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**Division of Insurance, Petitioner**  
**v.**  
**Daniel Joseph Reardon, Respondent**  
**Docket No. E2006-14**

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**Order on Motion for Summary Decision**

***Introduction and Procedural History***

On October 18, 2006, the Massachusetts Division of Insurance (“Division”) filed an Order to Show Cause (“OTSC”) against Daniel Joseph Reardon (“Reardon”). The Division alleges that three states, Pennsylvania, Connecticut and Ohio have revoked insurance licenses issued to Reardon, who still holds an active Massachusetts producer license.

The Division seeks orders that Reardon has violated G.L. c.175, §§162R (a)(2) and (a)(9).<sup>1</sup> It asks the Commissioner to revoke his license, order him to dispose of any insurance business in Massachusetts, prohibit him from directly or indirectly transacting any insurance business in Massachusetts, and impose fines.

The Commissioner designated me as presiding officer for this proceeding. A Notice of Procedure (“Notice”) was issued on October 19, 2006, advising Reardon that a prehearing conference and a hearing on the OTSC would be held on November 29 and December 20, 2006, respectively, at the offices of the Division, and that the proceeding

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<sup>1</sup> G.L. c. 175, §162R (a)(2) establishes that grounds for revocation, suspension or denial of an insurance license include “violating any insurance laws, regulations, subpoena or order of the commissioner or of another state’s insurance commissioner.” Subsection (a)(9) establishes that revocation, suspension or denial of an insurance producer license in another jurisdiction is grounds for revoking, suspending or denying a license in Massachusetts.

would be conducted pursuant to G.L. c. 30A and the Standard Adjudicatory Rules of Practice and Procedure, 801 CMR 1.00, *et seq.* The Notice advised Reardon to file an answer pursuant to 801 CMR 1.01(6)(d) and that, if he failed to do so, the Division might move for an order of default, summary decision or decision on the pleadings granting it the relief requested in the OTSC.<sup>2</sup> It also notified Reardon that, if he failed to appear at the prehearing conference or hearing, an order of default, summary decision or decision on the pleadings might be entered against him.

On October 19, 2006, the Notice and OTSC were sent by certified mail, return receipt requested, to Reardon in Reading, Pennsylvania, at the sole address for him that is shown on the Division's records. Copies were also sent to that address by first class mail, postage prepaid. Because the Division had received correspondence from Reardon as president of the S.E.C.U.R.E. Insurance Company, Ltd. ("S.E.C.U.R.E"), it also sent copies of the Notice and OTSC to him at S.E.C.U.R.E.'s address in Southampton, Bermuda. On November 28, Douglas A. Hale, Esq., counsel for the Division in this matter, submitted a letter reporting that the United States Post Office had returned all those mailings to the Division stamped "Return to Sender." The documents sent to Pennsylvania also bore the notation "Unable to Forward."

Reardon did not file an answer to the OTSC or other responsive pleading, and did not appear at the prehearing conference on November 29. Mr. Hale stated at the conference that he had spoken with Reardon before the OTSC was filed, but had heard nothing from him thereafter. On November 29, the Division filed a motion for summary decision, which was served on Reardon by first class mail, postage prepaid. At the hearing on December 20, Mr. Hale stated that the motion had not been returned to the Division. Reardon did not respond to the motion and did not appear at the hearing either in person or through a representative.

### ***Finding of Default***

On the basis of the record before me, I conclude that the Division took appropriate actions to ensure proper service, and that sufficient service was made. Copies of the OTSC and Notice were sent to Reardon at his address of record with the

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<sup>2</sup> The regulation requires a respondent to file an answer within 21 days of receiving an order to show cause.

Division.<sup>3</sup> I conclude that Reardon's failure to answer the OTSC or to respond to the Division's motion, and his failure to appear at the scheduled prehearing conference or at the hearing, warrant findings that he is in default. By his default, Reardon has waived his right to proceed further with an evidentiary hearing in this case and I may consider the Division's Motion for Summary Decision based solely upon the OTSC and the documents attached to it.

***Findings of Fact***

The OTSC and three attached exhibits constitute the record before me. The exhibits consist of copies of the following documents: Exhibit A) Settlement Agreement, dated October 23, 2002, entered into between the Insurance Department of the Commonwealth of Pennsylvania and Reardon, The Wyomissing Group, Ltd., and S.E.C.U.R.E.; Exhibit B) letter dated January 16, 2003, to Reardon from the Insurance Department of the State of Connecticut revoking Reardon's Connecticut producer license(s); and Exhibit C) Findings, Order and Journal Entry dated January 20, 2005 from the Department of Insurance of the State of Ohio, relating to Reardon's suitability to be licensed as a non-resident insurance agent in the State of Ohio. The order revokes his license, effective immediately.

On the basis of that record, I make the following findings:

1. Reardon was first licensed as a Massachusetts non-resident insurance broker on October 12, 1989. His license was converted to a non-resident producer license on or about May 16, 2003. Reardon was first licensed as an agent on July 31, 1990. His agent appointment was cancelled on or about May 16, 2003 as a result of conversion to a producer license.

2. On October 23, 2002, the Commonwealth of Pennsylvania revoked Reardon's license for ten years. The settlement agreement identifies Reardon as a person licensed to engage in the business of insurance as an agent or broker in Pennsylvania and as president of S.E.C.U.R.E. Under the terms of the agreement, the three respondents to the Pennsylvania administrative action agree to cease and desist from the activities and

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<sup>3</sup> I note that G.L. c. 175, §174A provides that notices of hearings in matters involving revocation of licenses "shall be deemed sufficient when sent postpaid by registered mail to the last business or residence address of the licensee appearing on the records of the commissioner. . . ." This section, however, does not require that notices of hearing must be sent by registered mail; nor does it provide that registered mail is the only method of service which may be found to be sufficient.

conduct identified in the Order to Show Cause filed by the Pennsylvania Department of Insurance and from any other activities or conduct that may constitute a violation of the Pennsylvania insurance laws. The agreement states that the Pennsylvania Order to Show Cause alleges, *inter alia*, that Reardon failed to disclose to the Pennsylvania Department licensure actions to which he was subject in other jurisdictions and engaged in improper regulatory insurance practices.

3. On January 16, 2003, the State of Connecticut Department of Insurance revoked Reardon's producer license(s).

4. On January 20, 2005, the State of Ohio Department of Insurance revoked Reardon's license as an insurance agent in that state.

### ***Analysis and Conclusions of Law***

On the basis of these findings of fact, I allow the Division's motion for summary decision on the second claim in the OTSC, which seeks relief against Reardon pursuant to G. L. c. 175, §162R (a)(9). That statute, in pertinent part, permits the Commissioner to suspend, revoke or refuse to issue or renew an insurance producer's license if the producer has been denied a license in any other state or upon the suspension or revocation of the insurance producer's license, or its equivalent, in any other state. The record in this case supports the Division's position that Reardon's license is subject to revocation for that reason, and I find that his license should be revoked pursuant to G.L. c. 175, §162R (a)(9).<sup>4</sup>

I am not persuaded, however, on this record, that Reardon's license should be revoked for violating G. L. c. 175, §162R (a)(2). That statute supports license revocation if the respondent is found to have violated "any insurance laws, regulations, subpoena or order of the commissioner or of another state's insurance commissioner." The OTSC alleges that Reardon violated the Pennsylvania insurance laws, but provides no facts relating to particular activities and identifies no specific statute. The Settlement Agreement entered into between Reardon and the Pennsylvania Department of Insurance

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<sup>4</sup> The Division alleges that Reardon's producer license is active because of a hold put on it by the Division's Special Investigation Unit. Whether his license is characterized as expired or active does not affect the Commissioner's authority to revoke his license. G. L. c. 175, §162R (e) provides that she "retains the authority to enforce the provisions of and to impose any penalty or remedy authorized by §§162H through 162X, inclusive, and c. 176D against any person who is under investigation for or charged with a violation of those statutes even if the person's license or registration has been surrendered or has lapsed by operation of law."

refers to allegations in the Order to Show Cause underlying that agreement that Reardon failed to report to it licensing actions to which he had been subject in other jurisdictions and engaged in improper regulatory insurance practices, but includes no stipulations or findings of fact. Further, under paragraph 22 of the Pennsylvania Settlement Agreement, Reardon expressly denies liability for the allegations in the Pennsylvania Order to Show Cause. I am therefore not persuaded that the record adequately supports the Division's claims that Reardon's license should be revoked because of violations of Pennsylvania insurance laws.

I find that Reardon, in addition to license revocation, should be required to dispose of any and all interests in Massachusetts as a proprietor, partner, stockholder, officer or employee of any license insurance producer, and should be prohibited from transacting or acquiring any new insurance business in Massachusetts. However, consistent with the Pennsylvania Settlement Agreement and in recognition of the statement in the OTSC that S.E.C.U.R.E. was approved as a risk purchasing group in Massachusetts in 1996, Reardon must, with respect to any insurance policy issued by S.E.C.U.R.E. to a Massachusetts resident that is still in effect, comply in all respects with Paragraphs 7 through 10 of the Pennsylvania Settlement Agreement.

The Division has also requested fines pursuant to G.L. c. 176D, §7, which are authorized under G.L. c. 175, §162R. The OTSC, however, alleges only that Reardon violated Pennsylvania law, and that his licenses were revoked in other jurisdictions. Although it states that S.E.C.U.R.E. was approved as a risk purchasing group in Massachusetts on October 4, 1996, it does not allege that Reardon engaged in any wrongful conduct in Massachusetts or that S.E.C.U.R.E. engaged in any wrongful conduct in Massachusetts for which Reardon, as its president, should be liable. The OTSC does not allege that Reardon used fraudulent, coercive or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business in the commonwealth or elsewhere. Further, the Division does not allege that Reardon failed to report the administrative actions in other states to the Massachusetts Commissioner, a violation of G.L. c. 175, §162V (a). Absent allegations that Reardon engaged in conduct that violated Massachusetts insurance laws, I will not impose fines.

**ORDERS**

Accordingly, after due notice, hearing and consideration it is

**ORDERED:** that all licenses issued to Daniel Joseph Reardon are hereby revoked; and it is

**FURTHER ORDERED:** that the Respondent Daniel Joseph Reardon is, from the date of this order, prohibited from directly or indirectly transacting any insurance business, acquiring any insurance business, or participating in any capacity in the insurance business in the Commonwealth of Massachusetts; and it is

**FURTHER ORDERED:** that Daniel Joseph Reardon shall submit all insurance-related licenses issued by Massachusetts that are in his possession, custody or control to the Division within ten (10) days of this order; and it is

**FURTHER ORDERED:** that Daniel Joseph Reardon shall comply with the provisions of G.L. c. 175, §166B and forthwith dispose of any and all interests as proprietor, partner, stockholder, officer or employee of any licensed insurance producer in Massachusetts; and it is

**FURTHER ORDERED** that Daniel Joseph Reardon shall meet all obligations to any Massachusetts resident who was or is covered under any policy of insurance issued in the name of S.E.C.U.R.E.

This decision has been filed this 3rd day of January 2007, in the office of the Commissioner of Insurance. A copy shall be sent to Daniel J. Reardon by certified mail, return receipt requested, as well as by regular first class mail, postage prepaid.

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Jean F. Farrington  
Presiding Officer

Pursuant to G.L. c. 26, §7, this decision may be appealed to the Commissioner of Insurance.