



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

IN THE MATTER OF :
NEIL E. RANCIATO :
And : DOCKET NO.: FC 19-04
INDEMNITY FIRST :
Respondents :

ORDER

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having read the record in the above-captioned matter, do hereby adopt the findings and recommendation of Joshua D. Hershman, Hearing Officer, which are contained in the attached Memorandum of Findings and Proposed Final Decision dated August 21, 2019 and issue the following order, **TO WIT:**

1. That all licenses issued to the Respondents pursuant to Conn. Gen. Stat. §§ 38a-788 and 38a-769, are hereby revoked.

Dated this 22nd day of August, 2019.

Andrew N. Mais
Insurance Commissioner



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

IN THE MATTER OF :
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NEIL E. RANCIATO :
And : **DOCKET NO.: FC 19-04**
INDEMNITY FIRST :
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Respondents :

MEMORANDUM OF FINDINGS AND PROPOSED FINAL DECISION

I. STATEMENT OF THE CASE

On January 9, 2019 the Connecticut Insurance Department (“Department”) issued a complaint (the “Complaint”) to Neil E. Ranciato (“Ranciato”) and Indemnity First (together the “Respondents”) alleging certain violations of Connecticut law. Hr’g. Officer Ex. 6. Pursuant to Conn. Agencies Regs. §38a-8-61, the Respondents had twenty days to respond to the Complaint and, having failed to do so, on January 31, 2019, Paul Lombardo, the Acting Insurance Commissioner, ordered a revocation of all licenses of the Respondents, including but not limited to their public adjusters’ license, through a default judgment. Hr’g. Officer Ex. 6.

On March 20, 2019, the Respondents made a request to open the aforementioned default judgment. Hr’g. Officer Ex. 6 (marked as Exhibit “B” as part of Hr’g Officer Ex. 6). On April 30, 2019, Department Counsel, Antonio Caporale, filed an objection to the Respondents’ motion to reopen. Hr’g. Officer Ex. 6. On May 1, 2019, Commissioner Mais overruled the Department’s objection and ordered the default judgment to be vacated in its entirety and that the matter shall be scheduled for an administrative hearing on the merits. Hr’g. Officer Ex. 6. After notice, an administrative hearing was convened on June 21, 2019 (the “Hearing”), with Ralph Chin, being duly appointed by Commissioner Mais as Hearing Officer on May 29, 2019.

Hr'g. Officer Ex. 6. Respondents appeared *pro se* at the Hearing. Antonio Caporale, Department Counsel, represented the Department.

The purpose of the Hearing was to determine whether all current insurance licenses in force and issued by the Department to the Respondents should be suspended or revoked and/or whether a fine should be imposed as set forth in the Complaint. Complaint at 1, *In the Matter of Neil E. Ranciato, et al.* State of Connecticut Insurance Department (Docket No. FC 19-04).

Approximately five and one half hours of testimony and arguments were heard at the Hearing. Before the close of the Hearing, Hearing Officer Chin determined that the Hearing must be continued. Both the Department and the Respondents agreed via e-mail that the hearing would be continued to July 15, 2019 ("Continued Hearing" together the Hearing and the Continued Hearing may be referred to as the "Hearings"). Hr'g. Officer Ex. 1. On July 11, 2019, Hearing Officer Chin informed Commissioner Mais that he was unable to fulfill his duties as Hearing Officer. Hr'g. Officer Ex. 2. On July 11, 2019, the undersigned was appointed Hearing Officer. Hr'g. Officer Ex. 3.

At approximately 3 p.m. on Friday July 12, 2019, Ranciato requested that the Continued Hearing be postponed to a later date via e-mail correspondence to Department Counsel and the undersigned; said motion to continue was denied. Hr'g. Officer Ex. 4. Ranciato requested a motion to reconsider the denial of the continuance; said motion to reconsider was also denied. Hr'g. Officer Ex. 4.

Prior to the commencement of the Continued Hearing and issuance of this Memorandum of Findings and Proposed Final Decision the undersigned reviewed the pleadings, transcript, exhibits and all other relevant material in the record to undertake his duties and obligations as the appointed Hearing Officer. The Continued Hearing took place on July 15, 2019. The

Respondents did not appear at the Continued Hearing. The hearing transcript reflects the undersigned made repeated attempts to determine whether the Respondents were going to appear at the Continued Hearing. Hr'g. Tr. Pg. 4, 23, July 15, 2019. Despite the undersigned's efforts, no communications took place on July 15, 2019 between the Respondents and the undersigned. Neither the Department nor Respondents requested to file briefs, none were required and none were filed. At the Continued Hearing the Respondents were non appearing *pro se*. Again, Anthony Caporle, represented the Department. The record was closed on receipt of the transcript, July 26, 2019.

The Hearings were conducted in accordance with the Uniform Administrative Procedure Act, Conn. Gen. Stat. § 4-166, *et seq.*, and the Insurance Department Rules of Practice, Conn. Agencies Regs. § 38a-8-1, *et seq.* The charges in this case were set forth in the Complaint. The Complaint alleged violations of Conn. Gen. Stat §§ 38a-788, 38a-724, 38a-769, 38a-771, 38a-815 and 38a-816, and Conn. Agencies Regs. §§ 38a-788-3, 38a-788-6 and 38a-788-8, and alleged that cause exists for the revocation or suspension of Respondents' licenses and/or the imposition of fines and restitution pursuant to Conn. Gen. Stat §§ 38a-774 and 38a-817.

II. FACTS

Based on the preponderance of evidence submitted the undersigned, makes the following findings of facts:

1. Ranciato is licensed as a Public Adjuster, license number 000952454, by the Department. Ranciato is the owner and licensed designee of Indemnity First, a public adjusting firm licensed by the Department holding license number 000969571. Ex. L.

A. Facts as to violations of Conn. Gen. Stat. § 38a-769:

1. Ranciato submitted to the Department an application for licensure on or about May 19, 2018 (hereinafter this license application shall be referred to as "Application") which

contained false and misleading statements therein as to (i) whether he was ever named or involved as a party in an administrative proceeding regarding any professional or occupational license or registration, and (ii) whether he is currently a party to, or has ever been found liable in, any lawsuit involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty.

2. Ranciato was named a party in an administrative proceeding filed against him by the Connecticut Department of Consumer Protection and did not disclose such fact to the Department as required in the Department's license application. Hr'g. Tr. Pg. 166-167, June 21, 2019, Ex. Q.
3. The Respondents were named in lawsuits filed against them involving allegations of fraud, misappropriation or conversation of funds, misrepresentation and/or breach of fiduciary duty and did not disclose such facts to the Department as required in the Department's licensing application. Hr'g. Tr. Pg. 166-167, June 21, 2019, Ex. Q.
4. William A. MacNeilly's ("William") house had significant fire damage. Hr'g. Tr. Pg. 34, June 21, 2019.
5. William signed contracts dated July 25, 2016 and January 1, 2017 engaging USA Water & Fire to perform contractor duties on his fire damaged home. Hr'g. Tr. Pg. 34 -35, June 21, 2019.
6. Ranciato owned USA Water and Fire. Hr'g. Tr. Pg. 220, June 21, 2019, Ex. O, Answer at 1, *In the Matter of Neil E. Ranciato, et al.* State of Connecticut Ins. Dept. (No. FC 19-04).
7. The loss related to the fire in William's home covered by his homeowner's insurance Hr'g. Tr. Pg. 37, June 21, 2019.

8. Ranciato offered to deal with William's home owner insurance company ("Insurer") with the condition that USA Water & Fire would receive the contractor to repair William's home. Hr'g. Tr. Pg. 37, June 21, 2019.
9. William's Insurer provided an initial payment for the loss of \$40,000 which was transmitted directly to Ranciato. Hr'g. Tr. Pg. 38, June 21, 2019, Ex. E.
10. A second payment was made by William's Insurer to USA Water and Fire for \$57,756.29. Hr'g. Tr. Pg. 46, June 21, 2019, Ex. F.
11. A third payment was made by William's Insurer to Ranciato for \$24,327.97. Hr'g. Tr. Pg. 46, June 21, 2019, Ex. G.
12. Ranciato and/or USA Water and Fire did not perform work on William's home. Hr'g. Tr. Pg. 48, June 21, 2019.
13. William demanded the insurance loss proceeds be returned. Hr'g. Tr. Pg. 48, June 21, 2019.
14. Ranciato and/or USA Water and Fire have not returned the funds referenced in ¶¶ 7, 8, and 9 of this section. Hr'g. Tr. Pg. 48, June 21, 2019.

B. Facts as to violation of Conn. Agencies Regs. § 38a-788-3:

1. Since 2015, Ranciato has been a Connecticut licensed public adjuster. Hr'g. Tr. Pg. 165-166, June 21, 2019, Ex. L.
2. In 2015 Ranciato owned USA Water and Fire. USA Water and Fire is a construction company. Hr'g. Tr. Pg. 220, June 21, 2019, Ex. O, Answer at 1, *In the Matter of Neil E. Ranciato, et al.* State of Connecticut Ins. Dept. (No. FC 19-04).

C. Facts as to violations of Conn. Gen. Stat. § 38a-771:

1. Ranciato did not notify the Department of a bankruptcy proceeding he initiated on his Application as required by the Department's license application. Hr'g. Tr. Pg. 167, June 21, 2019, Ex. L.
2. At no time after filing his Application did Ranciato notify the Department that he was a party to any bankruptcy proceeding. Hr'g. Tr. Pg. 203, June 21, 2019.

D. Facts as to violation of Conn. Gen. Stat. § 38a-724 and Conn. Agencies Regs. § 38a-788-6:

1. Ex. N1 – N7 are copies of Employment Contracts where the Respondents entered into agreements with individual consumers to represent them in the Respondents' capacity as a public adjuster.
2. Ex. N1 – N7 all possess identical boilerplate language.
3. Ex. N1 – N7 list on the bottom of the front page "White – Indemnity First, Yellow – Adjuster, Pink – Client."
4. Ex. N3 is a color copy, the Employment Contract generated by the Respondents is pink.
5. Ex. N1 – N7, each do not contain a provision on the first page allowing the consumer to cancel the Employment Contract.

III. DISCUSSION

A. Applicable Statutes and Regulations

The Insurance Commissioner of the State of Connecticut pursuant to Conn. Gen. Stat. § 38a-788 licensed Respondents as public adjusters. Conn. Gen. Stat. § 38a-788 provides with respect to public adjusters: "Any license to be a public adjuster issued by the commissioner shall be in force only until the first day of May in each even-numbered year unless sooner revoked or suspended."

Concerning the form of agreement used by public adjusters in contracting with customers for adjusting services, Conn. Gen. Stat. § 38a-724 provides in relevant part:

(1) Any such contract signed on or after October 1, 2013, shall contain a provision, prominently displayed on the first page of such contract in not less than twelve-point boldface type, specifying that the insured **may cancel the contract**, provided such insured notifies the public adjuster at such public adjuster's main office or branch office at the address shown in the contract, by certified mail, return receipt requested, posted not later than midnight of the fourth calendar day after the day on which the insured signs the contract, except that if the signing is on a Friday, Saturday or Sunday, the cancellation shall be posted not later than midnight of the Thursday immediately following, and thereafter the contract shall be void ab initio. (emphasis added).

Conn. Gen. Stat. § 38a-769, concerning applications to be a licensed as a public adjuster provides in relevant part:

(c) Each applicant for a license shall furnish satisfactory evidence to the commissioner that the applicant is a person of good moral character and that the applicant is financially responsible.

Conn. Gen. Stat. § 38a-771, concerning the duty of a licensee to notify the Department, provides in relevant part:

(b) Any person, firm, partnership, association or corporation, or any person, firm, partnership, association or corporation acting as a trade name, holding a license issued pursuant to section[] . . . 38a-769, . . . shall notify the Insurance Commissioner, in writing, not later than thirty days after **any bankruptcy proceeding**[]. Such notification shall be accompanied by all supporting documentation. (emphasis added).

Conn. Agencies Regs. § 38a-788-3, provides in relevant part:

(f) No public adjuster shall have **any** interest directly or indirectly in any construction firm, salvage firm, or appraisal firm. The word "firm" includes any corporation, partnership, association or individual. (emphasis added).

Conn. Agencies Regs. § 38a-788-6, provides in relevant part:

No public adjuster shall enter into an employment contract [with a consumer] except in conformity with this regulation . . . **(t)he contract and copy(ies) of the contract shall (1) be printed on white or cream paper in dark or black ink; ... (1) On side one: YOUR LEGAL RIGHTS: Cancellation.** (emphasis added).

B. Analysis

Good Moral Character and Financially Responsible. Conn. Gen. Stat. §38a-769(c) and (d) requires, in part, that at the time of applying for a public adjuster's license and at all times thereafter if granted a license, the public adjuster licensee shall be of good moral character and financially responsible. Failure to maintain the standards under which a license is issued constitutes cause for its revocation or suspension. *Colucci v. Insurance Department*, 1996 WL 601984 (Conn. Super. 1996), aff'd, 45 Conn. App. 368, 694 A.2d 421 (1997); *Mark W. Goldberg et al. v. Connecticut State Department of Insurance, et al.*, Superior Court, judicial district of Hartford, unpublished Docket No. 0287375, 33, (June 12, 1989), aff'd, 207 Conn. 77 (1988) citing *Biller v. Mike, Insurance Commissioner*, Superior Court, judicial district of Hartford, Docket No. CV-80-249994S, (December 8, 1981).

The undersigned finds that Ranciato made false and misleading statements when answering questions set forth on his Application. Specifically, the Respondents did not disclose to the Department that lawsuits were filed against them involving allegations of fraud, misappropriation or conversion of funds, misrepresentation and/or breach of fiduciary duty and the hearing officer took judicial notice of such lawsuits. Hr'g. Tr. Pg. 208, June 21, 2019. Ranciato did not disclose to the Department, as required in the Application, that an administrative proceeding had been filed against him by the Connecticut Department of Consumer Protection. Hr'g. Tr. Pg. 166-167, June 21, 2019, Ex. Q.

Concerning good moral character and financial responsibility, the undersigned finds that Ranciato received insurance loss funds for William's construction project yet never arranged for the required reconstruction work and never returned the insurance loss funds despite William's request. Hr'g. Tr. Pg. 46-48, June 21, 2019. The undersigned concludes that Ranciato was not forthcoming or honest with the Department and consumers and, therefore, does not meet the standard of good moral character. Additionally, the undersigns concludes that Ranciato is not financially responsible and lacks trustworthiness which impacts his ability to be a licensed public adjuster. The Respondents are in violation of Conn. Gen. Stat. §38a-769, which constitutes sufficient cause to be fined and/or have their licenses suspended or revoked pursuant to Conn. Gen. Stat. §38a-774.

Respondents' Bankruptcy. Ranciato filed for bankruptcy. Ranciato did not include the bankruptcy filings on his Application, and never notified the Department of such bankruptcy after the filing of his Application. Hr'g. Tr. Pg. 165-166, June 21, 2019, Ex. L. Conn. Gen. Stat §38a-771 is clear, any person or entity in possession of a license issued under Conn. Gen. Stat. §38a-771 is required to notify the Department within 30 days of a bankruptcy filing, the Respondents failed to satisfy the notice requirement. The Respondents violated Conn. Gen. Stat §38a-771, therefore, providing a sufficient basis for imposing a fine and/or have their licenses suspended or revoked pursuant to Conn. Gen. Stat. § 38a-774(a).

Prohibited Entity Ownership. The Respondents wrongfully owned a construction company at the same time as being a licensed public adjuster. Conn. Agencies Regs. § 38a-788-3 is clear—"no public adjuster shall have any interest directly or indirectly in any construction firm, salvage firm or appraisal firm". Respondents' answer states that he owned a construction company—USA Water & Fire—between approximately 2006 to 2016. Respondents' Answer, Count 1,

subparagraph 3, *In the Matter of Neil E. Ranciato, et al.* State of Connecticut Insurance Department (Docket No. FC 19-04). Ranciato was a public adjuster as of 2015. Ex. L. Therefore, Ranciato is in violation of Conn. Agencies Regs. §38a-788-3 by owning a construction company at the time he held a Connecticut public adjusters license. Accordingly, such violation constitutes cause under Conn. Gen. Stat. § 38a-774(a), for imposition of a fine and/or revocation or suspension of the Respondents' public adjuster licenses.

Respondents' Employment Contract. The Respondents' "Employment Contract" does not comply with Connecticut statutes and regulations. As a result, the undersigned finds that Respondents are in violation of Conn. Gen. Stat. §38a-724 and Conn. Agencies Regs. §38a-788-6. It is clear from the express language of Conn. Gen. Stat. §38a-724 and Conn. Agencies Regs. §38a-788-6 that a public adjuster's employment contract with consumers is required to set forth cancellation language on the first page which the Respondents' employment contract failed to include. Additionally, Conn. Agencies Regs. §38a-799-6 requires the public adjuster's employment contract to be on white or cream paper. Exhibits N1 – N7 were entered showing the Respondents' Public Adjuster employment contracts, none of which set forth the cancellation language mandated by the regulations on the first page. Most of Exhibits N1 – N7 are in black and white, however at the bottom of the said Exhibits it states that the client receives a 'Pink' copy, Exhibit N3 is a color copy, which shows the client received a pink piece of paper. Pink is neither white nor cream. For the aforesaid reasons, the undersigned concludes, although relatively minor in nature, that the Respondents' public adjuster employment agreements are in violation of Connecticut law. Accordingly, such violation constitutes cause under Conn. Gen. Stat. § 38a-774(a), for imposition of a fine and/or revocation or suspension of the Respondents' public adjuster licenses.

Weight of the Evidence. The applicable standard of proof in a proceeding under the Uniform Administrative Procedure Act, is the preponderance of the evidence standard. See *Goldstar Medical Services, Inc. v. Department of Social Services*, 288 Conn. 790, 821, 955 (2008); *Jones v. Connecticut Medical Examining Board*, 129 Conn. App. 575, 592, (2011). On the basis of all of the foregoing and the record in this proceeding, the preponderance of the evidence on the record supports the undersigned findings of violations under Conn. Gen. Stat. §§ 38a-724, 38a-769, 38a-771 and Conn. Agencies Regs. §§ 38a-788-3, 38a-788-6. Any one of these violations on its own could justify a fine and/or suspension or revocation of the Respondents' licenses. The transcript is not complete as to violations under Conn. Gen. Stat. § 38a-815 concerning unfair insurance trade practices and, therefore, the undersigned is unable to make specific findings in regards to violations of the said statutes in this Memorandum of Findings and Proposed Final Decision.

In the interest of fairness and although not required by law, the Department believes it should consider mitigating factors impacting the Respondents given the serious nature of a license revocation. In that regard, the undersigned has considered that Respondents appeared *pro se*, however, that fact did not prevent the Respondents from (i) seeking to and successfully re-opening the initial revocation of licenses judgment; (ii) answering the complaint; or (iii) cross-examining all the witnesses that testified. Respondents participated in the Hearing lasting over five hours and had an opportunity to cross examine every witness who testified at the Hearings. At the conclusion of the Hearing the Respondents were encouraged by the Hearing Officer to retain counsel and enough time to retain one with the continued date being twenty-four days later. Hr'g. Tr. Pg. 266, June 21, 2019.

In conclusion, Commissioner Mais has a responsibility to protect the public by ensuring that licensees of the Department are in compliance with applicable laws and regulations and are of

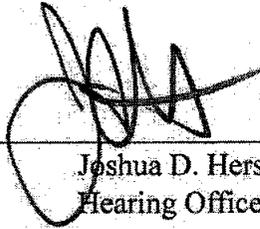
good moral character, financially responsible and trustworthy. Based on the serious nature of the proven charges and taking into consideration all the possible mitigating factors, a revocation of the Respondents' licenses is appropriate.

IV. RECOMMENDATION

Based on the foregoing, the undersigned recommends that the Commissioner issue the following order to Respondents:

1. That all licenses issued to the Respondents pursuant to Conn. Gen. Stat. §§ 38a-788 and 38a-769, are hereby revoked.

Dated this 21st day of August, 2019.



Joshua D. Hershman
Hearing Officer