

DEC 10 1997

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY CB

In the Matter of: )  
 )  
JAMES WILLIAM KING, License No. )  
17638, and INSURANCE CENTER )  
INC., License No. 471160, )  
Respondents. )  
 )  
 )

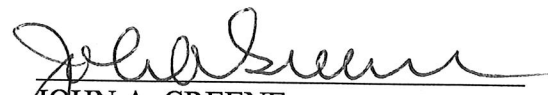
Docket No. 97A-228-INS  
**ORDER SUMMARILY SUSPENDING  
LICENSES AND NOTICE  
OF HEARING**

The Arizona Department of Insurance ("Department") alleges that James William King ("King") and Insurance Center, Inc. ("ICI") have violated the provisions of Arizona Revised Statutes, Title 20. In light of the serious nature of these allegations, the Director of Insurance ("Director") finds that the public health, safety and welfare require emergency action, within the meaning of A.R.S. §41-1064(C).

The Department has also received evidence that Respondents have transacted the business of insurance as insurers in the State of Arizona without a certificate of authority issued by the Director within the meaning of A.R.S. §20-401.01(A).

**THEREFORE, IT IS ORDERED**, summarily suspending the Arizona insurance licenses held by Respondents, effective immediately, pending the revocation proceedings commenced this date.

EFFECTIVE this 10 day of December 1997.

  
JOHN A. GREENE  
Director of Insurance

1 **NOTICE OF HEARING**

2 PLEASE TAKE NOTICE, that pursuant to the provisions of A.R.S. §§20-161 through and  
3 including 20-165. and A.R.S. Title 41, the above captioned matter will be heard before the Director or  
4 the Director's duly designated representative, on the 8th day of January, 1998, at nine o'clock a.m., at  
5 the Office of Administrative Hearings, 1700 West Washington, Capitol Tower, West Wing, Suite 602,  
6 Phoenix, Arizona (the "Hearing").

7 Motions to continue this matter shall be made in writing to the Administrative Law Judge named  
8 herein, not less than five (5) business days prior to the date set for hearing. A copy of any motion to  
9 continue shall be mailed or hand-delivered to the opposing party on the same date of filing with the Office  
10 of Administrative Hearings.

11 A.R.S. §20-164(B) entitles any person affected by this hearing to appear in person and by  
12 counsel, to be present during the giving of all evidence, to have a reasonable opportunity to inspect all  
13 documentary evidence, to examine witnesses, to present supporting evidence, and to have subpoenas  
14 issued by the Director to compel attendance of witnesses and production of evidence.

15 If Respondents are represented by counsel, the attorney shall be licensed to practice law in the  
16 state of Arizona, or if the Respondents are insurers, they may be represented by a corporate officer,  
17 pursuant to A.R.S. §20-161(B).

18 Pursuant to A.R.S. §41-1092.07(D), a clear and accurate record of the proceedings will be made  
19 by a court reporter or by electronic means. Any party that requests a transcript of the proceedings shall  
20 pay the cost of the transcript to the court reporter or other transcriber.

21 Questions concerning issues raised in the Notice of Hearing should be directed to Assistant  
22 Attorney General Shelby L. Cuevas, 1275 West Washington, Phoenix, Arizona 85007.

1 **NOTICE OF APPLICABLE RULES**

2 On January 23, 1992, the Arizona Department of Insurance adopted A.A.C. R20-6-101 through  
3 20-6-115, setting forth the rules of practice and procedure applicable in contested cases before the  
4 Director. The hearing will be conducted pursuant to these rules.

5 PURSUANT TO A.A.C. R20-6-106, RESPONDENTS SHALL FILE A WRITTEN ANSWER  
6 WITHIN 20 DAYS AFTER ISSUANCE OF THIS NOTICE OF HEARING AND SHALL MAIL OR  
7 DELIVER A COPY OF THE ANSWER TO THE ASSISTANT ATTORNEY GENERAL  
8 DESIGNATED ABOVE. THE ANSWER SHALL STATE RESPONDENTS' POSITION OR  
9 DEFENSE AND SHALL SPECIFICALLY ADMIT OR DENY EACH ASSERTION IN THE NOTICE  
10 OF HEARING. ANY ASSERTION NOT DENIED SHALL BE DEEMED TO BE ADMITTED. ANY  
11 DEFENSE NOT RAISED IN THE ANSWER SHALL BE DEEMED WAIVED. IF AN ANSWER IS  
12 NOT TIMELY FILED, RESPONDENTS SHALL BE DEEMED IN DEFAULT AND THE  
13 DIRECTOR MAY DEEM THE ALLEGATIONS IN THE NOTICE OF HEARING TO BE TRUE,  
14 AND TAKE WHATEVER ACTION IS APPROPRIATE, INCLUDING SUSPENSION,  
15 REVOCATION, DENIAL OF A LICENSE OR DENIAL OF A RENEWAL OF A LICENSE,  
16 IMPOSITION OF A CIVIL PENALTY AND/OR ORDER RESTITUTION TO ANY PARTY  
17 INJURED.

18 The Department alleges:

19 1. Respondent, James William King holds, and at all material times held, Arizona license  
20 number 176328, to transact business as a property and casualty insurance broker and agent and as a life  
21 and disability insurance agent. The property and casualty licenses expire May 31, 1998. King's life and  
22  
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1 disability insurance agent license expires May 31, 1999. King is the president and a director of  
2 Respondent, Insurance Center, Inc.

3 2. Respondent, Insurance Center, Inc., holds and at all material times held, Arizona license  
4 number 471160, to transact business as a property and casualty insurance broker. ICI's property and  
5 casualty licenses expire May 31, 1998. ICI also held at all material times a life and disability insurance  
6 agent's license which expired August 31, 1997.

7 **COUNT I**

8 3. On August 15, 1997, the Director issued a subpoena duces tecum to Respondent King for an  
9 examination under oath at the Department on August 25, 1997. King failed to appear on the designated  
10 date and time. King subsequently appeared on August 29, 1997.

11 4. Following the August 29, 1997, examination under oath, the Department continued to  
12 receive numerous complaints regarding King and ICI. King has not responded to the Department's  
13 repeated written requests for information on these complaints, nor has he returned any of the phone  
14 messages left for him by the Department's Investigator.

15 **COUNT II**

16 5. On or about February 28, 1997, King took Dottie Allington's applications for insurance  
17 coverage with Northwestern National Insurance Company ("Northwestern") for her vehicle and a motel,  
18 which she owns. Allington delivered to King a check for premium in the amount of \$587.25. King gave  
19 her an Arizona Automobile Insurance Group card as proof of coverage for the vehicle.

20 6. Allington's premium check was never cashed and she never received a policy for either the  
21 vehicle or the motel.







1           27.     American States did not receive Golgart's application and, as a result, no coverage was  
2 considered bound for Golgart's commercial property.

3           28.     King produced, at his examination under oath, a letter to Golgart dated April 5, 1997.  
4 The letter he purportedly sent states that he was unable to secure insurance for her property and was  
5 refunding her \$268. Golgart did not receive the letter nor the refund.

6   **COUNT IX**

7           29.     King purportedly sent letters, dated April 1997, to various commercial clients notifying  
8 them of American States' refusal to issue their policies. The letters state "I am sending a letter regarding  
9 this matter to my own insurance carrier which will put them on notice should you discover you have had  
10 a claim."

11          30.     Employers Reinsurance is King's errors and omissions carrier. Employers Reinsurance  
12 never received copies of the April 1997 letters from King or any other notification prior to the  
13 Department's inquiries regarding potential unpaid claims.

14          31.     On four occasions, King personally paid claims submitted by clients for whom he never  
15 obtained coverage. These four claims totaled \$8523.37.

16   **COUNT X**

17          32.     On October 3, 1995, Dennis Miller and Mike McKalip dba Mike's Electronic Supply  
18 Company purchased an insurance policy from Employers Mutual Casualty Company ("EMC") through  
19 King and ICI. The effective dates of the coverage were from October 3, 1995 through October 3, 1996.  
20 On August 2, 1996, EMC canceled the policy for the stated reason that EMC terminated its producer  
21 agreement with King and ICI. Miller requested that King obtain a new policy for the business through  
22 another insurer. King assured Miller that he would obtain the requested coverage, but never did so.  
23





1 WHEREFORE, if after hearing, the Director finds the grounds alleged above, the Director may  
2 suspend, revoke or refuse to renew Respondents' licenses or order restitution, or order Respondents to  
3 pay civil penalties, pursuant to A.R.S. §§20-316 and 20-456.


4 Pursuant to A.R.S. §20-150, the Director delegates the authority vested in the Director of  
5 Insurance of the State of Arizona, whether implied or expressed, to the Director of the Office of  
6 Administrative Hearings or his designee to preside over the hearing of this matter as the Administrative  
7 Law Judge, to make written recommendations to the Director of Insurance consisting of proposed  
8 findings of fact, proposed conclusions of law, and a proposed order. This delegation does not include  
9 delegation of the authority of the Director of Insurance to make the order on hearing or other final  
10 decision in this matter.

11 Pursuant to A.R.S. §41-1092.01, your hearing will be conducted through the Office of  
12 Administrative Hearings, an independent agency. Enclosed is a copy of the procedures to be followed.

13 Persons with disabilities may request reasonable accommodations, such as interpreters, alternative  
14 formats or assistance with physical accessibility, by contacting the Office of Administrative Hearings at  
15 (602) 542-9825. Requests should be made as early as possible to allow time to arrange the  
16 accommodation.

17 EFFECTIVE THIS 10 day of December, 1997.

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JOHN A. GREENE  
Director of Insurance

1 COPIES of the foregoing mailed/delivered  
2 this 10th day of December, 1997, to:

3 James William King  
4 7071 Mt. View  
5 Mohave Valley, AZ 86440

6 Insurance Center, Inc.  
7 2118 Hwy. 95  
8 Bullhead City, AZ 86442

9 Shelby L. Cuevas  
10 Assistant Attorney General  
11 Consumer Protection and Advocacy Section  
12 1275 West Washington  
13 Phoenix, AZ 85007  
14 Counsel for the Department

15 Charles R. Cohen, Deputy Director  
16 John Gagne, Assistant Director  
17 Maureen Catalioto, Licensing Supervisor  
18 Arizona Department of Insurance  
19 2910 North 44th St., Suite 210  
20 Phoenix, AZ 85018-7256

21 Mario Guevara  
22 Office of Administrative Hearings  
23 1700 West Washington  
Capitol Tower, West Wing  
Phoenix, AZ 85007


A courtesy copy of this Notice of Hearing has been mailed/delivered to the persons listed below. If you are listed below, you will receive no further notices or documents concerning this matter other than the Director's final order. Information about the status of this matter, including whether the hearing date has been changed, may be obtained by contacting the Department of Insurance at (602) 912-8454 or the Assistant Attorney General identified above, at (602) 542-3702.

Principal Mutual Life Insurance Company  
711 High Street  
Des Moines, IA 50392

John Alden Life Insurance Company  
P.O. Box 020270  
Miami, FL 33102-0270

- 1 American Medical Security Insurance Company  
3100 AMS Blvd.
- 2 Green Bay, WI 54313
- 3 CSE Safeguard Insurance Company  
989 Market Street
- 4 San Francisco, CA 94103
- 5 Viking Insurance Company of Wisconsin  
P.O. Box 5365
- 6 Madison, WI 53705-0365
- 7 American Reliable Insurance Company  
8655 E. Via De Ventura
- 8 Scottsdale, AZ 85258
- 9 American States  
P.O. Box 1636
- 10 Indianapolis, IN 46206-1636
- 11 Farmers Home Mutual Insurance Company  
P.O. Box 9420
- 12 Minneapolis, MN 55440
- 13 Foremost Property and Casualty Insurance Company  
P.O. Box 2450
- 14 Grand Rapids, MI 49501
- 15 National Insurance Association  
P.O. Box 6070, Specialty Auto Division
- 16 C/O GRE Insurance Group  
Indianapolis, IN 46206-6070
- 17
- 18 Contractors Bonding and Insurance Company  
P.O. Box 9271  
Seattle, WA 98109-0271
- 19
- 20 Omaha Property and Casualty Insurance Company  
3102 Farnam Street  
Omaha, NE 68131
- 21
- 22 Dairyland Insurance Company  
1800 North Point Drive  
Stevens Point, WI 54481
- 23

- 1 Atlanta Casualty Company  
P.O. Box 105435
- 2 Atlanta, GA 30348
  
- 3 National American Insurance Company of California  
P.O. Box 5810
- 4 Long Beach, CA 90805-0750
  
- 5 Merchants Bonding Company (Mutual)  
2425 East Camelback Road, Suite 800
- 6 Phoenix, AZ 85016
  
- 7 Western Surety Company  
P.O. Box 5077
- 8 Sioux Falls, SD 57117-5077
  
- 9 Windsor Insurance Company  
P.O. Box 105091
- 10 Atlanta, GA 30348

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12 Curvey Walters Burton

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