



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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DIVISION OF INSURANCE
LEGAL DIVISION

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AND BUSINESS REGULATION

GARY D. ANDERSON
COMMISSIONER OF INSURANCE

May 21, 2021

Jessica Martinez
Mill City Insurance, Inc.
218 Chandler Street
Worcester, Massachusetts 01609

RE: Mill City Insurance, Inc. – SIU Investigation No. 9784

Dear Ms. Martinez:

I represent the Massachusetts Division of Insurance (“Division”) with regard to the above-captioned investigation. Pursuant to an investigation conducted by the Division’s Special Investigations Unit, the Division has cause to believe that Mill City Insurance, Inc. (“MCI”) has violated Massachusetts insurance laws set forth below by the conduct described herein.

This case was opened on or about June 26, 2019, after the Division received a complaint that flyer advertisements offering \$75 for opening an insurance policy with MCI at their new Worcester, MA location, were left on motor vehicles at a parking lot on Southbridge Street in Worcester. On July 5, 2019, you responded to questions from the Division regarding the flyers and stated that 20,000 flyers were ordered through a printing company to be distributed to Worcester residents. Furthermore, you admitted that the flyers should have stated that the \$75 was to be given to anyone referring a new client, not the client themselves, and that the advertisement was discontinued after the Division’s inquiry. As a result of the distribution of the flyers you indicated that MCI issued three new policies totaling \$924 in commissions.

The conduct described above is evidence of the following violations:

By distributing advertisement flyers offering \$75 to anyone opening an insurance policy with MCI, MCI offered payment to induce an insurance contract which constitutes an unfair method of competition in the practice of insurance in violation of M.G.L. c. 176D, § 3(8). The Division also alleges that each violation

of M.G.L. c. 176D, § 3(8) is a violation of an insurance law in violation of M.G.L. c. 175, § 162R(a)(2). Such conduct may result in MCI's business entity insurance license being placed on probation, suspended or revoked pursuant to M.G.L. c. 175, § 162R(a), as well as the imposition of a fine up to \$1,000 for each and every violation as provided under M.G.L. c. 176D, § 7.

By distributing advertisement flyers that offer \$75 to anyone opening an insurance policy with MCI, MCI circulated an advertisement containing false information which constitutes unfair methods of competition in the business of insurance in violation of M.G.L. c. 176D, § 3(2). The Division also alleges that each violation of M.G.L. c. 176D, § 3(2) is a violation of an insurance law in violation of M.G.L. c. 175, § 162R(a)(2). Such conduct may result in MCI's business entity insurance license being placed on probation, suspended or revoked pursuant to M.G.L. c. 175, § 162R(a), as well as the imposition of a fine up to \$1,000 for each and every violation as provided under M.G.L. c. 176D, § 7.

The Division proposes to resolve this matter through a settlement if MCI agrees to waive the right to a public hearing, agrees to cease and desist from the above-alleged conduct and agrees to pay a fine of \$500. If MCI accepts the Division's settlement offer as described in this letter, please have an authorized representative sign this letter where provided below and return it to my attention along with a check made payable to the Commonwealth of Massachusetts, no later than **June 26, 2021**.

The Division considers the acceptance of this settlement agreement to constitute a reportable administrative event which must be included on MCI's next Massachusetts business entity producer license renewal application. MCI also may be required to report this action in other jurisdictions where it holds a business entity insurance producer license. This settlement agreement shall be construed under and governed by the laws of the Commonwealth of Massachusetts.

Although this correspondence does not constitute the required statutory notice of a public hearing, if this matter is not resolved by **June 26, 2021**, the Division intends to file its Order to Show Cause and will notify MCI of the hearing date.

Thank you for your prompt attention to this matter. Should you have any questions or wish to discuss this matter further, I may be contacted via email at Matthew.Burke@mass.gov.

Sincerely,



Matthew M. Burke
Counsel to the Commissioner

SIGNED: Representative of:
Mill City Insurance, Inc.

NAME: David Hassey

SIGNATURE: 

DATE: 5/29/2021