

Arkansas Insurance Department

Mike Beebe
Governor

Julie Benafield Bowman
Commissioner

January 19, 2007

Mr. Timothy A. Dennis
Dennis Insurance Services, LLC
1310 North Division Street,
Forrest City, AR 72335-2334

Re: Tim Dennis, Arkansas Resident Producer License #19132 ("Respondent"); and Dennis Insurance Services, LLC. ("Respondent" or "Agency"), AR Resident Producer License #267744: Farmers' Group of Companies ("Farmers" or "Group") - Complaint as to Producer Activities during and after termination of former insurance appointments and producer contracts

LETTER OF REPRIMAND

Dear Mr. Dennis:

The Department received in 2004-2005, a complaint of the Farmers' Group of Companies against you and your new Agency, as captioned above. That prompted Department personnel from the Consumer Services Division and others to meet with Farmers' representatives to discuss Farmers' receipt of myriad numbers of policy cancellations, following your termination as a captive agent/producer for the licensed insurers operating in this state among the Farmers Group of Companies. Thereafter, we received your own complaint against the Farmers Group of Companies, complaining about slow processing of the Arkansas consumers' requests for cancellation of Farmers auto and homeowner policies, due to replacement coverage's requested of you and/or so arranged by you with other carriers for those consumers in the Delta counties of Arkansas.

Pursuant to the filed complaints, an investigation conducted by this Department, and three (3) separate investigative conferences held for you individually, for Ms. Stewart individually, and lastly for Farmers' representatives, you and your Agency are hereby served with this **LETTER OF REPRIMAND**.

It is undisputed that you were an appointed resident producer for Farmers' Group of Companies for over twenty (20) years. In 2004, that contractual relationship was terminated for a perceived conflict of interest; you and your new Agency were no longer serving as Farmers' producers after your individual contract with Farmers' Group was terminated on May 21, 2004; and evidenced on Department records on May 27, 2004. You and your new Agency then mailed letters to your former Farmers' customers, to provide information and also clearly to solicit their continued business for the Agency.

It is undisputed that you and your Agency partner, Ms. Jan Stewart (sister), arranged for Arkansas customers in the Delta to sign requests for cancellation later mailed to the issuing insurer among the Farmers' Group of Companies. Those notices to Farmers' offices were arriving en mass, prompting the Farmers' conference with the Department in 2005. You admitted to the Department that of some 1100 Farmers' policies in your former book of business, you retained about 500 policies or more at an estimate, as those customers were placed with insurers in your new Agency with Ms. Stewart's assistance, but with companies outside the Farmers' Group.

In coordinating replacement policies with the new Agency's insurers, prompting you to assist consumers to request Farmers' policy cancellations in writing, you and Ms. Stewart and the Agency failed to include proof of replacement coverage, which should have prompted Farmers' speedier processing of cancellation and premium refunds due.

To the Department, Farmers alleged that you and Dennis signed customers' names on cancellation forms for those who resided out of Forrest City; submitted those to Farmers' companies; but failed to include any indication that you had signed for the insured. We have no evidence that you had authority, such as a power of attorney, to sign execute legal documents for consumers or insureds.

It is undisputed that also during this period in 2004-2005, you advised Farmers' insured's to ignore, and not even to respond to or pay Farmers' premium billings which consumers received in the mail, ostensibly because they now had replacement coverage with other carriers through your new Agency. That prompted concerns among those consumers about past-due notices and collection agency attempts to collect those debts, which later had to be resolved by the Farmers' Group of Companies at the Department's request, to ensure no credit bureau report of any of these consumers had negative information as a result of the consumers' change in insurance. It is undisputed that this problem for these consumers could have been avoided had you or your Agency sent along proof of replacement coverage's.

However, in review of the file to determine not to pursue administrative proceedings, it is noted in mitigation that you and the new Agency had no previous complaints against your producers' licenses on records at the Department prior to the Farmers' complaint. You advised the Department that you directed and assisted consumers who wanted to remain with Farmers' Group of Companies to use the 1-800 telephone

number for Farmers' and the Group's insurance website as notice to the companies. Also, you had previously notified the Department of some consumers' concerns or complaints that Farmers was not processing the cancellations and premium refunds quickly enough, which the Department addressed with the Group. The former Farmers' clients with replacement coverage's had no lapse in insurance coverage or uninsured claims, to the best of staff knowledge, as a result of the replacement process conducted at your Agency. The investigation also revealed that, in some cases, the replacement coverage premiums were lower in price than the prior policy, with presumably equivalent coverage's. You also disclosed to the Department that in 2004 and 2005, without fees or commissions, you continued to assist Arkansas policyholders by adjusting claims as requested by the company correspondence, for Farmers' Group policies with Foremost Insurance Company; you were not terminated with Foremost until April 12, 2005, per the Department's producer license records.

In view of the foregoing, please be advised that this **LETTER OF REPRIMAND** will be placed in Respondents' files as a permanent record for referral, should any other complaints be received by the Department regarding Respondents' conduct as insurance producers in this State. Also, this Letter of Reprimand will be copied to the National Association of Insurance Commissioners and Respondents' appointing companies as currently listed on Department records. This matter is closed and the Department will take no further action at this time.

Sincerely,



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