

STATE OF INDIANA )  
 ) SS:  
COUNTY OF MARION )

BEFORE THE INDIANA  
COMMISSIONER OF INSURANCE

CAUSE NUMBER: 11989-AG13-0528-039

IN THE MATTER OF: )

Michael Kariotis )  
c/o Insure On The Spot Services, Inc. )  
5485 N Elston Ave. )  
Chicago, IL 60630 )

Insure On The Spot Services, Inc. )  
5485 N Elston Ave. )  
Chicago, IL 60630 )

Respondents, )

Type of Agency Action: Enforcement )

License Numbers: 283921N, 603173 )

**FILED**

JUN 12 2013

STATE OF INDIANA  
DEPT. OF INSURANCE

**FINAL ORDER**

The Indiana Department of Insurance (“Department”) and Michael Kariotis, individually and as Qualifying Active Officer of Insure On The Spot Services, Inc. (collectively, “Respondents”), an Illinois resident and Illinois domiciled insurance producing company, holding insurance producer’s license number 283921N and 603173 respectively, signed an Agreed Entry which purports to resolve all issues regarding the above cause number, and which has been submitted to the Commissioner of Insurance (the “Commissioner”) for approval.

The Commissioner, after reviewing the Agreed Entry, finds it has been entered into fairly and without fraud, duress or undue influence, and is fair and equitable between the parties. The Commissioner hereby incorporates the Agreed Entry as if fully set forth herein, and approves and adopts in full the Agreed Entry as a resolution of this matter.

IT IS, THEREFORE, ORDERED, by the Commissioner as follows:

1. Respondent's conduct, as described in the Agreed Entry, constitutes a violation of Ind. Code § 27-1-15.6-17(a).
2. Respondent's conduct, as described in the Agreed Entry, constitutes a violation of Ind. Code § 27-1-15.6-12(b)(1).
3. Respondent's conduct, as described in the Agreed Entry, constitutes a violation of Ind. Code § 27-1-15.6-12(b)(8).
4. Respondent's conduct, as described in the Agreed Entry, constitutes a violation of Ind. Code § 27-1-15.6-12(b)(10).
5. Respondent's conduct, as described in the Agreed Entry, constitutes a violation of Ind. Code § 27-1-15.6-12(b)(4).
6. Respondent's conduct, as described in the Agreed Entry, constitutes a violation of Ind. Code § 27-1-15.6-24.1.
7. Respondents shall cease and desist from the practice of applying for and remitting unearned premium funds to policies of insurance obtained on behalf of their clients without their knowledge and consent.
8. Respondents shall correct their business practices to include obtaining the policy holder's written consent before placing a policy cancelled mid-term with another insurer and/or applying unearned premium to a replacement policy, as per the terms described in the Agreed Entry.
9. Respondents shall provide to the Department an attestation that checks have been issued to the two hundred twenty-three (223) Indiana residents who were improperly charged an "Agency Fee" as per the terms described in the Agreed

Entry.

10. Respondents shall pay an administrative fine in the amount of two thousand five hundred and 00/100 dollars (\$2,500.00) within thirty (30) days of this Order.
11. Respondent's licenses shall be placed on probation for a period of two (2) years.

ALL OF WHICH IS ORDERED this 12<sup>th</sup> day of June, 2015



Stephen W. Robertson, Commissioner  
Indiana Department of Insurance

Distribution:

Michael Kariotis  
c/o Insure On The Spot Services, Inc.  
5485 N Elston Ave.  
Chicago, IL 60630

Insure On The Spot Services, Inc.  
5845 N Elston Ave.  
Chicago, IL 60630

Debra M. Webb  
David Rose  
Indiana Department of Insurance  
311 West Washington St., Suite 103  
Indianapolis, IN 46204-2787

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Respondents, )

Type of Agency Action: Enforcement )

License Numbers: 283921N, 603173 )

**FILED**  
JUN 12 2013  
STATE OF INDIANA  
DEPT. OF INSURANCE

**AGREED ENTRY**

This Agreed Entry is executed by and between the Indiana Department of Insurance ("Department"), by counsel, and Michael Kariotis, individually and as Qualifying Active Officer of Insure On The Spot Services, Inc. (collectively, "Respondents"), to resolve all issues in the above cause number. This Agreed Entry is subject to the review and approval of the Department's Commissioner, Stephen W. Robertson.

WHEREAS, Respondent Kariotis is a licensed non-resident insurance producer in the State of Indiana, holding license number 283921N since March 24, 1998; and

WHEREAS, Respondent Insure On The Spot Services, Inc. is a licensed non-resident insurance producer agency in the State of Indiana, holding license number 603173 since June 23, 2008; and

WHEREAS, Respondent Kariotis is the President and Qualifying Active Officer of Respondent Insure On The Spot Services, Inc.; and

WHEREAS, in October, 1998, Respondent Kariotis was subject to an Administrative Action in the State of Illinois; and

WHEREAS, in June, 2000, Respondents were subject to an Administrative Action in the State of Illinois, and

WHEREAS, in February, 2003, Respondents were subject to an Administrative Action in the State of Illinois, and

WHEREAS, in April, 2012, Respondents were subject to and Administrative Action in the State of Illinois; and

WHEREAS, Respondents failed to disclose all four (4) of these actions within thirty (30) days after the final disposition of the matter as required by Indiana Code § 27-1-15.6-17(a); and

WHEREAS, on the license application submitted by Respondent Insure On The Spot Services, Inc., filed on or around June 20, 2008, Respondents incorrectly answered “no” to Question 1 which asks, in relevant part: “Has the business entity or any owner, partner, officer or director, or manager or member of a limited liability company, ever been involved in an administrative proceeding regarding any professional or occupational license, or registration?”, in violation of Indiana Code §27-1-15.6-12(b)(1); and

WHEREAS, on or around February 28, 2013 the Department received a complaint against Respondents from an Indiana resident, William Goodwin (“Goodwin”); and

WHEREAS, in his complaint, Goodwin stated that Respondents had moved his auto insurance policy from one insurer to another; and

WHEREAS, after investigation, the Department learned that Respondents had placed Goodwin's auto insurance policy with United Automobile Insurance Company ("United Auto") on November 8, 2012, and received full payment for six (months) of premium; and

WHEREAS, Goodwin did not meet United Auto's underwriting guidelines and the policy was unilaterally cancelled by the company on January 2, 2013; and

WHEREAS, United Auto sent notification of their intent to cancel Goodwin's policy effective January 2, 2013 to both Goodwin and Respondents; and

WHEREAS, upon receipt of United Auto's letter indicating that Goodwin's policy would be cancelled, Goodwin sent a letter to Respondents stating: "Due to the fact that as of 1 January 2013 you cancelled my insurance on both of my vehicles. This is quite agreeable with me. You can consider the fact that this action was taken on your behalf and on mine. Therefore I expect to receive the balance of my premiums within 30 days or less."; and

WHEREAS, Respondents claim they never received Goodwin's letter, and so did not comply with his request; and

WHEREAS, instead, Respondents completed an application for auto insurance with Founders Insurance Company ("Founders") on Goodwin's behalf, without his knowledge or consent in violation of Indiana Code § 27-1-15.6-12 (b)(8) and Indiana Code § 27-1-15.6-12 (b)(10); and

WHEREAS, Respondents used the unearned premium refunded by United Auto and funded the Founders policy with that money, again without the knowledge or consent of Goodwin, in violation of Indiana Code § 27-1-15.6-12 (b)(4) and Indiana Code § 27-1-15.6-12 (b)(8) ; and

WHEREAS, Goodwin obtained auto insurance with another insurer after having his policy with United Auto cancelled, and was still awaiting refund of the unearned premium when he filed the complaint with the Department; and

WHEREAS, after the complaint was investigated by the Department, Respondents have refunded all unearned premiums due to Goodwin; and

WHEREAS, as a result of the investigation, the Department learned that Respondents charged an "Agency Fee" of \$20.00 to Goodwin at the inception of the policy, in violation of Indiana Code § 27-1-15.6-24.1 and Department Bulletin 157; and

WHEREAS, Respondents have responded to a Department request and stated that this \$20.00 "Agency Fee" has been charged four hundred seven (407) times to two hundred twenty three (223) Indiana Residents, including Goodwin; and

WHEREAS, Respondents have assured the Department that refunds will be made to all Indiana Residents immediately; and

WHEREAS, the Department and Respondent desire to resolve their differences and settle the issues without the necessity of a hearing;

IT IS, THEREFORE, NOW AGREED by and between the parties as follows:

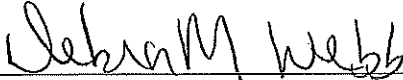
1. The Commissioner has jurisdiction over the subject matter and Respondents in this administrative action.
2. This Agreed Entry is executed voluntarily by the parties.
3. Respondents voluntarily and freely waive the right to a public hearing.
4. Respondents voluntarily and freely waive the right to judicial review of this matter.

5. Respondents shall cease and desist from the practice of applying for and remitting unearned premium funds to policies of insurance obtained on behalf of their clients without their knowledge and consent.
6. Respondents shall correct their business practices to include the following: If a client's insurance policy is cancelled mid-term, Respondents will not place the risk with another insurer and/or apply unearned premium to a replacement policy without the policyholder's written consent. This written consent must be obtained within fourteen (14) days of the inception of the replacement insurance policy. A completed application bearing the policyholder's written signature will comply with this requirement.
7. Respondents shall, within thirty (30) days of the Final Order adopting this Agreed Entry, provide to the Department an attestation that checks have been issued to the two hundred twenty three (223) Indiana residents who were improperly charged an "Agency Fee". This attestation will include copies of twenty (20) checks, providing a sampling of the refund checks sent to Indiana consumers. Thirty (30) days after the attestation is made, Respondents shall provide documentation to the Department detailing how many of those checks have been cashed and how many remain outstanding. Any refund checks which have not been cashed six (6) months after issuance shall be turned over to the Indiana Attorney General's Unclaimed Property Division.
8. Respondents shall pay an administrative fine, payable to the State of Indiana, in the amount of two thousand-five hundred and 00/100 dollars (\$2,500.00) within thirty (30) days of the Commissioner's Final Order adopting this Agreed Entry.
9. Respondents' licenses shall be placed on probation for a period of two (2) years.

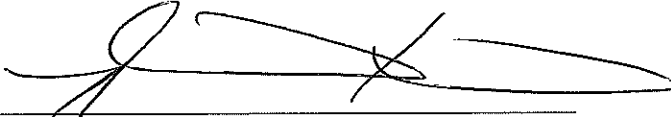


10. Any further violations of law committed by Respondents may lead to further disciplinary action by the Department, up to and including the permanent revocation of Respondents' licenses.
11. Should this Agreed Entry not be approved by the Commissioner, it is agreed that presentation to and consideration of this Agreed Entry by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation in or resolution of these proceedings.
12. Respondent has carefully read this agreement and fully understands and accepts its terms.

6-10-13  
Date Signed

  
\_\_\_\_\_  
Debra M. Webb, Deputy General Counsel  
Indiana Department of Insurance

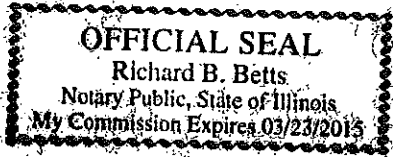
6-5-13  
Date Signed

  
\_\_\_\_\_  
Michael Kariotis, Individually and as President  
Of Insure On The Spot Services, Inc.

STATE OF ILLINOIS )  
COUNTY OF Cook ) SS:

Before me a Notary Public for Cook County, State of ILLINOIS, personally appeared Michael Kariotis, and being first duly sworn by me upon his oath, says that the facts alleged in the foregoing instrument are true.

Signed and sealed this 5 day of June, 2013.



Richard B. Betts  
Signature

Richard B. Betts  
Printed

My Commission expires: 3/23/2015

County of Residence: Cook