

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 10th 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