

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Application for)	
Kansas Resident Insurance Agent's)	Docket No. 3465-FO
License of TIMOTHY J. ALLISON)	

FINAL ORDER
(Pursuant to K.S.A. 2004 Supp. 40-4909(a) & (b))

Pursuant to authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 2004 Supp. 40-4909 and K.S.A. 77-501 *et seq*, this matter comes on for conclusion of the evidentiary or adjudicative hearing held on September 28 and 29, 2005. After reviewing the testimony presented, the exhibits admitted, the written summations submitted by both parties, and having been well-advised in the premises, the Commissioner makes the following findings of fact, conclusions of law and policy reasons therefore as required by K.S.A. 77-526 (c):

Findings of Fact

1. That on or about February 15, 2005, the Farmers Alliance Mutual Insurance Company ("Farmers") Policy # [REDACTED], which had been previously issued to [REDACTED] [REDACTED] for coverage on property owned by [REDACTED] in Fort Scott, Kansas, was cancelled for nonpayment of premium. Of particular relevance is property located at [REDACTED] [REDACTED]. All parties, the insured and the insurer, had received notice and were aware that the policy had been cancelled. Dr. [REDACTED] position had been that he did not want to pay the premium on # [REDACTED] until a new policy adding another property was issued and a division of billing was provided.

2. That on or about March 7 – 8, 2005, Timothy J. Allison (Respondent), an agent with the Gross Insurance, Co., had communications with Farmers and based upon those communications, there was no doubt that the offer of coverage had been extended to all of Dr. [REDACTED] properties in question pending the issuance of a new policy.

3. In the early afternoon of March 11, 2005 a fire broke out on Main Street in historic downtown Fort. Scott, adjacent to 15 S. Main Street.

4. That after the fire began, Dr. [REDACTED] and another insured, came to the Respondent and asked him if they were “covered,” i.e., whether or not their insurance policies were in force. The Respondent answered in the affirmative.

5. Subsequently, the Respondent contacted Farmers’ underwriter, Carol Neimeyer, in McPherson, Kansas to confirm the coverage on Dr. Parsons’ properties, particularly on 15 S. Main Street, and that the Respondent purposefully did not tell Ms. Niemeyer of the imminent risk of the fire to Dr. Parsons’ property when inquiring about the coverage.

6. At some point following Respondent’s telephone call to Ms. Niemeyer, Dr. [REDACTED] walked into the Gross Insurance Agency in historic downtown Fort Scott with a check for the premium owed on the lapsed policy. Respondent was present when the [REDACTED] came in.

7. That the Respondent backdated Dr. [REDACTED] check to show that it had been written on March 10, 2005, the day before the fire in downtown Fort Scott. The Respondent did so to eliminate any questions as to potential claims or investigations.

8. In the weeks before the fire, the owner of the Gross Insurance Agency, John Gross, personally inquired of the Respondent about the Parsons file and the status of the insurance policy.

9. Early on the morning of March 14, 2005 the Respondent telephoned Ms. Niemeyer to make a loss claim on damage to 15 S. Main Street as a result of the fire. At that time, he also informed her that he was in possession of the premium owing on that property.

10. During an investigation into the loss claim on 15 S. Main Street that followed, Dr. [REDACTED] and the Respondent lied to the Farmers investigator about the circumstances surrounding the receipt of Dr. [REDACTED] premium check. It was only after Dr. [REDACTED] subsequently changed his story did the Respondent tell the truth about backdating the premium check to the day before the fire occurred.

11. That failing to provide the Farmers underwriter with all of the pertinent information in order to secure a commitment to bind coverage on Dr. [REDACTED] properties constitutes fraud, which is actionable against the Respondent's insurance license.

12. Backdating Dr. [REDACTED] premium check constitutes conduct that is actionable against the Respondent's insurance license.

13. Lying to the Farmers investigator constitutes conduct that is actionable against the Respondent's insurance license.

14. Creating a circumstance wherein it is in the Respondent's best interests for a client to lie to an insurance company for which he is an independent agent constitutes conduct that is actionable against the Respondent's insurance license and is against the public interest of the general operation of insurance in this State.

Applicable Law

15. K.S.A. 2004 Supp. 40-4909(a) provides, in relevant part:

“The commissioner may deny, suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the applicant or license holder has:
8) Used any fraudulent, coercive, or dishonest practice, or demonstrated any

incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere. . . ." K.S.A. 2004 Supp. 40-4909(a).

16. K.S.A. 2004 Supp. 40-4909(b) provides:

"In addition, the commissioner may suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the interests of the insurer or the insurable interests of the public are not properly served under such license." K.S.A. 2004 Supp. 40-4909(b).

Conclusions of Law and Policy Reasons

17. The Commissioner has jurisdiction over Allison as well as the subject matter of this proceeding, and such proceeding is held in the public interest.

18. The Commissioner finds that at the very least, the Respondent's conduct in this matter indicates a lack of judgment and a questionable regard for the truth.

19. The Commissioner finds that, while the evidence presented by KID is sufficient to prove fraud on the Respondent's part, it is unnecessary to do so in seeking a revocation pursuant to K.S.A. 40-4909(a)

20. The Commissioner finds that good cause exists to revoke the Respondent's insurance license in that his conduct constitutes a fraudulent or dishonest practice and demonstrates untrustworthiness and financial irresponsibility in the conduct of business. pursuant to K.S.A. 2004 Supp. 40-4909(a)(8).

21. The Commissioner further finds that Allison's license should be revoked because the interests of the insurer or the insurable interests of the public are not properly served under such license pursuant to K.S.A. 2004 Supp. 40-4909(b).

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT the Kansas resident insurance agent's license of Timothy J. Allison is hereby **REVOKED**. Further, the Respondent is assessed costs in this matter pursuant to K.S.A. 40-

4909(f), including witness fees, mileage allowances, any costs associated with the reproduction of documents that become part of the hearing record, and the expense of making a record of the hearing.

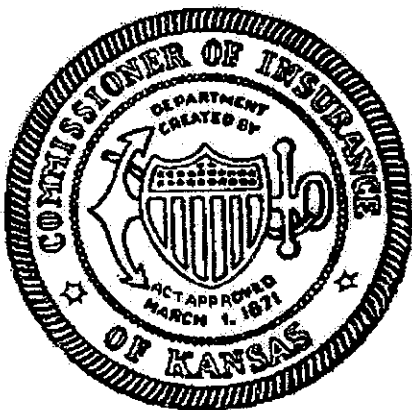
Notice of Final Agency Action and Judicial Review

The issuance of this Final Order constitutes final agency action in this matter.

Accordingly, all administrative remedies available to the Petitioner are hereby deemed exhausted, and the filing of a petition for reconsideration is not a prerequisite for judicial review.

The Petitioner may, within thirty (30) days of service of this Final Order, file a petition for judicial review in the appropriate court, as provided for by K.S.A. 77-613. In the event the Petitioner files a petition for judicial review, the agency officer to be served on behalf of the Kansas Insurance Department is: John W. Campbell, General Counsel, Kansas Insurance department, 420 S.W. 9th Street, Topeka, KS 66612-1678.

IT IS SO ORDERED THIS 28th DAY OF November
2005, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



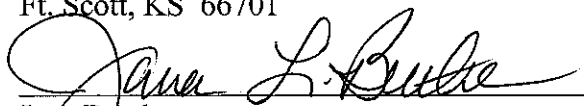
Robert M. Tomlinson
Robert M. Tomlinson
Assistant Commissioner of Insurance
Presiding Officer

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing **Final Order** on this 28th day of November 2005, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Timothy J. Allison
1895 175th Street
Ft. Scott, KS 66701

Blake Hudson
Hudson & Mullies, L.L.C.
102 S. Main Street
Ft. Scott, KS 66701



Jana Beethe
Legal Assistant