

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF  
JAMES L. VARNER  
TULSA, OKLAHOMA**

**A.I.D. NO. 2006- 039**

**EMERGENCY SUSPENSION ORDER**

On this day, the emergency matter of JAMES L. VARNER (“Respondent”), of Tulsa, Oklahoma, came before Julie Benafield Bowman, Arkansas Insurance Commissioner (“Commissioner”). The Arkansas Insurance Department (“Department”) is represented by Ms. Jean Langford, Chief Counsel – Legal Division. From the facts and matters before the Commissioner, she finds:

1. That the Insurance Commissioner has jurisdiction over the parties and subject matter pursuant to Ark. Code Ann. §23-61-103; and she has the authority to issue emergency license suspensions under Ark. Code Ann. §23-64-216(e)(Supp. 2005) and §25-15-211(c).
2. That Respondent is currently licensed as a non-resident insurance producer in the State of Arkansas. Respondent’s last address of record at the Arkansas Insurance Department is 8839 South Lakewood, Tulsa, Oklahoma 74137. Respondent’s date of birth is November 11, 1940. He currently holds Arkansas Non-Resident Producer License #34429. Respondent says that he holds property in both states and thus has dual resident licenses in the States of Oklahoma and Texas.
3. The Department received information that after forty (40) years or more of an incident-free producer license record in Oklahoma, Respondent was found guilty of misconduct or non-compliance with Oklahoma laws or rules, and was suspended in that state for ninety (90)

days and fined \$1,000 as a monetary penalty. The findings in that Oklahoma domiciliary Order, Case No. 05-2116-DIS, dated March 17, 2006, stated that:

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3. The Respondent altered his expired producer license to indicate an issue date of November 20, 2005 and an expiration date of November 20, 2006.

4. The Respondent's altered producer license also included the signature of ex Insurance Commissioner Carroll Fisher, who resigned from office in September 2004.

5. On December 20, 2005, the Respondent submitted a copy of his altered producer license via facsimile to Guardian Life Insurance Company of America.

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4. Respondent was obliged to and did report via electronic mail to the Arkansas Insurance Commissioner the circumstances of the Oklahoma sanction order against him as a resident insurance producer therein, as he was required to do pursuant to Ark. Code Ann. §23-64-517(b), as to administrative action taken against his license in another jurisdiction; this is basically the notice providing that information about Respondent which prompted the Arkansas Department review of Respondent's license file in this state and the Oklahoma Order, for consideration of appropriate Arkansas Department action.

5. The Department has taken the position that under these grave circumstances, Respondent is not eligible for renewal of his Arkansas non-resident insurance producer license on November 11, 2006 under various Arkansas laws recited below, and asked the Insurance Commissioner to agree to an emergency license suspension order, as well as a formal non-renewal of Respondent's non-resident producer license on and after November 11, 2006.

6. Under the Producer License Model Act, Ark. Code Ann. §23-64-216 and §23-64-512, the Insurance Commissioner has granted the request of the Department and now orders the Department to refuse to renew Respondent's non-resident producer license due to the Oklahoma resident license suspension order issued recently by the Oklahoma Insurance Commissioner. That is because Respondent no longer meets eligibility in the non-resident state as he was not in good standing in his resident state of Oklahoma pursuant to Ark. Code Ann. §23-64-508(a)(1) and §23-64-516; concerning the usual and customary terms of reciprocity between states, requiring the non-resident Arkansas insurance producer to hold a resident producer license in good standing in a state of domicile. This decision is prompted by and due to Respondent's own deceptive and illegal misconduct as described in that Order issued in his state of domicile, and pursuant to Respondent's violations under subsections (a)(1) of Ark. Code Ann. §23-64-216 (Supp. 2005), and especially the following grounds at Subsection (a) of Ark. Code Ann. §23-64-512(Supp. 2005):

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(2) Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner;

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(7) Having admitted or been found to have committed any insurance unfair trade practice or fraud;

(8) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility; and

(9) Having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory;

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**IT IS THEREFORE ORDERED AND ADJUDGED, AS FOLLOWS:**

A. Due to the gravity of the charges in Oklahoma and violations of Arkansas law, it is found that a public emergency exists for the immediate suspension of Respondent's Arkansas non-resident insurance producer license. Upon reflection of his misconduct, Respondent no longer meets insurance producer eligibility requirements to retain an Arkansas license under Ark. Code Ann. §23-64-216, §23-64-506(Supp. 2005) (a)(2),(c)(e) and most particularly, §23-64-512 (Supp. 2005)(a)(7) and (8), including having admitted or been found to have committed an insurance unfair trade practice or fraud per subsection (a)(7), and using fraudulent or dishonest practices, demonstrating untrustworthiness and lack of good personal and business reputations per subsection (a)(8), including the grounds listed in the findings under Section 6 above.

B. Any and all licenses issued by the Arkansas Department, whether acquired by the Respondent, James L. Varner, for being a non-resident Arkansas agent, broker or producer, is/are hereby suspended, pending a promptly scheduled hearing on the above matter, which hearing will also consider the permanent non-renewal of Respondent's license(s).

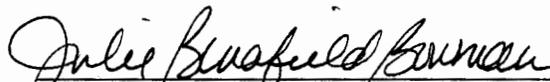
C. Respondent shall cease and desist any and all insurance business activity as a producer related to any licenses issued by the Department, other than servicing of his subsisting Arkansas policies to ensure no lapse in service to affected Arkansas consumers until this situation is resolved and his appointing or contractual companies for his Arkansas book of business have taken appropriate action pursuant to internal Company procedures for producers and/or any subsisting contracts with Respondent.

D. The Department shall notify Respondent's appointing companies on his Arkansas non-resident license of this action under Ark. Code Ann. §23-64-217(a)(3)(Supp. 2005) and

other provisions; and shall ask Respondent for a return of his Arkansas non-resident license by return mail or delivery by or before November 11, 2006, pursuant to Ark. Code §23-64-218(a)(2). By or before November 11, 2006, the License Division of the Department shall note this Order and is hereby directed to enter the emergency suspension order and the non-renewal of Respondent's non-resident Arkansas producer license or any other licenses on the permanent Department records as herein directed by the Insurance Commissioner.

E. Respondent may make written demand by mail or electronic mail upon the Insurance Commissioner within thirty (30) days of your receipt of this notice, in order to confirm his desire and request for a hearing before the Commissioner to determine the reasonableness of her action in this matter under Ark. Code Ann. §23-64-512(b)(Supp. 2005).

IT IS SO ORDERED this 26<sup>th</sup> day of September, 2006.

  
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**JULIE BENAFIELD BOWMAN**  
**INSURANCE COMMISSIONER**  
**STATE OF ARKANSAS**