

JUN 18 1998

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY Kath

1 In the Matter of: ) Docket No. 98A-006-INS  
 2 )  
 3 ANTHONY MICHAEL NARDOZZA, dba ) **ORDER**  
 4 QUICK QUOTE INSURANCE, ANTHONY )  
 5 PHILLIP NARDOZZA, and MOBILE )  
 6 INSURANCE SERVICES, )  
 7 Respondents. )

8  
 9 On May 21, 1998, the Office of Administrative Hearings, through Administrative Law  
 10 Judge Lewis D. Kowal, submitted Recommended Decision of Administrative Law Judge  
 11 ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The  
 12 Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters  
 13 the following order:

- 14 1. The recommended findings of fact and conclusions of law are adopted.  
 15 2. All insurance licenses held by Anthony Michael Nardozza shall be suspended for  
 16 two months.


NOTIFICATION OF RIGHTS

17  
 18 The aggrieved party may request a rehearing with respect to this Order by filing a written  
 19 petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth  
 20 the basis for such relief pursuant to A.A.C. R20-6-114(B).

21 The final decision of the Director may be appealed to the Superior Court of Maricopa  
 22 County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of  
 23

1 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal,  
2 pursuant to A.R.S. § 41-1092.10.

3 DATED this 18 day of June, 1998

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5  
6   
7 John A. Greene  
Director of Insurance

8 A copy of the foregoing mailed  
9 this 18 day of June, 1998

10 Charles R. Cohen, Deputy Director  
11 Gregory Y. Harris, Executive Assistant Director  
12 John Gagne, Assistant Director  
13 Catherine O'Neil, Assistant Director  
Maureen Catalioto, Supervisor  
Department of Insurance  
2910 N. 44th Street, Suite 210  
Phoenix, AZ 85018

14 Shelby L. Cuevas  
15 Assistant Attorney General  
1275 W. Washington, Room 259  
Phoenix, AZ 85007

16 Office of Administrative Hearings  
17 1700 W. Washington, Suite 602  
Phoenix, AZ 85007

18 Anthony Michael Nardozza  
19 Mobile Insurance Services, Inc.  
706 E. Bell Road, #116  
20 Phoenix, AZ 85022

21 Anthony Michael Nardozza  
22 Mobile Insurance Services, Inc.  
706 E. Bell Road, #200  
Phoenix, AZ 85022

1 Anthony Michael Nardozza  
920 E. Charleston Avenue  
2 Phoenix, AZ 85022

3 Anthony Phillip Nardozza  
4132 W. Kimberly Way  
4 Glendale, AZ 85308

5 Mobile Insurance Services, Inc.  
706 E. Bell Road, #200  
6 Phoenix, AZ 85022

7 Ken Shaw, Controller  
Culiver Team  
8 2201 W. Bell Road  
Phoenix, AZ 85023

9  
10 Michael Wymore  
General Manager  
Bell Road Mazda/Mitsubishi  
11 999 W. Bell Road  
Phoenix, AZ 85023

12  
13 Doug Holicky  
LMS Corp., dba Chex Cashed  
2730 S. Hardy Drive, Suite #1  
14 Tempe, AZ 85282-3338

15 Cornet Insurance Company  
3500 W. Peterson Avenue  
16 Chicago, IL 60659

17 Century-National Insurance Company  
P.O. Box 3999  
18 N. Hollywood, CA 91609

19 American Global Insurance Company  
70 Pine Street  
20 New York, NY 10270

21 Arrowhead General Agency  
P.O. Box 210349  
22 San Diego, CA 92121

23

- 1 Progressive Insurance Company  
P.O. Box 5070
- 2 Cleveland, OH 44101-5070
  
- 3 Robert Moreno  
Insurance Services
- 4 8237 E. Whispering Wind Drive  
Scottsdale, AZ 85255
  
- 5 Safeway Insurance Company
- 6 790 Pasquinelli Drive  
Westmont, IL 60559-1254
  
- 7 Clarendon National Insurance Company
- 8 P.O. Box 5619  
Diamond Bar, CA 91765-7619
  
- 9 New Hampshire Specialty Auto
- 10 P.O. Box 720355  
Atlanta, GA 30358
  
- 11 Carnegie General Insurance Agency
- 12 P.O. Box 3305  
Thousand Oaks, CA 91359
  
- 13 William F. Doran
- 14 706 E. Bell, Suite 200  
P.O. Box 45099
- 15 Phoenix, AZ 85078-4099

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17 Kathy Lender  
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**IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

In the Matter of:

No. 98A-006-INS

**ANTHONY MICHAEL NARDOZZA,  
dba QUICK QUOTE INSURANCE,  
ANTHONY PHILLIP NARDOZZA, and  
MOBILE INSURANCE SERVICES,**

**RECOMMENDED DECISION  
OF ADMINISTRATIVE  
LAW JUDGE**

Respondents.

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**HEARING:** March 24, 1998 and May 5, 1998

**APPEARANCES:** Assistant Attorney General Shelby L. Cuevas for the Arizona Department of Insurance; William F. Doran, Esq. for the Respondents

**ADMINISTRATIVE LAW JUDGE:** Lewis D. Kowal

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**FINDINGS OF FACT**

1. Anthony Michael Nardozza ("Michael") is currently licensed in the State of Arizona as a property and casualty agent and broker.
2. From January 1, 1994, through November 1, 1994, Michael transacted the business of insurance in the State of Arizona under the assumed business name of Quick Quote Insurance ("Quick Quote").
3. Anthony Phillip Nardozza ("Phillip") is currently licensed in the State of Arizona as a life and disability agent and as a property and casualty agent and broker. Phillip is Michael's son.
4. On November 1, 1994, Phillip purchased Quick Quote's book of business from Michael and transacted the business of insurance under the name of Quick Quote.
5. On July 1, 1995, Mobile Insurance Services, Inc. ("Mobile") was incorporated in the State of Arizona. Phillip was the incorporator of Mobile.
6. The Arizona Department of Insurance (the "Department") issued Mobile a life and disability and property and casualty insurance agent's license on December 2, 1996.
7. The Department issued Mobile a property and casualty broker's license on February 21, 1996.

Office of Administrative Hearings  
1700 West Washington, Suite 602  
Phoenix, Arizona 85007  
(602) 542-9826

1 8. At all times material to this matter, Phillip was and is the president of Mobile  
2 and was designated in Mobile's insurance license to exercise its powers under the  
3 license.

4 9. At all times material to this matter, Michael was not an officer or director of  
5 Mobile, nor was he designated in Mobile's insurance license as an individual authorized  
6 to exercise its powers under the license.

### 7 Allegations Concerning Phillip

8 10. With the exception of a transcript of an interview Arnold Sniegowski ("Mr.  
9 Sniegowski") had with Phillip on December 19, 1995, there is no documentary evidence  
10 that Phillip committed any violations of the insurance laws of the State of Arizona. At  
11 the time of the interview, Mr. Sniegowski was an investigator with the Department. Mr.  
12 Sniegowski is currently a supervisor of the Investigations Division of the Department.

13 11. In the above-mentioned interview, as well as during the hearing, Phillip  
14 admitted under oath to having on one occasion, in 1994, accepted an agent fee of  
15 \$25.00 for providing a temporary binder to a female purchaser of a motor vehicle. The  
16 details of that transaction were not disclosed except that the woman did complete an  
17 application for insurance coverage and then cancelled the policy.

18 12. There was no evidence presented as to who that transaction was with or  
19 proof of the \$25.00 agent fee other than Phillip's admission.

20 13. Phillip testified that in 1994 he believed accepting an agent fee for  
21 providing temporary insurance coverage to purchasers of motor vehicles was  
22 acceptable insurance industry practice. Phillip later learned through the issuance of an  
23 Order issued by the Director of the Department that agent fees were only permitted  
24 under certain conditions.

25 14. The record lacks evidence to establish that the agent fee Phillip charged  
26 the female purchaser, as set forth above, was either improper or that it was a fee or  
27 service charge in addition to the insurance premium that was charged for services not  
28 customarily provided in the transaction of insurance.

29 15. The Department contends that Phillip failed to maintain files of insurance  
30 transactions. The evidence established that Phillip purchased the book of business of  
Quick Quote and that the transactions in question occurred during the period of time  
Quick Quote was owned by Michael. The evidence also established that Michael was  
involved in those transactions and did not maintain records of those transactions.  
Phillip produced files and documents in response to a subpoena issued by the  
Department. Phillip could not produce records that he did not receive from Michael and

1 should not be held accountable or responsible for failure to maintain records when he  
2 was not involved in the transactions at issue and had no personal knowledge as to  
3 those transactions. It was Michael's and not Phillip's responsibility to maintain records  
4 of those transactions. Had Phillip received records of those transactions from Michael,  
5 then Phillip would have been required to maintain those records, but the evidence  
6 established that such is not the case.

6 16. Phillip's testimony as set forth above is determined to be credible.

7 17. It is determined that the Department failed to demonstrate that Phillip  
8 violated any provisions of the insurance laws alleged in the Amended Notice of  
9 Hearing.

#### 9 **Allegations Concerning Mobile**

10 18. There is no evidence in the record establishing that any activities of Mobile,  
11 or its officers, directors or any person designated in Mobile's insurance license to  
12 exercise the powers conferred under the license relate to any violations of the  
13 insurance laws alleged in the Amended Notice of Hearing issued in this matter.

14 19. It is determined that the Department failed to demonstrate that Mobile has  
15 violated any provisions of the insurance laws alleged in the Amended Notice of  
16 Hearing.

#### 16 **Allegations Concerning Michael**

17 20. In support of the allegations against Michael in the Amended Notice of  
18 Hearing, the Department presented the testimony of Mr. Sniegowski, who commenced  
19 an investigation involving the Respondents in the Summer of 1995.

20 21. Although Mr. Sniegowski made a sincere and credible witness,  
21 documentary evidence the Department relied upon pertaining to agent fee transactions  
22 involving eleven purchasers of new motor vehicles ("Purchasers") from the Culiver  
23 Team and Bell Road Mazda (the "Dealerships") were given very little weight because  
24 such documents were obtained from individuals at Culliver and Bell Road Mazda who  
25 did not prepare the documents or have direct personal knowledge as to the information  
26 contained in the documents or have knowledge of the transactions and circumstances  
27 of each transaction upon which the documents were based.

28 22. The Department contends that certain insurance information contained in  
29 agreements to provide accidental physical damage insurance ("Agreements") is  
30 inaccurate and argued that Michael is responsible for providing such false or inaccurate  
information. However, the evidence established that Michael did not prepare the  
Agreements in issue. The Agreements were prepared by the Dealerships'

1 salespersons. Although the Department established that the Agreements contained  
2 inaccurate information as to the insurance companies that bound comprehensive and  
3 collision coverage to the Purchasers, the Department failed to present credible  
4 evidence that Michael provided such information to the Dealerships.

5 23. Michael made up temporary binder numbers, which were provided to the  
6 Dealerships along with the name of insurance companies that bound coverage on eleven  
7 purchasers of motor vehicles in 1995 and for that service, Michael accepted payments of  
8 \$25.00 or \$50.00 for each transaction.

9 24. Mr. Sniegowski contacted the insurance companies listed on the Agreements  
10 and learned that those companies did not authorize Michael to represent them and that  
11 the binder numbers listed on the Agreements do not reflect insurance policies or  
12 coverage that those companies did in fact provide to the Purchasers. However, Michael  
13 testified that he did not provide the name of the insurance companies listed on the  
14 Agreements to the Dealerships and never held himself out as representing those  
15 companies.

16 25. Michael testified that the binder number on the Agreements represented the  
17 binder coverage he provided to the Purchasers through USA P&C ("USA"). While the  
18 Department contended that Michael did not have authority to issue binders through USA  
19 for two or three day coverage, the Department failed to present credible evidence to rebut  
20 or refute Michael's testimony. What is noticeably lacking in the record is any credible  
21 documentary evidence as to Michael's binding authority with USA. The Producer  
22 Agreement between USA and Michael that was admitted into evidence is an incomplete  
23 document and refers to underwriting guidelines which were not introduced at the hearing.  
24 While the Department presented evidence as to the insurance companies that did not  
25 write the binders in question, the Department did not produce any evidence to show that  
26 USA did not authorize Michael with binding authority and/or that USA did not provide  
27 coverage to the Purchasers through binders.

28 26. The investigation as described by Mr. Sniegowski did not involve contacting  
29 the Purchasers to determine what representations were made by Michael nor did it  
30 involve contacting the car salespersons involved in the transactions. Thus, the  
presentation of the Department's case consisted mainly of hearsay, most of which is  
determined to be given very little weight as it involves double and triple hearsay (i.e.  
information obtained through the Dealerships in question from people who did not  
prepare or have firsthand or even secondhand knowledge of the transactions or events).



1 27. Michael testified that he obtained binders for individuals, as described above,  
2 about a dozen times but that he could not state with certainty that he dealt with the  
3 Purchasers. Michael did not receive agent fees for procuring binders to purchasers of  
4 new vehicles prior to or after 1995. The reason Michael could not confirm the identity of  
5 the car purchasers to whom he provided binders is because he did not keep any records  
6 of those transactions.

7 28. Michael kept the information such as the car purchaser's name, address,  
8 make of vehicle, VIN number of the vehicle, date of coverage and binder number. This  
9 information was maintained in a notebook that also contained all quotes that he made  
10 during a certain period of time. Michael kept each notebook for approximately one  
11 month. After that time, he would throw the notebook away. However, for those  
12 individuals who were issued binders during weekends, he would follow up the following  
13 Monday or Tuesday with the car dealership to determine whether comprehensive and  
14 collision coverage was obtained through their existing carrier. Michael maintained that all  
15 of the individuals he dealt with had insurance coverage on another vehicle but could not  
16 produce evidence of it on the weekend, so the car dealership would contact Michael who  
17 would provide temporary coverage through a binder for two or three days. Michael  
18 testified that he had authority from USA to issue binders for a two or three day period and  
19 that he would provide USA with information as to the transaction through telephone calls.  
20 The Dealerships paid Michael \$25.00 or \$50.00 as compensation for each such  
21 transaction involving the issuance of binder coverage to a purchaser of a motor vehicle  
22 from the Dealerships.

23 29. Michael admitted that he made up binder numbers so he could keep track of  
24 the binders because USA did not issue binder numbers. Michael also admitted that he  
25 provided the binder numbers to car salespersons of the Dealerships but did not explain  
26 that those numbers did not reflect the actual insurance company binder number, but were  
27 numbers he made up.

28 30. Michael testified that he kept the \$25.00 payments he received from the car  
29 dealerships as compensation for the services he rendered and that he did not provide  
30 that money or any portion thereof to USA.

31. The testimony of Michael as set forth above, is determined to be credible.

32. According to Michael, because of the volume of business he wrote to USA  
and the compensation USA owed him, USA agreed to provide coverage to individuals like  
the Purchasers on a temporary basis without receiving any payment or premium. While  
such a loose arrangement may not be appropriate or not good business practice, the

1 Department did not present evidence to rebut or refute Michael's testimony or establish  
2 the practice as being a violation of any provisions of the insurance law that are alleged in  
the Amended Notice of Hearing.

3 33. As set forth above, Michael did not keep appropriate records of the agent fee  
4 transactions and Producer Agreements and supporting documentation, such as  
5 underwriting guidelines. A copy of the Producer Agreement Quick Quote had with USA  
6 was produced though it was an incomplete document with several pages missing and  
7 documents relating to the agent fee transactions at issue were not provided to the  
Department in response to a subpoena request.

8 34. The testimony of Michael as set forth above, is determined to be credible.

### 9 CONCLUSIONS OF LAW

#### 10 Phillip

11 1. Phillip's conduct as set forth above in the Findings of Fact does not constitute  
12 the existence of any cause for which original issuance or any renewal of an insurance  
license could have been refused within the meaning of A.R.S. §20-316(A)(1).

13 2. Grounds do not exist for the Director to suspend, revoke, or refuse to renew  
14 Phillip's insurance licenses and order a civil penalty pursuant to A.R.S. §A.R.S. 20-316(A)  
15 and (C).

16 3. The evidence of record did not establish that Phillip violated the provisions of  
17 A.R.S. §§20-316(A), 20-316 (A)(4), 20-302(C), 20-316(A)(1) together with 20-290(B)(2),  
18 20-316(A)(2), 20-316(A)(7), 20-443(1), or 20-463(A)(4)(a) and (b).

#### 19 Mobile

20 4. The evidence of record failed to establish that Mobile violated any of the  
21 provisions of the insurance laws alleged in the Amended Notice of Hearing issued in  
this matter.

#### 22 Michael

23 5. Michael's conduct as set forth above in the Findings of Fact established  
24 that Michael failed to maintain client files as required by A.R.S. §20-302(C).

25 6. The evidence of record failed to establish that Michael violated any of the  
26 provisions of A.R.S. §§20-316(A), 20-316(A)(4), 20-316(A) together with 20-290(B)(2),  
20-316(A)(2), 20-316(A)(7), 20-443(1), or 20-463(A)(4)(a) and (b).

#### 27 With Respect to All Respondents

28 7. Grounds do not exist for the Director to order Respondents to cease and  
29 desist violations of A.R.S. §20-443 or to impose a civil penalty pursuant to A.R.S. §20-  
30 456.

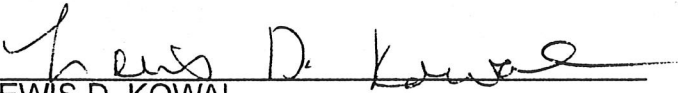
**RECOMMENDED ORDER**

1 It is recommended that no action be taken against Anthony Phillip Nardozza.

2 It is recommended that no action be taken against Mobile Insurance Services,  
3 Inc.

4 It is recommended that the Director suspend all insurance licenses held by  
5 Anthony Michael Nardozza for a period of two months. In recommending this action to  
6 the Director, the Administrative Law Judge does not condone the actions taken by  
7 Anthony Michael Nardozza. However, consideration must be given to mitigating  
8 circumstances such as that the practice of receiving agent fees under circumstances  
9 described above was not willful and stopped in 1995, and there was no evidence  
10 presented that Anthony Michael Nardozza had prior insurance violations.

11 Done this day, May 21, 1998.

12   
13 LEWIS D. KOWAL  
14 Administrative Law Judge

15  
16 *& FAX*  
17 Original transmitted by mail this  
18 *12* day of May, 1998, to:

19 Mr. John A. Greene, Director  
20 Department of Insurance  
21 ATTN: Curvey Burton  
22 2910 North 44th Street, Ste. 210  
23 Phoenix, AZ 85018

24 By 