

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

In the Matter of the Application for a)
Kansas Resident Insurance Agent's) Docket No. 2704-L
License of ERNEST R. CHENAULT III)

CONSENT ORDER

Ernest R. Chenault III ("Chenault") 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 ("Department") indicate that Chenault is a resident of the State of Kansas, has a current mailing address of 1730 Woodrow Ct., Wichita, Kansas 67203, and filed an application for a Kansas resident insurance agent's license which was denied.
2. The Commissioner has jurisdiction over the subject matter of this proceeding, and this proceeding is held in the public interest.
3. On September 22, 1998, the Department received Chenault's application and materials for a Kansas nonresident insurance agent's license.
4. On the Kansas Specific Application, Chenault answered "No" to Question E, which asks, "Has the Kansas Insurance Department or any other insurance regulatory agency ever: (a) denied your application for; (b) revoked or suspended; and/or (c) taken

any other administrative or regulatory disciplinary action, including any fines, penalties, or other sanctions against your insurance agent's license?"

5. Information submitted to the Department and its subsequent investigation indicated that on August 4, 1995 the Department denied Chenault's license application for failing to disclose convictions in 1991 and 1992.

6. On the NAIC Midwest Zone Uniform Application for Individual Resident/Nonresident License, Chenault answered "No" to Question C, which asks, "Have you ever been convicted of or pled nolo contendere (no contest) to any misdemeanor or felony or currently have pending misdemeanor or felony charges filed against you?"

7. On the Kansas Specific Application, Chenault answered "No" to Question F which asks, "Have you been convicted of, or pleaded guilty or nolo contendere, to any misdemeanor or felony?"

8. Information submitted to the Department and its subsequent investigation indicated that on or about March 16, 1991 and May 29, 1992, Chenault was convicted of Driving Under the Influence of Alcohol or Drugs and Disorderly Conduct, respectively, in Sedgwick County, Kansas which he did not disclose.

9. On September 23, 1998 and October 7, 1998, the Department sent letters to Chenault informing him that in light of the nondisclosure of the previous denial and convictions, he had failed to establish he was of good business reputation and worthy of a license and his application for an agents license was denied.

10. On October 9, 1998, the Department received a letter from Chenault requesting a hearing.

11. On October 30, 1998, the Department sent a notice of hearing on November 24, 1998 to Chenault.

12. On November 24, 1998, a representative of KID met with Chenault and his father, Ernest R. Chenault, Jr., who is a licensed insurance agent. Both of them requested KID to reconsider its denial of a license for Chenault. They indicated that the earlier application had been filled out by a company, Metropolitan, that wanted Chenault to become license without Chenault's knowledge. Chenault's father also indicated that he advised his son to say no in regards to previous convictions because Chenault had been placed on diversion in regards to the driving under the influence and Chenault was not aware of the disorderly conduct conviction until KID sent its letter of denial. In fact, after Chenault received KID's denial letter, he went and paid the fine for the disorderly conduct charge. Chenault's father indicated that Chenault would be working for his agency, Chenault Insurance Agency, and he would be directly supervising his son.

13. Based upon the meeting, KID decided to approved Chenault's application for a resident license requiring a letter from the Chenault Insurance Agency, preferably whoever was going to supervise Chenault, stating that this person would be supervising Chenault and that if her ever left the agency, KID would be notified immediately.

14. On November 25, 1998, KID received a letter as described above from Ernest R. Chenault, Chenault's father who is a licensed insurance agent with the Chenault Insurance Agency.

Conclusions of Law

15. K.S.A. 1997 Supp. 40-240 provides, in relevant part:

“(a) Any person desiring as agent to engage in the insurance business...shall establish:...

(2) that the applicant is of good business reputation and is worthy of a license.”

16. Based upon the information contained in paragraphs 3 through 8 above, it appears that sufficient evidence exists for the denial of Ernest R. Chenault III’s application for an insurance agent’s license pursuant to K.S.A. 1997 Supp. 40-240, in accordance with the procedures set forth in the Kansas Administrative Procedure Act, K.S.A. 77-501, et seq., as amended.

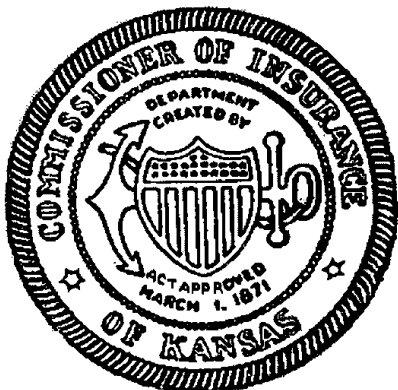
17. Ernest R. Chenault III admits to the allegations set forth herein this order as described above.

18. For the purposes of this Consent Order, Ernest R. Chenault III waives the 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. Ernest R. Chenault III will be issued a Kansas resident insurance agent’s license upon the receipt of a monetary penalty of \$70.00 and this signed Consent Order.

IT IS ORDERED THIS 6th DAY OF DECEMBER, 1998 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ _____
Kathleen Sebelius
Commissioner of Insurance

BY:

Robert L. Kennedy, Jr.
Assistant Commissioner

/s/

Ernest R. Chenault, III

APPROVED AND SUBMITTED BY:

/s/

JaLynn Copp
Attorney for Petitioner
Kansas Insurance Department