

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking)
and Insurance, State of New Jersey, to fine,)
suspend, and/or revoke the insurance producer)
license of Eun Young Jung, Reference No.)
1037368)
_____)

ORDER TO SHOW CAUSE

TO: Eun Young Jung
10B Abbott Avenue
Palisades Park, NJ 07650-1280

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Respondent Eun Young Jung ("Respondent") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent was licensed as a resident insurance producer pursuant to N.J.S.A. 17:22A-32 until her license expired on October 31, 2016; and

WHEREAS, Respondent is subject to the provisions of the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq. ("Producer Act") and the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq. ("Fraud Act"); and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena or order of the Commissioner or of another state's insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(5), an insurance producer shall not intentionally misrepresent the terms of an actual or proposed insurance contract, policy or application for insurance; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

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

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

ALLEGATIONS COMMON TO ALL COUNTS

IT APPEARING that in or around March 2013, Respondent was hired as an insurance producer by Farmers Insurance ("Farmers") agent B.P.; and

IT FURTHER APPEARING that Respondent was appointed to sell insurance for the following Farmers companies: Farmers Insurance Exchange, Fire Insurance Exchange, Mid-Century Insurance Company, Truck Insurance Exchange, and Foremost Insurance Company; and

IT FURTHER APPEARING that in or around June 2015, Respondent began working as an insurance producer for Farmers agent S.K.; and

IT FURTHER APPEARING that on January 8, 2016, Farmers' Internal Audit Department received a referral concerning a questionable "comprehensive only" automobile policy written for an insured from the B.P. agency; and

IT FURTHER APPEARING that a "comprehensive only" automobile policy provides limited coverage only for losses due to fire or theft; and

IT FURTHER APPEARING that Farmers' Internal Audit Department discovered that Respondent, while working at the B.P. agency, added a vehicle to an insured's policy, which the insured did not own, under a comprehensive only policy to qualify the insured for Farmers' multi-car discount; and

IT FURTHER APPEARING that Farmers' Internal Audit Department opened an investigation into all comprehensive only policies written at the B.P. agency;

IT FURTHER APPEARING Respondent wrote six comprehensive only policies at the B.P. agency; and

IT FURTHER APPEARING that Farmers' Internal Audit Department also investigated all comprehensive only policies written at the S.K. agency; and

IT FURTHER APPEARING that Respondent wrote eight comprehensive only policies at the S.K. agency; and

IT FURTHER APPEARING that all fourteen comprehensive only policies written by Respondent, at both the B.P. agency and S.K. agency, received a multi-car discount from Farmers; and

IT FURTHER APPEARING that Farmers' Internal Audit Department obtained a vehicle history report on the vehicles insured for all fourteen comprehensive only policies written by Respondent;

IT FURTHER APPEARING that nine vehicle history reports showed someone other than the insured as the registered owner of the vehicle; and

IT FURTHER APPEARING that, on or about February 2, 2016, Farmers' Internal Audit Department interviewed Respondent; and

IT FURTHER APPEARING that during that interview, Respondent admitted that she wrote nine fraudulent comprehensive only policies for the purpose of qualifying the insureds for Farmers' multi-car discount; and

IT FURTHER APPEARING that Respondent stated that she would identify an older vehicle that the insured had previously owned from the Comprehensive Loss Underwriting Exchange report at the time she wrote a comprehensive only policy; and

IT FURTHER APPEARING that Respondent would not ask or confirm whether the insured owned that vehicle; and

IT FURTHER APPEARING that Respondent stated that she engaged in this practice specifically to lower the insurance premium for single vehicle customers in order to obtain the customer's business; and

IT FURTHER APPEARING that, on or about February 4, 2016, Farmers' Internal Audit Department obtained a written statement from Respondent wherein she further stated: "The premium for the comp[rehensive] only policy was minimal and the multi-car discount more than made up the difference;" and

Count One

IT FURTHER APPEARING that, from September 2013 through October 2015, Respondent wrote at least nine comprehensive only policies for vehicles which the insureds did not own in order to fraudulently obtain for each insured a multi-car discount from Farmers, in violation of N.J.S.A. 17:22A-40a(2), (5), (8), and (16); and

Count Two

IT FURTHER APPEARING that, from September 2013 through October 2015, Respondent wrote at least nine comprehensive only policies for vehicles which the insureds did not own in order to fraudulently obtain for each insured a multi-car discount from Farmers, in violation of N.J.S.A. 17:33A-4a(4)(b); and

NOW, THEREFORE, IT IS on this 20th day of October, 2017

ORDERED, that the Respondent appear and show cause why her New Jersey insurance producer license shall not be suspended or revoked pursuant to N.J.S.A. 17:22A-40a; and

IT IS FURTHER ORDERED, that the Respondent appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation and \$10,000.00 for each subsequent violation of the Producer Act pursuant to the provisions of N.J.S.A. 17:22A-45c; and

IT IS FURTHER ORDERED, that the Respondent appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for the first violation, \$10,000.00 for the second violation, and \$15,000.00 for each subsequent violation of the Fraud Act, and order restitution, pursuant to N.J.S.A. 17:33A-5c; and

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

IT IS FURTHER ORDERED, that the Respondent appear and show cause why she should not be required to pay restitution and to reimburse the Department of Banking and Insurance (the "Department") for the cost of the investigation and prosecution under the Producer Act, as authorized pursuant to N.J.S.A. 17:22A-45c; and

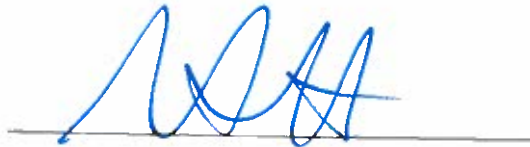
IT IS FURTHER ORDERED, that the Respondent appear and show cause why she should not be required to reimburse the Department for costs of prosecution, including attorneys' fees, as authorized under the Fraud Act pursuant to N.J.S.A. 17:33A-5c; and

IT IS PROVIDED that, Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at her own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED that, unless a request for a hearing from the Respondent is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondent and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, New Jersey Department of Banking and Insurance, P.O. Box 329, Trenton, N.J. 08625 or by faxing the request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Kevin McGowan at fax number (609) 777-3503. The request shall contain:

- (a) Respondent's full name, address, and daytime telephone number;

- (b) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- (c) A specific admission or denial of each fact alleged in this Order to Show Cause. Where the Respondent has no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- (d) A statement requesting the hearing.



Peter L. Hartt
Director of Insurance