

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

No. 20A- 037 -INS

PALOMINO, MICHAEL, JOSEPH II
(National Producer No. 135783)

CONSENT ORDER

And

PALOMINO INSURANCE AGENCY INC.
(National Producer No. 10165149)

Respondents.

The Arizona Department of Insurance (“Department”) has received evidence that **Michael Joseph Palomino II (“Palomino”) and Palomino Insurance Agency Inc. (“the Agency”)** (collectively “Respondents”) violated provisions of Title 20, Arizona Revised Statutes (“A.R.S”). Respondents wish to resolve this matter without the commencement of formal proceedings, and admit the following Finding of Fact are true, and consent to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Palomino is, and was at all material times, licensed as an Arizona resident insurance producer with four lines of authority: life, accident and health or sickness, casualty, and property. Palomino’s license, number 135783, was last renewed on September 1, 2018 and it is scheduled to expire on August 31, 2022.

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1 2. Palomino's business and mailing address of record with the Department is:
2 C/O Palomino Insurance Agency, 14555 N Scottsdale Road, Suite 320, Scottsdale, Arizona
3 85254-3487. Palomino's business e-mail address of record with the Department is
4 michael@palomino1.com .

5 3. The Agency is, and was at all material times, licensed as an Arizona business
6 entity insurance producer with four lines of authority: life, accident and health or sickness,
7 casualty, and property. The Agency's license, number 10165149, was last renewed on
8 February 1, 2020 and it is scheduled to expire on January 31, 2024.

9 4. Palomino is the President and Designated Responsible Licensed Producer of
10 the Agency and as such is responsible for the business entity's compliance with the insurance
11 laws of this state, within the meaning of A.R.S. § 20-285(C)(3).

12 5. The Agency's address of record with the Department is: Palomino Insurance,
13 14555 N Scottsdale Road, Suite 320, Scottsdale, Arizona 85254-3487. The Agency's email
14 address of record with the Department is michael@palominol.com .

15 **Consumer Complaint**

16 6. On or about January 3, 2020, a consumer submitted a written complaint to the
17 Department alleging the Respondents failed to forward his annual insurance premium to the
18 insurer resulting in a lapse in his homeowner insurance policy.

19 7. The consumer advised the Respondents' actions caused him financial harm
20 when his home was damaged on or about December 2019 and his discovery that his
21 homeowner policy was not in force.

22 8. The Department's investigation revealed the consumer's homeowner policy

1 was placed in force for the month of July 2018 and was subsequently canceled for non-
2 payment on the following month.

3 9. The Department's investigation confirmed the consumer's annual premium of
4 \$749.00 was received and deposited by the Respondents on July 6, 2018.

5 10. On February 27, 2020, the Department conducted an Examination Under Oath
6 ("EUO") with Palomino. During the EUO, Palomino acknowledged that unintentional
7 mistakes were made by one of his employees under his supervision in the handling of this
8 consumer's policy and premium transaction.

9 11. Palomino stated that on or about January 2020, he issued the consumer a full
10 refund of his premium. Palomino subsequently provided, to the consumer, his Errors and
11 Omissions insurance policy information.

12 12. Palomino stated he has since made changes at his business practices in an
13 effort to prevent the circumstances described herein from occurring again in the future.

14 **Change of Address and Members**

15 13. During this EUO, the Department discovered Palomino neglected to update the
16 business entity license in regards to the change in address and membership of The Agency.

17 14. Palomino stated he had moved The Agency to the new location on or about
18 July 2019 and his attempts to update the address via the Department's website were
19 unsuccessful. He further stated that he divorced his wife on or about February 2019 and
20 neglected to remove her name from the membership of The Agency.

21 15. Following this EUO, Palomino updated the membership, business and mailing
22 addresses for The Agency.

1 **CONCLUSIONS OF LAW**

2 1. The Director has jurisdiction over this matter.

3 2. Respondents' conduct, as described above, constitutes a violation of Title 20 or
4 any rule, subpoena or order of the Director, within the meaning of A.R.S. § 20-295(A)(2).

5 3. Respondents' conduct, as described above, constitutes improperly withholding
6 monies or properties received in the course of doing insurance business, within the meaning
7 of A.R.S. § 20-295(A)(4).

8 4. Respondents' conduct, as described above, constitutes failing to inform the
9 director in writing within thirty days of any change in the licensee's residential, business or
10 email address; members, directors, officers, or designated producer, within the meaning of
11 A.R.S. § 20-286(C)(1) and (2).

12 5. Grounds exist, such that, the Director may impose a civil penalty of not more
13 than two hundred fifty dollars for each unintentional failure or violation up to an aggregate
14 civil penalty of two thousand five hundred dollars, pursuant to A.R.S. § 20-295(F)(1).

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1 **ORDER**

2 IT IS HEREBY ORDERED THAT:

3 1. **Michael Joseph Palomino II** and **Palomino Insurance Agency Inc.** shall
4 immediately pay a civil penalty of seven hundred fifty dollars (\$750.00) for deposit into the
5 state general fund.

6 2. Respondents are jointly and severally responsible for payment of the civil
7 penalty.

8 Effective this 11th day of June, 2020.

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12 Scott Greenberg, Deputy Director
13 for Christina Corieri, Interim Director
14 Arizona Department of Insurance

15 **CONSENT TO ORDER**

16 1. Respondents have reviewed the foregoing Findings of Fact, Conclusions of
17 Law and Order.

18 2. Respondents admit to the jurisdiction of the Director of the Arizona
19 Department of Insurance and admit the foregoing Findings of Fact and consent to the entry
20 of the foregoing Conclusions of Law and Order.

21 3. Respondents are aware of their right to notice and to a hearing, at which they
22 may be represented by counsel, present evidence and examine witnesses.
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1 4. Respondents irrevocably waive their right to such notice and hearing and to
2 any court appeals relating to this Consent Order.


3 5. Respondents state that no promise of any kind or nature whatsoever, except as
4 expressly contained in this Consent Order, was made to induce them to enter into this
5 Consent Order and that they have entered into this Consent Order voluntarily.

6 6. Respondents acknowledge that the acceptance of this Consent Order by the
7 Director is solely to settle this matter against them and does not preclude any other agency,
8 officer, or subdivision of this state including the Department from instituting civil or criminal
9 proceedings as may be appropriate now or in the future not related to this matter.

10 7. Respondents acknowledge that this Consent Order is an administrative action
11 that the Department will report to the National Association of Insurance Commissioners
12 (NAIC). Respondents further acknowledge that they must report this administrative action to
13 any and all states in which they hold an insurance license and must disclose this
14 administrative action on any license application.

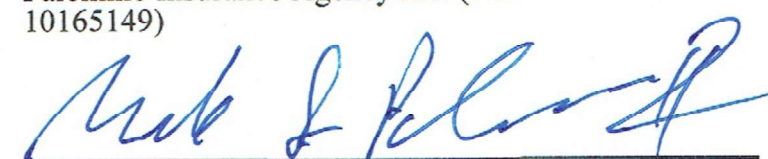
15 8. Michael Joseph Palomino II represents that he is the President of Palomino
16 Insurance Agency Inc., and, as such, is authorized to enter this Consent Order on its behalf.

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18 6/9/20
Date



Michael Joseph Palomino II (NPN License No. 135783)

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21 9/9/20
Date

Palomino Insurance Agency Inc. (NPN License No.
10165149)


Michael Joseph Palomino II, President

1 **COPY** of the foregoing delivered by E-mail
this 11th day of June, 2020, to:

2
3 David R. Seidman, Esq.
4 C/O Michael Joseph Palomino
5 1221 E Osborne Rd, Suite 102A
6 Phoenix, AZ 85014
7 drs@hassettlawfirm.com
8 Attorney for Respondent

9 Michael Joseph Palomino
10 14555 N Scottsdale Road, Suite 320
11 Scottsdale, AZ 85254-3487
12 michael@palominol.com
13 Respondent

14 **COPY** delivered same date to:

15 Deian Ousounov, Regulatory Legal Affairs Officer
16 Ana Starcevic, Paralegal Project Specialist
17 Catherine M. O'Neil, Consumer Legal Affairs Office
18 Steven Fromholtz, Division Manager, Licensing Division
19 Aqueelah Currie, Licensing Supervisor
20 Jeff Eavenson, Investigator
21 Linda Lutz, Legal Assistant
22 Arizona Department of Insurance
23 100 North 15th Avenue, Suite 261
Phoenix, Arizona 85007-2630

24 *Ana Starcevic* for
25 _____
26 Francine Juarez