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

In the Matter of: NIKOLAS GOLL, Respondent.	Case No. INS-21-0025 FINAL ORDER TO CEASE AND DESIST, REVOKING LICENSE AND IMPOSING CIVIL PENALTIES, ENTERED BY DEFAULT

On September 1, 2021, the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), by and through the Division of Financial Regulation ("Division"), served Notice of Administrative Order INS-21-0025 ("Notice") on Nikolas Goll ("Respondent"). The Notice provided notice that the Director issued an order to cease and desist and proposed to revoke Respondent's Oregon Insurance Producer License and to impose civil penalties for violations of ORS 746.100.

The Notice offered Respondent an opportunity for a hearing if requested within 20 days of service of the Notice. The Notice further informed Respondent that if a hearing were not conducted because Respondent did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file and all material submitted by Respondent in this case would automatically become part of the contested case record for the purpose of proving a prima facie case.

The Director did not receive from Respondent a request for a hearing and did not conduct a hearing.

The Director finds that the record of this proceeding proves a prima facie case.

Now, therefore, after considering the relevant portions of the Division's file relating to this matter, the Director finds and orders as follows.

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FINDINGS OF FACT

The Director FINDS that:

1. Respondent was licensed as an Oregon resident Insurance Producer for the period beginning on July 12, 2018 and ending when Respondent's license expired on April 30, 2021. Respondent's NAIC national producer number is 18842410.

2. Between June 3, 2019 and October 14, 2019, Respondent submitted forty-three auto insurance applications to State Farm on behalf of State Farm independent contactor agent Luke Ganzer (Agent Ganzer).

3. Between October 22, 2019 and December 31, 2019, Respondent submitted twenty-seven auto insurance applications for auto insurance to State Farm on behalf of State Farm independent contractor agent Tim Cain (Agent Cain).

4. On April 17, 2020, State Farm notified the Division of Financial Regulation ("Division") that Respondent's appointment had been terminated and indicated that the matter was being reported pursuant to ORS 744.074(1)(e) and/or 744.074(1)(h).

5. Based on the April 17, 2020 letter, the Division opened an investigation into Respondent's conduct. As part of its investigation, the Division obtained a copy of a report from State Farm's Internal Audit unit dated March 5, 2020 ("Investigation Report").

6. The Investigation Report identifies multiple instances in which Respondent provided false information to State Farm that resulted in improperly applied premium discounts. The misrepresentations identified in the Investigation Report include:

A. Nine instances in which Respondent submitted an application for auto insurance, including Respondent's personal application, in which the purchase date of the vehicle indicated on the application was different than the information available to State Farm;

B. Sixteen instances in which Respondent submitted an application for auto insurance, including Respondent's personal application, in which the length of time

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insured with the prior carrier indicated on the application conflicted with information available to State Farm;

C. Five instances in which Respondent submitted an application for auto insurance in which the prior limit on bodily injury coverage indicated on the application conflicted with information available to State Farm;

D. Two instances in which Respondent submitted an application for auto insurance reflecting a multiline discount where the applicant did not have any other insurance with State Farm; and

E. Two instances in which Respondent submitted an application for auto insurance reflecting a multiline discount based on a qualifying life insurance policy but the applicant's only other insurance with State Farm was a renter's policy that does not qualify for a multiline discount.

7. The Investigation Report also notes that auto insurance applications submitted by Respondent qualified for State Farm's annual mileage and Drive Safe and Save ("DSS") discounts at unusually high rates:

A. Data from State Farm's internal underwriting system indicates that less than thirty-four percent of all auto policies in Oregon's western market qualify for a short annual mileage discount. Despite this, approximately seventy percent of the applications Respondent submitted on behalf of Agent Ganzar and sixty-three percent of the applications submitted on behalf of Agent Cain reflected short annual mileage.

B. Similarly, State Farm's internal underwriting system also indicates that less than twenty percent of new vehicles and less than five percent of added vehicles in Oregon's western market include the DSS discount. Despite this, approximately fifty-six percent of the applications Respondent submitted on behalf of Agent Ganzar and seventy percent of the applications submitted on behalf of Agent Cain include the DSS discount.

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8. Representatives of State Farm scheduled a meeting to discuss these concerns with Respondent on February 25, 2020. Respondent failed to appear at the meeting and did not respond to voicemail messages on his cell phone.

9. As part of the Division's investigation into this matter, the Division sent three sets of Director's inquiries to Respondent via email. Respondent responded to the first two sets of inquiries, but failed to respond the third set. The third set of inquiries was sent on November 12, 2020 with a response requested by 5:00pm on November 30, 2020.

CONCLUSIONS OF LAW

The Director CONCLUDES the following:

10. ORS 731.296 authorizes the Director of the Department of Consumer and Business Services to "address any proper inquiries to any insurer, licensee or its officers in relation to its activities or condition or any other matter connected with its transactions:" and requires any person so addressed to "promptly and truthfully reply to such inquiries using the form of communication requested by the director."

11. Respondent violated ORS 731.296 by failing to timely respond to the Director's third set of inquiries that was sent on November 12, 2020.

12. ORS 746.100 forbids any person from making "a false or fraudulent statement or representation on or relative to an application for insurance."

13. Respondent violated ORS 746.100 in nine instances by misrepresenting the purchase date of a vehicle on an application for auto insurance to obtain a lower premium rate.

14. Respondent violated ORS 746.100 in sixteen instances by misrepresenting the length of time the applicant was insured with a prior carrier to obtain a lower premium rate.

15. Respondent violated ORS 746.100 in five instances by misrepresenting the applicant's prior limit on bodily injury coverage to obtain a lower premium rate.

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16. Respondent violated ORS 746.100 in four instances by applying a multiline discount for which the applicant did not qualify to obtain a lower premium rate.

17. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged, or is engaging, or is about to engage in any violation of the Insurance Code, the Director may issue an order directing the person to discontinue or desist from such violation or threatened violation.

18. Pursuant to ORS 744.074(1)(e), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance." Respondent intentionally misrepresented the terms of certain applications for insurance, as more fully described in Paragraphs six (6) and (7) above.

19. Pursuant to ORS 744.074(1)(h), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere." Respondent used fraudulent, coercive or dishonest practices and demonstrated incompetence, untrustworthiness or financial irresponsibility by misrepresenting the terms of certain applications for insurance, as more fully described in Paragraphs (6) and (7) above.

20. Pursuant to ORS 744.074(1)(b), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "violating any insurance laws." As described above, Respondent violated ORS 731.296 and ORS 746.100.

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21. Pursuant to ORS 731.988, the Division may impose Civil Penalties in the amount of $1,000 per violation of the Insurance Code against any individual insurance producer, adjuster, or insurance consultant.

ORDERS

The Director issues the following Orders:

Cease and Desist

22. As authorized by ORS 731.252(1), the Director hereby ORDERS Respondent to CEASE AND DESIST from violating any provision of the Insurance Code

Revocation of License

23. Pursuant to ORS 744.074(1)(h), the Director REVOKES Respondent's Oregon Insurance Producer License.

Proposed Civil Penalties

24. Pursuant to ORS 731.988(1), the Director imposes CIVIL PENALTIES against Respondent in the amount of $5,000 for violations of ORS 746.100.

FINAL ORDER

25. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, the entry of this Order does not limit other remedies that are available to the Director under Oregon law.

SO ORDERED this 23rd day of November, 2021.

Andrew R. Stolfi, Director
Department of Consumer and Business Services

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

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NOTICE OF RIGHT TO JUDICIAL APPEAL

Judicial review of final orders in contested cases is governed by ORS 183.482. Respondents may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date this order is served.

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