

FINAL ORDER

Effective: 07-07-08

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

In the Matter of the Kansas)
Nonresident Insurance Agent’s License of) Docket No. 3867-SO
BETTY A. BAILEY)
NPN: #5006046)

SUMMARY ORDER

(Pursuant to K.S.A. 2007 Supp. 40-4909 and K.S.A. 77-501)

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-4909, the Commissioner hereby revokes the nonresident agent’s license of Respondent, Betty A. Bailey (“Ms. Bailey”). This Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for hearing is made, pursuant to K.S.A. 77-542.

Findings of Fact

The Commissioner finds the following facts:

1. Records maintained by the Kansas Insurance Department (“KID”) indicate Betty A. Bailey is licensed as a nonresident agent to transact the business of insurance in Kansas, and has been so licensed since March 22, 2005.
2. KID records indicate a legal address of 874 County Lane 223, Oronogo, MO 64855 and a mailing address of 1109 Military Ave., Baxter Springs, KS 66713-1509.
3. Pamela Hendricks, the owner of Palmer LLC, a Brooke Corporation insurance agency contacted KID concerning her employee Betty Bailey. Ms. Hendricks was concerned that several clients had given money to Ms. Bailey for insurance premiums that were either not posted to the Brooke account or were not posted until over a month after the premium was paid. Ms. Hendricks advised she had also contacted local law enforcement regarding these concerns.

4. Randy Adair, Chief Fraud Investigator for the Kansas Insurance Department then began an investigation into the allegations made by Ms. Hendricks. Mr. Adair as a part of this investigation contacted Officer Anne Haggard of the Columbus Police Department.
5. Officer Haggard provided copies of numerous reports she had taken in regards to the complaint by Ms. Hendricks. These were Columbus Police Department case numbers 07-0306-01 through 07-0306-49.

Columbus Police Department case number 07-0606-44

6. On October 24, 2006, [REDACTED] applied for a homeowner's insurance policy with Ms. Bailey and paid Ms. Bailey \$97.00 with a money order. A binder was issued under number 329967 through Upland Insurance Company.
7. On August 20, 2007, it was discovered by Pamela Hendricks that the money order had been entered into the Brooke system, but not uploaded to Upland Insurance Company. Ms. Hendricks then issued a new money order on August 24, 2007, for \$185.00 to reactive the policy. These funds included the \$97.00 money order that was posted in the Brooke account.
8. This left [REDACTED] without a homeowner's insurance policy from October 24, 2006 until August 24, 2007.

Columbus Police Department case number 07-0306-15

9. On March 22, 2007, [REDACTED] went to the Palmer Insurance Agency and met with Ms. Bailey. At that time he gave her \$217.00 in cash toward premium due on an insurance policy. Ms. Bailey provided receipt number 1041-296 to Mr.

[REDACTED] for the \$217.00. The money was not posted to the Brooke account not was

- it applied to the policy, as a result the policy was cancelled on April 4, 2007, for non-payment of premium.
10. On April 17, 2008, Carol Lane of Brooke Insurance advised the \$217.00 paid on 3/22/07 was never posted to the Brooke account and that the records indicate that \$434.00 in premium was paid in October 2007. The \$217.00 cannot be accounted for.
 11. This left Mr. [REDACTED] without insurance coverage from April 4, 2007 until October 2007.

Columbus Police Department case number 07-0306-20

12. On February 5, 2007, [REDACTED] paid Betty Bailey \$290.76 in cash for an insurance premium for his Harley motorcycle. The insurance company was Dairyland Insurance. Ms. Bailey gave Mr. [REDACTED] receipt number 0945-296.
13. Tom Hanson of Dairyland Insurance reports that they did not receive the premium money and the policy cancelled.
14. Carol Lane of Brooke Insurance states that the \$290.76 was never posted to the Brooke account.
15. The money cannot be accounted for.
16. This left Mr. [REDACTED] without insurance coverage from February 2007 to July 2007 when he obtained insurance with Foremost Insurance Company.
17. Ms. Bailey issued a Foremost insurance card to Mr. [REDACTED] with policy number [REDACTED]. Cindy Hartley of Foremost insurance stated that the policy number of record is [REDACTED].

Columbus Police Department case number 07-0306-22

18. On November 6, 2006, [REDACTED] paid Betty Bailey \$117.50 in cash toward an insurance premium and was issued receipt 1054-296. This was for an insurance policy with Condon and Skelly Insurance Company.
19. Carol Lane of Brooke Insurance states that this money was never posted to the Brooke account.
20. This left Mr. [REDACTED] without insurance coverage from November 2006 until October 2007.

Applicable Law

21. K.S.A. 2007 Supp. 40-4909 states, in pertinent part:
 - (a) 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:
 - (4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business,
 - (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.
 - (b) 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.

Conclusions of Law

22. The Commissioner has jurisdiction over Ms. Bailey as well as the subject matter of this proceeding, and such proceeding is held in the public interest.
23. The Commissioner finds that Respondent's Kansas license may be revoked because Ms. Bailey has improperly withheld, misappropriated or converted any

moneys or properties received in the course of doing insurance business to K.S.A. 2007 Supp. 40-4909(a)(4).

24. The Commissioner finds that Respondent's Kansas license may be revoked because Ms. Bailey has 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 pursuant to K.S.A. 2007 Supp. 40-4909(a)(8).
25. The Commissioner finds, pursuant to K.S.A. 40-4909(b), that the insurable interests of the public are not properly served under Respondent's license.
26. Accordingly, the Commissioner concludes sufficient grounds exist for the revocation of the insurance agent's license of Betty A. Bailey pursuant to K.S.A. 40-4909(a) and (b).

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The Kansas Nonresident Insurance Agent's License of BETTY A. BAILEY is hereby **REVOKED** effective the effective date of this Order.
2. **IT IS FURTHER ORDERED** that BETTY A. BAILEY shall **CEASE** and **DESIST** from the sale, solicitation or negotiation of insurance and/or receiving compensation deriving from the sale, solicitation or negotiation of insurance conducted after the effective date of this Order.

NOTICE AND OPPORTUNITY FOR HEARING

Betty A. Bailey, within fifteen (15) days of service of this Summary Order, may file with the Kansas Insurance Department a written request for hearing on this Summary Order, as provided by K.S.A. 77-542. In the event a hearing is requested, such request should be directed to:

John W. Campbell, General Counsel

Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

Any costs incurred as a result of conducting any administrative hearing shall be assessed against the agent/agency who is the subject of the hearing as provided by K.S.A. 40-4909(f). Costs shall include witness fees, mileage allowances, any costs associated with reproduction of documents which become part of the hearing record, and the expense of making a record of the hearing.

If a hearing is not requested, this Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period for requesting a hearing. The Final Order will constitute final agency action in the matter.

In the event the Petitioner files a petition for judicial review, the agency officer designated pursuant to K.S.A. 77-613(e) to receive service of a petition for judicial review on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th St.
Topeka, Kansas 66612

**IT IS SO ORDERED THIS 11th DAY OF JUNE, 2008, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

BY:

/s/ John W. Campbell
John W. Campbell
General Counsel

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the above and foregoing Summary Order on this 11th day of June, 2008, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

In the Matter of the Kansas
Nonresident Agent's Insurance License of
BETTY A. BAILEY

Betty A. Bailey
874 County Lane 228
Oronogo, MO 64855

Edward Battitori
1031 Military Ave.
PO Box 635
Baxter Springs, KS 66713

/s/ Stacy R. Bond
Stacy R. Bond
Staff Attorney

NOTICE OF RIGHTS

Pursuant to K.S.A. §77-601 et seq. Betty A. Bailey is entitled to judicial review of this Final Order. The petition for judicial review must be filed within thirty (30) days of service of this Final Order (Plus three (3) days for service by mail pursuant to K.S.A. §77-531). In the event, Betty A. Bailey files a petition for judicial review pursuant to K.S.A. §77-613(e), 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, Kansas 66612

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the above and foregoing Final Order on this 14th day of July, 2008, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Betty A. Bailey
874 County Lane 228
Oronogo, MO 64855

Edward Battitori
1031 Military Avenue
P.O. Box 635
Baxter Springs, KS 66713

/s/ Stacy R. Bond
Stacy R. Bond
Staff Attorney