

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

ARKANSAS INSURANCE DEPARTMENT,)
Petitioner)
)
vs.)
)
KERRY LERON FERRELL,)
Respondent)

A.I.D. NO. 2012- 340

LICENSE REVOCATION ORDER

On this day, the matter of Kerry Leron Ferrell (“Respondent”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). A hearing was held at 9:00 a.m. on March 27, 2012, in the Hearing Room of the Arkansas Insurance Department (“Department”) pursuant to a Second Amended Notice of Hearing dated March 9, 2012. The hearing was held before Chief Deputy Commissioner Lenita Blasingame (“Hearing Officer”), pursuant to her appointment by the Commissioner in accordance with Arkansas Code Annotated § 23-61-103. The Department was represented by Amanda J. Andrews, Associate Counsel, and Respondent was represented by Darrell F. Brown, Jr.

FINDINGS OF FACT

1. Respondent holds an Arkansas Resident Producer License, number 352182, and he resides in North Little Rock, Arkansas.
2. On October 8, 2011, Respondent was arrested at the North Little Rock office of Advantage 1 Auto Insurance for several drug-related crimes. Arkansas Insurance Alliance, a licensed resident agency, does business as Advantage 1 Auto Insurance, and employed Respondent until the date of his arrest.

3. On October 8, 2011, Respondent was charged with several drug-related crimes, which were later reduced to misdemeanor charges in Pulaski County District Court, and on February 15, 2012, Respondent entered a plea of not guilty to possession of a controlled substance and possession of drug paraphernalia.

4. At no time prior to the hearing did Respondent notify the Department of the criminal charges filed against him or the plea he entered in Pulaski County District Court, and he did not provide the Department with an updated business address after he was terminated by Arkansas Insurance Alliance.

5. During the investigation of this case, the Department discovered that Respondent charged the agency's customers a fee of \$6.00 each time a customer made a premium payment in person at the agency office.

6. The Department also discovered that Respondent did not have any personal appointments with the companies for which he sold insurance, and he was not properly affiliated with Arkansas Insurance Alliance in order to sell insurance under its appointments.

7. On February 8, 2012, the Department notified Respondent that a hearing was scheduled for February 29, 2012 to address the charges for drug-related crimes and the fees Respondent charged the agency's customers to pay their insurance premiums at or through the North Little Rock office. Per agreement of the parties, the hearing was rescheduled for March 27, 2012. Respondent appeared at the hearing with counsel.

8. At the hearing, the president of Arkansas Insurance Alliance testified that the agency did not approve its agents to charge customers any fee to pay premiums at the agency office, and it is the practice of the agency to accept its customers' premium payments and

forward the payments to the insurance company as a courtesy to the customer and for no additional charge.

9. Respondent admitted that he was arrested for drug-related charges on October 8, 2011, entered a plea of not guilty to the charges on February 15, 2012, failed to notify the Department of the charges and his plea, and failed to update his business address after his termination. Respondent also testified that he charged customers a fee to accept premium payments made in person at the North Little Rock office, and though he did not completely understand for what the fee was charged, he did not ask or obtain permission from his supervisor(s) or any agency officer before charging such a fee.

CONCLUSIONS OF LAW

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

10. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Arkansas Code Annotated § 23-61-103.

11. Arkansas law requires a licensee to report any criminal charge or plea in any court within thirty (30) days, and failure to so report may result in immediate suspension of the license. Ark. Code Ann. §§ 23-64-201(e) and 23-64-517(b). Similarly, a licensee is also required to notify the Department of a change of address within thirty (30) days of the change. Ark. Code Ann. § 23-64-507(f).

12. Arkansas law prohibits a producer from willfully collecting as a premium or charge for insurance any sum in excess of the premium or charge applicable to the insurance in accordance with the applicable classifications and rates as filed and approved if necessary by the

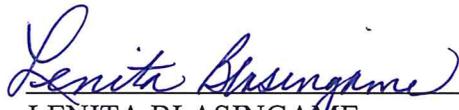
Insurance Commissioner.¹ Ark. Code Ann. § 23-64-210(b)(1).

13. The Commissioner may revoke a producer's license for any one (1) or more of the following causes: violating a law; having admitted or been found to have committed any insurance unfair trade practice or fraud; and demonstrating incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility. Ark. Code Ann. § 23-64-512(a)(2)(A), (7), (8).

RECOMMENDATIONS OF THE HEARING OFFICER

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before her, the Hearing Officer recommends:

Based upon the Respondent's failure to report the drug-related charges within thirty (30) days of being charged or entering a plea of in court, failing to notify the Department of his change in business address, and charging customers of Arkansas Insurance Alliance a fee for in-office payments of premiums, all in violation of Arkansas Code Annotated §§ 23-64-201(e), 23-64-517(b), 23-64-507(f), 23-64-210 and 23-64-512(a)(2)(A), (7), (8), I recommend that the Respondent's Individual Resident Insurance Producer License, number 352182, be revoked.


LENITA BLASINGAME
CHIEF DEPUTY COMMISSIONER
and HEARING OFFICER

¹ There was no evidence presented that the fee was disclosed to the agency's customers on the invoice or billing statement sent to the customer, or that the aggregate sum of the fees and all producers' commissions or other compensation due and owing for that policy or contract did not exceed twenty percent (20%) of the total gross premium charged the insured by the insurer for that policy or contract. *See* Ark. Code Ann. § 23-66-310(c).

CERTIFICATION

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer were made by and under my authority and supervision by Lenita Blasingame, Chief Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

THEREFORE, it is hereby ORDERED that the Respondent's Individual Resident Insurance Producer License, number 352182, is hereby revoked.

IT IS SO ORDERED THIS 27th DAY OF April, 2012.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS