

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 licenses of Brian J. Piccolo, Reference No. 9617537, and Insurance Coverage Specialists, LLC, Reference No. 1001967.

ORDER  
TO SHOW CAUSE

TO: Brian J. Piccolo  
59 Brighton Road  
Andover, New Jersey 07821

Insurance Coverage Specialists, LLC  
c/o Brian J. Piccolo  
59 Brighton Road  
Andover, New Jersey 07821

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey (“Commissioner”), upon information that Brian J. Piccolo (“Piccolo”) and Insurance Coverage Specialists, LLC (“ICS”) (collectively, “Respondents”) may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Piccolo is currently licensed as a resident insurance producer in the State of New Jersey pursuant to N.J.S.A. 17:22A-32(a); and

WHEREAS, ICS was licensed in the State of New Jersey as a resident business entity insurance producer pursuant to N.J.S.A. 17:22A-32(b), until its license expired on or about May 31, 2019; and

WHEREAS, Respondents are subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act” ), the New Jersey

Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 to -30 (“Fraud Act”) and the regulations promulgated thereunder; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(a), the Commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer’s license or may levy a civil penalty, or may take any combination of actions for violating the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40(d), 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-40(a)(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-40(a)(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-40(a)(7), an insurance producer shall not commit any insurance unfair trade practice or fraud; and

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

WHEREAS, pursuant to N.J.S.A. 17:33A-4(a)(3), it is a violation of the Fraud Act to conceal or knowingly fail to disclose the occurrence of an event which affects any person's initial or continued right or entitlement to (a) any insurance benefit or payment or (b) the amount of any benefit or payment to which the person is entitled; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4(a)(4)(b), it is a violation of the Fraud Act to prepare or make any written or oral statement, intended to be presented to any insurance company or producer for the purpose of obtaining an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to an insurance application or contract; and

WHEREAS, pursuant to N.J.S.A. 17:22A-45(c), any person violating the Producer Act is subject to a penalty not exceeding \$5,000.00 for the first offense and not exceeding \$10,000.00 for each subsequent offense; additionally, the Commissioner may order restitution of moneys owed any person and reimbursement of costs of the investigation and prosecution; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5(a) and (c), violations of the Fraud Act subject the violator to a civil and administrative penalty not to exceed \$5,000.00 for the first offense, not to exceed \$10,000.00 for the second offense and not to exceed \$15,000.00 for each subsequent offense; moreover, the Commissioner may issue a final order recovering costs of prosecution, including attorneys' fees in accordance with N.J.A.C. 11:16-7.9(c); and

WHEREAS, pursuant to N.J.S.A. 17:33A-5.1, any person who is found in any legal proceeding to have committed insurance fraud shall be subject to a surcharge in the amount of \$1,000.00; and

**ALLEGATIONS COMMON TO ALL COUNTS**

IT APPEARING, that at all relevant times, Piccolo was the owner, president and Designated Responsible Licensed Producer of ICS; and

IT FURTHER APPEARING, that at all relevant times, Respondents served as the insurance agent and brokerage firm for two businesses which had common ownership: Johnson Services, LLC (“Johnson Services”) and Johnson Specialized Transportation, Inc. (“Johnson Transportation”); and

IT FURTHER APPEARING, that at all relevant times, Johnson Transportation was a trucking and towing company which maintained its business operations at 302 Elbow Lane, Burlington, New Jersey; and

IT FURTHER APPEARING, that at all relevant times, Johnson Services was an automobile repair shop which also maintained its business operations at 302 Elbow Lane, Burlington, New Jersey; and

IT FURTHER APPEARING, that during the period beginning December 2010 and ending in November 2012, Respondents obtained workers’ compensation and employer’s liability coverage exclusively on behalf of Johnson Services through insurance policies issued by Maryland Casualty Company (“Maryland Casualty”); and

IT FURTHER APPEARING, that at no time did Respondents obtain workers’ compensation and/or employer’s liability coverage through insurance policies issued by Maryland Casualty on behalf of Johnson Transportation; and

**COUNT ONE**

IT FURTHER APPEARING, that in January 2011, Respondents issued sixty-two (62) separate Certificates of Insurance and presented same to numerous public agencies and private

companies which falsely attested that Johnson Services and Johnson Transportation were both insured and covered under the insurance policies issued by Maryland Casualty when, in fact, Johnson Services was the only named insured and policyholder thereunder, in violation of N.J.S.A. 17:22A-40(a)(2), (5), (7), (8) and (16); and

**COUNT TWO**

IT FURTHER APPEARING, that in connection with obtaining and renewing insurance coverage on behalf of Johnson Services, Respondents falsely represented to Maryland Casualty that Johnson Services was the only business operating from the premises located at 302 Elbow Lane, Burlington, New Jersey; and

IT FURTHER APPEARING, that Maryland Casualty relied upon Respondent's representation and considered same to be material and pertinent to its underwriting process for accurately assessing insurance risk and determining the coverages and premiums for the policies issued to Johnson Services; and

IT FURTHER APPEARING, that Respondents knowingly misrepresented and concealed from Maryland Casualty that Johnson Services and Johnson Transportation simultaneously operated their businesses from 302 Elbow Lane, Burlington, New Jersey, for the purpose of obtaining a lower insurance premium rate for Johnson Services than it otherwise would have been charged by Maryland Casualty, in violation of N.J.S.A. 17:22A-40(a)(2), (5), (7), (8) and (16) and N.J.S.A. 17:33A-4(a)(3) and (a)(4)(b); and

**NOW, THEREFORE, IT IS** on this 14<sup>th</sup> day of January, 2020

**ORDERED**, that Respondents appear and show cause why their New Jersey insurance producer licenses should not be suspended or revoked pursuant to N.J.S.A. 17:22A-40; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a civil penalty of not more than \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation of the Producer Act and order Respondents to pay restitution of moneys owed to any person, pursuant to the provisions of N.J.S.A. 17:22A-45(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why, in addition to any other penalty, they should not be required to reimburse the Department for the costs of the investigation and prosecution as authorized by N.J.S.A. 17:22A-45(c) and N.J.S.A. 17:33A-5(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a penalty of not more than \$5,000 for the first violation, \$10,000 for the second violation, and \$15,000 for each subsequent violation of the Fraud Act and order restitution, pursuant to N.J.S.A. 17:33A-5(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess costs of prosecution, including attorneys' fees, pursuant to N.J.S.A. 17:33A-5(c); and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not assess a surcharge in the amount of \$1,000.00 against Respondents, pursuant to N.J.S.A. 17:33A-5.1; and

IT IS PROVIDED, that Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their 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 Respondents 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. A copy of the request for a hearing shall also be sent to Dakar R. Ross, Deputy Attorney General, Department of Banking and Insurance, P.O. Box 117, Trenton, New Jersey 08625. The request from each respondent 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 a hearing.

  
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Marlene Caride  
Commissioner