

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

In the Matter of the Kansas)	
Insurance Agent's License of)	Docket No. 5041-SO
JEFFREY T. KLUGE)	
NPN: # 1055801)	

SUMMARY ORDER

(Pursuant to K.S.A. 40-4909, 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 agent's license of Respondent, **JEFFREY T. KLUGE** ("Respondent"). 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. Respondent was licensed as a Kansas nonresident insurance agent on July 25, 2013, and remains licensed to date.
2. Respondent's legal (residential) and mailing address of record is 11234 14TH St. N., Lake Elmo, MN 55042.
3. The Kansas Insurance Department ("KID") received notice from Jackson National Life Insurance Company that Respondent was terminated for cause effective April 26, 2017.
4. According to publicly available documents, Respondent pleaded guilty in United States District Court in Minnesota to two counts of felony bank fraud resulting from a scheme that bilked two banks out of \$8.7 million.
5. Respondent's resident agent license in Minnesota expired on November 30, 2016.
6. Respondent did not report any license action to KID.

Applicable Law

- Pursuant to K.S.A. 40-4909(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:
 - (6) Been convicted of a misdemeanor or felony.
 - (8) Use of any fraudulent, coercive, or dishonest practice, or demonstrating any incompetence, untrustworthiness or financial irresponsibility in the conduct of business... [and/or]
 - (9) Had an insurance agent license, or its equivalent, denied, suspended or revoked in any other state, district or territory." K.S.A. 40-4909(a)

- Pursuant to K.S.A. 40-4906(a), “Unless denied licensure pursuant to K.S.A. 2016 Supp. 40-4909, and amendments thereto, a nonresident person shall receive a nonresident agent license if:
 - (1) Such person is currently licensed as a resident and in good standing in such person's home state;” K.S.A. 40-4906(a)
- Pursuant to K.A.R. 40-7-9, “Each person licensed in this state as an insurance agent shall report the following to the commissioner of insurance within 30 days of occurrence: (a) Each disciplinary action on the agent's license or licenses by the insurance regulatory agency of any other state or territory of the United States;” K.A.R. 40-7-9

Policy Reasons

1. It is in the public interest that the license of an agent who has demonstrated he or she has used any fraudulent or dishonest practice or demonstrated any untrustworthiness in the conduct of business in this state or elsewhere be revoked.
2. It is in the public interest that the license of an agent who has been convicted of a felony involving financial crimes should be revoked.
3. It is in the public interest that the license of an agent who has an insurance agent license, or its equivalent, denied, suspended or revoked in any other state, district or territory be suspended or revoked in this state.

Conclusions of Law

1. The Commissioner has jurisdiction over **JEFFREY T. KLUGE** as well as the subject matter of this proceeding, and such proceeding is held in the public interest.
2. The Commissioner finds that Respondent’s Kansas license may be revoked because **JEFFREY T. KLUGE** has used a fraudulent and dishonest act and has demonstrated untrustworthiness in the conduct of business.
3. The Commissioner finds that Respondent’s Kansas license may be revoked because **JEFFREY T. KLUGE** was convicted of a felony.
4. The Commissioner finds that Respondent’s Kansas license may be revoked because **JEFFREY T. KLUGE** failed to notify the Kansas Insurance Department of his disciplinary actions in other states within thirty days.
5. The Commissioner finds that Respondent’s Kansas license may be revoked because **JEFFREY T. KLUGE** allowed his license to expire in his home state of Minnesota.
6. The Commissioner finds, pursuant to K.S.A. 40-4909(b), that the interests of the public are not properly served under Respondent’s license.
7. Accordingly, the Commissioner concludes that sufficient grounds exist for the revocation of the insurance agent’s license of **JEFFREY T. KLUGE**, 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 **JEFFREY T. KLUGE** is hereby **REVOKED** the effective date of this Order.
2. **IT IS FURTHER ORDERED** that **JEFFREY T. KLUGE** 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

JEFFREY T. KLUGE, 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:

Diane Minear, 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 Respondent 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:

Diane Minear, General Counsel
Kansas Insurance Department
420 S.W. 9th St.
Topeka, Kansas 66612

IT IS SO ORDERED THIS 13 DAY OF June, 2017, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Ken Selzer, CPA
Commissioner of Insurance

BY:

John Wine
Assistant Commissioner

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing Summary Order on this 13 day of June, 2017, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Jeffrey T. Kluge
11234 14th St. N
Lake Elmo, MN 55042

Steven M. Lehwald, KS Bar #26069
Staff Attorney