NEBRASKA DEPARTMENT
OF INSURANCE

JAN 23 2001

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

STATE OF NEBRASKA DEPARTMENT OF INSURANCE PETITIONER, VS. DOUGLAS K. LARKIN, AND LARKIN INSURANCE SERVICE, INC. RESPONDENT.	)))))))))))	CONSENT ORDER CAUSE NO. A-1420

In order to resolve this matter, the Nebraska Department of Insurance ("Department") by and through its attorney, Linda R. Sanchez-Masi and Douglas K. Larkin, and Larkin Insurance Service, Inc., (collectively referred to as "Respondent") mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb.Rev. Stat. §44-101.01 and §44-4001, et seq.

2. At all times, material hereto, Douglas K. Larkin was licensed as a resident insurance agent and broker under the laws of Nebraska, and Larkin Insurance Service, Inc. ("agency"), was a licensed insurance agency under the laws of Nebraska. Douglas K. Larkin, was the licensed designated agent of Larkin Insurance Service, Inc., and as such, was responsible for all agency transactions.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled *State of Nebraska Department of Insurance vs. Douglas K. Larkin, and Larkin Insurance Service, Inc.*, on December 20, 2000. A copy of the petition was served upon the Respondent at

the Respondent's address registered with the Department by facsimile and by certified mail, return receipt requested.

2. The Petition alleges that Douglas K. Larkin and Larkin Insurance Service, Inc., violated Neb. Rev. Stat. §44-4028 (3), (11) and (17), and §44-4038, and §44-4039.

3. A market conduct examination ("examination") was conducted by the Nebraska Department of Insurance market conduct examiners ("examiners"), on or about October 17, 2000, and October 25, 2000, at Larkin Insurance Service, Inc., which is located at 720 East 4th Street, North Platte, NE 69101. The examination revealed that certain financial burdens in the Larkin Insurance Service, Inc., existed, and that the agency was in need of an infusion of capital to operate in an efficient manner. Respondent agrees to obtain financing which will be utilized to meet general business expenses of the agency. Mr. Larkin agrees to provide the Department of Insurance with copies of all loan documents upon completion of the loan transaction, which is to be completed by January 31, 2001.

4. The examiners observed that the agency did not have sufficient employees to transact the business generated by the agency. Respondent agrees to immediately hire and maintain adequate and competent personnel to carry out agency activities.

5. The examination revealed considerable confusion with regard to the maintenance of agency records. Respondent agrees to maintain two filing systems: (1) a filing system containing a hard copy or paper record of agency transactions; and (2) a computerized transactional filing system.

6. Specifically, with regard to recordkeeping, Respondent agrees to maintain proper records, including but not limited to: (a) taking insurance applications and forwarding them to the proper insurance company on the same day that they are completed; (b) sending courtesy letters to insureds, clients of the agency, who have received cancellation notices from their respective insurance companies for non-payment of premiums; (c) filing of any and all insurance

communications or other documents on the same day they received; (d) servicing agency accounts in a timely and proper manner; (e) filing and attending to all claims filed with the agency on the same day the claim is filed or on the day in which all claim information is complete; and (f) all agency personnel will keep a daily phone log, which shall contain the following: date of call, time of call, whether the call is incoming or outgoing, subject of the call, and whether and to whom the call is referred.

7. During the examination, the examiners identified various problems relating to the servicing of client accounts and incomplete records. Respondent agrees to the following: (a) when renewals are sent to clients, licensed agency personnel will contact the insureds to determine if changes in coverage should be made; (b) insurance premiums brought to the agency for payment will be recorded in the client's file and will be forwarded to the proper insurance company on the day received; (c) agency personnel will review all agency files to ascertain that all information in the file is correct, and that the file is complete with documentation relating to all insurance transactions carried out by the agency. The review of agency files will include examination of the renewal date, whether services performed for the insured contain the proper documentation, whether any service to the account is required, whether changes to the account are required, and whether claims are properly recorded. Respondent agrees to complete the review no later than February 7, 2001.

8. During the examination, examiners made comments and inquiries regarding agency records. Bruce Ramge, Insurance Chief of Regulation, requested a response from Respondent pertaining to those records.. Respondent agrees to respond in writing to Mr. Ramge's request no later than January 10, 2001.

9. On or about October 24, 2000, and November 6, 2000, Barbara L. Ems, a Department Consumers Affairs investigator, wrote to Douglas K. Larkin and requested that he respond to a complaint received by the Consumer Affairs Division of the Nebraska Department of Insurance. Respondent agrees to respond to Ms. Ems no later than December 28, 2000.

10. Respondent agrees to reconcile and resolve all issues with respect to the North Platte Airport Authority account no later than January 31, 2001.

11. Respondent agrees that the market conduct examiners may verify compliance with the provisions of this Consent Order pursuant to Neb.Rev.Stat. §44-4039.

12. Respondent was informed of their right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving their right to a public hearing, Respondent also waives their right to confrontation of witnesses, production of evidence, and judicial review.

13. Respondent admits the allegations contained in the Petition.

CONCLUSIONS OF LAW

Respondent's conduct as alleged in the Petition, *State of Nebraska Department of Insurance v. Douglas K. Larkin, and Larkin Insurance Service, Inc.*, Cause No. A-1420, constitutes a violation of Neb. Rev. Stat. §44-4028 (3), (11) and (17), and §44-4039, and §44-4038.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent, Douglas K. Larkin and Larkin Insurance Service, Inc., that Respondent shall comply with all provisions as recited in this Consent Order, and that Respondent shall pay an administrative fine in the amount of $500.00, thirty (30) days from the date the Director signs this Consent Order. It is further ordered that if full payment is not received thirty (30) days from the date the Director signs this Consent Order, grounds shall exist for a hearing to be called wherein Douglas K.

Larkin and Larkin Insurance Service, Inc., shall show cause why their Nebraska producers licenses should not be revoked. The Nebraska Department of Insurance shall retain jurisdiction of this matter for the purpose of enabling the Respondent or the Department to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his and her signature below.

Linda R. Sandoz-Masi
Attorney for Nebraska
Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508
(402) 471-2201

DATE 1-23-01

Douglas K Larkin
Respondent

DATE 1-8-01

Attorney for Respondent

DATE

State of Nebraska)
) ss.
County of Lincoln)

On this 8 day of January, 2001, Douglas K. Larkin personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his voluntary act and deed.

Katherine J. Bowman

GENERAL NOTARY-State of Nebraska
KATHERINE J. BOWMAN
My Comm. Exp. 6-1-03

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of *State of Nebraska Department of Insurance vs. Douglas K. Larkin and Larkin Insurance Service, Inc.*, Cause No. A-1420.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

L. TIM WAGNER
Director of Insurance

DATE 1/23/00

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent at Respondent's address of 720 East 4th Street, P.O. Box 98, North Platte, NE 69101, by certified mail, return receipt requested on this 23rd day of ~~December~~ January, 2000.

Stacey M. Bullfinch