

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

ARKANSAS INSURANCE DEPARTMENT, )  
)  
vs. )  
)  
WILLIAM GRANT DEARMORE, )  
License No. 233759 )  
)  
)

A.I.D. No. 2012- 027

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**PROBATION ORDER**

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On this day, the matter of William Grant Dearmore (“Respondent”) came before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). A hearing was held at 10:00 a.m. on December 16, 2011, in the First Floor Hearing Room of the Arkansas Insurance Department (“Department”) pursuant to the Third Amended Notice of Hearing dated December 13, 2011. The hearing was held before Chief Deputy Commissioner Lenita Blasingame (“Hearing Officer”) pursuant to her appointment by the Commissioner in accordance with Ark. Code Ann. § 23-61-103. The Department was represented by Nina Samuel Carter, Associate Counsel and the Respondent was represented by Allan W. “Dick” Horne of Dover Dixon Horne, PLLC.

**FINDINGS OF FACT**

1. The Commissioner of Insurance has jurisdiction pursuant to the Arkansas Insurance Code, specifically Ark. Code Ann. §§ 23-61-101, *et seq.*
2. Ark. Code Ann. §§ 23-61-101, *et seq.*, assigns the responsibility for administration of the Arkansas Insurance Code to the Arkansas Commissioner of Insurance (hereinafter referred to as the “Commissioner”). The Department is the lawful agency through

which the Commissioner administers the Arkansas Insurance Code, and is authorized to bring this action for the protection of Arkansas consumers.

3. William Grant Dearmore (hereinafter referred to as "Respondent") is a person currently licensed by the Department as a resident insurance producer with an address of record being 221 Ninth Street, Cotter, Arkansas 72626. Respondent currently holds Arkansas Resident Producer License Number 233759 and is licensed to sell life, accident, health and sickness, casualty, property, surety insurance and motor club products in the State of Arkansas.

4. On or about May 9, 2009, the Smith-Johnson Veterans of Foreign Wars ("VFW") submitted premium monies in the amount of seven hundred seventy-one dollars and seventy-four cents (\$771.74) via check to the Respondent for insurance coverage on its building.

5. When the VFW did not receive a policy, it contacted the Respondent. After several requests, the VFW finally received a document purporting to be a Certificate of Insurance showing Northland Casualty Insurance Company ("Northland Casualty") as the carrier, with a policy number of WB15886.

6. Shortly thereafter, the VFW then called Northland Casualty to check on the policy. Northland Casualty told the VFW that they had not issued a policy to the VFW or received an application or premiums from or on behalf of the VFW. Further, Northland Casualty told the VFW that the policy number did not indicate a Northland Casualty policy as their numbers do not start with "WB". Respondent claims he used the account number provided in the premium finance agreement.

7. Upon talking to Northland Casualty, the VFW contacted the Respondent and demanded a refund. After the Department received a complaint from the VFW, on February 22,

2010, the sum of seven hundred seventy-one dollars and seventy-four cents (\$771.74) was refunded to the VFW by the Respondent.

8. The Department confirmed that Respondent does not have binding authority for Northland Casualty or the general agent Graham-Rogers and does not nor did he ever have the authority to issue such certificates of insurance. Further, neither company issues temporary binder numbers for policies prior to the actual policy being issued, thus, the use of the account number as a policy number is not a common practice with these companies and is an inappropriate practice.

9. On May 21, 2009, George Lanning submitted premium monies in the amount of eight hundred fifteen dollars (\$815.00) via check to Respondent's agency for a personal auto insurance policy and homeowners insurance policy. These policies were written through Safeco Insurance on July 29, 2009.

10. Mr. Lanning began to receive notices from Safeco Insurance stating that he owed the company money for the homeowners insurance; however, the check submitted to Respondent had cleared. Respondent provided an explanation that as a clerical error, he set the homeowners policy as "agency bill" instead of the option to sweep the annual premium from the agency account, and, thus, held the additional premium and made monthly payments to the company.

11. As a result of the collection efforts by Safeco, Mr. Lanning called Respondent for an explanation and was told that the Respondent would take care of the matter.

12. On February 22, 2010, the sum of five hundred twenty-eight dollars (\$528.00) was refunded to Mr. Lanning by the Respondent.

13. Respondent has taken full responsibility for his actions and was cooperative during the investigation. Respondent has put corrective and preventative measures in place for his agency by adding a tickler system and hiring an agency manager.

### **CONCLUSIONS OF LAW**

13. Ark. Code Ann. § 23-64-512(a) provides, in pertinent part, that the Commissioner may place on probation, suspend, revoke, or refuse to renew an insurance producer's license or may levy a civil penalty, in accordance with § 23-64-216, or any combination of actions upon finding that an insurance producer has violated one or more of the grounds enumerated therein.

14. Respondent accepted premium moneys from the VFW and held that premium for more than eight (8) months without coverage being bound, which is a basis for license probation, suspension, or revocation pursuant to Ark. Code Ann. § 23-64-512(a)(2).

15. Respondent issued a Certificate of Insurance evidencing that insurance coverage had been bound by Northland Casualty even though the Respondent knew or should have known that such coverage did not exist as the premium monies had not been forwarded to Northland Casualty or any other insurer, which is a basis for license probation, suspension, or revocation pursuant to Ark. Code Ann. § 23-64-512(a)(2), (4), (8).

16. Respondent accepted premium moneys from the VFW and held that premium for more than eight (8) months without coverage being bound, which is a basis for license probation, suspension, or revocation pursuant to Ark. Code Ann. § 23-64-512(a)(4)

### **IT IS THEREFORE ORDERED AND ADJUDGED that:**

A. Respondent's Resident Producer License, Number 233759, shall be, and hereby is, placed on probation for a period of two (2) years from the date of this Order pursuant to Ark.

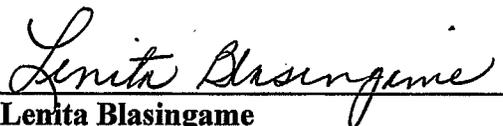
Code Ann. § 23-64-512(a). Any failure to comply with the provisions of this order or the Arkansas Insurance Code, or the receipt of similar or related complaints against the Respondent, during the period of probation may result in the suspension or revocation of the Respondent's producer license.

B. Respondent is required to take eight (8) additional hours of Continuing Education on Errors & Omissions, in addition to the twelve (12) hours of Continuing Education ("CE") required by Rule 50. The additional eight hours CE will not count toward the Ark. Code Ann. § 23-64-301 and Rule 50 CE. Respondent must provide documentation of completing the additional hours to both the Licensing Division and the Legal Division of the Arkansas Insurance Department.

C. Respondent will compile a manual which details Respondent's authority under his arrangement with each surplus lines broker he obtains quotes from, including but not limited to, binding authority and procedures for writing and binding insurance coverage. Respondent must provide a copy of such manual to the Department within sixty (60) days of this Order.

#### **RECOMMENDATION OF HEARING OFFICER**

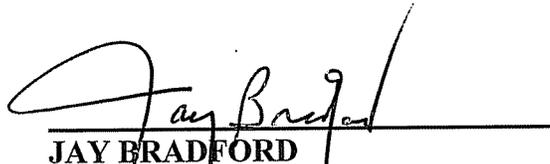
Upon consideration of the evidence of record, the Hearing Officer recommends that the foregoing Findings and Conclusions of Law be approved and adopted and that the probationary status of all insurance producer licenses for Respondent William Grant Dearmore is hereby upheld.

  
**Lenita Blasingame**  
**Chief Deputy Commissioner and**  
**Hearing Officer**

**CERTIFICATION**

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above and foregoing matter was conducted by Lenita Blasingame, Chief Deputy Commissioner and Hearing Officer, by and under my authority and supervision. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendation in full, as set forth herein.

IT IS SO ORDERED THIS 17<sup>th</sup> day of January, 2012.

  
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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS