

FINAL ORDER

Effective: 01-02-08

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

In the Matter of the Kansas)
Resident Insurance Agent’s License of) Docket No. 3771-SO
CHRISTINE MARIE LANCASTER)

SUMMARY ORDER

(Pursuant to K.S.A. 2006 Supp. 40-4909 and K.S.A. 77-501 *et. seq.*)

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-4909, the Commissioner hereby revokes the resident agent’s license of Respondent, Christine Marie Lancaster. 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 Respondent is licensed as a resident agent to transact the business of insurance in Kansas, and has been so licensed since August 16, 2002.
2. KID records indicate a legal and mailing address of 15309 W. 82nd Terr., Lenexa, Kansas 66219.
3. An ISITE search determined that Respondent had registered two new addresses in 2007. These are 6731 W 121st, Suite 206, Leawood, Kansas 66209 which was registered with the Colorado Insurance Department on April 19, 2007 and 11850 Reedy Creek Dr., Apt. 206, Orlando, Florida, 32836-6827 on August 31, 2007, in which she is shown as a resident agent.
4. To date, Respondent has failed to notify KID of any changes in her address.

AFLAC Complaint

5. AFLAC Fraud unit began an investigation of agent Christine Lancaster on July 2, 2005 due to information received from Jeremy Frye, State Sales Coordinator, Western Missouri and Eastern Kansas District.
6. Mr. Frye stated that he believed Respondent was submitting bogus applications due to the fact that he had noticed a significantly high no pay reports on Respondent's accounts and that he had received complaints from persons saying that they received policies they did not sign for, or reported having additional coverage they did not request.
7. Bill Capps, Special Investigations Unit manager for AFLAC began an investigation and found that Respondent had submitted 348 bogus applications that were electronically transmitted to AFLAC and that she received approximately \$70,181.06 in advance commissions for the bogus applications.
8. The investigation revealed that Respondent either created policyholders or utilized real people, placing different addresses, social security numbers as well as date of births and placed them on legitimate AFLAC groups and had the policies sent to her home so that she could distribute or dispose of the policies.
9. AFLAC provided information on eleven (11) policies that were found to contain bogus or fraudulent information.
 - a. A review of the account of OZ Accommodations determined that four policyholders listed were not employees of OZ Accommodations nor had they ever been employed there. All policies for this group were mailed to

Respondent per her request for her to deliver to the policyholders.

Respondent received approximately \$1186.32 in commission.

- b. [REDACTED] an employee with [REDACTED] initiated a complaint due to the fact that a policy was issued to him and he never requested a policy nor did he ever meet with an AFLAC representative. Ms. Lancaster responded to this complaint by stating that it was a “dummy” application used for training purposes and it was sent in to the company by mistake. An invoice review of [REDACTED] showed an increase in billed premium for 10/28/04, 11/25/04, 3/17/05, 4/14/05, 5/12/05, 6/9/05, and 7/7/05. Ms. Lancaster received approximately \$7036.24 in commission.
- c. A review of the account of [REDACTED] showed an increase in billed premiums for 4/14/05, 5/12/05, and 6/9/05. Further investigation showed that applications social security numbers and addresses did not match the names on the invoice. A letter from [REDACTED] stated that four policyholders listed were not employees of the company. Ms. Lancaster received approximately \$1502.93 in commission.
- d. A review of the account of [REDACTED] showed an increase premium for 7/11/05 and that the social security numbers and addresses did not match the applicants names on the invoices. All policies were mailed to Respondent at her request for delivery to policyholders. Ms. Lancaster received approximately \$1521.98 in commission.
- e. A review of [REDACTED] showed an increase in premium for 7/11/05. Further investigation showed that social security numbers and addresses for

applicants did not match the names on the invoice. Ms. Lancaster received approximately \$1885.83 in commission.

- f. A review of [REDACTED] showed that social security numbers and addresses did not match names on invoice, again the policies were mailed to respondent for her to deliver to policyholders, and that one policyholder had the same address on her application as Ms. Lancaster. Increase in billed premium occurred on 10/12/04, 11/12/04, 12/12/04, 1/12/05, 2/12/05, 3/12/05, 4/12/05, 6/12/05, and 7/12/05. Ms. Lancaster received approximately \$13,785.81 in commission.
- g. A review of [REDACTED] showed that social security numbers and addresses did not match names on the invoice, that all policies were delivered to respondent for her to deliver and that an increase in billed premium occurred on 4/12/04, 5/12/04, 6/12/04, 7/12/04, 8/12/04, 9/12/04, 10/12/04, 11/12/04, 12/12/04, 1/12/05, 2/12/05, 3/12/05, 4/12/05, 6/12/05, and 7/12/05. Ms. Lancaster received approximately \$13,785.81 in commission.
- h. A review of [REDACTED] showed that social security numbers and addresses did not match names on invoice and that all policies were delivered to respondent for her to deliver to policyholders. An increase in billed premium was found on 6/12/05 and 7/12/05. Ms. Lancaster received approximately \$3770.98 in commission.
- i. A review of [REDACTED] showed that social security numbers and addresses did not match names on invoice and that all policies were delivered to respondent to deliver. In increase in billed premium was found on 8/11/04,

9/8/04, 10/06/04, 12/30/04, 1/26/05, 2/23/05, 3/12/05, 4/20/05 and 5/19/05.

Ms. Lancaster received approximately \$8953.16 in commission.

- j. A review of [REDACTED] showed that social security numbers and addresses did not match names on invoice. A letter from the company stated that eight individuals listed on the invoices for 9/19/05 and 10/17/05 were not employees of their business. Ms. Lancaster received approximately \$5894.08 in commission.
- k. A review of [REDACTED] showed that social security numbers did not match applicant names on the invoice, the telephone number listed for the account was the home telephone number of the respondent, no payments were received on the account and all policies were mailed to respondent for her to deliver to policyholders per her request. Ms. Lancaster received approximately \$8017.23 in commission.

- 10. On June 16, 2006 Respondent was terminated for cause by AFLAC.

Applicable Law

- 11. K.S.A. 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:
 - (2) Violated
 - (A) Any provision of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, or any rule and regulation promulgated thereunder;
 - (7) Admitted to or been found to have committed any insurance unfair trade practice or fraud in violation of K.S.A. 40-2404 and amendments thereto.

- (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.
12. K.A.R. 40-7-9 states, in pertinent part: Each person licensed in this state as an insurance agent shall report the following to the commissioner of insurance within 30 days of occurrence:
- (f) Each change in residence address.
13. K.S.A. 40-2404 states, in pertinent part: The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance.
- (11) *Misrepresentation in insurance applications.* Makings false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money or other benefit from any insurer, agent, broker or individual.
14. K.S.A. 2006 Supp. 40-2,118 states, in pertinent part:
- (a) For purposes of this act a “fraudulent insurance act” means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer . . . any written statement as part of . . . an application for the issuance of . . . an insurance policy for person or commercial insurance . . . which such person knows to contain materially false information concerning any fact material thereto
 - (f) In addition to any other penalty, a person who violates this statute shall be ordered to make restitution to the insurer or any other person or entity for any financial loss sustained as a result or such violation.

Conclusions of Law

15. The Commissioner has jurisdiction over Respondent as well as the subject matter of this proceeding, and such proceeding is held in the public interest.
16. The Commissioner finds that Respondent’s Kansas license may be revoked because Respondent admitted to or been found to have committed any insurance

unfair trade practice or fraud in violation of K.S.A. 40-2404, in violation of K.S.A. 40-4909(a)(7).

17. The Commissioner finds that Respondent violated K.S.A. 2006 Supp. 40-4909(a)(2)(A) and K.A.R. 40-7-9 by failing to notify the Kansas Insurance Department of Respondent's change of address as reported to the Colorado Department of Insurance on April 19, 2007 and as registered with the State of Florida on August 31, 2007 as determined by an ISITE search.
18. 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.
19. The Commissioner finds that Respondent violated K.S.A. 40-2404(11) by making a false or fraudulent statement or representation on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money or other benefit from any insurer, agent, broker or individual.
20. The Commissioner finds that the Respondent has committed a fraudulent insurance act" as defined by K.S.A. 40-2,118.
21. Accordingly, the Commissioner concludes sufficient grounds exist for the revocation of the insurance agent's license of Christine Marie Lancaster pursuant to K.S.A. 40-4909(a) and (b).

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The Kansas Resident Insurance Agent's License of CHRISTINE MARIE LANCASTER is hereby **REVOKED** effective the effective date of this Order.
2. **IT IS FURTHER ORDERED** that CHRISTINE MARIE LANCASTER 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

Christine Marie Lancaster, 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 4th DAY OF DECEMBER, 2007, 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 4th day of December, 2007, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Christine Marie Lancaster
15309 W. 82nd Terr.
Lenexa, KS 66219

Christine Marie Lancaster
6731 W. 121st Suite 206
Leawood, KS 66209

Christine Marie Lancaster
11850 Reedy Creek Dr., Apt. 206
Orlando, FL 32836-6827

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