

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

---

Proceedings by the Commissioner of Banking )  
and Insurance, State of New Jersey, to fine, suspend )  
and/or revoke the insurance producer license of )  
Guy Spradling, Reference No. 8808135 )

---

**ORDER  
TO  
SHOW CAUSE**

To: Guy Spradling  
149 Milford Heights Road  
Milford, PA 18337

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Respondent Guy Spradling (“Spradling” or “Respondent”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Spradling is actively licensed as a resident individual insurance producer pursuant to N.J.S.A. 17:22A-32; and

WHEREAS, Spradling is subject to the provisions of the New Jersey Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. (“Producer Act”), the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 et seq., and the laws governing insurance rates, N.J.S.A. 17:29A-1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena or order of the Commissioner or of another state’s insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy or application for insurance; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

WHEREAS, pursuant to N.J.S.A. 17:29A-15, no insurer or employee thereof, and no broker or agent shall knowingly charge, demand or receive a premium for any policy of insurance except in accordance with the respective rating-systems on file with and approved by the Commissioner or, as required by the Commissioner, to be used on an interim basis in accordance with subsection e. of section 14 of P.L.1944, c. 27 (C. 17:29A-14); and no insurer or employee thereof, and no broker or agent shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance, except to the extent that such rebate, discount, abatement, credit, reduction, favor, advantage or consideration may be provided for in rating-systems filed by or on behalf of such insurer and approved by the Commissioner; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(a), an insurance producer shall not offer, make or give, or permit to be offered, made or given, to any person directly or

indirectly, an inducement to purchase insurance other than that plainly expressed in the insurance contract; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(c), an insurance producer shall not offer, pay or give, or permit to be offered, paid or given to any person, directly or indirectly, anything of value in return for that person's agreement not to purchase insurance from another insurance producer or insurer; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(d), an insurance producer shall not offer, pay or give, or permit to be offered, paid or given, to any person, directly or indirectly, anything of value as compensation for being unable to offer a comparable or better insurance program at less cost; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.3(e), the provisions of N.J.A.C. 11:17A-2.3 shall apply whether or not a contract of insurance is ultimately effected; and

WHEREAS, pursuant to N.J.A.C. 11:17A-2.8, an insurance producer shall not make any misleading representations or incomplete or fraudulent comparison of any insurance policies or annuity contracts or insurers for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, or convert any insurance policy or annuity contract, or to take out a policy of insurance or annuity contract with another insurer; and

### **FACTUAL ALLEGATIONS**

IT APPEARING, that L.S., a resident of New Jersey, maintained a homeowners insurance policy issued by Travelers Insurance Company ("Travelers"), with a policy period from February 24, 2016 to February 24, 2017, and an automobile insurance policy also issued by Travelers, with a policy period from January 28, 2016 to January 28, 2017; and

IT FURTHER APPEARING, that Spradling acted as the insurance producer for L.S. for her homeowners and automobile insurance policies with Travelers; and

IT FURTHER APPEARING, that, on April 28, 2016, L.S. emailed Spradling for the purpose of reducing the cost of her homeowners insurance premium because the Traveler's Policy was based on a value that was greater than her home's appraised value; and

IT FURTHER APPEARING, that, on August 22, 2016, L.S. emailed Spradling and informed him that she found another insurance company that saved her a few hundred dollars a year on the cost of the combined premiums for her homeowners and automobile insurance policies, and requested cancellation of her two insurance policies with Travelers effective immediately; and

IT FURTHER APPEARING, that, on August 22, 2016, Spradling replied to L.S. by email and attempted to discourage her from cancelling her two insurance policies with Travelers by claiming, among other things, that the Travelers' insurance policies had a "2 year rate lock" and that Spradling had a "price match program;" and

IT FURTHER APPEARING, that, on August 23, 2016, L.S. emailed Spradling and told him that her new insurance policies were effective as of August 22, 2016 and that she needed her Travelers insurance policies cancelled as soon as possible; and

IT FURTHER APPEARING, that, on August 23, 2016, Spradling replied to L.S.'s email and again attempted to dissuade her from cancelling her Travelers insurance policies and stated, among other things, that L.S. would "no longer have a 2 year rate lock," moreover Spradling requested that L.S. send him her new policies for "review and price match;" and

IT FURTHER APPEARING, that, on August 23, 2016, L.S. sent a second email to Spradling and thanked him for managing her policies for the past 10 years and advised him that she would cancel the Travelers policies herself; and

IT FURTHER APPEARING, that, on August 24, 2016, Spradling emailed L.S. and once again attempted to dissuade her from cancelling her insurance policies with Travelers by stating, among other things, that “I know you don’t have a 2 year rate lock” and that “[i]f coverage is the same and I can’t beat that pricing, once I receive a copy of both policies, I’ll send you a check for the new premium of the home policy. I doubt your other agent will do that;” and

IT FURTHER APPEARING, that L.S. cancelled her homeowners and automobile insurance policies with Travelers effective August 22, 2016; and

IT FURTHER APPEARING, that, on September 14, 2016, the insurance agency that placed L.S.’s new homeowners and automobile insurance policies filed a complaint with the New Jersey Department of Banking and Insurance (the “Department”) about Spradling’s above-referenced conduct; and

IT FURTHER APPEARING, that Travelers does not have a guaranteed two-year price lock provision in its insurance policies and does not offer a “price match” program against competing insurance companies; and

IT FURTHER APPEARING, that Spradling told at least two other insureds that maintain Travelers homeowners and/or automobile insurance policies that their rates were not increasing, as an incentive to use Spradling’s insurance agency, when, in fact, their premiums actually increased from those of the prior policy period; and

COUNT 1

IT FURTHER APPEARING, that Spradling improperly offered rebates and/or inducements to clients as an incentive for the clients to use his insurance agency to obtain homeowners and/or automobile insurance policies with Travelers, in violation of N.J.S.A. 17:22A-40a(2), (5) and (8); N.J.S.A. 17:29A-15; N.J.A.C. 11:17A-2.3(a), (c) and (d); and N.J.A.C. 11:17A-2.8;

NOW, THEREFORE, IT IS on this 2<sup>nd</sup> day of June, 2017;

ORDERED, that Spradling appear and show cause why his New Jersey insurance producer license shall not be suspended or revoked pursuant to N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED, that Spradling appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation, pursuant to the provisions of N.J.S.A. 17:22A-40 and N.J.S.A. 17:22A-45c; and


IT IS FURTHER ORDERED, that Spradling appear and show cause why he should not be required to reimburse the Department for the cost of the investigation and prosecution authorized pursuant to N.J.S.A. 17:22A-45c; and

IT IS PROVIDED, that Spradling has the right to request an administrative hearing, to be represented by counsel or other qualified representative at his own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED, that, unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by the Respondent, and the Commissioner shall

dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P.O. Box 325, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. The request shall contain the following:

- (a) Respondent's full name, address and daytime telephone number;
- (b) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- (c) A specific admission or denial of each fact alleged in this Order to Show Cause. Where the Respondent has no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- (d) A statement requesting the hearing.



\_\_\_\_\_  
Peter L. Hart  
Director of Insurance