

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

In the Matter of the Kansas)
Resident Agent's License)
of TONYA D. BLATTNER)

Docket No. 2726-CO

CONSENT ORDER

Tonya D. Blattner ("Blattner") wishes to resolve this matter without formal adjudicative proceedings by entering into this Consent Order. The Commissioner of Insurance ("Commissioner") hereby makes the following findings of fact, conclusions of law and order, to-wit:

Findings of Fact

1. Records maintained by the Kansas Insurance Department ("KID") indicate that Blattner is a resident of the State of Kansas, and has a current mailing address of 2705 Kirkwood, Manhattan, Kansas 66502, and that she is licensed to transact the business of insurance as a resident insurance agent in the State of Kansas.

2. The Commissioner has jurisdiction over the subject matter of this proceeding and this proceeding is held in the public interest.

3. A complaint was filed with KID by Victor Herrman ("Herrman"), owner of Yesterday and Today Remodeling in Desota, Kansas, who reported he had paid Blattner, owner of All Lines Insurance Agency ("All Lines") later to become Brooke Insurance Agency ("Brooke Insurance"), for a contractors liability insurance policy and was provided a Certificate of Insurance by Blattner. Herrman stated he discovered the Certificate of Insurance was false and he was uninsured.

4. A Certificate of Insurance is evidence of the existence and terms of a particular policy. This document cannot be prepared by an agent until a policy has been issued by the insurer.

5. All Lines/Brooke Insurance is a licensed insurance agency with a business address of 1014 Poyntz, Manhattan, Kansas 66502. All Lines was licensed to conduct the business of insurance as an insurance agency in the State of Kansas on January 27, 1992.

6. An insurance agency and/or agent acts as the authorized representative of various insurance companies and acts as trustee for the premium monies necessary to purchase the policies. An agent-client relationship is established when an application for an insurance policy is prepared. Premium monies provided by the insured are placed in the agent or agency's operating account. The agent/agency is then responsible for remitting the premium monies contained in their operating account to the insurance company as required by the policy.

VICTOR HERRMAN

7. On or around September 22, 1997, Herrman contacted Blattner by telephone to inquire about a builders liability insurance policy for his business, Yesterday and Today Remodeling. No agreement to purchase insurance was made at the time.

8. On or around December 10, 1997, Herrman contacted Blattner again and was quoted a price of \$421.00 for the insurance policy needed for his business. He issued check no. 1270 to All Lines and dated the check December 9, 1997. The check was endorsed "Tonya Blattner, All Lines Insurance" and deposited. The check cleared Herrman's bank on December 16, 1997.

9. On January 27, 1998, Blattner faxed to Skyrock Realty a Certificate of Liability Insurance for Yesterday and Today Remodeling. Skyrock Realty was a client of Herrman's and had requested proof of insurance. Herrman had contacted Blattner about sending Skyrock Realty a proof of insurance.

10. A copy of the above-mentioned Certificate of Insurance shows the producing agent as Chris Duffey ("Duffey"), the issue date as January 26, 1998 and the insurance company as "All Lines Insurance." The policy period is shown as December 11, 1997 to December 11, 1998, and the policy number is 1520.

11. Duffey is a licensed agent who worked for Blattner. KID has no record of any insurance company named All Lines Insurance.

12. After several weeks, Herrman called Blattner to inquire about his policy. He made several calls requesting an insurance policy and binder. Herrman did not receive any of these documents. He then demanded a refund of the monies he paid to Blattner, stating if he did not receive a refund he would contact KID and file a complaint.

13. On or around March 3, 1998, Herrman contacted KID and filed a complaint with the Consumer Assistance Division. Blattner was notified of the complaint on or around March 6, 1998.

14. On or after March 11, 1998, Herrman received a letter from Blattner dated March 5, 1998 and check no. 6545 from All Lines Insurance Agency, dated March 5, 1998, refunding his premium payment. The check is signed by Blattner. Herrman attempted to deposit the check and it was returned unpaid due to insufficient funds. Herrman was later paid by Blattner with a draft from the Brooke Corporation.

15. On June 26, 1998, Blattner was interviewed by representatives of KID. She stated a certificate of insurance was produced for Herrman and mailed to him. Blattner did not have an insurance company available through which she could place a policy for Herrman, thus listed her agency as the insurance company. She stated the information on the Certificate of Insurance sent to Herrman and Skyrock Realty was false.

16. Blattner also stated the policy no. 1520 listed on the Certificate of Insurance is a code number for the Goodville Mutual Insurance Company ("Goodville"), not a policy number. When the document was produced, she did not have an appointment with Goodville for anything other than homeowners insurance.

17. On September 11, 1998, Duffey stated she did type and sign the Certificate of Insurance for Herrman per Blattner's instructions. According to Duffey, Blattner would bring her hand-written Certificates of Insurance to by typed. Duffey would type the documents, sign them, and then mail them as directed by Blattner. Duffey related at the time she prepared the document for Blattner, it did not seem unusual to list All Lines as the company, even though it was the name of Blattner's agency. However, at the time of the interview, Duffey stated, "it seems weird now."

18. Duffey stated that Herrman was Blattner's client and Duffey did not manage his file.

LAUREL C. SMITH

19. On or about April 3, 1998, Laurel C. Smith ("Smith") contacted Goodville attempting to determine the status of the automobile and homeowners' insurance policies he had paid Blattner for. Smith learned his automobile insurance had been cancelled on

July 1, 1997 and his homeowners' insurance was cancelled on October 26, 1997. Both policies were cancelled for non-payment of premium.

20. Smith had been a long time customer of Blattner's and had always made his premium payments directly to Blattner's agency, All Lines, at Blattner's direction. Smith provided copies of fifteen (15) cancelled checks showing his premiums had been paid, and his checks deposited by Blattner.

21. Smith received a cancellation notice from Goodville in the latter part of 1997 and presented it to Blattner and asked if he was still insured. On or around January 1998, Smith received an automobile insurance policy in the mail from the Progressive Insurance Company ("Progressive"). To Smith's knowledge, he had never applied for an insurance policy with Progressive.

22. On or about March 6, 1998, Smith confronted Blattner, who reportedly stated she did not know why he had been switched to Progressive. Blattner informed Smith she would place him with Goodville again and asked for a quarterly payment of \$357.00 for the car insurance. At that time, Smith issued check no. 6308 to Blattner in the amount of \$357.00, payable to Goodville. The check was deposited by Blattner into the All Lines bank account.

23. On or around March 25, 1998, Smith purchased another car, and had not yet received any new insurance documents from Goodville. He checked his bank and found his recent check had cleared. Smith went to All Lines where he was given an insurance binder listing Goodville as the insurer and the policy dates as March 1, 1998 to August 1, 1998. The policy number listed was "Binder 1520". He presented this

document to the Riley County Treasurer's office while obtaining his automobile registration.

24. Smith stated that over the years he received several cancellation notices concerning his insurance policies and each time he would contact Blattner, who would assure him he still had insurance.

25. Blattner collected approximately \$1,266.48 in insurance premium payments from Smith on policies which were cancelled for non-payment. Blattner refunded \$909.48 to Smith on June 11, 1998 and \$357.00 on April 7, 1998 after the complaint was filed with KID by Smith.

26. On June 26, 1998, Blattner was interviewed by representatives of KID regarding Smith's complaint. She stated she had been collecting Smith's premium payments on a monthly basis, and when Goodville billed for the premium on a quarterly basis she paid the premium at that time. Blattner stated Goodville did not offer a monthly payment plan, but that she established a monthly plan for Smith through All Lines.

27. Blattner stated she was not aware Smith's Goodville insurance policies had lapsed for non-payment on the initial cancellation dates. She stated her office staff received the cancellation notices and did not forward them to her. When she realized she had not made any payments for several months, she placed his auto policies with Progressive. Blattner stated she cancelled the Progressive policies in July, when Smith told her he did not want to be insured with the company and at that point continued to try and place his insurance elsewhere.

28. Blattner stated the reason she did not notify Smith his Goodville policies had been cancelled was she had been directed by Smith not to call him at home. Smith

responded that was not true. Blattner had, in fact, called him several time at home and had even left messages for him.

29. Blattner stated the \$357.00 payment she obtained from Smith on March 6, 1998, designated for Goodville, was not sent to Goodville because Smith did not qualify any longer for insurance through the company because of his driving record.

30. Blattner stated the other carrier was Progressive. Documents obtained from Progressive indicate that Smith was insured by Progressive under policy no. 45351995-0. The effective dates for the policy were from February 6, 1998 to February 6, 1999. When the policy was written, \$173.00 was received from Blattner by electronic withdrawal from her bank account by Progressive. A cancellation notice was issued by the company on February 23, 1998. The policy was cancelled by Progressive for non-payment of premium on March 7, 1998.

31. On September 11, 1998, Duffey was interviewed. She stated that Smith was Blattner's client and Blattner serviced his insurance needs. Duffey indicated that she did fill out and sign the change request form for Smith, dated March 27, 1998, adding to his automobile coverage. She filled out the form based on information contained in Smith's file. After completing the form, Duffey copied it, placed the copy in the file and placed the file in Blattner's office for her review.

32. Duffey indicated she was not aware Smith's insurance policies were cancelled at that time and that she would not have prepared the document if she had been aware of the cancellation. Duffey stated Blattner would have been aware of the document being created as Blattner reviewed all of Duffey's work.

33. Duffey indicated she had never withheld any information or documents from Blattner. When the mail was opened, any correspondence from an insurance company that was received was placed with the appropriate file on Blattner's desk for her to review.

GREG AND LAURIE McLAUGHLIN

34. On or about December 8, 1997, Laurie McLaughlin ("L. McLaughlin") contacted Blattner by telephone for a quote on insurance coverage for her home and a wave runner watercraft. She was quoted a price of \$754.00. L. McLaughlin issued check no. 7606 in the amount of \$754.00 to All Lines Insurance. The check was deposited into Blattner's bank account on or about December 12, 1997.

35. A few days after the check was issued, Blattner arrived at the McLaughlins' residence to view and photograph it. She informed the McLaughlins their insurance policy would be forth coming.

36. Sometime in March 1998, L. McLaughlin realized she had never received an insurance policy or insurance documents from a company or Blattner. She contacted Blattner and inquired as the policy. Blattner told her "not to be concerned, sometimes the insurance companies are slow to get new policies delivered."

37. On or about April 14, 1998, Greg McLaughlin ("G. McLaughlin") contacted All Lines requesting a policy or his money back. He called again on or about April 16, 1998 and was told Blattner had received his previous message.

38. On or about April 20, 1998, the McLaughlins received check no. 6761, dated April 16, 1998, in the mail from Blattner refunding their \$754.00 premium payment. There was also a note from Blattner stating she was canceling their policy and

the insurance company had issued a policy but she did not know why they had not received it.

39. The check was drawn on All Lines' checking account. The check was deposited by the McLaughlins and was returned twice due to insufficient funds in Blattner's account.

40. Upon discovering Blattner's check had not cleared their bank, the McLaughlins called Blattner, who refused to speak to them. L. McLaughlin indicated they were told by a secretary that a money order would be mailed that day. The McLaughlins drove to Blattner's office and obtained the money order in person.

41. On June 26, 1998, Blattner was interviewed by representatives from KID regarding the McLaughlins complaint. Blattner indicated that the McLaughlins application file had been misplaced in her office by her office staff, and she didn't realize a policy had not been issued. Blattner also stated at one point, the application had been lost in the mail and she contacted Goodville by phone to discuss the application.

42. Jerry Goodpaster ("Goodpaster"), vice-president of underwriting at Goodville, indicated the company had no record of Blattner contacting them regarding the McLaughlins application and policy. He also stated Goodville does not write personal watercraft insurance.

43. Blattner admitted she had received the McLaughlins' money and deposited it into her account, and that when she wrote the McLaughlins a refund from her account, the check bounced. Blattner stated this check and others she wrote to consumers bounced because of bad checks written to her business by insureds.

44. Blattner indicated she must have been in error when she told the McLaughlins their policy was lost in the mail, that a policy had never been issued. During the meeting, Blattner provided a photocopy of the Goodville application she filled out for the McLaughlins, along with a photocopy of their check. Written underneath the check were directions to the McLaughlins residence and a note “do home and personal watercraft.” Written across the Goodville application were the words “CANCELLED” and “REFUNDED PREMIUM.”

GLORIA LOBERG

45. On or about August 8, 1998, Gloria Loberg (“Loberg”) contacted Blattner about obtaining home daycare insurance. Loberg was quoted a cost of \$583.00 for a years premium. Loberg borrowed the initial \$500.00 which was given to Blattner as payment and an agreement was reached that Loberg would pay the remaining \$83.00 during the next two months.

46. Blattner obtained Loberg’s insurance through the Chris-Leef General Agency (“Chris-Leef”). Gary Peterson (“Peterson”) of Chris-Leef indicated that Loberg was initially insured by the Colony Insurance Company (“Colony”) from August 6, 1997 to August 6, 1998 under policy no. GL1 332803.

47. Colony cancelled the policy on or about November 19, 1998 because of concerns over Loberg’s having a dog. Blattner’s account with Chris-Leef was credited approximately \$356.00 and designated for Loberg as the unearned premium on the policy. This refund was not paid to Loberg.

48. On November 19, 1998, Chris-Leef replaced Loberg's insurance with the Acceptance Insurance Company ("Acceptance"). The credit of \$356.00 was not paid by Blattner to Chris-Leef for the policy.

49. Loberg was informed by Blattner that she had obtained another insurance policy through another company and Loberg did not owe any additional monies.

50. On December 23, 1998, a notice of cancellation was mailed to Loberg and Blattner. This policy was cancelled effective January 5, 1998. Loberg indicated she did not receive, nor was she aware of the cancellation notice or that the policy was cancelled on January 5, 1998.

51. On or about March 2, 1998, Loberg contacted Blattner requesting her policy be cancelled effective March 20, 1998 and the remaining premium balance be returned to her.

52. Loberg made additional calls to Blattner after this inquiring about her refund and was told "it's on the way." On or about April 15, 1998, Loberg contacted Blattner and told her that if she did not receive her refund by April 18, 1998 she would contact KID and file a complaint.

53. On or about April 16, 1998, Blattner issued check no. 6760 to Loberg in the amount of \$184.00 as a refund. The check was written on the account of All Lines. Peterson indicated Loberg was due a refund of \$209.64.

54. Loberg deposited the check into her bank account. On April 30, 1998, the check was returned due to insufficient funds in Blattner's bank account. On May 1, 1998, Loberg contacted KID and filed a complaint. Later, Blattner provided Loberg with a money order repaying the refund.

55. On June 26, 1998, Blattner was interviewed by representatives of KID regarding Loberg's complaint. Blattner provided KID with a copy of a Cancellation Request/Policy Release. It was dated March 18, 1998 and bore a signature of Loberg's. Loberg does not recall signing or being made aware of the document.

56. Blattner indicated she was not aware of the Acceptance policy being cancelled in January. The document listed "Acceptance" (sic) as the insurance company and the effective date of the cancellation as March 20, 1998 and the policy no. GL1 332803. Loberg does not recall signing or being made aware of the document. Peterson indicated the document was never sent to Chris-Leef and the policy number listed on the document was the policy number for the Colony insurance policy cancelled on November 19, 1997.

KANSAS JAYCEES' CEREBRAL PALSY FOUNDATION

57. Sometime in March 1997, the Kansas Jaycees' Cerebral Palsy Foundation ("KJCPF") contracted with Blattner and All Lines for insurance on the foundation's children's ranch in El Dorado, Kansas. Blattner was a member of the Jaycees and sat on the board of directors.

58. On or about March 13, 1997, Nations Bank ("Nations"), the mortgage holder for the KJCPF, requested proof of insurance for the organization's current coverage. Mike Hastings ("Hastings"), the treasurer of KJCPF, indicated Nations received a faxed copy of a Certificate of Liability Insurance from Blattner's office.

59. The certificate listed Sphere Drake ("Sphere") and Goodville as insurers of KJCPF and dates of coverage from March 13, 1997 to March 13, 1998. Sphere is not an insurance company; it is a general agency.

60. On March 19, 1997, KJCPF issued check no. 6450 in the amount of \$2,150.00 to All Lines as the initial down payment on the policy. On April 2, 1997, check no. 6476 was issued to All Lines in the amount of \$756.04.

61. On April 22, 1997, Clarendon America Insurance Company ("Clarendon") issued policy no. WR-000167 to KJCPF for general liability coverage. Commercial property coverage was placed with Lexington Insurance Company, ("Lexington"), Terra Nova Insurance Company, Ltd ("Terra Nova"); CNA International Reinsurance Company ("CNA") and United America States Insurance Company, Ltd. (United America"). These policies were obtained by Blattner through Chris-Leef.

62. On April 22, 1997, Blattner submitted to Universal Premium Acceptance Corporation ("UPAC"), an insurance premium finance agreement financing the KJCPF's insurance premiums. The finance agreement was signed by Blattner and bears the signature of Ruthan Boatwright ("R. Boatwright") as the representative of KJCPF. Blattner financed a total of \$20,883.00 in premiums for KJCPF. Blattner listed the address of the KJCPF ranch as P.O. Box 1332, Manhattan, Kansas 66502. This is Blattner's post office box.

63. Hastings indicated he was not aware of the premium finance agreement. Boatwright indicated she did not sign the insurance premium finance agreement. Ted Boatwright ("T. Boatwright") indicated he confronted Blattner about the finance agreement and she admitted to him she forged R. Boatwright's signature.

64. On May 13, 1997, KJCPF issued check no. 6498 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

65. On June 11, 1997, KJCPF issued check no. 6554 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

66. On July 11, 1997, KJCPF issued check no. 6637 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

67. On July 25, 1997, KJCPF issued check no. 6669 in the amount of \$1,234.00 to All Lines as payment for Directors and Officers insurance coverage.

68. On August 15, 1997, KJCPF issued check no. 6700 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

69. On September 7, 1997, KJCPF issued check no. 6713 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

70. On October 12, 1997, KJCPF issued check no. 6725 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

71. On October 17, 1997, unknown to KJCPF, their property and general liability insurance coverage was cancelled by UPAC due to non-payment of the financed premiums.

72. On November 7, 1997, KJCPF issued check no. 6738 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

73. On December 3, 1997, KJCPF issued check no. 6757 in the amount of \$756.04 to All Lines for the monthly payment for their insurance.

74. On April 1, 1998, KJCPF issued check number 6811 in the amount of \$2,500.00 to All Lines as the initial payment for the 1998 policy year. As of this date, KJCPF has not received a copy of the previous year's insurance policies, nor have they been made aware of the cancellation of the policy in October 1997.

75. On May 12, 1998, KJCPF issued check no. 6843 in the amount of \$777.78 to Brooke Insurance, the new name of Blattner's insurance agency, for the monthly payment for their insurance.

76. In May 1998, a windstorm damaged the property at KJCPF children's ranch. They contacted Blattner in order to file a claim.

77. T. Boatwright indicated Blattner had informed him she had bound coverage for the KJCAPF children's ranch the day before the storm with the American States Insurance Company ("American States").

78. T. Boatwright indicated he was informed by Blattner that American States had denied coverage on the claim because the damage occurred "too soon" after the coverage was bound. Blattner was instructed to place the insurance with another insurance company due to American States' decision not to cover the loss.

79. Ron Kastle ("Kastle"), of American States, indicated Blattner contacted the company on or about June 5, 1998 regarding a quote for insurance on the KJCPF ranch. American States provided a quote to Blattner. No insurance was ever placed on the ranch.

80. On July 9, 1998, KJCPF issued check no. 6995 in the amount of \$777.78 to Brooke Insurance for the monthly payment for their insurance.

81. On July 27, 1998, Hastings received a settlement check from Blattner for the spring storm damage. The check was in the amount of \$7,127.88 which T. Boatwright indicated was not sufficient to cover the loss which was approximately \$13,000.00. Blattner was again instructed by KJCPF to obtain insurance for KJCPF.

82. On August 27, 1998, KJCPF issued check no. 7095 in the amount of \$1,264.58 to Brooke Insurance for the annual Directors and Officers insurance policy. The payment was made based on a billing Hastings received from Blattner.

83. Sometime in the second week of October 1998, T. Boatwright issued Blattner an ultimatum regarding the general insurance needs for KJCPF. T. Boatwright informed Blattner that if insurance was not placed by the end of the week, the organization would contact another agent to conduct their insurance with.

84. Hastings indicated that when no insurance coverage information was received from Blattner by the end of that week, the organization began seeking insurance elsewhere.

85. On October 28, 1998, T. Boatwright received a faxed copy of a Certificate of Liability Insurance from Blattner's office. On the certificate, the name of the organization had been misspelled and the address of the ranch was incorrect. It was dated October 28, 1998 and signed by Blattner. The certificate listed American States and Commercial Underwriters as the insurers and dates of coverage from November 1, 1998 to November 1, 1999 and a binder number of 152073.

86. In addition to the certificate, Hastings received a bill from Blattner for payment of the premium on the policy. KJCPF was billed an initial payment of \$1,871.00 and nine (9) additional payments \$640.00.

87. On November 6, 1998, Todd Kennedy ("Kennedy"), sales manager of the Brooke Corporation, informed Hastings that Blattner had never obtained insurance through the corporation for the KJCPF and he "strongly advised" Hastings to obtain insurance through another agent.

88. On November 6, 1998, Kennedy informed Blattner in writing she could no longer represent the Brooke Corporation due to the KJCPF “incident.”

89. On November 11, 1998, Hastings called American States and was informed KJCPF was not insured by the company.

90. On November 12, 1998, Kastle of American States reviewed a copy of the October 28, 1998 Certificate of Liability Insurance sent to T. Boatwright. Kastle indicated the company had no record of the binder, nor was there a policy for KJCPF.

MANHATTAN, KANSAS JAYCEES

91. On or about September 9, 1998, the Manhattan Kansas Jaycees (“MKJ”) contracted with Blattner for commercial general liability insurance for the organization. The policy was written through Chris-Leef with the Scottsdale Insurance Company (“Scottsdale”).

92. Blattner was a member of the board of directors of the MKJ and had check writing authority for the organization. Her authority was limited to paying authorized debts incurred by the MKJ.

93. On or about September 9, 1998, Doug Brower (“Brower”), president of MKJ issued check no. 1014 in the amount of \$536.00 to Blattner as the initial down payment for the policy. The total cost of the policy was to be \$2,145.44. The check was deposited or cashed by Blattner on or about September 29, 1998. The balance of the premium was supposed to be financed by the National Finance Company (“NFC”). Brower indicated soon after he wrote a check to Blattner paying off the balance of the premium loan.

94. Brower later discovered Blattner had written MKJ's check no. 1013 in the amount of \$1,500.00 to Brooke Insurance on or about October 13, 1998. In the memo column, she wrote "Insurance."

95. Brower also discovered that on or about October 19, 1998, Blattner wrote check no 1016 to All Lines Insurance in the amount of \$2,100.00. In the memo column, she wrote "Insurance."

96. Brower indicated the \$3,500.00 Blattner paid to her agency between October 13, 1998 and October 19, 1998 cannot be accounted for as legitimate authorized expenses for MKJ.

97. On or about October 28, 1998, NFC cancelled MKJ's insurance policy for non-payment of the premium loan.

98. On or about September 17, 1998, Blattner wrote check no. 1011 from the MKJ account to All Lines Insurance in the amount of \$5,600.00. In the memo column, she wrote "Ballard's Bill". Brower indicated that earlier Blattner had told him during a meeting the money was for reimbursement of the Ballard's Sporting Goods bill she paid from her agency account on behalf of MKJ.

99. On or about November 4, 1998, Blattner wrote check no. 1017 from the MKJ account to Brooke Insurance in the amount of \$1,583.00. In the memo column, she wrote "Kinko's, Ice, Etc..." Brower indicated Blattner told him this check was for reimbursement of bills Blattner again paid from her own agency account for MKJ.

100. Brower indicated he contacted both Kinko's and Ballard's Sporting Goods regarding MKJ's accounts. Neither company had been paid. The bills were incurred by

the MKJ as part of a state-wide BB gun competition held by the MKJ as a fund raiser in Manhattan, Kansas.

101. Tim Marshall ("Marshall"), the MKJ Community Development Vice-President and current Treasurer, indicated as a part of the BB gun event, MKJ opened a special projects account at Sunflower Bank in Manhattan, Kansas. Between approximately June 18, 1998 and September 2, 1998, \$35,705.00 which should have been deposited into the account by Blattner cannot be accounted for.

102. On or about November 13, 1998, Blattner wrote check no 1018 to Brooke Insurance in the amount of \$3,500.00 from the MJK account. In the memo column, she wrote "BB Gun."

103. On or about November 10, 1998, Blattner wrote check number 1019 to All Lines in the amount of \$1,264.58. In the memo column, she wrote "Ins Premium."

104. Marshall indicated there have been approximately \$15,539.00 in checks written by Blattner on the account which cannot be accounted for as legitimate authorized expenses for the organization.

105. Marshall indicated he has not been able to conduct a full audit due to Blattner having all of the records in her possession. When Blattner was asked for the records, she told Marshall she had lost or misplaced the records.

106. Laurie Jeanneret ("Jeanneret"), who worked for Blattner at All Lines/Brooke Insurance and is a business partner with Blattner in a business called L and T Enterprises indicated she had seen MKJ's records at Blattner's residence. She also indicated Blattner had all of Brooke Insurance's mail forwarded to her residence after she

was relieved of her duties at the insurance agency by her father who took over the Brooke Insurance Agency.

107. Marshall indicated that on or about November 18, 1998, Blattner was confronted by other members of MKJ about their insurance and the billings from Ballard's. Marshall stated that after the meeting, Blattner wrote a check from the Brooke agency account at Security National Bank of Manhattan, Kansas to Ballard's.

108. Blattner also wrote check no. 1389 to MKJ in the amount of \$2,094.62 for overpayment of their insurance premium. The check was from Blattner's personal account at the Sunflower Bank of Manhattan, Kansas.

TED BOATWRIGHT

109. On September 17, 1997, T. Boatwright contracted with Blattner for insurance on a house he purchased in Manhattan, Kansas and was moving to Wamego, Kansas. He was quoted a cost for the policy of \$682.00 which he paid by check. The check was cashed or deposited by Blattner on September 18, 1997. T. Boatwright was told his insurance was through Goodville.

110. In the spring of 1998, T. Boatwright's house, which had now been moved to Wamego, was damaged in a hail storm. T. Boatwright contacted Blattner to file a claim, she told him that due to the companies being busy with several claims and the roofing companies being busy, it would be a while before his claim could be adjusted.

111. T. Boatwright indicated he continued to ask Blattner about the insurance claim and was given other excuses as to why the claim had not been processed. At one point, he was told by her it would not look good to the company if he filed a claim on the house because he wasn't living in it. Blattner went on to say they should wait another

month until after T. Boatwright moved in and the company would not know the difference.

112. T. Boatwright finally called Goodville and was informed the company had no record of insuring his house. He then confronted Blattner with the information by saying, "I don't have a damn bit of insurance, do I?" T. Boatwright indicated she replied to this statement by saying, "No, you don't."

113. T. Boatwright indicated that because of Blattner's failure to get him insurance, his house suffered damage to the interior walls and floors due to roof leaks which he couldn't repair himself.

114. T. Boatwright and his wife owned a business, P & F Enterprises. On or about August 6, 1997, prior to becoming aware of Blattner not insuring his house, they contracted with her for workers compensation insurance for their business. T. Boatwright was quoted a price of \$535.00 which he paid to Blattner by check which was made out to Brooke Insurance.

115. The workers compensation policy was to be through Commercial Union Insurance Company ("Commercial Union"). Blattner later contacted T. Boatwright and asked for an additional \$50.00 for the premium payment which he paid to her. She cashed or deposited the check on August 24, 1997.

116. T. Boatwright indicated he contacted Commercial Union regarding the workers compensation policy and found out he did not have a policy in force until November 3, 1997. Commercial Union informed him when the company first received payment for the policy from Blattner, it was in the form of a check from her agency and

the check bounced. The policy was cancelled for non-payment on October 27, 1997. Blattner reportedly later paid Commercial Union with a money order.

117. T. Boatwright indicated he had noticed in the past when he paid Blattner direct for a policy premium he would receive a cancellation notice from the company for non-payment. But when he paid the company direct, there were no problems with him having insurance in force.

Conclusions of Law

118. K.S.A. 1997 Supp. 40-2404 provides in relevant part:

The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

- (1) Making...or causing to be made...any statement...which:
 - (a) misrepresents the benefits, advantages, conditions or terms of any insurance policy;...

119. K.S.A. 1997 Supp. 40-242 provides in relevant part:

(a) The commissioner of insurance may impose a penalty prescribed by subsection (e) or revoke or suspend the license of any...agent in the event that investigation by the commissioner discloses that:

- (2) the holder of such license had misrepresented the provisions, terms and conditions contained in any contract of insurance;...
- (4) the holder of such license has intentionally omitted any material fact in such presentation;...
- (7) the interests of the insurer or the insurable interests of the public are not properly served under such license...

120. Based upon the information contained in paragraphs 7 through 18; 19 through 33; 34 through 44; 57 through 90; and 109 through 117 above, it appears that

Tonya D. Blattner made or caused to be made statements which misrepresented the benefits, advantages, conditions or terms of insurance policies given to individuals, in violation of K.S.A. 1997 Supp. 40-2404(1)(a).

121. Based upon the information contained in paragraphs 7 through 18; 19 through 33; 34 through 44; 57 through 90; and 109 through 117 above, it appears that Tonya D. Blattner misrepresented the provisions, terms and conditions contained in the contracts of insurance she presented to individuals, in violation of K.S.A. 1997 Supp. 40-242(2).

122. Based upon the information contained in paragraphs 7 through 18; 34 through 44; 57 through 90; 91 through 108; and 109 through 117 above, it appears that Tony D. Blattner omitted the material facts that she did not have binding authority for general liability policies with Goodville; that she had never applied for insurance for the McLaughlins and therefore, there was no policy issued; that she filled out papers for KJCPF to have their premiums financed; that she had never obtained insurance for KJCPF; that MKJ's insurance policy had been cancelled; that she had never obtained homeowner's insurance for the Boatwright's house; and that from approximately August 1997 until November 1997, the Boatwright's business did not have workers compensation insurance.

123. Based upon the information contained in paragraphs 7 through 18 above, it appears that Tonya D. Blattner caused to be made, generated, distributed or drawn a written instrument, to-wit: Certificate of Insurance, with the knowledge that such information falsely stated or represented some material matter or is not what it purported to be, to-wit: that Yesterday and Today Remodeling was insured by All Lines Insurance

Company, and with the intent to defraud and obstruct the detection of a theft, to-wit: that Tonya D. Blattner received money for insurance and never obtained insurance which reflects adversely on the agent's honesty, trustworthiness or fitness as an insurance agent in other respects and are contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

124. Based upon the information contained in paragraphs 19 through 33 above, it appears that Tonya D. Blattner has engaged in acts and practices in the business of insurance that are contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

125. Based upon the information contained in paragraphs 34 through 44 above, it appears that Tonya D. Blattner has engaged in acts and practices in the business of insurance that are contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

126. Based upon the information contained in paragraphs 45 through 56 above, it appears that Tonya D. Blattner has engaged in acts and practices in the business of insurance that are contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

127. Based upon information contained in paragraphs 57 through 90 above, it appears that Tonya D. Blattner made, generated, distributed or drew, or caused to be

made generated, distributed or drawn, a written instrument, to-wit: a Certificate of Liability Insurance, with the knowledge that such information falsely states or represents some material matter or is not what it purports to be, to-wit: that KJCPF was insured with Sphere Drake and Goodville when they were not, and with intent to defraud or obstruct the detection of a theft, to-wit: Tonya D. Blattner received money for insurance and never obtained insurance which reflects adversely on the agent's honesty, trustworthiness or fitness as an insurance agent in other respects and is contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

128. Based upon the information contained in paragraphs 57 through 90 above, it appears that Tonya D. Blattner obtained by deception, to-wit: telling KJCPF she would procure insurance for them, control over property, to-wit: \$15,500.00, with the intent to deprive KJCPF permanently of the possession, use or benefit of KJCPF's money which reflects adversely on the agent's honesty, trustworthiness or fitness as an insurance agent in other respects and is contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

129. Based upon the information contained in paragraphs 91 through 108 above, it appears that Tonya D. Blattner obtained by deception, to-wit: telling MKJ she would procure insurance for them, control over property, to-wit: \$2,145.44, with the intent to deprive MKJ permanently of the possession, use or benefit of MKJ's money which reflects adversely on the agent's honesty, trustworthiness or fitness as an insurance

agent in other respects and is contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

130. Based upon the information contained in paragraphs 91 through 108 above, it appears that Tonya D. Blattner obtained or exerted unauthorized control over property, to-wit: \$51,250.00, with the intent to deprive MKJ permanently of the possession, use or benefit of MKJ's money which reflects adversely on the agent's honesty, trustworthiness or fitness as an insurance agent in other respects and is contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

131. Based upon the information contained in paragraphs 109 through 117 above, it appears that Tonya D. Blattner obtained by deception, to-wit: telling the Boatwrights she would procure insurance for them, control over property, to-wit: \$682.00, with the intent to deprive MKJ permanently of the possession, use or benefit of MKJ's money which reflects adversely on the agent's honesty, trustworthiness or fitness as an insurance agent in other respects and is contrary to the interests of the insurer or the insurable interests of the public, and that such interests are not properly being served under the continued licensure of Tonya D. Blattner, in violation of K.S.A. 1997 Supp. 40-242(7).

132. Based upon the information contained in paragraphs 7 through 117 above, it appears that sufficient evidence exists for the revocation or suspension of Tonya D. Blattner's insurance agent license pursuant to K.S.A. 1997 Supp. 40-242, in accordance

with the procedures set forth in the Kansas Administrative Act, K.S.A. 77-501, et seq., as amended.

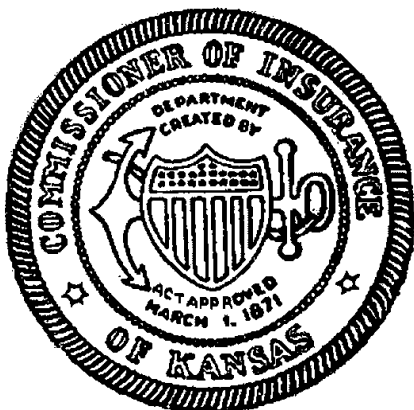
133. Blattner admits to the allegations set forth herein this order as described above.

134. For the purposes of this Consent Order, Blattner waives her right to a formal adjudicative proceeding and notice thereof and voluntarily consents to the following order of the Commissioner of Insurance.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The Kansas resident insurance agent's license of Tonya D. Blattner is hereby revoked and shall be surrendered to Kansas Insurance Department forthwith, the receipt of which is hereby acknowledged.

IT IS SO ORDERED THIS 19th DAY OF NOVEMBER, 1999 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Kathleen Seblius _____
Kathleen Sebelius
Commissioner of Insurance

BY:

/s/ Kathy Greenlee _____
Kathy Greenlee
General Counsel

/s/ Tonya D. Blattner _____
Tonya D. Blattner
APPROVED BY:

SUBMITTED AND APPROVED BY:

/s/ JaLynn Copp _____
JaLynn Copp
Attorney for Petitioner
Kansas Insurance Department