

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

ARKANSAS INSURANCE DEPARTMENT,)
Petitioner)
)
vs.)
)
LORI LYNN SWAFFER,)
Respondent)

A.I.D. NO. 2011- 047

ORDER

On June 9, 2011, the matter of Lori Lynn Swaffer (“Respondent”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). The Arkansas Insurance Department (“Department”) was represented by Ashley Fisher, Associate Counsel, in this matter. From the facts and law before the Commissioner, he finds as follows:

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103.
2. 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).

FINDINGS OF FACT

3. Respondent holds Arkansas Non-Resident Producer License No. 11629 and resides in Memphis, Tennessee. Respondent and her husband operate Swaffer and Associates Insurance Agency in Memphis, Tennessee.
4. The Department’s Property and Casualty Division received a telephone call from Juanita Denham d/b/a Denham Drywall, a contractor, who subsequently faxed a written statement to the Department.
5. Ms. Denham stated that Liberty Mutual Insurance Company performed an audit on her business and found that the Certificates of Insurance for workers’ compensation coverage on

Cesar Alonzo Limones Hernandez, a subcontractor, were not valid.

6. Two Certificates of Insurance were issued to Mr. Hernandez by Swaffer & Associates Insurance Agency – one of which showed workers' compensation coverage with Berkley Insurance for the period of January 31, 2009 to January 31, 2010 and commercial liability coverage with American Safety from September 24, 2008 to September 24, 2009 and was signed by an unlicensed employee. The second certificate showed workers' compensation coverage with Berkley Insurance for the period of February 2, 2010 to February 2, 2011 and was signed by the Respondent.

7. The Department contacted both of the insurers listed on the Certificates of Insurance and learned that the coverage represented was not bound and the policy numbers were invalid.

8. The Legal Division opened an investigation into the Respondent's activities on or about November 4, 2010. On January 13, 2011, the Respondent appeared for an Investigative Conference, during which the Certificates of Insurance were discussed. Respondent was unable to provide any evidence that the policies listed on the certificates were ever bound or were valid.

9. Because the represented workers' compensation coverage was not valid and no policy was issued, Ms. Denham owed additional premium to Liberty Mutual Insurance Company following its audit. Due to the misrepresentations by Swaffer and Associates Insurance Agency, the Respondent paid Liberty Mutual Insurance Company an amount of one thousand eight hundred thirty-six dollars (\$1,860.00) on April 1, 2011 as directed by the Department.

10. Respondent admitted on the record that she had allowed unlicensed staff to bind coverage. Additionally, she admitted that she bound coverage in violation of National Council of Compensation Insurance guidelines. She admitted that premiums were placed into agency accounts without remittance to an insurance company.

CONCLUSIONS OF LAW

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

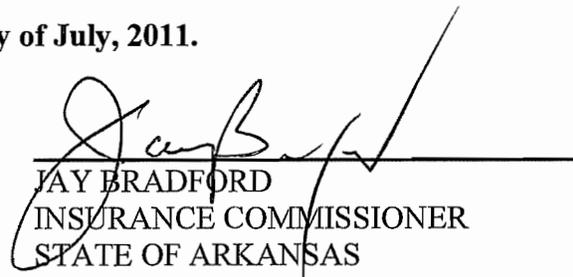
11. Under the provisions of Ark. Code Ann. § 23-64-512(a)(7) and (8), the Commissioner may suspend or revoke a producer license for having been found to have committed any insurance unfair trade practice or fraud, using fraudulent or dishonest practices or demonstrating untrustworthiness or lack of good personal or business reputation.

12. Based upon the evidence and testimony presented at the hearing, the Respondent is found to have violated Ark. Code Ann. § 23-64-201 and 23-64-512(a)(7) and (8).

IT IS HEREBY ORDERED that:

Respondent's Arkansas Non-Resident Producer License No. 11629 is hereby REVOKED. Respondent shall not conduct the business of insurance until she has obtained a license consistent with the provisions of Ark. Code Ann. § 23-64-217(b).

IT IS SO ORDERED THIS 1st **day of July, 2011.**


JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS