



CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

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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JAY ASH
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

JOHN C. CHAPMAN
UNDERSECRETARY

GARY D. ANDERSON
ACTING COMMISSIONER OF INSURANCE

May 18, 2017

Surplex Underwriters
C/O Doug Pratt
P.O Box 105
Westbrook, MA 4092

Re: Surplex Underwriters, SIU No. 9461

VIA E-MAIL (djp@surplexuw.com)

Dear Mr. Pratt:

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 Surplex Underwriters violated the Massachusetts insurance laws set forth below by the conduct detailed in this settlement letter.

This case was opened on April 14, 2017, after the Division discovered that Surplex Underwriters insurance producer license expired February 06, 2017, and was not renewed until April 11, 2017. While unlicensed, Surplex Underwriters wrote and/or renewed 311 policies, which generated \$80363 in commissions and \$819,988.00 in policy premiums.

The conduct described above is evidence of the following violations:

M.G.L. c. 175, § 175 ... Whoever, not being duly licensed as an insurance agent or broker or as an adjuster of fire losses, represents or holds himself out to the public as being such an agent, broker, or adjuster, or as being engaged in the insurance business, by means of advertisements, cards, circulars, letterheads, signs, or other methods, or whoever, being duly licensed as such agent, broker, or adjuster, advertises as aforesaid or carries on such business in any other name than that stated in his license, shall be punished by a fine of not less than ten nor more than one hundred dollars.

The Division is authorized to issue an order requiring you to show cause as to why Surplex Underwriters should not be made to cease and desist from the above alleged conduct. If, after a public hearing, the Commissioner of Insurance finds that Surplex Underwriters 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 **\$4695 fine**. 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 **May 31, 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 **May 31, 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 Surplex Underwriters, licensed as an insurance producer under the laws of the Commonwealth (“Commonwealth”) and with an address of P.O Box 105, Newton, MA 02459.

WHEREAS, Surplex Underwriters 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 9461, and contends that the acts and conduct of Surplex Underwriters as set forth in the Division’s correspondence dated May 18, 2017, a copy of which is attached hereto, constitute grounds for revocation of Surplex Underwriters’s insurance license and the imposition of fines;

WHEREAS, Surplex Underwriters 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. Surplex Underwriters agrees to immediately cease and desist from the conduct outlined in the Division’s May 18, 2017 correspondence.
2. Surplex Underwriters agrees to pay a **\$4,695.00 fine** by **May 31, 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 Surplex Underwriters 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.

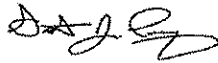
4. In the event that the Division finds that there has been a breach of any provision of this Agreement, the Division may, in its discretion, pursue any and all legal remedies permitted by the Massachusetts insurance laws as well as any other appropriate law of the Commonwealth.

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

SIGNED:



Doug Pratt
Surplex Underwriters



Scott Peary
Chief Enforcement Counsel
Commonwealth of Massachusetts
Division of Insurance

Dated: 5/25/17

Dated: May 18, 2017