

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

ARKANSAS INSURANCE DEPARTMENT)
Petitioner)
)
vs.)
)
MICHAEL EUGENE MCDONALD)
Respondent)
)

A.I.D. NO. 2014- 225

REVOCATION ORDER

On this day, the matter of Michael Eugene McDonald (“Respondent”) comes before Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”). The Arkansas Insurance Department (“Department”) is represented by Ava Franks, Associate Counsel, in this matter.

FINDINGS OF FACT

1. Respondent holds Arkansas Resident Producer License No. 241574.
2. On or about June 26, 2013, the Department received a consumer complaint that alleged Respondent changed a policy without the consumer’s knowledge.
3. On or about February 11, 2014, an Investigative Conference was held.
4. Respondent admitted to financing consumers’ premiums by paying consumers’ premiums in whole in order for them to obtain insurance, charging fees on his agency monthly premium financing plan, and endorsing premium refund checks by signing consumers’ signatures and using his agency stamp to mark deposit only during that Investigative Conference.
5. The companies with which Respondent was appointed do not offer premium financing in the circumstances in which Respondent was premium financing.

6. A hearing was held June 24, 2014, during which Respondent admitted to financing consumers' premiums by paying consumers' premiums in whole in order for them to obtain insurance, charging fees on his agency monthly premium financing plan, and endorsing premium refund checks by signing consumers' signatures and using his agency stamp to mark deposit only.

7. Also during the hearing, Respondent explained his reasoning for paying consumer premiums in whole: "I would go ahead and pay the six (6) months upfront, and my thinking was, is that if the insurance agency is going to get the eight dollars (\$8.00), I'd rather get the eight dollars (\$8.00)...I wasn't looking at trying to charge them a lot of extra money. I was just saying, well, that's eight dollars (\$8.00) that I can get out of that, so that's what I was doing."

8. Respondent explained further reasons for paying consumer premiums in advance by stating: "If I paid it [the premium] for six (6) months in advance, I could get the 10-percent discount or 8-percent discount, whatever the agency had, plus the eight dollar (\$8.00) rebilling fee."

CONCLUSIONS OF LAW

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

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

8. No person shall willfully collect any sum as a premium or charge for insurance that is not then provided or is not in due course to be provided, subject to acceptance of the risk by the insurer, by an insurance policy issued by an insurer as authorized by the Arkansas Insurance Code. Ark. Code Ann. §23-66-310(a).

9. No producer shall pay, allow, or offer to pay, any valuable consideration or inducement whatever not specified in the policy except to the extent provided for in an applicable filing with the Commissioner as provided by law. Ark. Code Ann. §23-66-308(a).

10. The Arkansas Insurance Code Trade Practices Act defines Rebating as: paying, allowing, or giving or offering to pay, allow, or give, as an inducement to the insurance contract any rebate of premiums payable on the contract or any special favor or advantage in the benefits thereon or any valuable consideration or inducement whatever not specified in the contract. Ark. Code Ann. §23-66-206(10)(A)(ii).

11. The Commissioner may revoke a producer's license for violating a law, regulation, or order of the Commissioner. Ark. Code Ann. §23-64-512(a)(2).

12. The Commissioner may revoke a producer's license for improperly withholding, misappropriating, or converting any moneys received in the course of doing insurance business. Ark. Code Ann. §23-64-512(a)(4).

13. The Commissioner may revoke a producer's license for having been found to have committed any insurance unfair trade practice or fraud. Ark. Code Ann. §23-64-512(a)(7).

14. The Commissioner may revoke a producer's license for using fraudulent or dishonest practices or demonstrating untrustworthiness, lack of good personal or business reputation, or financial irresponsibility. Ark. Code Ann. §23-64-512(8).

RECOMMENDATION OF THE HEARING OFFICER

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

7. Respondent's Arkansas Resident Producer License No. 241574 should be revoked.



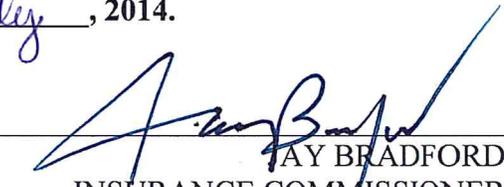
LENITA BLASINGAME,
CHIEF DEPUTY COMMISSIONER
and HEARING OFFICER

CERTIFICATION

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above 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 Recommendation in full and enter this Order.

THEREFORE, it is hereby ORDERED that Respondent's Arkansas Resident Producer License No. 241574 is REVOKED and will be placed in inactive status as of the date of this order. Following the expiration of three (3) years from the date of this Order, the Respondent may apply to reinstate his license in accordance with the provisions of Ark. Code Ann. §23-64-217(b).

IT IS SO ORDERED THIS 14th day of July, 2014.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS