

BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE STATE AUDITOR
STATE OF MONTANA

IN THE MATTER OF:)	CASE NO. INS-2010-119
COLLINS ADVANTAGE INSURANCE)	
AGENCY)	
2537 Harrison Avenue)	
Butte, MT 59701)	
an insurance agency, License #660321,)	
JENNY S. COLLINS)	CONSENT AGREEMENT and
in her capacity as a licensed insurance)	ORDER
producer, License #928387,)	
)	
)	
Respondents.)	

This Consent Agreement dated this 15th day of November, 2011, is between the Office of the Commissioner of Securities and Insurance, Montana State Auditor's Insurance Department (CSI), acting pursuant to the authority of the Insurance Code of Montana, Mont. Code Ann. § 33-1-101 *et seq.* (Code) and Respondents, the Collins Advantage Insurance Agency (Collins Agency) and Jenny S. Collins (J. Collins).

RECITALS

WHEREAS, CSI performed an investigation of information provided to it by a complainant that represents the basis for specific claims against the Respondents and found evidence to support filing an administrative action against the Respondents; and

WHEREAS, CSI and the Respondents agree that the parties' best interests would be served by entering into the following specific agreement and undertakings as set forth below.

The facts supporting this agreement are as follows:

ALLEGATIONS OF FACT

1. The Collins Agency was created and licensed as a property and casualty agency on or about March 22, 2006. J. Collins created the agency and became affiliated with it beginning March 22, 2006. J. Collins is a licensed insurance producer

2. On or about December 28, 2009, CSI received a complaint alleging the Respondents engaged in twisting, impersonation of consumers, and illegal use of individual consumer's privileged information. CSI investigated the complaint relying on standard investigation methods.

3. After investigating the twisting complaint, it became apparent there was a lack of documentary evidence to support the claim..

4. In the complaint to CSI, Julie Daum, an Allstate agent, alleged Janelle Jangula (Jangula) illegally printed and hand-copied lists of Allstate confidential consumer information for consumers who were not Jangula's customers. Jangula then provided the illegally obtained information to J. Collins. J. Collins admitted to CSI that Jangula provided her with information for hundreds of potential customers obtained by Jangula illegally printing and hand-copying the information.

5. J. Collins asserted to CSI that she knew customers who would approve of Jangula providing their information to J. Collins. However, a stack of prepared disclaimers were found on top of a file cabinet. Some of the prepared disclaimers were found in customer files, some signed, some not signed. Additionally, some of Allstate's proprietary documentation was found

in some files that was not likely provided by the customer, but more likely provided by Jangula after she illegally printed the information. These proprietary documents cannot be accessed by the customer or by an agent not appointed with Allstate.

6. The Collins Agency is appointed with Great Northwest Insurance Company (Great Northwest). Great Northwest informed CSI it allows its producers to underwrite policies so long as the producer has been trained and adheres to its policies and procedures. When underwriting private autos, those Great Northwest policies underwritten by producers require, *inter alia*, the following information: Vehicle Identification Numbers, a completed ACORD¹ application, uninsured motorist forms, a CLUE² report, numbers of accidents³, MVR⁴ details, and other relevant information. Great Northwest indicated the Collins Agency had underwritten a total of 110 home and auto policies.

7. Jangula approached an insurance consumer identified herein as T.S., indicating to T.S. that Jangula could obtain a better rate of insurance premium than the one T.S. was paying. T.S. indicated a previous accident precluded any move to another insurer at the time. Jangula told T.S. she could "get around that."

8. CSI conducted a review of 13 randomly selected auto customer files insured by Great Northwest. None of the files contained the required MVR details, CLUE reports or credit reports, and none of the applications were complete.

9. CSI requested that Great Northwest conduct a review of individual auto customer files at the Collins Agency based on the reported exchange between Jangula and T.S. Great

¹ Agent-Company Organization for Research and Development created forms for basic insurance applications.

² Comprehensive Loss Underwriting Exchange is a report of the insurance claims and loss history of a property.

³ Households are limited to one accident in order for the producer to be able to underwrite.

⁴ MVR is a Motor Vehicle Report that typically indicates the driving record for an individual, including any citations involving driving.

Northwest found nine files with significant disparities between the information submitted to the company, which is the same information contained in the customer files at the Collins Agency, and the facts regarding the applicant. Great Northwest's analysis and review also showed these nine customers had paid significantly less for premiums as a result of the omission of these relevant facts: seven of the nine had speeding violations, two had failure to yield violations, and one of the seven speeding violations was for interstate speed exceeding 75 mph. The premium differential ranged from \$56.00 to \$221.00.

10. J. Collins told CSI Jangula completed the majority of the applications for these Great Northwest auto customers. However, CSI's review found the majority of the applications had no producer signature, five applications were signed by J. Collins as the producer, and two were signed by Jangula.

11. Sometime in April 2011, attorneys for the Respondents alerted CSI there had been a theft of premium by Jangula. Jangula was terminated and a report was made to local law enforcement. J. Collins was allowed to perform an audit of the trust account(s) for the Collins Agency to determine whether any customers had been harmed. Her audit report was delivered to CSI on August 24, 2011. Numerous discrepancies were found and funds were placed in the account in excess of \$7,000 to rectify some of the accounting deficits.

Based on these allegations, CSI made the following:

CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter pursuant to Mont. Code Ann. § 33-1-101, *et seq.*

2. Pursuant to Mont. Code Ann. § 33-1-1202(3) a person commits the act of insurance fraud when the person presents an insurer a materially false application for insurance.

3. Pursuant to Mont. Code Ann. § 33-1-1202(2) a person commits the act of insurance fraud when the person assists, abets, solicits, or conspires with another to make any written or oral statement, containing false, incomplete, or misleading information concerning any fact or thing material to support of a claim for payment or other benefit pursuant to an insurance policy.

4. Respondent J. Collins violated Mont. Code Ann. § 33-1-1202(3) by submitting or allowing the submission of applications to Great Northwest that contained false information relevant to MVRs or other driving histories for the purpose of obtaining the benefit of obtaining commissions when customers moved their business to Great Northwest.

5. Respondents Collins Agency and J. Collins violated Mont. Code Ann. § 33-1-1202(2) by assisting and abetting Jangula in the submission of applications to Great Northwest that contained false information relevant to MVRs or other driving histories for the purpose of obtaining the benefit of obtaining commissions when customers moved their business to Great Northwest.

6. Pursuant to Mont. Code Ann. § 33-19-306(1) it is unlawful for a licensee to disclose personal or privileged information about an individual collected or received in connection with an insurance transaction.

7. Respondent J. Collins violated Mont. Code Ann. § 33-19-306(1) by knowingly accepting the printing, hand copying and sharing of personal and privileged information about individual Allstate customers.

8. Pursuant to Mont. Code Ann. § 33-17-1001(1)(c) the Commissioner may suspend or revoke an insurance producer's license when that person violates a provision of the Insurance Code.

9. Respondent J. Collins violated Mont. Code Ann. § 33-17-1001(1)(c) when they engaged in acts constituting insurance fraud in violation of the Insurance Code and when they disclosed personal and privileged information about individuals collected in connection with an insurance transaction in violation of the Insurance Code.

10. Pursuant to Mont. Code Ann. § 33-17-1001(1)(f) the Commissioner may suspend or revoke an insurance producer's license when that person in conduct of the affairs under her license uses fraudulent practices or is untrustworthy or a source of loss and injury to the public.

11. Respondents Collins Agency and J. Collins violated Mont. Code Ann. § 33-17-1001(1)(f) when they, in the conduct of the affairs under their licenses acted with fraud in underwriting the Great Northwest policies that had relevant facts omitted in the applications.

12. Pursuant to Mont. Code Ann. § 33-17-1001(1)(g) the Commissioner may suspend or revoke an insurance producer's license when that person misrepresents the terms of an actual or proposed insurance contract or application for insurance.

13. Respondents Collins Agency and J. Collins violated Mont. Code Ann. § 33-17-1001(1)(g) when they misrepresented to insurance consumers the actual terms of the Great Northwest auto policies.

14. Pursuant to Mont. Code Ann. § 33-17-1001(1)(f) the Commissioner may suspend or revoke an insurance producer's license when that person is financially irresponsible, untrustworthy, or a source of injury to the public.

15. Respondents Collins Agency and J. Collins violated Mont. Code Ann. § 33-17-1001(1)(f) by failing to control the accounting for, the funds being placed into and the funds being taken from the Collins Agency's trust account.

NOW, THEREFORE, in consideration of the mutual undertakings established herein, CSI and the Respondents, as the parties hereto, enter into the following:

AGREEMENT

A. While Respondents deny the claims outlined above, Respondents nonetheless hereby stipulate and consent to the following:

1. Respondent J. Collins' insurance producer's license was suspended for a period of one week, beginning on January 31 and continuing through February 6, 2011.

2. Respondent the Collins Agency provided a disclaimer in its newspaper advertising in the Montana Standard indicating the agency is independent and has no affiliation with the Julie Daum Agency, providing the Daum Agency address. The font on the disclaimer shall be large and clear. The ad ran at least once each week from January 2011 through May 2011. An example of the correct font and advertising language is attached hereto as Exhibit A.

3. Respondent the Collins Agency posted a notice on a front window of its business address notifying consumers that the agency is independent and has no affiliation with the Julie Daum Agency, providing the Daum Agency address. A copy of the notice is attached hereto as Exhibit B.

4. Respondents Collins Agency and J. Collins shall pay a fine in the amount of \$1,000 for their respective roles in violations of the Insurance Code. The fine may be paid in equal monthly payments over six months without interest.

5. Respondent, Collins Agency, will enlist the services of the Cogswell Agency which is a member of the Montana Agency Alliance Partners, in which the Collins Agency is also a member, to train the Collins Agency agents to use and implement the agency management system (the "AMS") at the Collins Agency. The Collins Agency will make arrangements to have

the training completed within thirty (30) days after the date of the Order approving this Consent Agreement. The Collins Agency will make arrangements with the Cogswell Agency for the preparation of a report within ten (10) days after training is completed. The report will include a summary of the training provided by Cogswell Agency and other recommendations relating to accounting practices and procedures for daily reconciliations of customer premium payments and transmittal of the premium payments to the insurance company that Cogswell Agency may suggest. The Cogswell Agency will simultaneously provide a copy of the report to CSI. Collins Agency shall immediately implement the AMS and the accounting practices and procedures provided in the training and other recommendations stated in the report.

6. Upon conclusion of the training by the Cogswell Agency and implementation of the AMS, Collins Agency will notify the state director for each of the insurance companies that it represents that Collins Agency has implemented the AMS, and describe the practices and procedures for daily reconciliations of customer premium payments and transmittal of the premium payments to the insurance company. Collins Agency will request verification from the insurance company that its practices and procedures are acceptable to the insurance company and request whether the insurance company has any recommendations to improve these practices and procedures as it relates to that insurance company. The letters to the insurance companies and responses received will be submitted to CSI.

7. Respondent, Collins Agency, shall immediately engage the services of a Certified Public Accountant or Certified Public Accounting firm (the "CPA") to audit its agency trust account for a period of one year from the date of the Order approving this Consent Agreement. Collins Agency shall provide the CPA a printout of the daily transactions reports, including customer name and amount of payment, and the bank deposit slips and monthly bank statements

relating to the agency account. Each month, the CPA shall audit the agency trust account and provide the audit and a report of its findings to Collins Agency and CSI. Respondent, Collins Agency shall inform CSI of the name and contact information of the CPA.

8. Respondent, Collins Agency, will provide a written report to CSI relating to its business practices each calendar quarter for a period of one year after the date of the Order approving this Consent Agreement. The first report shall be due on December 31, 2011.

9. The purpose of the reviews, as described above, is to make improvements to the business practices and procedures of the Collins Agency and not to prosecute any violations discovered during the review process.

10. CSI shall have the right to perform random, unannounced examinations of the Collins Agency relating to its business practices and procedures and agency trust account.

11. The applicable statute of limitation, Mont. Code Ann. § 33-1-707, is tolled for actions or proceedings by CSI for one year from the date of execution of this Consent Agreement with regard to the allegations set forth above. In the event either one or both Respondents materially violate the terms of this Consent Agreement at any time during the one-year tolling period CSI reserves the right to seek a fine and a suspension or revocation of the insurance producer and agency license of Respondents.

B. Pursuant to Respondents' stipulations, the Commissioner agrees that if the terms and conditions of the consent agreement are fully met:

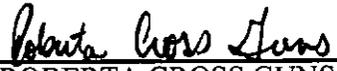
1. The Commissioner will not initiate any civil or administrative action against Respondents regarding the allegations contained herein or the evidence underlying the allegations, pursuant to Mont. Code Ann. §§33-1-311 and 318.

2. Any complaints brought to the Commissioner after the signing of this Agreement that contain allegations of illegal acts by Respondents of a similar or the same nature as the allegations set forth above that occurred prior to the consummation of this Agreement will not result in further administrative or civil action by the Commissioner.

C. This Agreement contains the entire understanding of the parties, who represent that there have been and are no representations, promises, or agreements, either expressed or implied, other than those expressly set forth in this Agreement. Respondents understand that the Consent Agreement is a public record. As a public record, it may not be sealed.

Respondents fully and forever release and discharge the Office of the Commissioner of Securities and Insurance, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the investigation and Agreement.

DATED this 10th day of November, 2011.



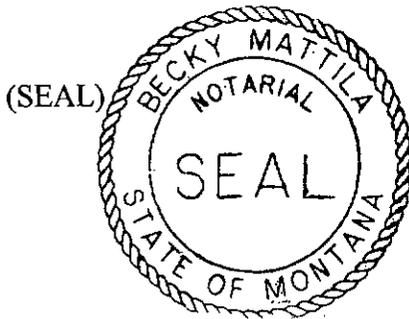
ROBERTA CROSS GUNS
Attorney for Office of the Commissioner of
Securities and Insurance, Montana State Auditor's
Insurance Department

COLLINS ADVANTAGE INSURANCE AGENCY

By: Jenny Collins
Title: Owner

STATE OF Montana)
County of Silver Bow) ss.

SUBSCRIBED AND SWORN to before me this 14 day of November, 2011.

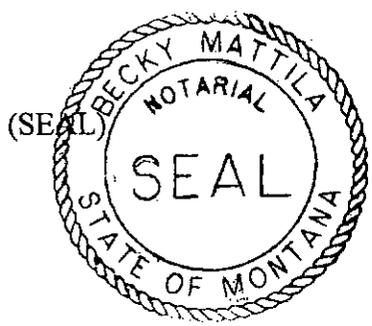


Becky Mattila
Printed Name: BECKY MATTILA
EXP. DATE: 8/23/2012

Jenny S. Collins
JENNY S. COLLINS

STATE OF MONTANA)
County of Butte-Silver Bow) ss.

SUBSCRIBED AND SWORN to before me this 14 day of November, 2011.



Becky Mattila
Printed Name: BECKY MATTILA
EXP. DATE: 8/23/2012

ORDER

On the basis of the foregoing Consent Agreement and Respondents' consent to the entry of this order, for the purpose of settling this matter prior to a hearing, and without admitting or denying any of the Findings of Fact or Conclusions of Law, the Commissioner orders all parties to comply with the provisions of the foregoing Consent Agreement. The Commissioner further orders Respondents to comply with the Insurance Act of Montana and the rules promulgated thereunder.

Dated this 15th day of November, 2011.

MONICA J. LINDEEN, STATE AUDITOR

Robert W Moon

By: ROBERT MOON

Title: Deputy Insurance Commissioner

EXHIBIT "A"

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Ron Collins
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2537 Harrison Ave. • 782-1107

Collins Advantage Agency is an Independent agency and has no affiliation with Allstate Insurance or the Julie Daum Agency located at 1630 Harrison Ave.

Motorcycles • Business • Health • Life

Kemper • Unitrin • Progressive

Hartford • Safeco Insurance • Travelers

EXHIBIT "B"

NOTICE!

PLEASE BE ADVISED THAT THE COLLINS ADVANTAGE AGENCY IS NOT AFFILIATED WITH ALLSTATE INSURANCE, OR THE JULIE DAUM AGENCY.

ANY ALLSTATE PAYMENTS AND OR CORRESPONDENCE SHOULD BE DIRECTED TO THE ALLSTATE OFFICE LOCATED AT 1630 HARRISON AVE.

THANK YOU,

THE COLLINS ADVANTAGE AGENCY