



1 to be issued by United American Insurance Company ("United  
2 American").

3 3. On September 7, 1994, Mr. Richmond also accepted  
4 an application and premium in the amount of \$1,026.00 from Anne  
5 Svoboda on behalf of Mary Kastanek ("Ms. Kastanek"), her sister,  
6 for long term care insurance for one year to be issued by United  
7 American.

8 4. At all times material to this matter, Mr. Richmond  
9 had authority from United American to deposit premium checks made  
10 payable to United American into an account created for that  
11 purpose at Valley National Bank, subsequently acquired by Bank  
12 One (the "Bank One account").

13 5. The vested commission contract Mr. Richmond had  
14 with United American authorized Mr. Richmond to keep his  
15 commission that was due him from the premium amounts he deposited  
16 in the Bank One account and forward the net premiums to United  
17 American.

18 6. On October 4, 1994, Mr. Richmond forwarded check  
19 number 1012 drawn on the Bank One account to United American as  
20 the net premium for Ms. Svoboda and Ms. Kastanek in the amount of  
21 \$1,120.00.

22 7. On October 20, 1994, Mr. Richmond's check number  
23 1012 was returned unpaid to United American for insufficient  
24 funds.

25 8. As of October 20, 1994, Mr. Richmond had a debit  
26 balance with United American in the amount of \$2,937.33.

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1           9. In August, 1994, Irvin Taunton, Vice-President of  
2 United American, offered a payment plan to Mr. Richmond to pay  
3 off his debit balance at the rate of \$100.00 per month.

4           10. Mr. Richmond never made any monthly payments to  
5 reduce his debit balance with United American.

6           11. In response to receiving the insufficient funds  
7 check number 1012, on October 20, 1994 United American made a  
8 demand upon Mr. Richmond by mailgram for payment of the total  
9 amount owed to be remitted within ten days.

10           12. Mr. Richmond failed to remit the total amount owed  
11 to United American within the ten day period.

12           13. In November, 1994, United American terminated its  
13 vested commission contract with Mr. Richmond.

14           14. As of July 24, 1995, Mr. Richmond's account with  
15 United American had a credit balance of \$267.00 as a result of  
16 renewal commissions having been applied to the account to offset  
17 the debit balance.

18           15. In December, 1994, Ms. Svoboda received from Mr.  
19 Richmond the United American long term care policies issued to  
20 her and Ms. Kastanek.

21           16. In December, 1994, Ms. Svoboda cancelled the  
22 United American long term care policies issued to her and Ms.  
23 Kastanek and received from United American a refund check for the  
24 total amount of the premium paid for those policies.

25           17. At the time of the cancellation of the United  
26 American policies in December, 1994, Ms. Svoboda submitted to Mr.  
27 Richmond applications and a check in the sum of \$2,889.00 for  
28 long term care insurance for a two year period for herself and

1 Ms. Kastanek to be issued by Penn Treaty Life Insurance Company  
2 ("Penn Treaty").

3 18. Mr. Richmond testified at the hearing that he  
4 deposited Ms. Svoboda's \$2,889.00 check into his bank account and  
5 forwarded the Penn Treaty applications for Ms. Svoboda and Ms.  
6 Kastanek and the net premium for those policies to Penn Treaty.

7 19. Approximately three to four weeks after Mr.  
8 Richmond had submitted the applications and net premium for Ms.  
9 Svoboda and Ms. Kastanek to Penn Treaty, the applications and net  
10 premium check were returned to Mr. Richmond. Due to Mr.  
11 Richmond's outstanding debit account with Penn Treaty, Penn  
12 Treaty requested that Mr. Richmond resubmit the applications with  
13 the full premium amount of \$2,889.00 so that the amount in excess  
14 of the net premium could be applied to reduce his debit account.

15 20. Mr. Richmond testified that he did not have  
16 sufficient funds to submit the full premium amount of \$2,889.00  
17 to Penn Treaty for the insurance policies to be issued to Ms.  
18 Svoboda and Ms. Kastanek.

19 21. There was conflicting testimony from Mr. Richmond  
20 and Ms. Svoboda as to whether Mr. Richmond notified Ms. Svoboda  
21 as to what had occurred regarding the Penn Treaty applications.  
22 According to Ms. Svoboda, whose testimony was more credible than  
23 that of Mr. Richmond, after Ms. Svoboda submitted the Penn Treaty  
24 applications and premium to Mr. Richmond, she never had any  
25 further contact with him.

26 22. Mr. Richmond failed to obtain long term care  
27 coverage for Ms. Svoboda and Ms. Kastanek after he received the  
28 Penn Treaty applications and premium from Ms. Svoboda.



1 beneficiaries or others and received in or during the conduct of  
2 business under the license or through its use in violation of  
3 A.R.S. §20-316(A)(4).

4 4. Mr. Richmond's conduct constitutes conduct of  
5 affairs under the license showing the licensee to be incompetent  
6 or a source of injury and loss to, or repeated complaint by, the  
7 public or any insurer in violation of A.R.S. §20-316(A)(7).

8 5. Grounds exist to suspend, revoke or refuse to  
9 renew Mr. Richmond's license and impose civil penalties, pursuant  
10 to A.R.S. §20-316(A) and (C).

11 ORDER

12 IT IS ORDERED that:

13 1. All Arizona insurance licenses issued to Rodney  
14 Joseph Richmond dba Richmond Insurance Agency shall be revoked  
15 effective immediately.

16 2. Rodney Joseph Richmond dba Richmond Insurance  
17 Agency shall within 30 days of the date of this Order pay  
18 restitution in the sum of \$2,889.00 to Anne Svoboda and provide  
19 proof of such payment to the Arizona Department of Insurance  
20 within 45 days.

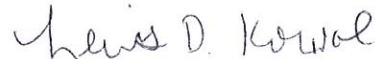
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1                   3. Rodney Joseph Richmond dba Richmond Insurance  
2 Agency shall within 60 days of the date of this Order pay a civil  
3 penalty of \$500.00 to the Arizona Department of Insurance.

4                   DATED this 24th day of August, 1995.

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CHRIS HERSTAM  
Director of Insurance

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LEWIS D. KOWAL  
Chief Administrative Law Judge

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12                   NOTIFICATION OF RIGHTS

13                   The aggrieved party may request a rehearing with  
14 respect to this Order by filing a written petition with the  
15 Administrative Law Division within 30 days of the date of this  
16 Order, setting forth the basis for such relief pursuant to A.A.C.  
17 R20-6-114(B).

18                   The final decision of the Director may be appealed to  
19 the Superior Court of Maricopa County for judicial review  
20 pursuant to A.R.S. §20-166.


21  
22 COPY of the foregoing mailed/delivered  
this 24th day of August, 1995, to:

23 Charles R. Cohen, Deputy Director  
24 Gregory Y. Harris, Executive Assistant Director  
John Gagne, Manager, Investigations  
25 Arnold Sniegowski, Investigator  
Maureen Catalioto, Supervisor  
26 Department of Insurance  
2910 N. 44th Street, Suite 210  
27 Phoenix, Arizona 85018

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Phoenix, Arizona 85008
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- 10 Anne Svoboda  
10038 Palmer Dr.  
Sun City, AZ 85381
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- 12 Nan Neathery  
United American Insurance Company  
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Dallas, TX 75221-0810
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- 14 Irvin Taunton  
United American Insurance Company  
P.O. Box 810  
Dallas, TX 75221-0810
- 15
- 16
- 17 Jackson National Life Insurance Company  
P.O. Box 24068  
Lansing, MI 48909
- 18
- 19 LifeUSA Insurance Company  
P.O. Box 59060  
Minneapolis, MN 55459-0060
- 20
- 21 Life and Health Insurance Co. of America  
2200 Walnut St.  
Philadelphia, PA 19103
- 22
- 23 Allianz Life Assurance Company  
1750 Hennepin Ave.  
Minneapolis, MN 55403
- 24
- 25 Mutual Protective Life Insurance Company  
P.O. Box 3477  
Omaha, NE 68103
- 26
- 27 USG Annuity and Life Company  
P.O. Box 617  
Des Moines, IA 50303-0617
- 28



- 1 Transport Life Insurance Company  
714 Main St.
- 2 Fort Worth, TX 76102
- 3 PFL Life Insurance Company  
4333 Edgewood Rd. N.E.
- 4 Cedar Rapids, IA 52499
- 5 Medico Life Insurance Company  
P.O. Box 3477
- 6 Omaha, NE 68103
- 7 Bankers United Life Assurance Company  
4333 Edgewood Rd. N.E.
- 8 Cedar Rapids, IA 52499

9   
10 Chris Crawford

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