

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Licenses and
Licensing Rights of:

File No. GG202000125

NIRMAL KAUR

and

MVT INSURANCE SERVICES, INC.

**DEFAULT DECISION AND
ORDER OF REVOCATION**

Respondents

WHEREAS, on January 12, 2022, Respondents Nirmal Kaur, License Number 0140270, and MVT Insurance Services, Inc., License Number 0143574, were served with an Accusation, Statement to Respondent, and a Notice of Defense form pursuant to California Government Code § 11505 at their registered address with the California Department of Insurance;

WHEREAS, as of the date of this Decision and Order, Respondents have failed to file a Notice of Defense in this matter;

NOW, THEREFORE, having failed to file a Notice of Defense within the time allowed by Government Code § 11506, Respondent's DEFAULT is duly entered and the Insurance Commissioner, having determined that Respondent waived the right to a hearing to contest the merits of the Accusation, takes the following action on the Accusation and documents on file in this matter without a hearing or any notice to Respondent, pursuant to Government Code §§ 11506 and 11520:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

FINDINGS OF FACT

The facts alleged in the Accusation, attached to this Decision and Order and incorporated by reference, are hereby found to be true.

DETERMINATION OF ISSUES PRESENTED

IT IS HEREBY DETERMINED that the Findings of Fact show that Respondent has violated California Insurance Code §§ 780, 783, 790.03(a), 1668(b), (e), (i), (j), (k), (n), 1668.5(a)(1), (a)(2), (a)(3), (a)(6), 1736, 1738, and 1739, as alleged in the Accusation, and are grounds for the disciplinary action stated therein.

THEREFORE, the Insurance Commissioner makes the following Order:

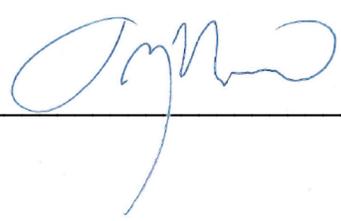
ORDER

IT IS HEREBY ORDERED that all licenses and licensing rights of Respondent are REVOKED.

This Order shall be effective thirty (30) days from the date below.

IN WITNESS THEREOF, I have set my hand and affixed my official seal on January 31, 2022.

On Behalf of the
Insurance Commissioner

By  _____

1 CALIFORNIA DEPARTMENT OF INSURANCE
Legal Branch
2 P.O. Box 1139
Sacramento, CA 95812-1139
3

4 **BEFORE THE INSURANCE COMMISSIONER**
5 **OF THE STATE OF CALIFORNIA**
6

7
8 In the Matter of the Licenses and
Licensing Rights of:

File No. GG202000125

9
10 NIRMAL KAUR

**ACCUSATION and
ORDER TO SHOW CAUSE**

11
12 and

13 MVT INSURANCE SERVICES, INC.,

Date: TBD

Time: TBD

Location: TBD

14
15
16 Respondents.

17
18 The California Department of Insurance alleges that:
19

20 **PARTIES**

21 1. Respondent, Nirmal Kaur, License Number 0I40270, has been licensed to
22 transact insurance as a Property Broker-Agent and Casualty Broker-Agent since 2013.

23
24 //

25
26
27 //
28

- 1 a. Provide adequate personnel and facilities to perform the services and do the acts described
- 2 below and otherwise in this Agreement that Service Company has agreed to for the Client,
- 3 all in accordance with sound insurance practices;
- 4 b. Solicit, market, receive and accept or reject applications for insurance to be issued by the Client in
- 5 accordance with underwriting guidelines approved by the Board at the time of application from
- 6 eligible entities, all to be performed consistent with sound insurance practices. The Service
- 7 Company shall underwrite, classify, rate, issue policies and binders of insurance and reinsurance for
- 8 the Client which are in accordance with sound and accepted insurance practices and with such
- 9 standards as may be fixed by the Board;
- 10 c. Collect funds (member premium, member capital, etc.) on behalf of the Client. The Service
- 11 Company will deposit the Clients funds into an account solely utilized for the Client's activities. The
- 12 Service provider will remit funds, net of applicable fees, to the Client on a monthly basis within 30
- 13 days of the month end.
- 14 d. Day to day policy services, including: processing vehicle and driver changes, cancellation and non-
- 15 renewals, and all administrative and clerical work.
- 16 e. Hire and terminate, as appropriate and in accordance with sound insurance practices, insurance
- 17 producers (agents and brokers) and determine appropriate commission level. Commissions to
- 18 agents and brokers shall be payable by and the responsibility of the Service Company;
- 19 f. Monitor accounts performance and undertake quality assurance measures.
- 20 g. Maintain electronic files for all accounts and policies with all changes and endorsements for the
- 21 term of the contract.
- 22 h. Maintain true and complete records of all business conducted under this Agreement, in a manner
- 23 and form approved by the Client, and will make available for examination and inspection to a duly
- 24 authorized Client representative or the Commissioner, all such books and records.
- 25 i. Develop, maintain and administer the Client's marketing program conducted through its brokers in
- 26 the jurisdictions where the Client is eligible and authorized to sell insurance to eligible members.
- 27 Prepare mailings, advertisements, newsletters and other promotional material for the Client.
- 28 j. Maintain accept professional liability insurance coverages during the term of the Agreement.
- k. Provide secure storage for files during the term of the Agreement. Files will be returned to the Client
- after the contract is terminated at the Client's expense or incur other fees for storage charges.

20 In return, ATGI would pay MVT fees as a percentage of all direct written premium.

North Carolina Legal Proceedings

23 5. After less than two years of the parties' arrangement, ATGI alleged that

24 MVT and Singh stole funds from a dedicated trust account for their own use. ATGI also

25 alleged that MVT and Singh sold excessive numbers of insurance policies resulting in

26 ATGI violating North Carolina Department of Insurance requirements of a net written

27 premiums-to-surplus ratio of no more than 2:1. ATGI claims that MVT did this so it could

28

1 collect more fees, as fees were a percentage of written premium. Lastly, ATGI alleged
2 that, when MVT and Singh claimed they were investing funds into the company to add to
3 the surplus to comply with the premiums-to-surplus requirements, such funds were
4 actually derived from premium due to ATGI, not fees due to MVT, and thus didn't count
5 towards surplus.

6
7 6. On April 3, 2020, the North Carolina Department of Insurance placed ATGI
8 under administrative supervision for failing to comply with various regulatory
9 requirements, determining that ATGI was in such a condition as to render the
10 continuance of its business hazardous to the public or to its insured. This placed strict
11 limits on ATGI's operations and banking flexibility. That same day, ATGI notified MVT
12 that it was terminating the agreement between the parties effective July 2, 2020. ATGI
13 instructed MVT to take no further action on its behalf, nor represent itself as an agent or
14 entity with the authority to bind the company.

15
16 7. On May 6, 2020, ATGI sued MVT and Singh in North Carolina Superior
17 Court for breach of contract, breach of fiduciary duty, and conversion. On October 16,
18 2020, the court issued a preliminary injunction against MVT and Singh from acting on
19 behalf of ATGI. On February 2, 2021, the court found that MVT and Singh had violated
20 the preliminary injunction, and as a sanction, entered a default judgment against MVT
21 and Singh in ATGI's action. On April 22, 2021, the court entered a final judgment in
22 ATGI's favor, holding MVT and Singh liable for damages of over \$6.25 million and
23 permanently enjoining them from authority to act on behalf of ATGI.

24
25
26
27
28

1 **MVT and Singh Improper Access to FMCSA and Binding of Coverage**

2 8. The Federal Motor Carrier Safety Administration (FMCSA) is an agency
3 within the U.S. Department of Transportation that regulates and provides safety
4 oversight of commercial motor vehicles. It requires certain motor carriers, like trucking
5 firms, to file proof of insurance in order to participate in interstate commerce. Motor
6 carriers operating without such proof may be ordered out-of-service and subject to
7 penalties.

8
9 9. In late October 2020, after the North Carolina Superior Court had
10 preliminarily enjoined MVT and Singh from acting on behalf of ATGI, Singh was able to
11 gain access to FMCSA's motor carrier insurance database. He then began
12 communicating with various insurance brokers, representing himself as having authority
13 to act on behalf of ATGI in order to bind coverage for the brokers' trucking firm clients.
14 The brokers sent premium checks to Singh payable to ATGI, and Singh indicated in
15 FMCSA's database that ATGI was providing coverage for the brokers' clients.

16
17 10. In December 2020, ATGI discovered that Singh had been binding
18 coverage in its name and noting such coverage in FMCSA's database. It cancelled the
19 coverage that Singh placed and contacted FMCSA to prevent Singh from listing other
20 policies in its database. Specific policies that Singh bound coverage for under ATGI's
21 name in the FMCSA database are described below.

22
23 11. On October 28, 2020, Singh sent the following message to the Sangam
24 Insurance Services brokerage:

2 American Transportation Group Insurance rrg - Direct Agent business
3 connection

4 To [REDACTED] Copy ATGA [REDACTED]

5 Hi , We at **American Transportation Group insurance rrg**, are proud to announce our return and We are ready
6 to handle your insurance needs.

7 We would like you to fill in and sign the custom proposal that is focused on solutions to client concerns
(Proposals), so we can go ahead and have a quote ready.

8 Further questions can be emailed to the below mentioned emails or on the phone nos provided.

9 **Please find the attached proposal required to to be filled by agents to build direct business connections.**
10 Once you get the initial form filled up then we will start sending out the Agency agreement and Non-disclosure
11 agreement to onboard you. Once we confirm the Commission and agency deposit structure then the agreement is
12 ready to go. Please find the attached proposal

13 Looking forward to a New Beginning & long term relationship .

14 Thank you, for placing your trust in **American Transportation Group insurance rrg** .We will do our best to
15 provide you with the protection for your clients' expectations and level of service you deserve.

16 Thanks

17 **Andy Singh**
18 **Senior Market Analyst**
Alternative Risk Manager
Mvt Insurance Services inc
Assistant
Secretary President ATGI Shamsheer Singh
Secretary ATGI Director Eleazar Rojas

19
20 The broker for Sangam Insurance Services was interested in working with Singh to
21 obtain coverage for Sangam's trucking firm clients. On November 14, 2020, the broker
22 issued a check for \$2,572.50, payable to "America Transportation Group Ins Co," as a
23 down payment for coverage for KVS Trucking Inc. This check was deposited into a Bank
24 of America account. The broker then received a notice countersigned by Kaur with
25 ATGI's name on it stating that KVS Trucking was covered by a commercial auto liability
26 policy as of November 13, 2020:

1 The broker checked the FMCSA database, which Singh had recently gained access to,
2 and confirmed that KVS Trucking was listed as having coverage.

3
4 12. The broker made the following payments to Singh as down payments for
5 coverage for the Sangam clients listed below with checks made out to “America
6 Transportation Group Ins Co.” These checks were all deposited into a Bank of America
7 account and the FMCSA database listed these clients as having coverage:

- 8
9
- 10 • USA Transporter Inc. - \$6,395 check issued on November 21, 2020;
 - 11 • Lucky JH Trucking Inc. - \$2,175 check issued on November 30, 2020;
 - 12 • Big Brother Transport Inc. - \$6,377.75 check issued on December 15, 2020

13 13. Later in December 2020, the broker discovered that Singh was not
14 authorized to act for ATGI, and the company did not consider Sangam’s clients to have
15 valid policies. The broker requested that Singh return the \$17,520.25 he had paid for
16 coverage. The broker received \$15,800.00 from a Bank of America account, but did not
17 receive the remaining \$1,720.25 due to him.

18
19 14. On November 13, 2020, Singh sent an email to the Trans Risk Insurance
20 Services brokerage describing ATGI as having “expertise in the commercial auto
21 insurance business.” The Trans Risk broker spoke to Singh, who identified himself as
22 the founder and President of ATGI. Shortly thereafter, the broker received a favorable
23 quote for coverage for his client, Galaxy Trans Lines Inc., and sent a check dated
24 December 11, 2020 payable to “American Transport Group Insurance” for \$4,602.90 as
25 down payment for coverage. This check was deposited into a Bank of America account.
26 The broker then discovered that Singh was not authorized to act for ATGI, and the
27 company did not consider Galaxy Trans Lines to have a valid policy. The broker asked
28

1 Singh to return the \$4,602.90 he sent earlier, but did not hear back.

2

3

STATUTORY ALLEGATIONS

4 15. The facts alleged above in Paragraphs 3 through 14 show that it would be
5 against public interest to permit Respondents to continue transacting insurance business
6 in the State of California, and constitute grounds for the Insurance Commissioner to
7 suspend or revoke Respondents' licenses and licensing rights pursuant to the provisions
8 of California Insurance Code §§ 1668(b), 1736, 1738, and 1739.

9

10 16. The facts alleged above in Paragraphs 3 through 14 show that
11 Respondents are lacking in integrity, and constitute grounds for the Insurance
12 Commissioner to suspend or revoke Respondents' licenses and licensing rights pursuant
13 to the provisions of California Insurance Code §§ 1668(e), 1736, 1738, and 1739.

14

15 17. The facts alleged above in Paragraphs 3 through 14 show that
16 Respondents have engaged in a fraudulent practice or act or have conducted their
17 insurance business in a dishonest manner, and constitute grounds for the Insurance
18 Commissioner to suspend or revoke Respondents' licenses and licensing rights pursuant
19 to the provisions of California Insurance Code §§ 1668(i), 1668.5(a)(1), 1736, 1738, and
20 1739.

21

22 18. The facts alleged above in Paragraphs 3 through 14 show that
23 Respondents have demonstrated incompetence or untrustworthiness in the conduct of
24 their insurance business, and constitute grounds for the Insurance Commissioner to
25 suspend or revoke Respondents' licenses and licensing rights pursuant to the provisions
26 of California Insurance Code §§ 1668(j), 1668.5(a)(2), 1736, 1738, and 1739.

27

28

1 benefits or advantages promised thereby or the dividends or share of the surplus to be
2 received thereon, which constitutes unfair methods of competition or unfair and
3 deceptive acts or practices in the business of insurance as defined by California
4 Insurance Code § 790.03(a);

5
6 23. WHEREAS, any person who engages in any unfair method of competition
7 or any unfair or deceptive act or practice defined in California Insurance Code § 790.03
8 is liable to the state for a civil penalty to be fixed by the Insurance Commissioner, not to
9 exceed \$5,000 for each act, or, if the act or practice was willful, a civil penalty not to
10 exceed \$10,000 for each act, pursuant to California Insurance Code § 790.035;

11
12 24. WHEREAS, a proceeding by the Insurance Commissioner with respect to
13 the allegations in Paragraph 22 would be in the public interest;

14
15 NOW, THEREFORE, IT IS ORDERED that, pursuant to California Insurance
16 Code § 790.05, Respondent is to show cause, at a hearing to be held at the time and
17 place fixed herein, why the Insurance Commissioner should not issue an order to
18 Respondent to pay the penalty described in Paragraph 23 and to cease and desist from
19 engaging in those methods, acts, or practices found to be unfair or deceptive.

20
21
22 Dated: January 11, 2022

CALIFORNIA DEPARTMENT OF INSURANCE

23
24 By:  _____
25
26
27
28