



**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF INSURANCE  
1511 PONTIAC AVENUE, BUILDING 69-2  
CRANSTON, RHODE ISLAND 02920**

**IN THE MATTER OF:**

**Government Employees Insurance Company  
GEICO General Insurance Company  
GEICO Indemnity Company**

**RESPONDENTS.**

**2022-IN-011**

**CONSENT AGREEMENT**

It is hereby agreed between the Department of Business Regulation (Department) and Government Employees Insurance Company, GEICO General Insurance Company, GEICO Indemnity Company, (collectively, Respondents, and each individually, Respondent) as follows:

1. Respondents are insurance companies domiciled in the state of Nebraska that are licensed as foreign property and casualty insurance companies and identified with the below listed NAIC Company Code (CoCode) numbers:

Government Employees Insurance Company, NAIC CoCode #22063  
GEICO General Insurance Company, NAIC CoCode #35882  
GEICO Indemnity Company, NAIC CoCode #22055

2. Respondents employ individuals for compensation as adjusters who investigate, negotiate, or settle property and casualty claims directly for the Respondents.

3. Four of Respondents' adjusters were residents of Rhode Island who the Department identified as applying for a Rhode Island non-resident adjuster license. This led the Department to investigate the matter further.



4. The Department's investigation concluded that those four Rhode Island residents did not have a bona fide reason to be applying for a non-resident adjuster license in Rhode Island.

5. R.I. Gen. Laws §27-10-1.1(e) defines "Home state" as "the District of Columbia and any state or territory of the United States in which the adjuster's principal place of residence or principal place of business is located." The definition also has a provision to address if one's home state does not license adjusters.

6. R.I. Gen. Laws §27-10-1.2(a) states "A person shall not act or hold himself out as a public, company or independent adjuster in this state unless the person is licensed in accordance with this chapter."

7. 230-RICR-20-50-4.3(A)(15) states "Resident means a person who either resides in Rhode Island or maintains an office in Rhode Island where the business of producing insurance is transacted and designated Rhode Island as the residence for purposes of licensure."

#### *Adjuster RS*

8. Adjuster RS is a Rhode Island resident with a principal place of residence and principal place of business in Rhode Island. However, Adjuster RS attended an adjuster training at Respondent's New York office and Respondent expected that RS may be performing auto body repair estimating in New York. Respondent submitted an application on behalf of Adjuster RS for a New York resident adjuster license listing Respondent's New York office as the principal insurance business address of GEICO. The New York Department of Financial Services granted Adjuster RS a resident New York resident adjuster license on March 9, 2022 based on the listed principal insurance business address of GEICO being in New York.

9. On May 4, 2022, Respondent submitted a non-resident adjuster license application to the Department on behalf of Rhode Island resident Adjuster RS. The application listed a Rhode



Island address as the residence address, and a GEICO New York address as the business address.

The Rhode Island non-resident adjuster license was approved on May 4, 2022.

10. On May 9, 2022, the Department emailed Respondent that Rhode Island resident, Adjuster RS, was approved for a Rhode Island non-resident adjuster license because Respondent applied using the Respondent's New York office address as the qualifier for Rhode Island non-resident licensing reciprocity in Rhode Island. Adjuster RS listed his Rhode Island residence as his Residence Address, but the approval was triggered by electronic business processing rules which accepted the New York resident license as a qualifier for the Rhode Island non-resident license.

11. On May 9, 2022, the Department requested the Respondent to voluntarily surrender the non-resident Rhode Island license and the resident New York license. The Department also advised Respondent to comply with the requirements for a Rhode Island resident adjuster license for Adjuster RS and to re-apply.

12. On May 18, 2022, after receiving no response to the May 9, 2022 email, the Department emailed Respondent a second time regarding the Rhode Island resident with a Rhode Island non-resident company adjuster license.

13. On May 18, 2022, the Respondent emailed the Department that Adjuster RS had surrendered the Rhode Island non-resident and New York resident adjuster licenses.

14. Adjuster RS did not have a bona fide reason to be a non-resident adjuster licensed in Rhode Island at the time his application was submitted, as both his home address and principal place of business were within Rhode Island.



*Adjusters AG, JM and MD*

15. On May 20, 2022, after a review of its licensing database, the Department identified three (3) additional Rhode Island residents; AG, JM and MD, who had been issued a New York resident adjuster license and then had applied and received a Rhode Island non-resident adjuster license.

16. At the time they applied for their New York licenses, Adjusters AG, JM and MD had a principal insurance business address in New York and resident addresses in Rhode Island. However, at the time they applied for their Rhode Island licenses, Adjusters AG, JM and MD each had a principal place of residence in Rhode Island and a principal place of business in Rhode Island. As such, none of them qualified for a Rhode Island non-resident adjuster license.

17. The Department emailed Respondent with the information and requested these three adjuster licenses be corrected.

18. On May 27, 2022, after receiving no response to the May 20, 2022, email, the Department sent a second notice to Respondent regarding the Rhode Island residents with a non-resident adjuster license.

19. On June 14, 2022, and June 17, 2022 (respectively) adjusters JM and AG had applied and completed the requirements to obtain Rhode Island resident adjuster licenses. On November 8, 2022, Respondent advised that adjuster MD separated employment with Respondent on April 11, 2022.

20. On September 7, 2022, Respondent reported that Respondent's licensing staff had been re-trained that license applications in Rhode Island are based on the home residence of the applicant.



## AUTHORITY

21. R.I. Gen. Laws §27-10-12(a)(1) advises the insurance commissioner may refuse to issue an adjuster license and may levy a civil penalty in accordance with R.I. Gen. Laws §42-14-16 for “providing incorrect, misleading, incomplete or materially untrue information in the license application”.

22. R.I. Gen. Laws §42-14-16(a) authorizes whenever the director shall have cause to believe that a violation of title 27 has occurred by a licensee to:

- (1) Revoke or suspend a license;
  - (2) Levy an administrative penalty in an amount not less than one hundred dollars (\$100) nor more than fifty thousand dollars (\$50,000);
  - (3) Order the violator to cease such actions;
  - (4) Require the licensee or person or entity conducting any activities requiring licensure under title 27 to take such actions as are necessary to comply with title 27 and/or chapter 14, 14.5, 62 or 128.1 of title 42, or the regulations thereunder;
- or
- (5) Any combination of the above penalties.

THEREFORE, based on the foregoing, the Respondents and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

- I. Respondents admit the above referenced facts.
- II. Respondents agree to collectively pay an administrative fine of ten thousand dollars (\$10,000.00) to resolve the concerns about improper adjuster licensing within thirty (30) days.



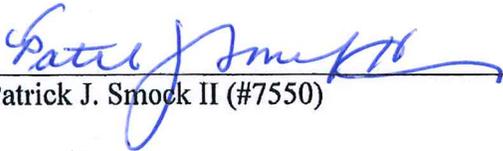
- III. Respondents will conduct a review of the Respondents' current company licensing files to determine if any Rhode Island residents continue to hold a non-resident adjuster license without bona fide reasons to hold such a license. Respondents will provide a report to the Department within sixty (60) days of this agreement.
- IV. If any Rhode Island resident is identified in the review report in Paragraph III, Respondents will immediately work to correct the license.
- V. Respondents will review and update company adjuster licensing policies and procedures to reflect residency requirements for company adjusters. Upon completion of the review and update, Respondents will provide a copy of the policies and procedures to the Department.
- VI. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondents knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 *et seq.*
- VII. Enforcement. If Respondents fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, Respondents will be in violation hereunder and the Department shall be entitled to immediately to take enforcement or other action in accordance with applicable law.
- VIII. Compliance: Other Laws. Compliance with the terms of this Consent Agreement does not relieve Respondents of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.



Counsel for the Respondents and the Department hereby consent and agree on the foregoing on behalf of their respective clients the 8<sup>th</sup> day of ~~October~~<sup>November</sup> 2023.

Rhode Island Department of  
Business Regulation  
by its Legal Counsel

Respondents  
by their Head, Government and Public Affairs

  
Patrick J. Smock II (#7550)

  
Tracey Laws