

STATE OF MAINE  
BUREAU OF INSURANCE

IN RE:

KAREN WARBURTON

Maine License No. PRN58598  
National Producer No. 3350986

**CONSENT AGREEMENT**

Docket No. INS-13-207

Karen Warburton, a licensed Maine non-resident insurance producer, the Maine Superintendent of Insurance (“the Superintendent”), and the Office of the Maine Attorney General (“Attorney General”) hereby enter into this Consent Agreement pursuant to 10 M.R.S. § 8003(5)(B) to resolve, without an adjudicatory proceeding, violations of the Insurance Code for which the Superintendent may impose discipline pursuant to 24-A M.R.S. §§ 1417 and 1420-K.

**PARTIES**

1. The Superintendent of Insurance is the official charged with administering and enforcing Maine’s insurance laws and regulations, and the Bureau of Insurance is the administrative agency with such jurisdiction. The Superintendent has jurisdiction over this matter pursuant to 24-A M.R.S. §§ 12-A and 211.

2. Karen Warburton has been licensed in Maine as a non-resident insurance producer since 1998. She resides in New Hampshire and is employed in Maine. She was first licensed in 1998 as a producer with property/casualty authority. She was licensed in 2005 with life/health authority. Her Maine producer license number is PRN58598. Her National Insurance Producer Registry number is 3350986.

**STATUTORY AUTHORITY**

3. Under 24-A M.R.S. §§ 12-A and 1420-K, the Superintendent may issue a warning, censure, or reprimand to a licensee, may suspend, revoke or refuse to renew the license of a licensee, may impose conditions of probation on the licensee, may levy a civil penalty, or may take any combination of such actions, for violating any insurance laws, or violating any rule, regulation, subpoena, or order of the Superintendent. Pursuant to 10 M.R.S. § 8003(5)(B), the Superintendent may resolve a complaint by entering into a consent agreement with a licensee and with the agreement of the Attorney General.

## FACTS

4. Since September, 2011, Ms. Warburton has been employed as a producer for the Ellis Insurance Agency located in York, Maine. Tim Ellis is the designated responsible licensed producer for the Ellis Insurance Agency.
5. Ms. Warburton is licensed as an insurance producer in Maine and New Hampshire, only.
6. Ms. Warburton became GF's insurance agent when she began employment with the Ellis Agency. GF was an existing customer of the agency. As his agent, Ms. Warburton serviced at least two insurance policies for GF with the Chubb Insurance Group ("Chubb"): policy number 13345687-01 (covering GF's home in Cape Neddick, Maine, automobiles and valuables – including artwork) and policy number 13345687-02 (a \$1 million excess liability policy).
7. On March 21, 2012, GF advised Ms. Warburton by email that he and his partner had made an offer on a house in Massachusetts and that the closing would be on or around May 11, 2012. GF requested that Ms. Warburton obtain a quote for insurance for the Massachusetts house from Chubb. Ms. Warburton was aware that GF intended to sell his house in Maine and to move to the house in Massachusetts.
8. On April 20, 2012, a Chubb underwriter provided a quote to Ms. Warburton for the Massachusetts house "binding coverage today effective May 11, 2012" with a "binder good for 30 days, expires on May 20, 2012" (quote/policy number 13345687-03)
9. On April 20, 2012, Ms. Warburton relayed the Chubb quote to GF and advised him that once he sold the house in Maine, she would cancel the Maine house policy and transfer the coverage for automobiles and valuables to the Massachusetts house policy. She advised GF that she could "easily" change the Massachusetts house policy from secondary to primary residence coverage once he sold the Maine house.
10. On April 20, 2012, GF advised Ms. Warburton that they had an agreement for the sale of their Maine house and that the tentative closing date was May 23, 2012.
11. On May 11, 2012, Ms. Warburton advised GF that coverage for the Massachusetts house was bound effective that date for the closing. GF and his partner closed on the Massachusetts house on May 11, 2012.
12. On May 11, 2012, GF advised Ms. Warburton that their home in Maine was scheduled to close on May 23, 2012. GF and his partner sold the Maine house on May 23, 2012.
13. On May 29, 2012, GF advised Ms. Warburton that he and his partner were "officially living" in their new Massachusetts home.

14. In early June, 2012, GF asked Ms. Warburton to quote automobile insurance for him through Chubb on a new car he purchased in Massachusetts. On June 5, Ms. Warburton advised GF that Chubb would not provide an auto policy in Massachusetts and suggested an alternate insurance company; GW responded by asking whether they were “All set on house and art, umbrella, house?” Ms. Warburton responded that she was “finalizing the remainder of his policies.”

15. On June 14, 2012, Ms. Warburton advised GF that policy number 13345687-03 (effective May 11, 2012) would be issued as a new policy on a secondary residence as submitted and that, once the policy was issued, she would make the necessary adjustment to change the policy for coverage as his primary residence, and add the valuable articles coverage from the Maine home policy. She further advised him that the Maine home coverage and valuable articles coverage would be removed from policy number 13345687-01 effective May 23, 2012.

16. On June 14, 2012, Ms. Warburton issued an ACORD Evidence of Property Insurance form (policy number 13345687-03) for home insurance on the Massachusetts home effective May 11, 2012 until expiration on May 11, 2013. The document was signed by Ms. Warburton as the authorized representative of the company listed on the document, Chubb Group of Insurance. Ms. Warburton issued this document based upon the binder quote she obtained from Chubb on April 20, 2012.

17. In July, 2012, GF contacted an insurance producer in Massachusetts to secure automobile insurance. This producer advised GF that he did not have an insurance policy from Chubb in effect on his Massachusetts home. The Massachusetts producer contacted Ms. Warburton to discuss this problem.

18. On July 19, 2012 Ms. Warburton contacted Chubb and was advised that Chubb declined to issue the policy to GF for his Massachusetts home as a primary residence. Ms. Warburton requested that Chubb issue the initial policy as a secondary residence and that she would amend the policy; Chubb declined to issue policy 13345687-03.

19. Chubb would not issue the policy on GF’s Massachusetts home based on its internal policy against insuring homes in Barnstable County, Massachusetts as a primary residence.

20. Ms. Warburton failed to contact Chubb earlier than July 19, 2012, to advise them that GF had sold his Maine house and that the Massachusetts house was his primary residence due to her negligence in following up on GF’s changing insurance needs.

21. The Massachusetts producer issued a policy to GF for the Massachusetts home on July 24, 2012 through Chartis Insurance Company.

22. GF filed a complaint with the Maine Bureau of Insurance about the situation on July 30, 2012.
23. Ms. Warburton filed her first response to the complaint with the Bureau on August 15, 2012.
24. Ms. Warburton filed a further response to the complaint with the Bureau on September 18, 2012.
25. By letter dated October 16, 2012, in response to inquiries from the Bureau, Chubb advised that it would issue a policy on GF's Massachusetts home because "we have determined that the customer did not receive notice of cancellation of the original 30 day binder of insurance."
26. Ms. Warburton did not take steps to cancel the Chubb insurance on GF's Maine home (policy number 13345687-01) or the excess liability policy (policy number 13345687-02) until late October, 2012. On October 30, 2012, Ms. Warburton mailed to GF a cancellation request for him to sign to cancel these two policies with Chubb. She faxed the cancellation requests signed by GF to Chubb on November 6, 2012.
27. On or around December 19, 2012, Chubb issued to GF a premium refund of \$8554 following the cancellation of the insurance policy on his Maine home, after learning that the coverage should have been cancelled on May 23, 2012, had the cancellation been properly made. On or around December 19, 2012, Chubb issued to GF a premium refund of \$151 following the cancellation of the excess liability insurance policy, after learning that the coverage should have been cancelled on July 24, 2012, had the cancellation been properly made.
28. At no times during the above transactions was Ms. Warburton an appointed agent for Chubb.

#### **APPLICABLE LAW**

29. Title 24-A M.R.S. § 1420-K(1)(H) provides that the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.
30. Title 24-A M.R.S. § 1420-M provides that an insurance producer may not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer.

## COVENANTS

31. Ms. Warburton admits to the Facts as stated above and admits that these Facts constitute a basis for imposing discipline against her as follows:

- a. By failing to make a timely and sufficient inquiry to Chubb about insuring GF's Massachusetts house when it became his primary residence, thereby failing to determine that Chubb would not insure the Massachusetts house as a primary residence and leaving the existence of coverage in doubt, in violation of 24-A M.R.S. § 1420-K(1)(H);
- b. By failing to advise Chubb in a timely fashion that GW no longer owned his Maine house and failing to take steps to cancel the insurance on the house and on the excess liability policy, in violation of 24-A M.R.S. § 1420-K(1)(H); and
- c. By signing an ACORD document as authorized representative of Chubb, and otherwise acting as an agent of Chubb, without being an appointed agent of Chubb, in violation of 24-A M.R.S. § 1420-M.

32. Ms. Warburton agrees to the imposition of a civil penalty in the amount of One Thousand Dollars (\$1,000.00). Payment shall be by check or money order made out to "Treasurer, State of Maine" and delivered to the Bureau with the signed Consent Agreement.

33. Ms. Warburton agrees that within six (6) months after the date of the Superintendent's signature below, she will certify to the Superintendent that she has attended and successfully completed six (6) credit hours of approved continuing education with three (3) credit hours being in office management/policyholder servicing and three (3) credit hours being in licensing/appointments. This requirement shall be in addition to her usual bi-annual continuing education requirement.

34. Nothing in this Agreement shall affect the rights or interests of any person who is not a party to this Agreement.

35. In consideration of Ms. Warburton's execution of and compliance with the terms of this Consent Agreement, the Superintendent and Attorney General agree to forgo pursuing against Ms. Warburton any further disciplinary measures or other civil or administrative sanctions available under the Maine Insurance Code concerning the specific conduct described in this Consent Agreement, other than those agreed to herein. However, should Ms. Warburton violate any provision of this Consent Agreement, she may be subject to any available remedy for the violation. Ms. Warburton further acknowledges and agrees that, upon execution of this Consent Agreement, each of the Covenants herein shall constitute an order of the Superintendent.

36. This Consent Agreement is enforceable by an action in Maine Superior Court.
37. This Consent Agreement is not subject to appeal. Ms. Warburton waives any further hearings or appeals regarding the matters that are the subject of this Consent Agreement.
38. This Consent Agreement may be modified only by a written agreement executed by all of the parties hereto. Any decision to modify, continue, or terminate any provision of this Consent Agreement rests in the discretion of the Superintendent and the Attorney General.
39. This Consent Agreement is a public record subject to the provisions of the Maine Freedom of Access Law, 1 M.R.S. §§ 401 through 410, will be available for public inspection and copying as provided for by 1 M.R.S. § 408, and will be reported to the Regulatory Information Retrieval System database at the National Association of Insurance Commissioners.
40. Ms. Warburton agrees that she has read this Consent Agreement, that she understands this Consent Agreement, that she has reviewed the statutory provisions set forth herein, that she understands her right to consult with counsel before signing this Consent Agreement, and that she enters into this Consent Agreement voluntarily and without coercion of any kind from any person.

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**KAREN WARBUTON**

Dated: 9/3, 2013

By:   
Karen Warburton

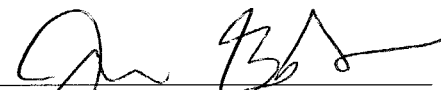
**THE MAINE SUPERINTENDENT OF  
INSURANCE**

Dated: 9/10, 13

By:   
Eric A. Cioppa  
Superintendent of Insurance

**THE MAINE OFFICE OF THE  
ATTORNEY GENERAL**

Dated: 9/5, 13

By:   
Jonathan R. Bolton  
Assistant Attorney General