase, and improperly denying an associated claim constitutes a violation of La. R.S. 22:1964(1)(a);

Claims Handling:

1. Failing to initiate the loss adjustment of a non-material misrepresentation property damage claim within fourteen (14) days after notification of loss by the claimant, constitutes a violation of La. R.S. 22:1892(A)(3);
2. Making untrue statements or misrepresentations to an insured during the handling of an automobile accident claim constitutes violations of La. R.S. 22:1964(1)(a)&(2);
3. Failing to make timely payment of a claim for a covered loss within thirty (30) days after receipt of satisfactory proof of loss constitutes a violation of La. R.S. 22:1892(A)(1);
4. Failing to timely perform a physical damage appraisal of an insured's vehicle constitutes a violation of La. R.S. 22:1297(A);
5. Failing to include a statement identifying the coverage under which a first party claim was made constitutes a violation of La. R.S. 22:1964(14)(j);
6. Failing to make a timely written settlement offer to settle a property damage claim within 30 days after receipt of satisfactory proofs of loss constitutes a violation of La. R.S. 22:1892(A)(4);
7. Failing to notify the LDI of a suspected fraudulent insurance act regarding a claim that did not involve material misrepresentations constitutes a violation of La. R.S. 22:1926(A);
8. Failing to maintain the required claim records, such as a policy rescission decision associated with a claim, the claim denial letter, and/or policy cancellation letter constitutes violations of La. R.S. 22:1964(16);
9. Cancelling a policy prematurely, i.e., prior to receipt of a notice of cancellation from the premium finance company, resulting in the denial of a claim for the reason of no coverage due to the improper cancellation of the policy, constitutes a violation of La. R.S. 22:1964(1)(a);
10. Misrepresenting policy provisions in the handling of claims, for example, the denial of a claim for application material misrepresentation without rescinding the policy and refunding premiums to the policyholder, is an unfair or deceptive act or practice in the business of insurance and is an unfair claims settlement practice, which constitutes a violation of La. R.S. 22:1964(14)(a);

11. Engaging in post claim underwriting of insurance policy applications or change requests, is an unfair claims settlement practice, which constitutes a violation of La. R.S. 22:1964(14)(f).

BE ADVISED:

COMMISSIONER'S ACTION:

As a result of the investigation and documentation in the possession of the LDI, and in accordance with La. R.S. 22:18, La. R.S. 22:1969 and La. R.S. 49:961, a determination has been rendered that you are in violation of the statutes listed above and that a general business practice of unfair claims settlement practices exists and the Louisiana Commissioner of Insurance hereby orders you, the licensed producer agency **Multi-State Insurance Services, LLC (LDI #528707 and License #653025)** to **CEASE AND DESIST** from the aforementioned violations. Any violation of the cease and desist order or other violations of the Louisiana Insurance Code may result in further regulatory actions taken by the LDI. Further, you are hereby **FINED \$100,000**, for violations of the Louisiana Insurance Code, payable immediately upon receipt of this Notice.

YOUR ACTION:

Be advised that this constitutes an administrative action and that it will be reported to the National Insurance Producer Registry (NIPR). Be further advised that all actions taken on licenses, in accordance with La. R.S. 49:961(C) and Regulation 120, shall take effect (10) calendar days from the date of issuance of the notice of regulatory action, unless otherwise provided in Title 22, and that cease and desist orders and summary suspension actions take effect immediately upon issuance. Please also take note that you may need to report this administrative action to other states in which you hold an active license. Contact that state's insurance department if you are unsure of the requirements.

Please remit your **\$100,000** fine payment and a copy of this notice to:

Louisiana Department of Insurance
Attention: Accounts Receivable
P.O. Box 94214
Baton Rouge, LA 70804-9214

Pursuant to La. R.S. 22:2191(A)(2), any person aggrieved by an act of the Commissioner may request a hearing. You must make a written demand for an appeal within thirty (30) days from the date of this notice. Failure to file a written demand for an appeal within thirty (30) days from this notice will preclude your right to an administrative hearing.

Pursuant to La. R.S. 22:2191(B), your written demand for an appeal (1) shall reference the particular sections of the statutes and rules involved; (2) shall provide a short and plain statement of the matters asserted for review; and (3) shall attach a copy of the order or decision that you are appealing. Appealing this notice does not stay the action of the Commissioner of Insurance. Pursuant to La. R.S. 22:2204, you must request and be granted a stay of this action by the Division

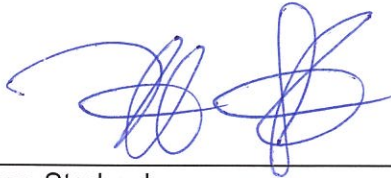
of Administrative Law. Your request for a stay may be included in your appeal. Your written demand for an appeal shall be filed with the Louisiana Department of Insurance at the addresses below:

Louisiana Department of Insurance
Attn: David Caldwell, Executive Counsel
P.O. Box 94214
Baton Rouge, LA 70804-9214
Telephone: (225) 342-4673
Fax: (225) 342-1632

File in Person at:
1702 N. Third Street
Baton Rouge, LA 70802

Signed in Baton Rouge, Louisiana this 7th day of July, 2022.

JAMES J. DONELON
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA



BY:

Nathan Strebeck
Deputy Commissioner
Office of Insurance Fraud
Louisiana Department of Insurance
Telephone: (225) 219-5819

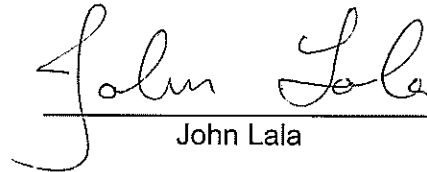
CERTIFICATE OF SERVICE

Article No.: 7021 2720 0002 0321 0117

Article No.: 7021 2720 0002 0321 0124

Article No.: 7021 2720 0002 0321 0131

I do hereby certify that I have this day served the foregoing document upon Multi-State Insurance Services, LLC, properly addressed with postage paid, this 7th day of July, 2022.



John Lala