

**State of New Hampshire
Insurance Department**

In Re: Michael A. Mandravelis

Docket No.: INS. No. 08-061-EP

SETTLEMENT AGREEMENT AND ORDER

To resolve the above-referenced matter, the New Hampshire Insurance Department (“NHID”) and Michael A. Mandravelis (“the Respondent”) enter into this Settlement Agreement and Order (“Agreement”), the terms of which are as follows:

1. The NHID initiated an administrative proceeding against the Respondent by an Order to Show Cause and Notice of Hearing (“Show Cause Order”) dated March 10, 2009. The Show Cause Order sets forth, in substance, the following factual allegations:

a. On August 12, 2004, the Respondent issued a Certificate of Insurance (“COI”) to a New Hampshire consumer, Steven Ducharme d/b/a Finish One Carpentry (“the consumer”). The Certificate Holder named on the COI was Cobb Hill Construction. The COI specified, among other things, the types of insurance coverages that the consumer was purchasing. The specified coverages included workers’ compensation. Furthermore, the COI indicated that the workers’ compensation coverage was in force as of the effective date of the COI, February 19, 2004.

b. On September 16, 2004, an employee of the consumer’s sustained serious personal injuries while working within the scope of his employment. However, when the injured employee’s workers’ compensation claim was submitted to Nationwide,

Nationwide denied the claim, asserting it had no record of any workers' compensation policy ever being purchased by or issued to Ducharme.

c. As it turned out, although the Respondent had issued a Certificate of Insurance indicating Nationwide was providing workers' compensation coverage for the consumer, the Respondent had failed to actually secure said coverage.

d. As a result of the Respondent's failure to obtain workers' compensation coverage for the consumer, the New Hampshire Department of Labor ordered the consumer personally to pay his injured employee's workers' compensation indemnity and medical benefits. (The consumer subsequently sued the Respondent's employer in Superior Court and was made substantially whole as a result of a favorable settlement of that lawsuit.)

2. Based on the foregoing factual allegations, the NHID alleged the Respondent violated certain provisions of RSA 417 and RSA 402-J, and the matter was scheduled for an adjudicatory hearing on October 14, 2009.

3. Prior to the hearing, however, the parties entered into settlement negotiations and agreed to a negotiated settlement in order to bring finality to the disputed issues.

WHEREFORE, for purposes of settling the above-referenced matter and in lieu of further administrative proceedings, the NHID and Respondent have reached an agreement as follows:

A. The foregoing recitals are hereby adopted, incorporated into and made a part of this Agreement.

B. The NHID and the Respondent wish to enter into this Agreement to resolve all issues related to the above-captioned show cause order.

C. The Respondent knowingly waives his right to be heard at a hearing in this matter.

D. The Respondent admits he issued the COI at issue in this matter, and he further admits that he failed to obtain workers' compensation coverage for the consumer at the time he issued the COI. However, the Respondent asserts the issuance of the COI was done mistakenly, not intentionally or fraudulently. The Respondent further asserts that he attempted to mitigate his mistake within twenty-four hours of the COI's issuance by notifying the consumer in writing that the consumer did not have workers' compensation coverage for his employees.

E. The Respondent agrees to pay an administrative fine to the NHID in the amount of \$2,500 (two-thousand, five-hundred dollars) in final settlement of the allegations described in this Agreement. Payment of \$1,500 (one-thousand, five-hundred dollars) shall be made no later than 10 (ten) days following the Commissioner's execution of this Agreement. Payment of the remaining \$1,000 (one-thousand dollars) will be suspended for a period of one year commencing on the date of the Commissioner's execution of this Agreement. If at the end of the one-year period the Respondent has demonstrated compliance with the insurance laws of the State of New Hampshire, the payment of the remaining \$1,000 shall be forever waived. The Respondent shall be deemed to have complied with the insurance laws of the State of New Hampshire if at the end of the one-year period there have been no further founded complaints, either from consumers or otherwise, resulting in the NHID's issuance of a show cause order. A founded complaint shall include one that was issued during the one year period of suspension of the \$1,000 fine even if the finding is entered at a date after the completion of the one year period.

F. This Agreement shall be final and non-appealable.

G. By entering into this Agreement, the NHID and the Respondent intend to resolve all matters disclosed in the above-captioned show cause order, including the alleged violations and any other claim of violation, or potential violation, made or which could have been made by the NHID prior to the effective date of this Agreement. This Agreement shall be deemed a complete settlement and full and final resolution, and is in lieu of any disciplinary, legal, regulatory, or enforcement actions that could have been brought by the NHID relating to all matters disclosed in the above-captioned show cause order prior to the effective date of this Agreement. Provided however, notwithstanding the foregoing, the NHID may take any and all appropriate actions should the Respondent in the future violate any provision of the State's insurance laws.

H. This Agreement shall be binding on the NHID and the Respondent, and their legal representatives, successors and assigns. Nothing in this Agreement shall confer rights upon any person or entities other than the NHID and the Respondent. This Agreement sets forth the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements, arrangements, understandings (whether written or oral) between the NHID and the Respondent. No modification or amendment of this Agreement shall be of any force or effect unless in writing executed by both the NHID and the Respondent.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed:

MICHAEL A. MANDRAVELIS

Dated: 10/11/09

By: 
Michael A. Mandravelis

NEW HAMPSHIRE INSURANCE DEPARTMENT

Dated: 10-28-09

By: 
Roger A. Sevigny, Commissioner