

No. 2017- 5197

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: AUG 30 2017

Subject Considered:

AHMED G. SALHA
7210 Lawndale St., Suite B
Houston, Texas 77012

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 9410

General remarks and official action taken:

This Order is in consideration of whether disciplinary action should be taken against Ahmed G. Salha.

WAIVER

Salha acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Salha waives all of these rights in consideration of the entry of this consent order.

Pursuant to TEX. INS. CODE § 82.055(b), Salha agrees to this consent order with the express reservation that he does not admit to a violation of any provision of the Texas Insurance Code or a rule of TDI, and Salha maintains that the existence of a violation is in dispute. However, for purposes of settlement, Salha has agreed to this order.

FINDINGS OF FACT

1. Ahmed G. Salha, personal identification no. 605804, holds a general lines agent license with a property and casualty qualification that the Texas Department of Insurance issued on October 21, 2004. His d/b/a, Leader Insurance Agency, was registered with the department on February 24, 2009.
2. Progressive Insurance Company appointed Salha on March 3, 2006.
3. According to Progressive Insurance's records, the company appointed A M S Capital Management d/b/a Insurance Leader Services on March 13, 2006. Salha obtained a general lines agency license with a property and casualty qualification for A M S Capital

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Management, Inc., firm identification no. 34950, d/b/a Insurance Leader Services, issued by the department on April 22, 2009. Salha's agency was not licensed for over three years after it began engaging in the business of insurance.

4. In 2012, Salha submitted at least 16 applications with false information, false prior coverage documents, or both to Progressive Insurance. Salha would fax over fraudulent prior coverage documents from Insurance Leader Services. These documents included falsified policy numbers, insurer logos, and insurer employees.
5. In 2012, Progressive Insurance flagged Salha due to a spike in commissions. In addition, the company identified numerous instances when Salha underquoted policies by claiming fictitious spouses, submitted false prior coverage documents, and failed to follow underwriting guidelines. One issue in particular was the increase in policies requiring proof of prior coverage. Progressive Insurance determined that about 97% of Salha's business involved policies that needed proof of prior coverage and only a fraction were verified at point-of-sale. However, 84% of the documents submitted by Salha were questionable and, in many cases, fabricated.
6. Further, Progressive Insurance discovered other repeated, questionable conduct by Salha, including issuing policies with incorrect insured information, misquoting policies, using a single insured's information on multiple policies, and using other agencies' online access codes on policies.
7. Progressive Insurance terminated Salha's appointment on December 25, 2012.
8. On October 17, 2013, Salha voluntarily surrendered Insurance Leader Services' appointment with Progressive Insurance.
9. However, Salha continued to issue Progressive Insurance policies, even though Progressive Insurance had terminated his and Insurance Leader Services' appointments.
10. On April 16, 2013, Salha incorporated Insurance Leader Group, Inc. and was its President and Director. Insurance Leader Group, Inc., firm identification no. 84830, holds a general lines agency license with a property and casualty qualification issued by the department on August 13, 2013. Salha did not obtain a license for Insurance Leader Group, Inc. until four months after it was incorporated and began operations.
11. Progressive Insurance appointed Insurance Leader Group, Inc. on September 23, 2013.
12. On May 8, 2014, Progressive Insurance terminated Insurance Leader Group, Inc.'s appointment because Insurance Leader Group, Inc. violated the company's underwriting policy, accepted premium payments from insureds and did not remit those premiums to Progressive—often causing the policies to cancel for non-payment, used other agency access codes, and quoted commercial policies using misrepresented owner information.

13. But Salha continued to accept premium payments for the issuance of Progressive Insurance policies through other agencies after Progressive terminated Insurance Leader Group, Inc.'s appointment.
14. On February 13, 2015, Salha incorporated Insurance Magnum of Texas, Inc. and was its Director and Registered Agent. Insurance Magnum of Texas, Inc., firm identification no. 107108, holds a general lines agency license with a property and casualty qualification issued by the department on April 9, 2015. Salha engaged in the business of insurance for almost two months without a license.
15. In 2015, Progressive Insurance investigated Insurance Leader Group, Inc. and Insurance Magnum of Texas, Inc. Progressive determined that the agencies submitted false and misleading applications, made fraudulent payments, misappropriated premiums, and engaged in other suspicious activity, such as using other agencies' access codes to quote commercial policies and using the same insured information on multiple policies to reduce the premium amount.
16. On April 30, 2015, Progressive Insurance met with Salha and disclosed the results of its investigation.
17. After Progressive Insurance's investigation, Salha filed a Certificate of Termination for A M S Capital Management, Inc. d/b/a Leader Insurance Services on May 11, 2015. In addition, Salha resigned as the Director and Registered Agent of Insurance Magnum of Texas, Inc. on that same day. Further, Salha resigned the office of President and Director of Insurance Leader Group, Inc. on June 3, 2015.
18. Progressive Insurance terminated Insurance Magnum of Texas's appointment in March of 2016, due to underwriting violations, use of other agencies' access codes, and other suspicious activity.
19. Salha also issued 44 quotes for different insureds to Gainsco that misrepresented the insureds' driving history by using only one insured's driver's license information on all 44 policies to obtain a lower premium for the policies.

Failure to Complete Continuing Education Requirements

20. From October 21, 2010, through October 20, 2012, and from October 21, 2012, through October 20, 2014, Salha completed zero of the 60 hours of required continuing education.

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Not Engaging in the Business of Insurance

21. Salha has not engaged in the business of insurance requiring a license since 2015.
22. In consideration of this order, Salha agrees to comply with all insurance laws in the State of Texas.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.001–82.056, 84.021–84.022, 4005.101–4005.103, and 4051.051, and TEX. GOV'T CODE §§ 2001.051–2001.178.
2. The commissioner has the authority to dispose of this case informally pursuant to the provisions of TEX. GOV'T CODE § 2001.056, TEX. INS. CODE § 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Salha has committed acts for which a license holder may be disciplined under TEX. INS. CODE § 4005.101, as contemplated in TEX. INS. CODE § 4005.102.
4. Salha has willfully violated an insurance law of this state, pursuant to TEX. INS. CODE § 4005.101(b)(1).
5. Salha engaged in fraudulent or dishonest acts or practices in violation of TEX. INS. CODE § 4005.101(b)(5).
6. Salha operated more than one insurance agency engaging in the business of insurance, as defined in TEX. INS. CODE § 101.051 and 4001.051, without obtaining a license in violation of TEX. INS. CODE §§ 101.102, 4001.101, and 4001.102, and 28 TEX. ADMIN. CODE § 19.902.
7. Salha engaged in the business of insurance as an agent without an appointment by an insurer authorized to engage in business in this state in violation of TEX. INS. CODE § 4001.201.
8. Salha failed to complete all required continuing education hours for the relevant renewal period, in violation of TEX. INS. CODE §§ 4004.051 (West 2005), 4004.053 (West 2009), and 4004.054.
9. Salha is not actively engaged in soliciting or writing insurance for the public generally as required by TEX. INS. CODE § 4001.104(a), in violation of TEX. INS. CODE § 4005.101(b)(10).

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It is ordered that Ahmed G. Salha's general lines agent license with a property and casualty qualification is suspended for one year, probated. If, during the probation period imposed by this order, the department issues any additional licenses or authorizations to Ahmed G. Salha, those additional licenses or authorizations will be suspended until the probation period imposed by this order has ended. The suspension shall be probated, and the same terms and conditions stated in this order will apply.

Beginning from the date of this order and continuing through the probation period, Ahmed G. Salha must file a written report, on or before the 15th day of each month on a quarterly basis for the months of June, September, December, and March, with the Texas Department of Insurance, Attn: Catherine Bell or her successor, Enforcement Section, Mail Code 110-1A, P.O. Box 149104, Austin, Texas 78714-9104. The reports must include the following information:

- a. Salha's current mailing address and telephone number;
- b. the name, mailing address, and telephone number of Salha's employer, and if Salha is self-employed, a statement that he is self-employed and the name, mailing address, and telephone number of his business;
- c. the name and address of any insurer that has appointed Salha as a general lines agent;
- d. the name and address of any insurer that has canceled Salha's appointment as a general lines agent; and
- e. a copy of any and all contracts Salha has entered into with an insurer, broker, managing general agent, managing general agency, or any person or entity in the business of insurance.

Ahmed G. Salha must notify TDI immediately of the following:

- a. any charges or indictments filed against him for a misdemeanor or felony during the period he is required to file reports, excluding traffic offenses and Class C misdemeanors;
- b. any state or regulatory actions taken against him including formal and informal actions;
- c. any change in his employment or his residence; and
- d. any complaint made against Salha concerning his performance as a general lines agent as well as a written explanation from Salha detailing the steps he has taken to resolve the complaint.

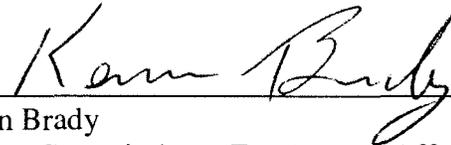
Ahmed G. Salha is also ordered to pay a \$10,000 administrative penalty within 30 days from the date of this order. The administrative penalty must be paid by cashier's check or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.

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Ahmed G. Salha is ordered to complete 30 additional hours of continuing education within one year from the date of this order. These 30 hours are in addition to, and shall not be applied toward, the 24 hours of continuing education required by TEX. INS. CODE § 4004.053. Salha must send proof of completion of the additional 30 continuing education hours to the Texas Department of Insurance, Attn: Catherine Bell, or her successor, Enforcement Section, MC 110-1A, P.O. Box 149104, Austin, Texas 78714-9104 within 13 months of the date of this order.



Kevin Brady
Deputy Commissioner For Agency Affairs
Texas Department of Insurance
Delegation Order 4506

APPROVED AS TO FORM AND CONTENT:



Amy L. Wills
Staff Attorney
Enforcement Section
Texas Department of Insurance

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AFFIDAVIT

STATE OF TEXAS

COUNTY OF Harris

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Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Ahmed G. Salha. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I am waiving rights provided by the Texas Insurance Code and other applicable law and acknowledge the jurisdiction of the commissioner.

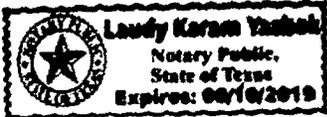
I am voluntarily entering into this consent order. I consent to the issuance and service of this consent order."

Ahmed G. Salha

Affiant

SWORN TO AND SUBSCRIBED before me on July 31st, 2017

(NOTARY STAMP)



Lundy Karan Yabok
Signature of Notary Public