

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

July 1, 2015

Charles Edward Stewart
1803 Morrison Street
Texarkana AR 71854

Charles Edward Stewart
PO Box 251
Texarkana AR 75502

Via U.S. Mail and Certified Mail Return Receipt
Nos. 7009 1680 0002 2606 0441 and 7009 1680 0002 2606 0458

NOTICE OF HEARING

Dear Mr. Stewart:

You are hereby notified that an administrative hearing has been scheduled pursuant to Ark. Code Ann. §§ 23-61-303 and other applicable provisions of Arkansas law, before Insurance Commissioner Allen Kerr, as Hearing Officer, or his designee, on July 16, 2015, at 2:00 p.m. in the First Floor Hearing Room, Arkansas Insurance Department ("Department"), 1200 West Third Street, Little Rock, Arkansas. You have the right to represent yourself or be represented by legal counsel of your own choosing at this proceeding. Additionally, the Commissioner will obtain a competent reporter to record the hearing. You may avail yourself of other privileges, including the Department's assistance to subpoena any needed witnesses or records.

The allegations against you are:

- 1) Misrepresentation during the course of insurance business.
- 2) Filing insurance applications in which you were the agent, beneficiary, and payor.
- 3) Rebating premiums.
- 4) Representing yourself as an agent of Royal Neighbors, with whom you had no appointment.
- 5) Assisting and encouraging your wife, Mrs. Willie Stewart, into filing false license application documents.

Each of these issues shall be presented at your hearing, but the Department is not limited to only these allegations may our investigations uncover further wrongdoing.

Your verbal or written notification that you have received this notice of hearing must be received in this office within ten (10) days of your receipt. If your notification is not received by the Department within ten (10) days, any and all expenses incurred by the Department in continuing the hearing or in notification of witnesses, including but not limited to, phone calls, issuance of subpoenas and postage, will be charged to the party or parties requesting such continuance. If

you or your attorney determines that a continuance is necessary, or you have questions or concerns, please contact me at (501) 371-2829.

Sincerely yours,

(signed by Gray Allen Turner)

Gray Allen Turner
Associate Counsel, Legal Division

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

ARKANSAS INSURANCE DEPARTMENT,)
PETITIONER)

VS.)

CHARLES EDWARD STEWART)
RESPONDENT)

A.I.D. NO. 2015- 064

EMERGENCY SUSPENSION ORDER

On this day, the matter of Charles Edward Stewart (“Respondent”) came before Allen Kerr, Arkansas Insurance Commissioner (“Commissioner”). The Arkansas Insurance Department (“Department”) is represented by Gray Allen Turner, Associate Counsel, in this matter. From the facts and law before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. Respondent holds an Arkansas Resident Producer License, National Producer Number 1149524. Respondent resides in Texarkana, Arkansas.
2. In 2006, Mr. Stewart sold an insurance policy to his son, Brennen Stewart, on the life of Roberta Taylor for \$25,000. Mrs. Taylor was the mother of Charles Stewart's former wife, Rose Taylor. On the policy application, Mr. Stewart inaccurately stated Mrs. Taylor was his mother-in-law, even though they had not been related for several years. Charles Stewart was the agent on the policy as well as the beneficiary. Mr. Stewart also paid the premiums. Mrs. Roberta Taylor died several weeks after the policy was sold. Mr. Stewart continued to pay the premiums

several years after Mrs. Taylor's death. Mr. Stewart submitted the claim in 2015. The claim was denied due to a misrepresentation of Mrs. Taylor's medical history.

3. Mr. Stewart's wife, Willie Stewart, was an appointed producer with Royal Neighbors. At the end of 2014, Mr. Stewart voluntarily terminated her appointment. In 2015, neither Mr. Charles Stewart, nor his wife, had appointments with Royal Neighbors. Despite having no appointment, Mr. Stewart solicited Royal Neighbors' life insurance policies to Mrs. Bertha Brown in 2015. Mr. Stewart met with Mrs. Brown, and assisted her to take ten life insurance policy applications for her ten children. Mr. Stewart sent the policy applications to Royal Neighbors bearing a signature of his wife, Willie Stewart. Willie Stewart denied ever meeting Mrs. Brown or signing the applications. Mrs. Brown stated that Mr. Stewart told her not to worry about making the premium payments. Days later, Mr. Stewart sent a policy application withdrawal to Royal Neighbors, allegedly signed by Mrs. Brown. Mrs. Brown denied ever signing the withdrawal or asking that the withdrawal be submitted.

4. The public health, safety, and welfare imperatively require emergency action.

CONCLUSIONS OF LAW

From the Findings of Fact contained herein, the Commissioner concludes as follows:

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103.

2. Mr. Stewart, while acting as a producer, has committed several violations of Ark. Code Ann § 23-64-216 and the Arkansas Insurance Code. Specifically, Mr. Stewart has violated Ark. Code Ann. §23-64-216(h) in that he has used fraudulent, coercive, or dishonest practices, or has demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere. Specifically, Mr. Stewart fraudulently claimed that Roberta Taylor was his mother-in-law, when in fact they had no current relationship by blood or by law.

3. Mr. Stewart, while acting as a producer, has violated Ark. Code Ann. § 23-66-206(10)(A), in that he paid or offered to pay as an inducement to an insurance contract a rebate or premiums payable. Mr. Stewart, while acting as the agent, paid the premiums on the policy on the life of Roberta Taylor.

4. Mr. Stewart, while acting as a producer, has violated Ark. Code Ann. §23-79-103 in that he caused to be sold an insurance policy for which he was a beneficiary but in which he had no insurable interest. An insurance interest includes only individuals closely related by blood or by law, where there is a substantial interest engendered by love and affection. Specifically, Mr. Stewart had no insurable interest in the life of his former mother-in-law, Roberta Taylor.

5. Mr. Stewart has violated Ark. Code Ann. §23-64-514(a), that stipulates "[a]n insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer." Mr. Stewart solicited insurance products to Bertha Brown on behalf of Royal Neighbors, despite the fact that he, nor his wife, had an appointment with the insurer.

6. The Commissioner has the authority to issue an emergency license suspension pursuant to Ark. Code Ann. §§ 23-64-216(e) and 25-15-211(c).

7. An administrative hearing will be held promptly, as required by Ark. Code Ann. § 23-64-216(e). A Notice of Hearing is being served herewith.

8. The Commissioner and the Department reserve the right to amend the allegations, findings and conclusions set forth herein and further reserve the right to present additional allegations and evidence in any subsequent order or administrative hearing.

IT IS THEREFORE ORDERED:

In consideration of the Commissioner's Findings of Fact and Conclusions of Law, the Respondent's Arkansas Resident Producer License, National Producer Number 1149524, is hereby immediately suspended. Respondent shall not, during the term of this suspension, conduct the business of insurance in the State of Arkansas, including contacting consumers. This Order shall be rescinded upon the hearing, which is scheduled July 16, 2015, at 2:00 p.m. . Should this hearing be postponed, the Order shall remain in place until hearing.

IT IS SO ORDERED this 30th day of June, 2015.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS