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State revokes insurance broker's license for overbilling public clients

(Salem) The Oregon Department of Consumer and Business Services (DCBS) has revoked the insurance license of a former employee of insurance broker Marsh USA, Inc. for his role in overbilling six Oregon school districts and a community college.

Robert H. Lilly, of Gresham, was employed as a senior vice president by Marsh, and on the company's behalf agreed to provide insurance services to the seven public entities, which were to pay net premiums and a service fee. However, Lilly charged them additional premiums totaling more than \$1.2 million from 1999 to 2004.

Following an internal audit in 2004, Marsh USA reported to the DCBS Insurance Division that it had improperly retained the additional premiums from the seven clients serviced by Lilly. Marsh paid or credited the money to the public entities in November 2004, and terminated Lilly, who did not receive any portion of the excess amounts.

"Clients have the right to expect their agent or broker to handle their accounts honestly," said DCBS Director Cory Streisinger. "Mr. Lilly's conduct did not meet that standard."

The Insurance Division proposed to revoke Lilly's license in May 2005. He requested a hearing, which was scheduled for March 14, 2006, before the Office of Administrative Hearings. Lilly withdrew his request March 13 and his license was revoked March 20.

DCBS fined Marsh USA \$75,000 in November 2005 for overcharging a total of 22 public entities, including Lilly's seven clients, and for failing to retain insurance records.

The Insurance Division is continuing its investigations of two other former Marsh employees.

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NOTE TO EDITORS AND NEWS DIRECTORS:

Insurance Division enforcement actions are available on the Web: insurance.oregon.gov. Click on Administrative Orders.