



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

1000 Washington Street • Suite 810 • Boston, MA 02118-6200
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<http://www.mass.gov/doi>

CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
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SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

JOHN C. CHAPMAN
UNDERSECRETARY

GARY D. ANDERSON
ACTING COMMISSIONER OF INSURANCE

June 1, 2017

New England Excess Exchange, Ltd.
C/O Ralf Schaarschmidt
P.O. Box 650
Barre, VT 05641

RE: New England Excess Exchange, Ltd.– Massachusetts License No. 1794517
SIU Investigation No. 9429

VIA VIA E-MAIL (jkeane@neee.com)

Dear Mr. Schaarschmidt:

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 New England Excess Exchange, Ltd. violated the Massachusetts insurance laws set forth below by the conduct detailed in this settlement letter.

This case was opened on March 22, 2017, after the Division discovered that the Secretary of the Commonwealth dissolved New England Excess Exchange’s corporate status on or about March 31, 2008, which was not revived until March 8, 2017. The dissolution of New England Excess Exchange was not reported to the Commissioner of Insurance.

The conduct described above is evidence of the following violations:

M.G.L. c. 175, § 174 . . . [t]he clerk or other corresponding officer [of the corporation] shall . . . at once notify the commissioner in writing in case of the dissolution of the corporation. Upon receipt of such notice, the commissioner shall forthwith revoke its license without a hearing. Whoever . . . fails to notify the commissioner of the dissolution of the corporation . . . or whoever . . . acts under said license after the dissolution of such corporation, shall be punished by a fine not less than twenty nor more than five hundred dollars.

M.G.L. c. 175, § 162R (a)(2) . . . [t]he commissioner may place on probation, suspend, revoke or refuse to issue or renew an insurance producer’s license or may levy a civil penalty for . . . violating any insurance laws. Additionally, a violation is punishable by a fine up to one thousand dollars. M.G.L. c. 176D, § 7.

The Division is authorized to issue an order requiring you to show cause as to why New England Excess Exchange, Ltd. should not be made to cease and desist from the above alleged conduct. If, after a public hearing, the Commissioner of Insurance finds that New England Excess Exchange, Ltd. did commit the alleged violations, he may impose a fine up to the amounts listed above and order that your Massachusetts Insurance Producer License be placed on probation, suspended or revoked.

The Division proposes to resolve this matter through a settlement if you agree to waive the right to a public hearing, agree to cease and desist from the above-alleged conduct and agree to pay a **fine of \$250.00**. If you choose to accept the Division's offer, please have an authorized individual sign this settlement 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 15, 2017**.

The Division considers the acceptance of this settlement to constitute a reportable administrative event which should be included on your next Massachusetts producer license renewal application. You also may be required to report this action in other jurisdictions where you hold an insurance producer license. This 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 15, 2017**, the Division intends to file its Order to Show Cause and will notify you 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 reached at (617) 521-7471 or Scott.Peary@state.ma.us.

Sincerely,

Scott J. Peary
Chief Enforcement Counsel

Enclosure



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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between the Commonwealth of Massachusetts, Division of Insurance (“Division”), and New England Excess Exchange, Ltd., licensed as an insurance producer licensed under the laws of the Commonwealth of Massachusetts (“Commonwealth”) and with an address of P.O. Box 650, Barre, VT 05641.

WHEREAS, New England Excess Exchange, Ltd. was licensed by the Division as an insurance producer pursuant to M.G.L. c. 175, § 162H *et seq.*;

WHEREAS, an insurance producer licensed in the Commonwealth must uphold the standards in M.G.L. c. 175, § 162H *et seq.* and must comply with the Commonwealth’s insurance laws, including without limitation, those set forth in M.G.L. c. 175 & M.G.L. c. 176D; the Code of Massachusetts Regulations; and any other regulatory requirements; each of which give the Commissioner of Insurance review, approval, and enforcement authority over licensees;

WHEREAS, the Division has conducted an investigation, Special Investigation Number 9429, and contends that the acts and conduct of New England Excess Exchange, Ltd. as set forth in the Division’s correspondence dated June 1, 2017, a copy of which is attached hereto, constitute grounds for revocation of New England Excess Exchange, Ltd.’s insurance license and the imposition of fines;

WHEREAS, New England Excess Exchange, Ltd. is aware of its rights to notice and to an administrative hearing with respect to the alleged violations of Massachusetts insurance laws in these matters, and hereby waives those rights.

NOW THEREFORE, in consideration of the foregoing and the covenants, warranties, representations, and agreements contained herein, it is mutually agreed as follows:

1. New England Excess Exchange, Ltd. agrees to immediately cease and desist from the conduct outlined in the Division's June 1, 2017 correspondence.

2. New England Excess Exchange, Ltd. agrees to pay a \$250.00 fine by June 15, 2017. Such check shall be made payable to the Commonwealth of Massachusetts and returned, along with an original signed version of the instant settlement agreement, to:

Massachusetts Division of Insurance
C/O Scott Peary, Chief Enforcement Counsel
1000 Washington Street, Suite 810
Boston, MA 02118

3. Except as expressly set forth in this Agreement, the failure of the Division at any time to require strict performance by New England Excess Exchange, Ltd. of any terms, provisions, or conditions hereof shall in no way affect the right thereafter to enforce the same, nor shall the waiver by the Division of any breach of any of the terms, provisions, and conditions hereof be construed or deemed a waiver of any succeeding breach of any term, provision, or condition thereof.

4. In the event that the Division finds that there has been a breach of any provision of this Agreement, the Division may, in its discretion, pursue any and all legal remedies permitted by the Massachusetts insurance laws as well as any other appropriate law of the Commonwealth.

5. The provisions of this Agreement may be amended, modified, or expanded solely in writing by joint consent of the Division and Schaarschmidt.

SIGNED:



Ralf Schaarschmidt
New England Excess Exchange, Ltd.

Dated: 6/2/17



Scott J. Peary | Chief Enforcement Counsel
Commonwealth of Massachusetts
Division of Insurance

Dated: June 1, 2017