STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: JOSE A. MOLINA, Respondent.	Case No. INS-18-0058 FINAL ORDER TO CEASE AND DESIST, LICENSE SUSPENSION AND PROBATION, ASSESSMENT OF CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon ("the Director") conducted an investigation of Jose A. Molina ("Molina") and determined that he violated certain provisions of the Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750 (collectively, "the Insurance Code").

Molina wishes to settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Molina hereby CONSENTS to entry of this Order upon the Director's Findings of Fact and Conclusions of Law as stated below.

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FINDINGS OF FACT

The Director FINDS that:

1. Molina is a licensed Oregon resident insurance producer. His NAIC National Producer Number ("NPN") is 8816644.

2. From approximately October 2013 through July 2016, Molina was appointed by Farmers Insurance Group ("Farmers") as a Career Agent.

3. During his appointment with Farmers, Molina's insurance business was known as Jose Molina Farmers Insurance ("JMFI").

4. Molina's appointment by Farmers was terminated for cause in July 2016.

5. On July 14, 2016, Molina formed Molina Insurance Group ("MIG"), a business entity insurance producer licensed in Oregon. MIG's NPN is 18032641. Molina is the president and Designated Responsible Licensed Producer ("DRLP") of MIG.

6. Four people work for MIG besides Molina. One MIG employee is a licensed insurance agent that places insurance through MIG. He did not work for Molina during Molina's appointment by Farmers.

7. On or about August 19, 2016, Farmers notified the Division of Financial Regulation ("the Division") that Molina's appointment by Farmers had been terminated for cause.

Multi-Car Discount

8. On or about July 31, 2015, Molina or a person employed at JMFI prepared an automobile insurance application on behalf of LL, an Oregon resident, for a 2001 Dodge Neon and a 1982 Chevrolet Suburban. LL did not own the Chevrolet Suburban, which had a "comprehensive only" coverage, but having it on her application allowed her to have a multi-car discount. Molina submitted the application to Farmers.

9. On or about August 5, 2015, Molina or a person employed at JMFI prepared an automobile insurance application on behalf of ELC, an Oregon resident, for a 2012 Toyota Corolla and a 1986 Toyota Camry. The Toyota Camry, which had a "comprehensive only" coverage, did not belong to ELC, but having it on her application allowed her to have a multi-car discount. Further, the Toyota Camry had already been sold for scrap or parts in a salvage auction. Molina submitted the application to Farmers.

10. On or about August 18, 2015, Molina or a person employed at JMFI prepared an automobile insurance application on behalf of JVA, an Oregon resident, for a 2005 Pontiac Grand Am and a 1987 Ford F-150. The Ford F-150, which had a "comprehensive only" coverage, did not belong to JVA, but having it on his application allowed him to

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have a multi-car discount. Further, the Ford F-150 had already been sold in a salvage auction. Molina submitted the application to Farmers.

11. On or about August 28, 2015, Molina or a person employed at JMFI prepared an automobile insurance application on behalf of JL, an Oregon resident, for a 2014 Nissan Versa and a 1985 Chevrolet truck. The Chevrolet truck, which had a "comprehensive only" coverage, did not belong to JL, but having it on his application allowed him to have a multi-car discount. Further, the Chevrolet truck had already been sold in a salvage auction. Molina submitted the application to Farmers.

12. On or about October 15, 2015, Molina or a person employed at JMFI prepared and submitted an automobile insurance application for Farmers on behalf of CS, an Oregon resident, for a 1990 Toyota Camry and a 1984 Ford Bronco. The Ford Bronco, which had a "comprehensive only" coverage, did not belong to CS, but having it on her application allowed her to have a multi-car discount. Further, the Ford Bronco had already been sold in a salvage auction. Molina submitted the application to Farmers.

13. On or about December 4, 2015, Molina or a person employed at JMFI prepared and submitted an automobile insurance application to Farmers on behalf of MM, an Oregon resident, for a 2008 Chrysler Town and Country truck and a 1996 Nissan Sentra. The Nissan Sentra, which had a "comprehensive only" coverage, did not belong to MM, but having it on her application allowed her to have multi-car discount. Molina submitted the application to Farmers.

14. Farmers has informed the Division that Farmers requires its insurance producers to verify, using objective sources other than the applicant, the VIN number and ownership of each vehicle listed on an insurance policy, but Molina did not do so in the instances described above.

Forged Signatures

15. On or about January 26, 2015, a person employed at JMFI signed the Farmers

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automobile insurance application of GSR, an Oregon resident. GSR did not authorize anyone at JMFI to sign on his behalf.

16. On or about August 5, 2015, a person employed at JMFI signed the Farmers automobile insurance application of ELC, an Oregon resident. ELC did not authorize anyone at JMFI sign on her behalf.

17. On or about December 9, 2015, a person employed at JMFI signed the Farmers automobile insurance application of CU, an Oregon resident. CU did not authorize anyone at JMFI to sign on his behalf.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

18. By listing second vehicles on automobile insurance applications as described in paragraphs eight (8) to fourteen (14) of this Order to allow the applicants to receive a multi-car discount, Molina demonstrated incompetence or untrustworthiness in the conduct of business.

19. By failing to prevent his employees from committing three instances of forgery, Molina demonstrated incompetence or untrustworthiness in the conduct of business on three different occasions.

20. ORS 744.074(1)(h) authorizes the Director to suspend Molina's license and place his license on probation based on the conduct described in paragraphs eight (8) to seventeen (17) of this Order.

21. The Director has reason to believe that Molina has engaged in violations of the Insurance Code. Thus, under ORS 731.252(1), the Director may order Molina to Cease and Desist from violating the Insurance Code.

22. ORS 731.988(1) authorizes the Director to impose upon Molina a civil penalty of up to $1,000.00 per violation of the Insurance Code.

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ORDERS

Now therefore, the Director issues the following Orders:

23. As authorized by ORS 731.252(1), the Director hereby ORDERS Molina to CEASE AND DESIST from violating the Insurance Code or the administrative rules promulgated thereunder.

24. Pursuant to ORS 744.074(1)(h), the Director SUSPENDS Molina's license for a period of thirty (30) days, starting on December 12, 2018.

25. Pursuant to ORS 744.074(1)(h), the Director PLACES Molina's license on probation for three years, starting on January 11, 2019. During the probationary period, Molina shall abide by the following terms:

A. Molina shall obey all federal, state, and local laws.

B. Molina shall comply with all applicable insurance statutes, rules, and the terms of this Order.

C. Molina shall notify the Director within fourteen days if there is a change in appointment or employer.

D. Molina shall complete four hours (two classes) of continuing education in ethics. One class must be completed in the first year of the probationary period, and the other class must be completed in the second year of the probationary period. Proof of completion must be submitted to the Division at 350 Winter Street NE, Room 410, Salem, OR 97301 or DFR.ReportEnforcement@oregon.gov. This continuing education requirement is in addition to any other continuing education classes required for maintenance of Molina's license.

E. Molina shall provide the Division a copy of each automobile insurance application that he or MIG submits to insurers during the probationary period. If the applications are signed electronically by the insureds, Molina shall include a confirmation from the insurer that the insured signed the application electronically. Copies of the

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application and confirmation shall be sent to DFR.ReportEnforcement@oregon.gov or a document sharing service agreed to by the parties to this agreement based on the following reporting schedule:

(1) Every month for the first twelve months of the probationary period;

(2) Once a quarter for the second twelve months of the probationary period; and

(3) One every six months during the last twelve months of the probationary period.

F. The term of probation will end without further action by the Division unless the probation period is extended by the Director.

26. As authorized by ORS 731.988(1), the Director ORDERS Molina to pay a total CIVIL PENALTY of $7,500.00 for violations of ORS 744.074(h).

27. The Director SUSPENDS $2,000 of the civil penalty until the end of the above probationary period, provided that Molina does not violate the Insurance Code, its rules, or the terms of this Order. If Molina commits any such violation, the suspended portion of the civil penalty will become immediately due and owing. If Molina does not violate the Insurance Code, its rules, or the terms of this Order during the above prescribed period, the suspended portion of the civil penalties will be waived.

28. Along with this Order, Molina shall submit to the Director $1,000 as an initial payment for the unsuspended portion of the civil penalty. On the fifteenth day of the next full month thereafter, Molina shall submit to the Director the sum of $500 as an installment payment for the unsuspended portion of the civil penalty. Said installment payments shall be delivered to the Director in successive months no later than the fifteenth day of each month until the unsuspended portion of the civil penalty is paid in full.

29. The Director further ORDERS that during the period of suspension, Molina shall not be entitled to receive any profits from MIG.

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30. The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law.

SO ORDERED this 11th day of December, 2018.

CAMERON C. SMITH, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Jose A. Molina, state that I have read the foregoing Order and that I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of my right to a hearing and of the right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery that I have committed other violations of the Insurance Code. I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ Jose A. Molina
Signature

State of Oregon

County of Washington

Signed or attested before me on this 6 day of December, 2018.

/s/ Christian Esquivel

Notary Public

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