

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 )  
Kenneth Alan Rice, Reference. No. 1384948 )  
\_\_\_\_\_

**FINAL ORDER**

To: Kenneth Alan Rice  
1034 Coronado Drive  
Gulf Breeze, FL 32563-3062

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon issuance of Order to Show Cause No. E17-12 (the "Order to Show Cause") alleging that Respondent Kenneth Alan Rice ("Rice") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Rice was licensed as a nonresident individual insurance producer pursuant to N.J.S.A. 17:22A-34 until November 23, 2015 when his license expired; and

WHEREAS, Rice is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. ("Producer Act"), and the Producer Licensing Regulations, N.J.A.C. 11:17-1 et seq., and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17D-1.1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d, the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Producer Act and Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes

against any person who is under investigation for or charged with a violation of the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes even if the person's license or registration has been surrendered or has lapsed by operation of law; 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. 17:22A-40a(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(17), an insurance producer shall not knowingly facilitate or assist another person in violating any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(18), an insurance producer shall not fail to notify the Commissioner within 30 days of his conviction of any crime, indictment or the filing of any formal criminal charges, or the suspension or revocation of any insurance license or authority by a state, other than this State, or the initiation of formal disciplinary proceedings in a state, other than this State, affecting the producer's insurance license; or fail to obtain the written consent pursuant to sections 1033 and 1034 of Title 18, United States

Code (18 U.S.C. §§ 1033 and 1034); or fail to supply any documentation that the Commissioner may request in connection therewith; and

WHEREAS, on March 10, 2017, the Commissioner issued the Order to Show Cause alleging that Rice violated various provisions of New Jersey insurance laws as set forth in the following Counts 1 and 2:

**COUNT 1**

IT FURTHER APPEARING, Respondent inappropriately applied discounts to insurance policies in order to lower the premiums and increase the likelihood of selling the policies, in violation of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and (17); and

**COUNT 2**

IT FURTHER APPEARING, Respondent failed to notify the Commissioner within 30 days of the initiation of formal disciplinary proceedings in twelve states and of the subsequent suspension or revocation of his insurance producer license or authority in each of those states, in violation of N.J.S.A. 17:22A-40a(18); and

WHEREAS, Rice was given notice of the above-referenced charges and an opportunity to contest the charges at a hearing; and

WHEREAS, the Order to Show Cause was duly served upon Rice by certified and regular mail at the address listed in this Final Order, which is Rice's current mailing address, in accordance with N.J.A.C. 11:17D-2.1(a)3; and

WHEREAS, pursuant to the Certification of Deputy Attorney General Adam B. Masef, attached hereto as Exhibit 1, the certified mail sent to Rice at 1034 Coronado Drive, Gulf Breeze, FL 32563-3062 was returned "delivered" and signed for by Rice on April 24, 2017, thereby constituting proof of lawful service upon Rice of the Order to Show Cause; and

WHEREAS, Rice failed to provide a written response to the charges contained in the Order to Show Cause, and therefore, pursuant to N.J.A.C. 11:17D-2.1(b)1, Rice has waived his right to a hearing to contest these charges and the charges are deemed admitted by Rice; and

NOW, THEREFORE, IT IS on this 21<sup>st</sup> day of August, 2017;

ORDERED, that the charges contained in the Order to Show Cause are deemed admitted by Rice pursuant to N.J.A.C. 11:17D-2.1(b)1; and

IT IS FURTHER ORDERED, that, pursuant to N.J.S.A. 17:22A-40 and N.J.A.C. 11:17D-2.1(b)2, the insurance producer license of Kenneth Alan Rice is hereby REVOKED effective upon the execution of this Final Order; and

IT IS FURTHER ORDERED, that, pursuant to N.J.S.A. 17:22A-45c, Rice shall pay a civil penalty in the amount of \$5,000 to the New Jersey Department of Banking and Insurance ("Department") for the violation described in Count 1 of the Order to Show Cause; and

IT IS FURTHER ORDERED, that pursuant to N.J.S.A. 17:22A-45c, Rice shall pay a civil penalty in the amount of \$5,000 to the Department for the violation described in Count 2 of the Order to Show Cause; and

IT IS FURTHER ORDERED, that in addition to the aforementioned penalties, pursuant to N.J.S.A. 17:22A-45c and N.J.A.C. 11:1-32.4(b)20, and pursuant to the Certification of Costs by Investigator Eugene R. Shannon, attached hereto as Exhibit 2, Rice shall reimburse the Department \$600 for the costs associated with the investigation of this matter; and

IT IS FURTHER ORDERED, that payment of the fines and costs shall be made in one payment in the amount of \$10,600 and shall be remitted to the New Jersey Department of Banking and Insurance, 20 West State Street, P.O. Box 325, Trenton, New Jersey 08625, Attention: Virgil Downtin, Chief of Investigations, by certified check, cashier's check, or money order made payable to the "State of New Jersey, General Treasury" within 10 days of the date of service of this Final Order; and

IT IS FURTHER ORDERED, that the fines and investigation costs are imposed herein pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and are not intended to constitute debts which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED, that in the event full payment of fines and investigation costs are not made, the Commissioner may exercise any and all remedies available by law, including, but not limited to, recovery of any unpaid penalties in accordance with the Penalty Enforcement Law of 1999, N.J.S.A. 2A:58-10 et seq.; and

IT IS FURTHER ORDERED, that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in the Order to Show Cause.



---

Peter L. Hartt  
Director of Insurance

# EXHIBIT 1

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Department of Banking and Insurance  
Richard J. Hughes Justice Complex  
P.O. Box 117  
Trenton, New Jersey 08625-0117

By: Adam B. Masef  
Deputy Attorney General  
NJ Attorney ID: 013692012  
(609) 984-7843  
Adam.Masef@law.njoag.gov

---

Proceedings by the Commissioner of Banking )  
and Insurance, State of New Jersey, to )  
fine, suspend, and/or revoke the )  
insurance producer license of )  
Kenneth Alan Rice, Reference. No. 1384948 )

---

**CERTIFICATION OF  
DEPUTY ATTORNEY  
GENERAL ADAM B. MASEF**

I, Adam B. Masef, of full age, do of my own personal knowledge make the following statements by way of certification in lieu of affidavit pursuant to R. 1:4-4(b):

1. I am a Deputy Attorney General assigned as counsel for the New Jersey Department of Banking and Insurance ("Department") in the above matter. I submit this certification in support of the Department's request that a Final Order be entered against Respondent Kenneth Alan Rice ("Rice"), and specifically, to establish that Rice was effectively served with Order to Show Cause No. E17-12.

2. The Commissioner of Banking and Insurance issued Order to Show Cause No. E17-12 on March 10, 2017.

3. By letter dated March 13, 2017, my office served a copy of Order to Show Cause No. E17-12 upon Rice via regular and certified mail, return receipt requested, at the following, last known addresses for Rice on file with the Department:

9797 Springboro Pike  
Dayton, OH 45448


and

2422 Severn Lane  
Dayton, OH 45459

4. My office subsequently learned that Rice's current address is: 1034 Coronado Drive, Gulf Breeze, FL 32563-3062. Accordingly, my office served a copy of Order to Show Cause No. E17-12 upon Rice via regular and certified mail, return receipt requested, at this address. The Certified Mail Return Receipt was returned to this office, and was signed for by Rice, with a Date of Delivery of April 24, 2017.

5. Pursuant to N.J.A.C. 11:17D-2.1(a)3, service of the Order to Show Cause in this manner constitutes lawful service upon Rice.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

  
Adam B. Masci  
Deputy Attorney General

Dated:

8/15/17



EXHIBIT 2

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Department of Banking and Insurance  
Richard J. Hughes Justice Complex  
P.O. Box 117  
Trenton, New Jersey 08625-0117

By: Adam B. Masef  
Deputy Attorney General  
NJ Attorney ID: 013692012  
(609) 984-7843  
Adam.Masef@law.njoag.gov

---

Proceedings by the Commissioner of Banking )  
and Insurance, State of New Jersey, to )  
fine, suspend, and/or revoke the )  
insurance producer license of )  
Kenneth Alan Rice, Reference. No. 1384948 )

---

**CERTIFICATION  
OF COSTS**

I, Eugene R. Shannon, of full age, does hereby certify as follows:

1. I am employed by the New Jersey Department of Banking and Insurance, Division of Insurance, Consumer Protection Services, Enforcement ("Department") and hold the title of Investigator 2.

2. This certification is submitted in support of the Department's application for reimbursement of its costs of investigation and prosecution, in accordance with N.J.S.A. 17:22A-45(c).

3. On June 30, 2016, I was assigned the responsibility for conducting an investigation to determine whether Kenneth Alan Rice may have violated certain provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26, et seq., which investigation contributed to the issuance of an Order to Show Cause.

4. To determine the amount of time that I spent in the investigation and prosecution of this matter, I reviewed my files relative to this matter, including my time records. On the basis of this review I have prepared the schedule of costs attached hereto as Exhibit A.

5. As this schedule reflects, I personally spent at least fourteen (14) hours investigating and prosecuting this matter.

6. Pursuant to N.J.A.C. 11:1-32.4 (b) (20), costs to the Department for the investigation and prosecution for violations of the New Jersey Insurance Producer Licensing Act are reimbursable at the rate of \$50.00 per hour, rounded to the nearest quarter hour.

7. I therefore request that the Department's costs of investigation and prosecution be reimbursed in the amount of \$ 600.00

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements are willfully false I am subject to punishment.



Eugene R. Shannon  
Investigator 2

Dated: 8/15/2017



**State of New Jersey**  
 DEPARTMENT OF BANKING AND INSURANCE  
 DIVISION OF INSURANCE  
 CONSUMER PROTECTION SERVICES  
 PO Box 329  
 TRENTON, NJ 08625-0329  
 TEL (609) 292-5316  
 FAX (609) 292-5865

CHRIS CHRISTIE  
*Governor*

RICHARD J. BADOLATO  
*Commissioner*

KIM GUADAGNO  
*Lt. Governor*

PETER L. HARTT  
*Director*

**Exhibit A**

**RECORD OF TIME EXPENDED ON  
 INVESTIGATION AND/OR PROSECUTION**

Re: Kenneth Alan Rice  
 Department File No.: 250494  
 Investigator: Eugene Shannon

Date	Time in Hours	Phone	Case Prep	Comments
12/17/2015	2			Review complaint documents, identify respondents, check licensing
1/27/2016	1			Preparation and mailing of letter to Respondent
1/27/2016	1		Investigative Report	
2/8/2016	1			Database check for new address for Respondent
2/8/2016	1			Preparation and mailing of 2 <sup>ND</sup> letter to Respondent
3/1/2016	1			Check for open cases with other Departments
3/1/2016	3		F&E preparation	
3/10/2016	2			Review Order to Show Cause
<b>TOTAL:</b>	Hours	12		
Hours @ \$50 x hrs	= \$600.00			

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking	)	ORDER
and Insurance, State of New Jersey, to fine, suspend	)	TO
and/or revoke the insurance producer license of	)	SHOW CAUSE
Kenneth Alan Rice, Ref. No. 1384948		

TO: Kenneth Alan Rice  
9797 Springboro Pike  
Dayton, OH 45448

Kenneth Alan Rice  
2422 Severn Lane  
Dayton, OH 45459

This matter, having been opened to the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Respondent Kenneth Alan Rice (“Respondent”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent was formerly licensed as a nonresident individual insurance producer pursuant to N.J.S.A. 17:22A-34 until November 23, 2015 when his license was cancelled; and

WHEREAS, Respondent Rice is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. (“Producer Act”), and the rules governing same; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40d, the Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by the Producer Act or Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes

against any person who is under investigation for or charged with a violation of the Producer Act, Title 17 of the Revised Statutes or Title 17B of the New Jersey Statutes, even if the person's license has been surrendered or has lapsed by operation of law; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance laws, 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. 17:22A-40a(16), an insurance producer shall not commit any fraudulent act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(17), an insurance producer shall not knowingly facilitate or assist another person in violating any insurance laws; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(18), an insurance producer shall notify the Commissioner within 30 days of the conviction of any crime, indictment or the filing of any criminal charges, or the suspension or revocation of any insurance license or authority by a state, other than this State, or the initiation of formal disciplinary proceedings in a state, other than this State, affecting the producer's insurance license or failing to obtain the written consent pursuant to sections 1033 and 1034 of Title 18, United States Code (18 U.S.C. ss.

1033 and 1034), or failing to supply any documentation that the Commissioner may request in connection therewith; and

**ALLEGATIONS COMMON TO ALL COUNTS**

IT APPEARING, on December 24, 2014, Respondent was terminated for cause by Metropolitan Property and Casualty Insurance Company for having improperly applied discounts to Michigan and Texas life insurance policies in order to increase the likelihood of selling the policies; and

IT FURTHER APPEARING, Respondent was fined and/or had his insurance license or authority revoked in the following states: Kansas on March 13, 2015; Kentucky on June 5, 2015; Washington on July 23, 2015; Minnesota on November 16, 2015; Arkansas on December 9, 2015; Ohio on December 14, 2015; Idaho on December 23, 2015; West Virginia on January 19, 2016; Louisiana on February 22, 2016; and Delaware on February 29, 2016; and

IT FURTHER APPEARING, Respondent was fined and/or had his insurance license or authority suspended in the following states: Indiana on September 4, 2015; and Georgia on January 1, 2016; and

IT FURTHER APPEARING, Respondent failed to notify the Commissioner of the formal disciplinary proceedings in these twelve states, including the revocation of his insurance producer license or authority in his home state of Ohio; and

**COUNT 1**

IT FURTHER APPEARING, Respondent inappropriately applied discounts to insurance policies in order to lower the premiums and increase the likelihood of selling the policies, in violation of N.J.S.A. 17:22A-40a(2), (5), (8), (16) and (17); and

**COUNT 2**

IT FURTHER APPEARING, Respondent failed to notify the Commissioner within 30 days of the initiation of formal disciplinary proceedings in twelve states and of the subsequent suspension or revocation of his insurance producer license or authority in each of those states, in violation of N.J.S.A. 17:22A-40a(18); and

NOW, THEREFORE, IT IS on this 10<sup>th</sup> day of March, 2017;

ORDERED, that Respondent shall appear and show cause why his insurance producer license shall not be revoked by the Commissioner, pursuant to the provisions of N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a fine 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 Respondent appear and show cause why he should not be required to reimburse the Department of Banking and Insurance for the costs of the investigation and prosecution authorized pursuant to N.J.S.A. 17:22A-45c; and

IT IS PROVIDED, that Respondent 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 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 329, 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