

**OFFICE OF THE INSURANCE COMMISSIONER
MARYLAND INSURANCE ADMINISTRATION**

**MARYLAND INSURANCE
ADMINISTRATION,**

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v.

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Case No. MIA 2021-09-004¹

LICIU YOUNGBAR,

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Respondent.

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MEMORANDUM AND FINAL ORDER

Pursuant to §§2-204 and 2-214 of the Insurance Article of the Annotated Code of Maryland,² the Undersigned concludes that Liciu Youngbar (“Respondent Youngbar”) violated §§10-126(a)(1), (6), and (13) and 27-406(1) and (5) of the Insurance Article. Accordingly, the Undersigned finds that Respondent Youngbar’s license to act as an insurance producer in the State of Maryland is hereby revoked and additionally, in accordance with §§10-126(c) and 27-408(c), Respondent Youngbar shall pay an administrative penalty in the amount of \$3,500.00.

STATEMENT OF THE CASE

This matter arises from an order entered by the Maryland Insurance Administration (“MIA”) pursuant to §§2-108 and 2-204 against Respondent Youngbar (the “Order”). After an investigation, the MIA concluded that Respondent Youngbar violated §§10-126, and 27-406. On

¹ It appears that in the original Order issued on September 2, 2021, Youngbar Financial Services, LLC was assigned case number MIA 2021-09-002, while the case against Respondent Youngbar individually was assigned case number 2021-09-004. Somewhere along the way, the case numbers have been inadvertently mixed up, so in this order, I will refer to the originally assigned case number for this matter.

September 2, 2021, the MIA ordered the revocation of the Respondent Youngbar’s insurance producer license. In addition, the MIA ordered Respondent Youngbar to pay an administrative penalty in the amount of \$3,500.00. Respondent Youngbar disagreed with this finding and timely submitted a request for a hearing, which was received by the MIA on September 9, 2021. This hearing request was subsequently granted.

ISSUE

The issue presented in this case is whether Respondent Youngbar violated §§10-126 and 27-406 in her actions and if so, whether the revocation of Respondent Youngbar’s insurance producer’s license and assessment of a \$3,500.00 monetary penalty are appropriate sanctions.

SUMMARY OF THE EVIDENCE

A. Testimony

A hearing was held using remote video technology on March 6 and 7, 2023.

The MIA was represented by Alicia Stewart, Assistant Attorney General, with the Office of the Attorney General. Additionally, the MIA called the following witnesses: Myra Bradburn (“Ms. Bradburn”), Allstate Insurance Company (“Allstate”) Compliance Analyst; John Sanders (“Mr. Sanders”), Allstate Senior Manager, Investigative Services; Ryan Short (“Mr. Short”), Risk and Compliance Manager with Elephant Insurance Services, LLC (“Elephant Insurance”); Jason Little (“Mr. Little”), Enforcement Officer, Compliance and Enforcement Unit of the MIA; Joseph Smith III (“Mr. Joseph Smith”), Acting Associate Commissioner, Fraud and Enforcement Unit of the MIA; and Heather Keeney (“Ms. Keeney”). Each of these witnesses provided sworn testimony on the MIA’s behalf.

² Unless otherwise noted, all statutory citations are to the Insurance Article of the Annotated Code of Maryland.

Respondent Youngbar represented herself and provided sworn testimony on her own behalf.

B. Exhibits

*MIA Exhibits*³

1. National Association of Insurance Commissioner's State Based Systems Licensing History for Respondent Youngbar, dated August 5, 2020
2. License summary for Youngbar Financial, dated July 31, 2020
3. Allstate R3—1S Exclusive Agency Agreement
4. Allstate Agency Standards
5. Exclusive Agency Independent Contractor Manual
6. Allstate's Maryland Risk Management Policy – New Business – Standard Auto Line – SRM6
7. Allstate's Delaware Risk Management Policy – New Business – Standard Auto – SRM6.1
8. Allstate's Virginia Risk Management Policy – New Business Standard Auto
9. Allstate's West Virginia Risk Management Policy – New Business – Standard Auto – SRM6.1
10. Email from Myra Bradburn, dated July 30, 2018
11. Email form Nancy Feustel, dated November 8, 2018
12. Email from Myra Bradburn, dated November 16, 2018
13. Spreadsheet summarizing insurance applications
14. Screenshots of applications
15. Email form Myra Bradburn, dated October 23, 2018
16. Letter from Elephant Auto Insurance, dated November 8, 2018
17. C.B.'s⁴ Allstate application, submitted August 15, 2018
18. C.B.'s Elephant Insurance declarations page
19. C.B.'s prior coverage letter, dated September 24, 2018
20. A.W.'s Allstate application, submitted August 21, 2018
21. A.W.'s Elephant Insurance declarations page
22. A.W.'s prior coverage letter, dated September 26, 2018
23. J.K.'s Allstate application, submitted August 23, 2018
24. J.K.'s Elephant Insurance declarations page
25. J.K.'s prior coverage letter, dated September 26, 2018
26. Z.T.'s Allstate application, submitted August 20, 2018

³ At a status and motions hearing held on July 22, 2022, prior Associate Commissioner of Hearings Victoria August ruled that all of the MIA's exhibits would be accepted into evidence at the Hearing.

⁴ The MIA uses initials to protect the privacy of the Parties.

27. Z.T.'s prior coverage letter, dated September 26, 2018
28. J.H.'s Allstate application, submitted August 8, 2018
29. J.H.'s Elephant Insurance declarations page
30. J.H.'s prior coverage letter, dated September 6, 2018
31. C.R.'s Allstate application, submitted August 8, 2018
32. C.R.'s Elephant Insurance declarations page
33. C.R.'s prior coverage letter, dated September 6, 2018
34. M.S.'s Allstate application, submitted August 27, 2018
35. M.S.'s Elephant Insurance declarations page
36. M.S.'s prior coverage letter, dated September 6, 2018
37. C.P.'s Allstate application, submitted August 15, 2018
38. C.P.'s Elephant Insurance declarations page
39. C.P.'s prior coverage letter, dated September 24, 2018
40. A.R.'s Allstate application, submitted September 21, 2018
41. A.R.'s Elephant Insurance declarations page
42. A.R.'s prior coverage letter, dated September 21, 2018
43. L.P.'s Allstate application, submitted September 24, 2018
44. L.P.'s Elephant Insurance declarations page
45. L.P.'s prior coverage letter, dated September 24, 2018
46. M.J.'s Allstate application, submitted September 28, 2018
47. M.J.'s Elephant Insurance declarations page
48. M.J.'s prior coverage letter, dated September 28, 2018
49. L.E.'s Allstate application, submitted October 2, 2018
50. L.E.'s Elephant Insurance declarations page
51. L.E.'s prior coverage letter, dated October 2, 2018
52. C.H.'s Allstate application, submitted October 5, 2018
53. C.H.'s Elephant Insurance declarations page
54. C.H.'s prior coverage letter, dated October 5, 2018
55. C.W.'s Allstate application, submitted October 3, 2018
56. C.W.'s Elephant Insurance declarations page
57. C.W.'s prior coverage letter, dated October 3, 2018
58. Matthew S.'s Allstate application, submitted October 12, 2018
59. Matthew S.'s Elephant Insurance declarations page
60. Matthew S.'s prior coverage letter, dated October 12, 2018
61. I.P.'s Allstate application, submitted October 10, 2018
62. I.P.'s Elephant Insurance declarations page
63. I.P.'s prior coverage letter, dated October 10, 2018
64. C.L.'s Allstate application, submitted September 19, 2018
65. C.L.'s Elephant Insurance declarations page

66. C.L.'s prior coverage letter, dated September 29, 2018
67. Charlotte W.'s Allstate application, submitted September 24, 2018
68. Charlotte W.'s Elephant Insurance declarations page
69. H.A.'s Allstate application, submitted September 19, 2018
70. H.A.'s Elephant Insurance declarations page
71. H.A.'s prior coverage letter, dated October 1, 2018
72. T.S.'s Allstate application, submitted September 19, 2018
73. T.S.'s Elephant Insurance declarations page
74. T.S.'s prior coverage letter, dated September 27, 2018
75. H.V.'s Allstate application, submitted September 18, 2018
76. H.V.'s Elephant Insurance declarations page
77. H.V.'s prior coverage letter, dated September 18, 2018
78. D.D.'s Allstate application, submitted September 20, 2018
79. D.D.'s Elephant Insurance declarations page
80. D.D.'s prior coverage letter, dated September 27, 2018
81. J.B.'s Allstate application, submitted October 8, 2018
82. J.B.'s Elephant Insurance declarations page
83. J.B.'s prior coverage letter, dated October 8, 2018
84. K.B.'s Allstate application, submitted September 18, 2018
85. K.B.'s Elephant Insurance declarations page
86. K.B.'s prior coverage letter, dated September 18, 2018
87. Charles H.'s Allstate policy application, submitted October 16, 2018
88. Charles H.'s Elephant Insurance declarations page
89. Charles H.'s prior coverage letter, dated October 16, 2018
90. M.W.'s Allstate application, submitted October 25, 2018
91. M.W.'s Elephant Insurance declarations page
92. M.W.'s prior coverage letter, dated October 25, 2018
93. O.S.'s Allstate application, submitted October 26, 2018
94. O.S.'s Elephant Insurance declarations page
95. O.S.'s prior coverage letter, dated October 26, 2018
96. A.J.'s Allstate application, submitted October 18, 2018
97. A.J.'s Elephant Insurance declarations page
98. A.J.'s prior coverage letter, dated October 18, 2018
99. M.P.'s Allstate application, submitted October 18, 2018
100. M.P.'s Elephant Insurance declarations page
101. M.P.'s prior coverage letter, dated October 18, 2018
102. W.C.'s Allstate application, submitted October 19, 2018
103. W.C.'s Elephant Insurance declarations page
104. W.C.'s prior coverage letter, dated October 19, 2018

105. P.C.'s Allstate application, submitted October 31, 2018
106. P.C.'s Elephant Insurance declarations page
107. P.C.'s prior coverage letter, dated October 31, 2018
108. Cosette B.'s Allstate application, submitted November 1, 2018
109. Cosette B.'s Elephant Insurance declarations page
110. Cosette B.'s prior coverage letter, dated November 1, 2018
111. C.N.'s Allstate application, submitted November 2, 2018
112. C.N.'s Elephant Insurance declarations page
113. C.N.'s prior coverage letter, dated November 2, 2018
114. Email from Jose Flores, dated November 7, 2018
115. Email from Jose Flores, dated November 9, 2018
116. Allstate's summary of evidence report, dated November 19, 2018
117. Email from Jen Kloc, dated November 13, 2018
118. Allstate's termination letter to Respondent Youngbar, dated December 11, 2018
119. Allstate's termination letter to Heather Keeney, dated December 19, 2018
120. Allstate's letter to MIA regarding Respondent Youngbar's termination, dated January 7, 2019
121. Allstate's letter to MIA regarding Heather Keeney's termination, dated December 19, 2018
122. Transcript of Heather Keeney's recorded interview with the MIA, dated July 17, 2019
123. Affidavit of Heather Keeney, dated January 18, 2022
124. Transcript of Geoffrey Sickler's recorded interview with the MIA, dated July 25, 2019
125. National Association of Insurance Commissioner's – State Based Systems Licensing History for Geoffrey Sickler, dated July 22, 2019
126. Transcript of Amanda Hammond's recorded interview with the MIA, dated December 5, 2019
127. National Association of Insurance Commissioner's – Stated Based Systems Licensing History for Amanda Hammond, dated July 22, 2019
128. Transcript of David Smith's recorded interview with the MIA, dated January 30, 2020
129. National Association of Insurance Commissioner's – Stated Based Systems Licensing History for David Smith
130. Transcript of Licui Youngbar's recorded interview with the MIA, dated January 9, 2020
131. Steven Edwards' responses to the MIA's written questions, dated June 28, 2020
132. Letter from Elephant Insurance, dated April 8, 2021
133. Email from Elephant Insurance, dated June 3, 2021
134. Revocation Order, dated September 2, 2021
135. Heather Keeney's Consent Order, dated January 20, 2022
136. MIA enforcement case notes

137. MIA enforcement case notes supplement, dated September 15, 2021

138. Affidavit of Joseph E. Smith, III

*Respondent Youngbar's Exhibits*⁵

21. Screen shots of text messages between Respondent Youngbar and Steven Edwards, dated April 27, 2018

PROCEDURAL HISTORY

On or about September 2, 2021, the MIA issued the Order at issue, finding that Respondent Youngbar had violated Maryland Insurance Article Sections 10-126 and 27-406. This Order included a right to request a hearing within 30 days. On September 9, 2021, Respondent Youngbar requested a hearing challenging the findings in the Order. The hearing request was granted and the matter was referred to the MIA's Office of Hearings.

On November 29, 2021, the parties were notified that a telephone scheduling conference would be held (the "Pre-hearing Conference"). The Pre-Hearing Conference was held on January 3, 2022, and a hearing date was initially set for July 14, 15, 18, 19, 20, and 21, 2022. As the hearing date approached, several motions were filed back and forth between the parties. Additionally, in July, 2022, Respondent Youngbar requested a postponement of the hearing due to illness. At that time, the case was being handled by Associate Commissioner of Hearings Victoria August ("Associate Commissioner August"). Associate Commissioner August postponed the hearing originally scheduled to begin on July 14, 2022, but scheduled a subsequent motions hearing and status conference on July 22, 2022. At the motions hearing and status conference the hearing was rescheduled to begin on September 22, 2022, and continue until September 30, 2022, each weekday as necessary. Associate Commissioner August sent out a notice of virtual hearing setting these hearing dates.

⁵ At a status and motions hearing held on July 22, 2022, prior Associate Commissioner of Hearings Victoria August ruled that only Respondent Youngbar's exhibit number 21 would be accepted into evidence at the Hearing.

On September 14, 2022, Associate Commissioner August sent a letter to the parties which postponed the hearing scheduled to begin on September 22, 2022, as she was no longer available to conduct the hearing. Thereafter, the case was assigned to me. On November 30, 2022, I held a status conference with the parties and rescheduled the hearing to March 6, 2023, through March 9, 2023. I sent an updated notice of virtual hearing to the parties dated December 5, 2022, scheduling the hearing. The virtual hearing convened on the Zoom video platform as scheduled on March 6, 2023, at 10 a.m.

FINDINGS OF FACT

These findings of fact are based upon a complete and thorough review of the entire record in this case, including the hearing transcript and all exhibits and documentation provided by the Parties. The credibility of the witnesses has been assessed based upon the substance of their testimony, their demeanor, and other relevant factors. To the extent that there are any facts in dispute, the following facts are found to be true by a preponderance of the evidence. Citations to particular parts of the record are for ease of reference and are not intended to exclude, and do not exclude, reliance on the entire record.

1. Respondent Youngbar was first issued an insurance producer's license in Maryland on July 23, 2016. (MIA Exhibit ("Ex.") 1.) Respondent Youngbar testified that she first got her license in 2016 to sell life insurance and was working with Premier Financial Alliance. (Transcript day 2 March 7, 2023 ("Tr. 2.") at 49.) She stated that although she was licensed, she never sold any life insurance products during that time. (Tr. 2 at 49.) Respondent Youngbar testified that in February or March of 2017 she was contacted by a representative from Allstate via the website Linked In. (Tr. 2 at 4.) Respondent Youngbar spoke with the Allstate representative and testified that the Allstate representative told Respondent Youngbar she was a

good candidate to open an Allstate agency. (Tr. 2 at 4.) Respondent Youngbar stated that she had no background in insurance at that time and was told that all she needed was an insurance producer's license and a loan for \$100,000 to open an agency. (Tr. 2 at 5.) Respondent Youngbar stated that she had just a few weeks of training and then was told to go ahead and open her office. (Tr. 2 at 6.) Respondent Youngbar then opened Youngbar Financial Services, LLC ("Youngbar Financial"). (Tr. 2 at 7.) Respondent Youngbar was eventually licensed in casualty, health, life, property, and variable insurance products and her license is currently set to expire on May 31, 2023. (MIA Exs. 1, 134.)

2. Youngbar Financial is a limited liability company organized under Maryland laws that operates as an insurance agency. (MIA Exs. 2, 134.) Youngbar Financial was issued an insurance producer license on November 8, 2017. (MIA Ex. 2.) Youngbar Financial's license expired on November 8, 2021, and Respondent Youngbar is the sole owner of Youngbar Financial. (*Id.*) Respondent Youngbar is listed as one of the two designated responsible licensed producers for Youngbar Financial (with Respondent Youngbar's husband being listed as the other one). (MIA Ex. 2; Transcript day 1 March 6, 2023 ("Tr. 1") at 100.) Being listed as the designated responsible licensed producer means that the listed producer is responsible for the agency's compliance with the Administration. (Tr. 1 at 100.) Respondent Youngbar testified that the Youngbar Financial agency opened on December 1, 2018. (Tr. 2 at 7.) Respondent Youngbar testified that she was not ready to open the agency and that she repeatedly told Allstate that she did not feel comfortable and ready to open, but that the Allstate representative she worked with told her to go ahead and open the agency anyway. (Tr. 2 at 7, 8.)

3. On December 1, 2017, Respondent Youngbar entered into an exclusive agency agreement with Allstate. (MIA Ex. 3; Tr. 1 at 69.) This agreement allowed Respondent Youngbar to act as an independent contractor and sell Allstate products. (*Id.*) As part of this agreement, Allstate provided Respondent Youngbar with a unique bind identification number (“bind ID”), A0B4282, which Respondent Youngbar would use in all of her Allstate transactions. (MIA Ex. 3, 14.) Respondent Youngbar testified that her bind ID was password protected and that she did not share her password with anyone else. (Tr. 2 at 57.) Respondent Youngbar also stated that she may have submitted applications under her bind ID that she did not actually complete herself and in those instances she would not review the information on the applications before submitting it. (Tr. 2 at 57-59.) Respondent Youngbar stated that she was not aware, at the time she entered into the agreement with Allstate, that she would be responsible for the actions of the other agents working for her agency under the terms of her contract with Allstate. (Tr. 2 at 36, 37.) Respondent Youngbar admitted on cross examination that she is now aware that she was responsible for the actions of the other agents working for her agency under the terms of her contract with Allstate. (Tr. 2 at 56.) She said that she thought it was Allstate’s underwriting department’s job to verify the applications. (Tr. 2 at 44.) She did not understand that it was her job to verify the information on the applications that were being submitted. (*Id.*)

4. Allstate provides onboarding training for its contractors, which includes compliance courses. (MIA Ex. 134.) In addition, Respondent Youngbar was provided with a copy of Allstate’s Risk Management Policy for New Business and Ms. Bradburn testified that Allstate agents are provided training on the risk management policies. (MIA Ex. 6, 134; Tr. 1 at 32, 33.) This policy provided information and instructions on Allstate’s underwriting guidelines for private passenger automobile insurance policies. (*Id.*) This policy provided in pertinent part:

Verification of Prior Insurance

IMPORTANT NOTE:

If the prior/current carrier participates in the Current Carrier Database (CCDB), the following proof-of-prior requirements do NOT apply. HOWEVER, if you supplement the CCDB information with DECLARED information that is used to determine the household's prior insurance, the proof-of-prior requirements WILL apply. Put simply, you must have proof documentation in hand whenever you declare information that supersedes what CCDB returns.

(MIA Ex. 6.)

5. When submitting an application for a new policy, the agency must include the insured's prior insurance information. (MIA Ex. 6.) Ms. Bradburn testified that the proof of prior insurance is important for a new customer because it will determine if the customer qualifies for a policy or what type of policy the customer qualifies for. (Tr. 1 at 29.) Ms. Bradburn also stated that the prior insurance coverage can also determine discounts that may apply to a customer. (*Id.*) In order to confirm an insured's prior insurance, Allstate agents are able to search the CCDB to confirm insurance coverage. (MIA Ex. 134; Tr. 1 at 30.) While most insurance companies use the CCDB to report information, some insurance companies, including Elephant Insurance, do not report insured's automobile insurance history to the CCDB. (MIA Ex. 134; Tr. 1 at 31.)

6. In June, 2018, Allstate selected Youngbar Financial for a compliance review as it had had the highest number of rejected policies in the Capital region for the past three months. (MIA Exs. 12, 116, 134; Tr. 1 at 28.) Ms. Bradburn testified that Youngbar Financial was selected for a review based on large number of SRM tier verifications. (Tr. 1 at 28.) Ms. Bradburn testified that SRM tier verification occurs when an agency declares prior insurance for a customer and when the agency is solicited for proof to justify what they declared, the agency does not respond or responds with insufficient information. (*Id.*) Ms. Bradburn added that if an

agency has a lot of these, it would be abnormal and could cause the agency to be selected for further review. (*Id.*) Ms. Bradburn testified that there were other issues Allstate noticed with Youngbar Financial including: an issue regarding driving record reconciliation, duplicate credit ordering, legal trailing document issues, and multiple policy discount issues. (MIA Ex. 10; Tr. 1 at 34-35.) Ms. Bradburn testified that driving record reconciliation means that an agency may be removing or changing an applicant's driving history, including accident history, to impact the applicant's premium rate. (Tr. 1 at 34.) Ms. Bradburn also stated that duplicate credit ordering means ordering a credit report for the same customer more than once. (Tr. 1 at 34.) Additionally, Ms. Bradburn stated that the issue surrounding legal trailing documents means an agency has a large number of documents outstanding that customers needed to sign and verify. (Tr. 1 at 34.) Finally, Ms. Bradburn noted that Youngbar Financial also had a high volume of multiple policy discounts that were given to customers without proof of a second policy to justify the discount. (Tr. 1 at 34-35.) Based on these issues, there was a meeting with Respondent Youngbar on July 19, 2018, to go over the issues and review processes that needed to be put in place to correct these behaviors. (Tr. 1 at 35.)

7. On July 30, 2018, Ms. Bradburn sent an email to other Allstate employees to inform them that Respondent Youngbar appeared to need additional training. (MIA Ex. 10; Tr. 1 at 37.) Based on this email, on August 28, 2018, a product consultant, a field sales leader, and a human resources consultant met with Respondent Youngbar. (MIA Exs. 12, 116; Tr. 1 at 38.) On September 24, 2018, there was a follow up meeting with Respondent Youngbar to discuss the agency's activity. (MIA Ex. 12; Tr. 1 at 39.)

8. On October 23, 2018, Ms. Bradburn followed up with Allstate's human resources team to provide a summary of the information she had found regarding Youngbar Financial's

activities. (MIA Ex. 15; Tr. 1 at 58.) Ms. Bradburn noted that Youngbar Financial declared a high volume of Elephant Insurance as a prior carrier and that she noted that on several of the declarations pages provided as proof of prior insurance the font seemed to be different than that typically used on documents issued by Elephant. (Tr. 1 at 41-42.) Ms. Bradburn noted that based on this she had decided to spot check several of these policies. (MIA Ex. 15; Tr. 1 at 41.)

9. During her review, Ms. Bradburn also noted that on all of the documentation Respondent Youngbar submitted for new applicants none of the applicants had any prior claims history, which Ms. Bradburn found odd. (Tr. 1 at 42.) Ms. Bradburn determined that she believed the documents provided by Youngbar Financial claiming to be from Elephant Insurance were fraudulent. (Tr. 1 at 42.)

10. Ms. Bradburn found that on the application submitted for C.B., it was listed that C.B. resided in Virginia and listed Elephant Insurance as C.B.'s prior insurance carrier. (MIA Exs. 17, 18, 19; Tr. 1 at 44, 45.) Ms. Bradburn noted that where the premium amounts were listed, the cents did not line up and she noted that the property damage limits usually do not include two amounts like this one did, but would usually only list one amount. (MIA Ex. 18; Tr. 1 at 47.)

11. Ms. Bradburn testified that on J.H.'s application, his residence was listed as West Virginia, and that under prior insurance information, the policy number from Elephant Insurance was listed as 4542124 on the application. (MIA Ex. 28; Tr. 1 at 50.) On J.H.'s documentation showing his purported prior coverage with Elephant Insurance, the policy number stated 445421224. (MIA Ex. 29; Tr. 1 at 51.) Finally, on J.H.'s prior coverage letter, the Elephant Insurance policy number is listed as 224-454-212-24. (MIA Ex. 30; Tr. 1 at 51.) All three of these numbers are different. (Tr. 1 at 52.)

12. Ms. Bradburn testified that on C.W.'s application, his resident is listed as Maryland and that the application was submitted by Respondent Youngbar. (MIA Ex. 55.) On the application right above the agent's signature the following warning is included:

[a]ny person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

(*Id.*) Ms. Bradburn testified that this language is found on all of Allstate's Maryland insurance applications. (Tr. 1 at 52.) Ms. Bradburn also noticed that the policy limits between the declarations page purportedly submitted by Elephant Insurance and the prior coverage letter also purportedly submitted by Elephant insurance did not match. (MIA Ex. 56, 57; Tr. 1 at 53.) Specifically, Ms. Bradburn noted that the uninsured motorist bodily injury and property damage liability amounts show \$15,000 on the declarations page, but \$30,000 on the prior coverage letter. (*Id.*)

13. Ms. Bradburn also testified about the application of M.S. (MIA Exs. 58, 59, 60.) This application had Respondent Youngbar listed as the agent and noted that M.S. resided in West Virginia. (*Id.*) Specifically, Ms. Bradburn noted that the policy limits included in the policy declarations page and the policy limits listed on the prior coverage letter did not match again. (MIA Exs. 59, 60; Tr. 1 at 54.) Ms. Bradburn also noted that M.S.'s name is spelled two different ways on the policy declarations page and the prior coverage letter. (Tr. 1 at 54.)

14. Ms. Bradburn testified about the application of M.W. (MIA Exs. 90, 91, 92.) The application had Respondent Youngbar listed as the agent and noted that M.W. resided in Delaware. (*Id.*) This application noted that M.W.'s prior insurance was through American

Independence Insurance Company. (MIA Ex. 90.) However, included with the application as proof of prior insurance was documentation from Elephant Insurance. (MIA Exs. 91, 92.)

15. Ms. Bradburn also testified about the application of Cosette B. (MIA Exs. 108, 109, 110.) The application had Ms. Keeney listed as the agent and noted that Cosette B. resided in Maryland. (*Id.*) On the application, the declarations page, and the prior coverage letter, the prior insurance was listed as Elephant Insurance with a policy number of 237-779-868-91. (MIA Exs. 108-110; Tr. 1 at 55.) Ms. Bradburn also testified about the application of C.N. (MIA Exs. 111, 112, 113.) The application for C.N. had Ms. Keeney listed as the agent and noted that C.N. resided in Maryland. (*Id.*) On the application, declarations page, and prior coverage letter, the prior insurance was listed as Elephant Insurance with a policy number of 237-779-868-91. (MIA Exs. 111, 112, 113; Tr. 1 at 56.) Ms. Bradburn noted that the prior policy number listed under Elephant Insurance policies for both Cosette B. and C.N. were the same. (Tr. 1 at 56.)

16. Based on Ms. Bradburn's findings, Allstate initiated an internal investigation into Respondent Youngbar, Youngbar Financial, and Ms. Keeney in October, 2018. (MIA Ex. 11; Tr. 1 at 67.) Jose Flores ("Mr. Flores") was assigned as the investigator in this matter. (Tr. 1 at 67.) Mr. Flores began his investigation by interviewing Ms. Bradbury to determine what issues Ms. Bradbury had noted and why she raised concerns about the agents and agency. (Tr. 1 at 70.) Mr. Flores also interviewed two customers of Youngbar Financial, C.H. and A.W. (MIA Ex. 116; Tr. 1 at 71.) Customer C.H. stated that she did not have any prior insurance and stated that she did not provide any information regarding Elephant Insurance to Youngbar Financial. (Tr. 1 at 72.) Customer A.W. told Mr. Flores that she did not have insurance coverage right before she filled out her Allstate automobile insurance application and that she had not provided any proof that Elephant Insurance was her prior insurer. (MIA Ex. 116; Tr. 1 at 73.) Customer A.W. even

noted that she had never even heard of Elephant Insurance at the time she applied to Allstate. (MIA Ex. 116; Tr. 1 at 73.) Customer A.W. stated that she had filled out the application and policy paperwork with Ms. Keeney. (*Id.*)

17. Mr. Flores interviewed both Ms. Keeney and Respondent Youngbar during his investigation. (MIA Ex. 116.) During the interview, Ms. Keeney claimed that the prior insurance information had come from either the customer or from unnamed referral sources and that the agency got references from several different referral sources. (Tr. 1 at 76.) Mr. Flores also interviewed Respondent Youngbar, who stated during that interview that she was familiar with the agency agreement, the independent contractor manual, and Allstate's agency standards. (Tr. 1 at 76.) Respondent Youngbar also confirmed that her bind ID was A0B4282 and stated that the bind ID was password protected and that she did not share that information with anyone else. (Tr. 1 at 77.) Respondent Youngbar stated that any transactions associated with her bind ID would have been completed by her. (*Id.*) During that interview, Respondent Youngbar also acknowledged that she was responsible for the actions of employees employed by her agency. (MIA Ex. 116; Tr. 1 at 78.)

18. During his investigation, Mr. Flores reached out to Elephant Insurance regarding the applications. (MIA Ex. 16.) Mr. Flores asked Elephant Insurance to confirm if it was the prior insurer for these applicants and Elephant Insurance stated that it was not the prior insurer for any of the applicants. (MIA Exs. 16.) An Elephant Insurance representative also noted that it does not do business in West Virginia, Delaware, or Washington D.C. (MIA Ex. 134; Tr. 1 at 91.) Twenty-two of the applications submitted identified Elephant Insurance as the prior insurer in West Virginia, Delaware, or Washington D.C. (*Id.*) Mr. Short testified that Elephant

Insurance provides insurance coverage only in the following states: Ohio, Tennessee, Texas, Illinois, Indiana, Virginia, Maryland, and Georgia. (Tr. 1 at 91.)

19. On November 19, 2018, Mr. Flores reached the conclusion that Respondent Youngbar and Ms. Keeney had falsified thirty-three Allstate applications and Allstate decided to terminate the agreement with Youngbar Financial and terminate both Respondent Youngbar and Ms. Keeney as agents. (MIA Exs. 117, 118; Tr. 1 at 81.) Allstate determined that Youngbar Financial was paid \$3,457.68 in enhanced compensation bonuses and \$3,316.44 in commissions for a total of \$6,774.12 from these thirty-three policies. (MIA Ex. 116; Tr. 1 at 79-80.) Specifically, Mr. Flores determined that there was proof that "...prior insurance may have been manipulated in order to qualify customers and/or to provide them with a better rate." (MIA Exs. 116, 134.) Out of the 33 applications, ten were submitted under Respondent Youngbar's bind ID, and the other twenty three were submitted under the bind ID for Ms. Keeney⁶. (*Id.*) Included in each application, was a company listed as the prior insurer. (*Id.*) On all of the applications, Elephant Insurance was named as the prior insurer for the customer. (*Id.*) Submitted with the applications was documentation which purportedly showed that Elephant Insurance was the prior insurance carrier for these applicants. (*Id.*) Based on Mr. Flores' investigation, Allstate made the following determinations about the 33 applications:

Customer	Application Date	Bind ID	Agent Name	State	Result of investigation
C.B.	8/15/2018	SMD1CS29	Heather Keeney	VA	Fraudulent document
A.W.	8/21/2018	SMD1CS29	Heather Keeney	DE	Fraudulent document/Elephant Insurance does not write insurance in

⁶ Ms. Keeney has been disciplined by the MIA for her actions while employed by Youngbar Financial under a different case number, and a consent order was issued in that case. (MIA Ex. 135.)

Customer	Application Date	Bind ID	Agent Name	State	Result of investigation
					Delaware
J.K.	8/23/2018	SMC1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
Z.T.	8/20/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
J.H.	8/8/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
C.R.	8/8/2018	SMD1CS29	Heather Keeney	VA	Fraudulent document
M.S.	8/27/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
C.P.	8/15/2018	SMD1CS29	Heather Keeney	DE	Fraudulent document/Elephant Insurance does not write insurance in Delaware
A.R.	9/21/2018	SMD1CS29	Heather Keeney	MD	Fraudulent document
L.P.	9/24/2018	A0B4282	Liciu Youngbar	VA	Fraudulent document
M.J.	9.28/2018	A0B4282	Liciu Youngbar	VA	Fraudulent document
L.E.	10/2/2018	A0B4282	Liciu Youngbar	MD	Fraudulent document
C.H.	10/5/2018	A0B4282	Liciu Youngbar	MD	Fraudulent document
C.W.	10/3/2018	A0B4282	Liciu Youngbar	MD	Fraudulent document
Matthew S.	10/12/2018	A0B4282	Liciu Youngbar	WV	Fraudulent document/Elephant Insurance does not

Customer	Application Date	Bind ID	Agent Name	State	Result of investigation
					write insurance in West Virginia
I.P.	10/10/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
C.L.	9/19/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
Charlotte W.	9/24/2018	SMD1CS29	Heather Keeney	DE	Fraudulent document/Elephant Insurance does not write insurance in Delaware
H.A.	9/19/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
T.S.	9/19/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
H.V.	9/18/2018	A0B4282	Liciu Youngbar	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
D.D.	9/20/2018	SMD1CS29	Heather Keeney	DE	Fraudulent document/Elephant Insurance does not write insurance in Delaware
J.B.	10/8/2018	A0B4282	Liciu Youngbar	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
K.B.	9/18/2018	SMD1CS29	Heather	DE	Fraudulent

Customer	Application Date	Bind ID	Agent Name	State	Result of investigation
			Keeney		document/Elephant Insurance does not write insurance in Delaware
Charles H.	10/16/2018	A0B4282	Liciu Youngbar	DE	Fraudulent document/Elephant Insurance does not write insurance in Delaware
M.W.	10/25/2018	A0B4282	Liciu Youngbar	DE	Fraudulent document/Elephant Insurance does not write insurance in Delaware
O.S.	10/26/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
A.J.	10/18/2018	SMD1CS29	Heather Keeney	DC	Fraudulent document/Elephant Insurance does not write insurance in Washington DC
M.P.	10/18/2018	SMD1CS29	Heather Keeney	DE	Fraudulent document/Elephant Insurance does not write insurance in Delaware
W.C.	10/19/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
P.C.	10/31/2018	SMD1CS29	Heather Keeney	WV	Fraudulent document/Elephant Insurance does not write insurance in West Virginia
Cosette B.	11/1/2018	SMD1CS29	Heather Keeney	MD	Fraudulent document
C.N.	11/2/2018	SMD1CS29	Heather Keeney	MD	Fraudulent document

(MIA Ex. 13; Tr. 1 at 49-50.)

20. On November 13, 2018, Allstate processed a negative adjustment totaling \$6,774.12 towards Respondent Youngbar's pay for the November 19, 2018 pay date based on Allstate's findings. (MIA Ex. 117.)

21. Allstate terminated Respondent Youngbar on December 11, 2018, and Ms. Keeney on December 19, 2018. (MIA Exs. 118, 119.) Both of these terminations were considered "for cause" and copies of the termination letters were forwarded to the MIA. (MIA Exs. 118-121; Tr. 1 at 98.)

22. After the MIA "received a termination for cause notice from Allstate... regarding [Respondent]... Youngbar and also regarding Ms. Keeney," the MIA began an investigation into the actions of Respondent Youngbar, Youngbar Financial, and Ms. Keeney. (MIA Exs. 120, 121; Tr. 1 at 98.) Mr. Little eventually began the investigation in this matter and he interviewed Ms. Keeney. (MIA Ex. 122.) During his interview with Ms. Keeney, Ms. Keeney stated that Respondent Youngbar had been in the same room as her when Mr. Flores had interviewed her. (MIA Ex. 122; Tr. 1 at 101.) Ms. Keeney admitted that she would bind policies for other insurance producers when insureds lived outside of Maryland and the insurance producer who had originally quoted the policy did not have a license to procure insurance outside of Maryland, but stated that she did so at the direction of Respondent Youngbar. (MIA Ex. 122; Tr. 1 at 101.) Ms. Keeney also stated that she would fill in gaps in applicant's insurance with inaccurate information to qualify the applicants for better coverage and premiums. (MIA Ex. 122; Tr. 1 at 102.) Ms. Keeney stated that Respondent Youngbar directed her to fill in gaps in applicant's

coverage. (*Id.*) Ms. Keeney told Mr. Little that she was afraid of negative ramifications from Respondent Youngbar if she did not do as she was told. (Tr. 1 at 141-142.)

23. Mr. Little also interviewed the following individuals who had been employed by Youngbar Financial at some point: David Smith, Geoffrey Sickler, and Amanda Hammond. (MIA Exs. 124, 126, 128.)

24. During his interview, Mr. David Smith, a licensed producer who worked at Youngbar Financial, stated that during his employment with Youngbar Financial, he observed Respondent Youngbar enter false information on an application which was submitted to Allstate. (MIA Ex. 128.) Specifically, Mr. David Smith stated that he had an applicant who was married, and whose wife had a poor driving record, and that Allstate's guidelines provided that if the couple was married and living together they both needed to be on the policy. (*Id.*) Mr. David Smith stated that Respondent Youngbar changed the male insured's status to single rather than leave it as married so that a policy could be written and coverage could be provided. (*Id.*) Mr. David Smith also stated that he never saw Respondent Youngbar perform any "spot checks" of information being put on applications by employees to ensure the information was correct. (*Id.*) Respondent Youngbar testified that Mr. David Smith only worked at the agency for a very short period of time and that during his time working at the agency, the agency did not make many sales, so that his statement regarding changes to policies is false. (Tr. 2 at 20.)

25. During his interview, Mr. Sickler, a licensed producer who had also worked at Youngbar Financial, stated that he only worked at Youngbar Financial for about a week and a half. (MIA Ex. 124.) Mr. Sickler stated that he was told to fill in the prior insurance information with Elephant Insurance so that a potential insured would qualify for coverage and/or a better rate. (MIA Ex. 124; Tr. 1 at 104.)

26. Mr. Little also interviewed Amanda Hammond (“Ms. Hammond”), another insurance producer who had been employed with Youngbar Financial. (MIA Ex. 126.) Ms. Hammond stated that she was only licensed in Maryland, so if an insured from another state was seeking coverage, she would take all of the insureds’ information and pass the information on for completion to another agent and then Ms. Hammond would be paid the commission for that sale. (MIA Ex. 126; Tr. 1 at 105-106.) Ms. Hammond also stated that Respondent Youngbar never performed any type of “spot checks” on the applications that were submitted to Allstate to make sure that they were accurate. (MIA Ex. 126.) Ms. Hammond stated that she did not see Respondent Youngbar direct any other employees to enter false information on applications to ensure coverage for individuals applying for insurance while employed at Youngbar Financial. (MIA Ex. 124; Tr. 2 at 25.)

27. Mr. Little also sent questions to Steven Edwards (“Mr. Edwards”), another insurance producer who had been employed by Youngbar Financial. (MIA Ex. 131.) Mr. Edwards stated in his responses to Mr. Little’s questions that Respondent Youngbar directed Mr. Edwards to falsify details of coverage on applications so that the policies would be issued. (MIA Ex. 131; Tr. 1 at 110-111.) Mr. Edwards also stated that Respondent Youngbar was aware of the falsification of documents being submitted with applications. (MIA Ex. 131; Tr. 1 at 111.) Respondent Youngbar testified that she had told Mr. Edwards not to put prior insurance that was not correct onto applications in the past. (Respondent Exhibit (“Resp. Ex.”) 1; Tr. 2 at 23-24.) Respondent Youngbar also testified that Mr. Edwards was not employed by Youngbar Financial during the time period when the MIA states she falsified documents. (Tr. 2 at 22.)

28. Mr. Little stated that he also interviewed Respondent Youngbar. (MIA Ex. 130.) During her interview with the MIA, Respondent Youngbar stated that she had a unique bind ID

and that she did not share her log in information or password with others. (*Id.*) Respondent Youngbar also detailed that she never verified the information that her agents listed on the applications being submitted to Allstate because she thought that Allstate's underwriting team did so. (*Id.*)

29. Mr. Little contacted Elephant Insurance during his investigation. (MIA Ex. 132; Tr. 1 at 91, 112-113.) Mr. Little received a response from Elephant Insurance that none of the thirty-three policies Mr. Little was investigating were in fact issued by Elephant Insurance. (MIA Exs. 132, 133; Tr. 1 at 92, 113.) Elephant Insurance Risk and Compliance Manager, Mr. Short, testified that he verified all of the policy numbers provided on the thirty-three applications himself and he noted that none of the policies was actually issued by Elephant Insurance. (MIA Exs. 132, 133; Tr. 1 at 92.)

30. Mr. Joseph Smith, Acting Associate Commissioner, Fraud and Enforcement Unit of the MIA, testified that he was involved in determining the amount of the penalty in this case. (MIA Ex. 138; Tr. 1 at 123.) Mr. Joseph Smith stated that he considered the factors under § 27-408 and the Code of Maryland Regulations ("COMAR") to determine the appropriate amount of the penalty. (*Id.*) COMAR 31.02.04.02 considers 1) the seriousness of violation; 2) the good faith of the violator; 3) the violator's history of violations; 4) the deleterious effect of the violation on the public and the insurance industry; and 5) the assets of the violator. (Tr. 1 at 123-124.)

31. Additionally, Mr. Joseph Smith stated that he considered the factors under § 27-408(c), which include: 1) the nature, circumstances, extent, gravity, and number of violations; 2) the degree of culpability of the violator; 3) prior offenses and repeated violations of the violator; and 4) any other matter that the Commissioner considered appropriate. (MIA Ex. 138; Tr. 1 at

124.) Mr. Joseph Smith testified that the Administration assessed a penalty in the amount of \$110.00 for each of the ten applications that were submitted by Respondent Youngbar herself and included false and misleading policyholder information, which totals \$1,100.00. (MIA Ex. 138; Tr. 1 at 124.) In addition, Mr. Joseph Smith testified that the Administration assessed a penalty in the amount of \$100.00 each for the additional twenty-three applications submitted by Ms. Keeney while employed by Youngbar Financial that also provided false and misleading policyholder information, which totals \$2,300.00. (MIA Ex. 138; Tr. 1 at 125.) Finally, Mr. Joseph Smith testified that the Administration assessed a \$100.00 penalty against Youngbar Financial for failing to update its business address with the Administration in violation of § 10-117(b). (*Id.*) The total amount of administrative penalty is therefore \$3,500.00. (*Id.*)

32. Mr. Joseph Smith also testified that he determined that Respondent Youngbar's insurance producer license should be revoked based on her actions, which included deceiving Allstate and providing false documents. (Tr. 1 at 126.) Mr. Joseph Smith testified that Respondent Youngbar's actions were for financial gain in the form of commissions and that Respondent Youngbar's actions bring discredit to the insurance industry. (Tr. 1 at 126.)

33. Ms. Keeney testified that during her interview with Mr. Flores she was not 100% truthful in her answers to his questions. (Tr. 1 at 133.) Ms. Keeney stated that she did not tell the full truth to Mr. Flores because Respondent Youngbar was in the same room as her when she was on the phone call with Mr. Flores. (Tr. 1 at 133.) Ms. Keeney said that since Respondent Youngbar was in the room with her, she felt pressured into saying whatever Respondent Youngbar wanted her to say. (*Id.*)

34. Ms. Keeney testified that she had witnessed insurance producers entering false proof of prior insurance information while employed at Youngbar Financial. (Tr. 1 at 135.) Ms.

Keeney testified that she herself had entered false information into insurance applications and that she had also seen Respondent Youngbar do the same thing. (Tr. 1 at 135.) Ms. Keeney testified that they would enter false information into the prior insurance fields to obtain better coverage and rates for customers. (Tr. 1 at 135.) Ms. Keeney said that they would use Elephant Insurance because Elephant Insurance did not report to the CCDB and therefore the prior insurance information could not be verified. (Tr. 1 at 136.)

35. Respondent Youngbar testified that she is currently working for Farmers Insurance and has not had any issues for the past four and a half years at her current position. (Tr. 2 at 35-36, 38.) Respondent Youngbar testified that she felt Allstate took advantage of her and that she was a victim of Allstate. (Tr. 2 at 35.)

36. Respondent Youngbar testified that when she met Ms. Keeney, Ms. Keeney said she could help Respondent Youngbar get her agency off of the ground. (Tr. 2 at 11-12.) Respondent Youngbar stated that she gave Ms. Keeney a lot of authority to hire people, to train people, things like that. (Tr. 2 at 12.)

37. The MIA determined that Respondent Youngbar had violated Insurance Article §§10-126(a)(1), (6), and (13) and 27-406(1) and (5). (MIA Ex. 134; Tr. 1 at 113.) Based on the MIA's investigation it issued the Order on September 2, 2021, revoking Respondent Youngbar's insurance producer license and imposing a penalty in the amount of \$3,500.00. (*Id.*)

DISCUSSION

A. Positions of the Parties.

Respondent Youngbar argues that she was not provided proper training and support from Allstate and that she should never have been allowed to open an insurance agency. Respondent Youngbar further avers that she saw herself as the marketing and salesperson for her agency and

that she did not fully understand that she was responsible for her employees' actions and for the actions of the entire agency. Finally, Respondent Youngbar contends that she did not intentionally do things wrong and that she simply did not know, and that revocation of her insurance producer's license is too harsh of a penalty as she has since been working for another insurance company for several years with no additional violations or bad behavior.

In response, the MIA argues that Respondent Youngbar had acquired her insurance producer's license and held herself out as the designated responsible licensed producer for Youngbar Financial. The MIA further avers that Respondent Youngbar signed the contract with Allstate stating that she would be responsible for the actions of Youngbar Financial, and therefore, she is accountable for the actions of the producers she hired. Furthermore, the MIA contends that it seeks revocation of Respondent Youngbar's license for four main reasons: 1) Respondent Youngbar failed to accurately and truthfully document policyholder information on ten applications submitted to Allstate in an effort to qualify some customers for insurance coverage, who would not otherwise meet Allstate's underwriting standards, or to secure for customers a lower premium; 2) Respondent Youngbar willfully and knowingly submitted ten applications containing false or misleading information; 3) Respondent Youngbar demonstrated a lack of competency in failing to oversee her insurance agency which resulted in thirty-three fraudulent applications being submitted to Allstate; and 4) Respondent Youngbar demonstrated lack of competency when she failed to oversee her insurance agency leading to the submission of false proofs of prior insurance on thirty-three applications.

B. Statutory Framework.

The Order from the MIA revoking Respondent Youngbar's license and imposing an administrative penalty cites §§10-126 and 27-406 as the bases.

Section 10-126 states in pertinent part:

(a) The Commissioner may deny a license to an applicant under §§2-210 through 2-214 of this article, or suspend, revoke, or refuse to renew or reinstate a license after notice and opportunity for hearing under §§2-210 through 2-214 of this article if the applicant or holder of the license:

(1) has willfully violated this article or another law of the State that relates to insurance;

* * *

(6) has committed fraudulent or dishonest practices in the insurance business;

* * *

(13) has otherwise shown a lack of trustworthiness or competence to act as an insurance producer

* * * *

(West 2023.)

Section 27-406 states in pertinent part:

It is a fraudulent insurance act for a person:

(1) knowingly or willfully to make a false or fraudulent statement or representation in or with reference to an application for insurance;

* * *

(5) with intent to deceive, knowingly to exhibit a false account, document, or advertisement about the affairs of an insurer.

* * * *

(West 2023.)

The burden of proof in this case is not only by a preponderance of the evidence, Md. Code Ann., State Govt. Art. §10-217 (2021), but also by clear and convincing evidence. To prove something by a “preponderance of the evidence” means “to prove that something is more likely so than not so” when all of the evidence is considered. *Coleman v. Anne Arundel County Police Dep’t*, 369 Md. 108, 125 n. 16 (Md. 2002) (quoting the Maryland Pattern Jury Instructions) (*internal citations omitted*). Under this standard, if the supporting and opposing

evidence is evenly balanced on an issue, the finding on that issue must be against the party who bears the burden of proof. *Id.* The burden of proof in this case rests with the MIA to prove that Respondent Youngbar violated the Insurance Article and that revocation and the imposition of a monetary penalty are the appropriate sanctions.

However, in this matter, there are multiple allegations of fraud, including §27-406(1) and (5). Section 27-408(c) requires a “*showing of clear and convincing evidence*” (emphasis added) to impose certain administrative penalties for violations of §27-406(1) and (5). The State Government Article of the Annotated Code of Maryland provides that “[t]he standard of proof in a contested case shall be the preponderance of evidence *unless the standard of clear and convincing evidence is imposed on the agency by regulation, statute, or constitution.*” Md. Code Ann., State Govt. Art. §10-217 (2021) (emphasis added). In this matter, §27-408(c) imposes the standard of clear and convincing evidence. To be clear and convincing, evidence should be “clear” in the sense that it is certain, plain to the understanding, and unambiguous and “convincing” in the sense that it is so reasonable and persuasive as to cause you to believe it.” MPJI-Cv 1:15 (“Burden of Proof—Clear & Convincing Evidence Standard”).

C. The MIA has proven by a preponderance of the evidence and by clear and convincing evidence that Respondent Youngbar violated Sections 10-126 and 27-406. Additionally, the MIA has proven by a preponderance of the evidence and by clear and convincing evidence that revocation of Respondent Youngbar’s insurance producer license and the imposition of a \$3,500.00 monetary penalty are appropriate sanctions in this case.

Review of Violations of Sections 10-126 and 27-406

Respondent Youngbar opened an insurance agency, Youngbar Financial, in November, 2018. At that time, Youngbar Financial was issued an insurance producer’s license and Respondent Youngbar was listed as its designated licensed insurance producer. As Mr. Little

testified at the Hearing, a designated licensed insurance producer means the producer responsible for the agency's compliance with the Administration. (Tr. 1 at 100.)

On December 1, 2017, Respondent Youngbar entered into an exclusive agency contract with Allstate and opened Youngbar Financial as an insurance agency. The exclusive agency contract stated in part:

II. DUTIES AND CONDITIONS:

D. You agree to maintain any required agent license in the state or states in which you are appointed to represent the Company and to comply with any and all applicable federal, state, or local laws, rules, regulations and ordinances affecting your operation.

E. The Company recognizes that you may, in your sole discretion, arrange to have business conducted at your sales location in your absence by your own employees or other persons and that the time during which you are physically present at your sales location is entirely in your sole discretion. You must, however, remain actively involved in the conduct of business at your sales location.

* * *

III. YOUR EMPLOYEES:

A. You have no authority to employ persons on behalf of the Company, and no employee of yours will be deemed to be an employee or agent of the Company, such employees at all times remaining your employees.

You have sole and exclusive control over your labor and employee relations policies, and your policies relating to wages, hours, and working conditions of your employees.

You have the sole and exclusive right to hire, transfer, lay off, recall, promote, assign, discipline, and discharge your employees.

* * *

D. You agree and warrant that your employees, while working in connection with this Agreement, will comply with any and all applicable federal, state, or local laws, rules, regulations, and ordinances.

* * *

XVII. TERMINATION OF AGREEMENT:

B. This agreement may be terminated:

1. At any time by mutual agreement of the parties in writing;
2. By either party, with or without cause, upon providing ninety (90)

days prior written notice to the other, or such greater number of days as is required by law. Once written notice of termination has been given by either party, you will, immediately upon request of the Company, cease to act or to represent yourself in any ways as an agent or representative of the Company, but you will receive compensation pursuant to Section XV. from the Company for the period up to and including the specified termination date; or 3. Alternatively, by the Company, with cause, immediately upon providing written notice to you. Cause may include, but is not limited to, breach of this Agreement, fraud, forgery, misrepresentation or conviction of a crime. The list of examples of cause just stated shall not be construed to exclude any other possible ground as cause of termination.

* * * *

(MIA Ex. 4.)

In June 2018, Allstate began a review of Youngbar Financial based on the number of rejected policies that the agency had. During its review of Youngbar Financial, Allstate provided additional training to Respondent Youngbar. Ms. Bradburn began a review of some of Youngbar Financial's policies and noted that several of the documents appeared to be out of sorts. Specifically, Ms. Bradburn testified that the font on the documents looked different than the typical font she had seen on other Elephant Insurance documents. Based on her review of several of these policies, Allstate began a formal investigation. (*See* ¶¶ 6-8, *supra*.)

Mr. Flores investigated this matter further and interviewed both Ms. Keeney and Respondent Youngbar. Mr. Flores also interviewed two of Youngbar Financial's customers. These customers stated that they did not provide prior insurance information from Elephant Insurance to Youngbar Financial and one of the customers had not even heard of Elephant Insurance. Based on Mr. Flores' investigation, it was determined that on thirty-three applications, false information was provided showing that a customer had prior insurance with Elephant Insurance when in fact they had not. It appears that this was done to either provide

insurance coverage for a customer who would otherwise not have qualified for coverage, or to obtain a lower premium for a customer. (See ¶¶ 16-19, *supra*.)

Each new application for insurance that was submitted to Allstate included a requirement for the agent to enter the customer's prior insurance coverage. On each of these applications, it was listed that the customer had had Elephant Insurance coverage when in fact the customer did not. The prior insurance documents provided with these applications included typographical errors, including misspelling of names, policy limits that changed between the documents, and even one example where the policy number was the same for two different customers. Additionally, Elephant Insurance was listed as the prior insurer for several of the customers who resided in states where Elephant Insurance did not even provide coverage, including West Virginia, Washington D.C., and Delaware. (See ¶¶ 9-15, *supra*.)

Twenty-three of these applications were submitted by Ms. Keeney and ten were submitted by Respondent Youngbar. Respondent Youngbar testified that she did not share her bind ID with anyone and that it was password protected. Therefore, I find by a preponderance of the evidence that she submitted these ten applications herself. These applications included falsely created information which was provided to Allstate in order to extend coverage to customers who would otherwise not qualify for coverage, and to generate business for Respondent Youngbar and Youngbar Financial. Youngbar Financial was paid \$3,457.68 in enhanced compensation bonuses, and \$3,316.44 in commissions for a total of \$6,774.12 for the thirty-three policies.

Respondent Youngbar's behavior was also fraudulent. I find clear and convincing evidence that Respondent Youngbar knowingly provided these documents to Allstate and therefore committed fraudulent or dishonest practices in her submission of these false documents in direct violation of §§10-126(a)(6) and 27-406(1).

In addition, these documents were created and included information which claimed to have come from Elephant Insurance, a direct violation of §27-406(5), which states that it is a fraudulent insurance act to exhibit a false document about the affairs of an insurer. Respondent Youngbar offered these documents that she claimed were from Elephant Insurance in an attempt to deceive Allstate to provide coverage at a certain level or prices that it would not have otherwise provided to certain customers.

Furthermore, while twenty-three of the applications that provided false information were submitted by Ms. Keeney, Ms. Keeney was acting as an employee under the direction of Respondent Youngbar and Youngbar Financial at the time of her actions. Under the Allstate agency agreement, Respondent Youngbar was responsible for the actions of her employees and was to remain actively involved in the conduct of her business. While Respondent Youngbar argues that she gave Ms. Keeney a large amount of authority over the agency's operations, at the end of the day, Respondent Youngbar had signed the contract with Allstate and was responsible for the activities of Ms. Keeney and the other producers at Youngbar Financial. Respondent Youngbar even admitted at the Hearing that she understands that she was responsible for Ms. Keeney's actions as the owner of Youngbar Financial. (*See* ¶ 3, *supra*.)

While Respondent Youngbar argues that she did not have the proper training and support from Allstate and that she felt like she was a victim of Allstate, I find this argument unconvincing and disingenuous. The Supreme Court of Maryland has long held that “an insurance agent must exercise reasonable care and skill in performing his duties.” *Popham v. State Farm Mut. Ins.*, 333 Md. 136, 153, 634 A.2d 28, 36 (Md. 1993) (quoting *Bogley v. Middleton Tavern*, 288 Md. 645, 650, 421 A.2d 571, 573 (Md. 1980)).

Respondent Youngbar is a licensed insurance producer. She received training from Allstate. She had enough insurance knowledge to pass her licensing exam, and she signed the exclusive agency agreement with Allstate, which outlined her responsibilities. Respondent Youngbar had an obligation to oversee the producers she employed. Ms. Keeney was involved in inappropriate activity and was submitting false and fraudulent insurance applications. Respondent Youngbar did not inspect or scrutinize the information Ms. Keeney was submitting and admitted that she thought Allstate's underwriting department would review the information. In addition, several of Youngbar Financial's employees stated that Respondent Youngbar failed to *ever* do any type of spot checks on the applications to verify the information. (Emphasis added). Therefore, Respondent Youngbar has demonstrated a lack of trustworthiness or competence as an insurance producer in both her own actions and in her failure to properly oversee the actions of the employees in her agency. As such, I find that Respondent Youngbar has also violated §10-126(a)(13).

The actions Respondent Youngbar took in falsifying documents in order to make additional sales for herself and her agency demonstrate willful conduct that violates several sections of the Insurance Article. Therefore, I find that Respondent Youngbar has willfully violated the Insurance Article in her actions and therefore has violated §10-126(a)(1).

While Respondent Youngbar offered testimony to demonstrate that she has learned a lot from this incident and has not since had any other problems with her insurance producer's license, based on the severity of Respondent Youngbar's actions, as well as the multiple violations, I find that revocation is the proper sanction in this case.

Review of the Administrative Penalty

In this case, I have found that Respondent Youngbar violated §§10-126(a)(1), (6) and (13), and 27-406(1) and (5). The following sections of the Insurance Article provide for penalties for violations of those sections:

Section 10-126(c) applies to §§10-126(a)(1), (6) and (13), and states in pertinent part:

Instead of or in addition to suspending or revoking the license, the Commissioner may impose on the holder of the license a penalty of not less than \$100 but not exceeding \$500 for each violation of this article.

In addition, Section 27-408 applies to §27-406(1) and (5), and states in pertinent part:

(c)(1) In addition to any criminal penalties that may be imposed under this section, on a showing by clear and convincing evidence that a violation of this subtitle has occurred, the Commissioner may:

- (i) impose an administrative penalty not exceeding \$25,000 for each act of insurance fraud; and
- (ii) order restitution to an insurer or self-insured employer of any insurance proceeds paid relating to a fraudulent insurance claim.

(2) In determining the amount of an administrative penalty, the Commissioner shall consider:

- (i) the nature, circumstances, extent, gravity, and number of violations;
- (ii) the degree of culpability of the violator;
- (iii) prior offenses and repeated violations of the violator; and
- (iv) any other matter that the Commissioner considers appropriate and relevant.

To determine the correct penalty amount, I will review §§10-126(c), 27-408(c), and the factors found in the COMAR 31.02.04.02.

COMAR 31.02.04.02 states:

In determining the amount of the financial penalty to be imposed, the Commissioner shall consider the following:

- A. The seriousness of the violation;
- B. The good faith of the violator;
- C. The violator's history of previous violations;

- D. The deleterious effect of the violation on the public and the insurance industry; and
- E. The assets of the violator.

In this case, Mr. Joseph Smith testified that the MIA considers the conduct by Respondent Youngbar to be serious and that her actions bring “embarrassment and discredit to the insurance industry” and that the “lack of integrity adversely affects the public’s perception of insurance producers.” (MIA Ex. 138.) I agree with this assessment and these statements. Here, Respondent Youngbar submitted applications for insurance coverage for individuals with false information included. These individuals who had applied for coverage did not provide evidence of prior coverage with Elephant Insurance and were issued policies based on this false information. The investigation into Respondent Youngbar and Youngbar Financial began based on the number of rejected policies received. The individuals who had been approved for coverage or had reduced premiums would have been negatively impacted when their correct insurance history came to light in the form of increased premiums or coverage being discontinued altogether.

The Supreme Court of Maryland has held that if an agent does not exercise reasonable care and skill in performing his duties, “he may become liable to those, including his principal, who are caused a loss by his failure to use standard care.” *Bogley v. Middleton Tavern*, 288 Md. 645, 650, 421 A.2d 571, 573 (Md. 1980). Furthermore, Maryland recognizes that in cases of vicarious liability, the servant has a duty to indemnify his master. *Chilcote v. Von Der Ahe Van Lines*, 300 Md. 106, 120, 476 A.2d 204, 212 (Md. 1984). In other words, if the insurer can be found vicariously liable for the actions of the agent, then the agent has a duty to indemnify the insurer.

Section 27-408(c)(1) and (2) requires proof by clear and convincing evidence. Pursuant to §27-408(c) (1) and (2), I find by clear and convincing evidence that Respondent Youngbar caused damage by violating several sections of the Insurance Article, including fraud under §27-406(1) and (5).

Mr. Joseph Smith testified that based on Respondent Youngbar's failure to submit truthful information on ten insurance applications, the MIA assessed a penalty of \$110.00 for each application totaling \$1,100.00. This penalty amount was based on the seriousness of the conduct under COMAR 31.02.04.02A and the lack of good faith by Respondent Youngbar in violation of COMAR 31.02.04.02B. While no evidence was presented regarding either Respondent Youngbar's previous violations or assets, I find that the effect of the violation on the public and the insurance industry is substantial, as noted above. Therefore, in accordance with COMAR 31.02.04.02, I find that the penalty of \$1,100.00 for these ten violations is proper.

Next, Mr. Joseph Smith testified that based on the additional twenty-three applications submitted by Ms. Keeney, as an employee of Youngbar Financial, which included falsified information, the MIA found a violation of §27-406(1) and (5) and assessed a penalty of \$100.00 for each application totaling \$2,300.00. The factors under §27-408(c)(2) apply to violations of §27-406. Here the conduct of providing false applications to Allstate in twenty-three instances is a very serious violation and Respondent Youngbar also demonstrated culpability by failing to properly supervise Ms. Keeney as an employee of her agency. While there was no evidence regarding prior offenses or repeated violations of Respondent Youngbar, I find that the penalty of \$2,300.00 for these twenty-two violations is proper.

Finally, Mr. Joseph Smith testified that Respondent Youngbar failed to file a service request form updating the Insurance Administration of Youngbar Financial's new address within

thirty days of it changing its business address in violation of §10-117(b) and therefore an additional penalty of \$100.00 was assessed. Section 10-117(b) states:

(b)(1) a licensee shall file with the Commissioner by any means acceptable to the Commissioner a change in legal name, trade name, electronic mail address, or address within 30 days of the change.

(2) if a licensee fails to timely file with the Commissioner a change in legal name, trade name, electronic mail address, or address, the licensee is in violation of §10-126(a)(1) of this subtitle.

Mr. Joseph Smith stated that Respondent Youngbar's conduct is serious and demonstrates a lack of good faith. I agree that this conduct is serious because without a proper address, the Administration has no way of getting in contact with the insurance producers and agencies that the Administration is tasked with overseeing. Indeed, Respondent Youngbar's statutory responsibilities as Youngbar Financial's designated insurance producer provide as follows:

(c) The designated insurance producer shall:

(1) provide to the Administration at the time of designation the insurance producer's name, business address, business telephone number, business facsimile number, and business electronic mail address;

(2) *notify the Insurance Administration in writing of any change in the information required by item (1) of this subsection within 10 days after the change;*

(3) compile and maintain, to the extent reasonably possible, a list of locations where records of the business entity are maintained; and

(4) on request, cooperate with any investigation conducted by the Administration unless the cooperation is subject to a legal privilege asserted by the designated insurance producer or the business entity.

Section 10-106(c) (emphasis added).

While no evidence was presented regarding either Respondent Youngbar's previous violations or assets, I find that the effect of this violation on the public and the insurance industry is substantial. As noted above, the Administration is tasked with overseeing the operations of insurance producers and overseeing the insurance industry in the state; without correct

information to reach insurance producers, a producer who is acting improperly may be allowed to continue their operations while the Administration cannot locate them, thus harming the industry and the public.

After consideration of the COMAR factors and the provisions in §§10-126(c) and 27-408(c), I find that the penalty of \$3,500.00 is justified based on Respondent Youngbar's multiple violations of the Insurance Article in this case.

I, therefore, find based on the evidence before me that the MIA has met its burden in proving that the revocation of Respondent Youngbar's insurance producer's license and imposition of a monetary penalty is justified.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact and Discussion, it is found as a matter of law that Respondent Youngbar has violated Insurance Article §§10-126 and 27-406. Therefore, Respondent Youngbar's license to act as an insurance producer in the State of Maryland is revoked and Respondent Youngbar shall pay an administrative penalty in the amount of \$3,500.00.

FINAL ORDER

IT IS HEREBY ORDERED that the Maryland Insurance Administration's Order dated September 2, 2021, in this matter is hereby **AFFIRMED**; and it is further

ORDERED that Respondent Liciu Youngbar shall pay an administrative penalty of Three Thousand Five Hundred Dollars (\$3,500.00) within thirty (30) days of the effective date of this Order and in accordance with the instructions set forth below; and it is further

ORDERED that the insurance producer license of Liciu Youngbar is hereby **REVOKED**; and it is further

ORDERED that the records and publications of the Maryland Insurance Administration reflect this decision.

It is so **ORDERED** this 29th day of March, 2023.

KATHLEEN A. BIRRANE
Insurance Commissioner

/S/ Lisa Larson
LISA LARSON
Director of Hearings

Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by case number, and name. Unpaid penalties will be referred to the Central Collection Unit for collections. Payment of the administrative penalty shall be sent to attention of Joseph Smith, Acting Associate Commissioner, Fraud and Enforcement Unit, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202.