

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

In the Matter of the Kansas Resident)
Insurance Agent's License of) Docket No. **4505-SO**
CHAD E. MORELAND)
NPN #8104419.)

SUMMARY ORDER
(Pursuant to K.S.A. 40-4909 and K.S.A. 77-537)

Pursuant to authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 40-4909, the Commissioner hereby proposes to find facts and revoke the Kansas resident insurance agent's license of Chad E. Moreland ("Respondent"), by way of Summary Order as provided by K.S.A. 77-537. 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 if no hearing is requested.

Findings of Fact

1. Records maintained by the Kansas Insurance Department ("KID") reflect that Respondent is licensed as a resident agent to transact the business of insurance in Kansas and has been so licensed since May 20, 2004.
2. KID records further indicate Respondent's legal and mailing address is 5833 Noreston Street, Shawnee, KS 66218-8414.
3. Following investigation, the Commissioner has no reason to believe that protection of the public interest requires the Commissioner to give notice and opportunity to participate to anyone other than the respondent.
4. Following investigation, the Commissioner finds evidence sufficient to support the following findings of fact:
5. Respondent was previously appointed as an agent of multiple companies of Farmers Insurance Group ("Farmers").
6. Farmers notified KID that it had terminated Respondent's agent appointments with its companies for cause, effective August 22, 2012, following an audit that indicated Respondent submitted applications for bogus business, mishandled premium funds,

and manipulated his account so as to avoid payment of earned premium on his own insurance business.

7. The Farmers audit indicates that Respondent submitted 42 fictitious howmowner policies from 2008 through 2012 with no premium applied, thereby benefiting from short term commission gains until cancellation of the policies, which resulted in commission charge-backs.

8. In addition, the report reflects that Respondent manipulated 23 auto policies for three different cars and five homeowner policies in his personal and household insurance business in order to maintain coverage without paying earned premium of \$2,958 over eight years as an agent for Farmers.

9. By letter dated September 17, 2012, addressed to Respondent at his mailing address of record, counsel for KID summarized the foregoing information and invited Respondent to reply in writing within 15 business days if he disputed the facts.

10. To date, Respondent has not replied, and the letter has not been returned; thus, the facts are deemed undisputed.

Applicable Law

11. K.S.A. 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: . . .

(4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business. . . .

(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. . . .

(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. 2011 Supp. 40-4909(a).

12. K.S.A. 2011 Supp. 40-2404(11) defines the following as an unfair method of competition and unfair or deceptive act or practice in the business of insurance:

“Making 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.” K.S.A. 2011 Supp. 40-2404(11).

13. In addition, the Commissioner may revoke any license issued under the Insurance Agents Licensing 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. 2011 Supp. 40-4909(b).

Conclusions of Law

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

15. The Commissioner finds that Respondent's agent license may be revoked pursuant to K.S.A. 40-4909(a)(4) because Respondent, through his insurance business, has converted insurance contracts to his own use without paying premium.

16. The Commissioner finds that Respondent's agent license may be revoked pursuant to K.S.A. 40-4909(a)(7) because Respondent has submitted insurance applications that falsely represented that a consumer, whether real or fictitious, was applying in good faith for insurance.

17. The Commissioner finds that Respondent's agent license may be revoked pursuant to K.S.A. 40-4909(a)(8) because Respondent has used a fraudulent, coercive, or dishonest practice in the conduct of business in submitting applications for insurance policies that contained materially false information and manipulating his personal insurance business to obtain a value from the company without payment.

18. Based on the foregoing findings, the Commissioner concludes that sufficient grounds exist for the revocation of Respondent's insurance agent's license pursuant to K.S.A. 40-4909(a).

19. The Commissioner further concludes Respondent's license should be revoked pursuant to K.S.A. 40-4909(b) because such license is not properly serving the interests of the insurer and the insurable interests of the public.

20. Based on the facts and circumstances set forth herein, it appears that the use of summary proceedings in this matter is appropriate, in accordance with the provisions set forth in K.S.A. 77-537(a), in that the use of summary proceedings does not violate any provision of the law, the protection of the public interest does not require the KID to give notice and opportunity to participate to persons other than Respondent, and after

investigation, KID believes in good faith that the allegations will be supported to the applicable standard of proof.

21. Before issuing an insurance agent license, the Commissioner must determine that the applicant is qualified and has not committed any act that would be grounds for denial, suspension, or revocation. K.S.A. 40-4905(b). Further, the Commissioner may revoke any license issued under the Insurance Agents Licensing Act if the Commissioner finds that the interests of the insurer or the insurable interests of the public are not properly served under the license. K.S.A. 40-4909(b). Thus, the Commissioner is charged with safeguarding the security and integrity of the insurance business and protecting insurance consumers by licensing, or continuing to license, persons or entities to sell, solicit, or negotiate insurance in the State of Kansas only if their conduct indicates they are both qualified and trustworthy. The following action is both necessary and sufficient to serve that purpose.

THE COMMISSIONER OF INSURANCE THEREFORE ORDERS THE FOLLOWING:

1. **THAT** the Kansas resident insurance agent's license of **CHAD E. MORELAND** is hereby **REVOKED**;
2. **THAT CHAD E. MORELAND** shall **CEASE and DESIST** from the sale, solicitation, or negotiation of insurance, directly or indirectly doing any act toward the sale, solicitation, or negotiation of insurance, and/or receiving compensation deriving from the sale, solicitation, or negotiation of insurance conducted on and after the effective date of revocation; **AND**
3. **It is further ordered**, pursuant to KSA 77-415(b)(2)(A), that this order is designated by KID as precedent.

IT IS SO ORDERED THIS 9th DAY OF OCTOBER 2012, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



 /s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

BY:

 /s/ Zachry; J.C. Anshutz
Zachary J.C. Anshutz
General Counsel

NOTICE OF RIGHTS TO HEARING AND REVIEW

Within fifteen (15) days of the date of service of this Summary Order, Respondent may submit a written request for a hearing pursuant to K.S.A. 77-537 and K.S.A. 77-542. Any request for a hearing should be addressed to the following:

Zachary J.C. Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

If a hearing is requested, the Kansas Insurance Department will serve notice of the time and place of the hearing and information on procedures, right of representation, and other rights of parties relating to the conduct of the hearing.

If a hearing is not requested in the time and manner stated above, this Summary Order shall become effective as a Final Order upon the expiration of time for requesting a hearing. In the event Respondent 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

Zachary J.C. Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

Certificate of Service

The undersigned hereby certifies that she served a true and correct copy of the above and foregoing **Summary Order** and accompanying **Notice of Rights** on this ___9th___ day of October 2012, by causing the same to be placed in the United States Mail, first class postage prepaid, addressed to the following:

Chad E. Moreland
5833 Noreston Street
Shawnee, KS 66218-8414

_ /s/ Brenda J. Clary _____
Brenda J. Clary
Staff Attorney