

IN RE KEVIN W. DOYON

DOCKET NO. INS-04-226

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] **CONSENT AGREEMENT**
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Kevin W. Doyon, the Maine Superintendent of Insurance, and the Maine Office of the Attorney General hereby enter into this Consent Agreement pursuant to 10 M.R.S.A. § 8003(5)(B) to resolve, without an adjudicatory proceeding, issues arising out of the Respondent’s conduct under a license issued by the Superintendent.

Stipulations

1. The Superintendent is the official charged with administering and enforcing the insurance laws of the State of Maine.
2. Kevin W. Doyon is licensed by the Superintendent as a resident insurance producer, License No. PRR46155. His National Producer Identification Number is 2227444.
3. Mr. Doyon is and was at all times relevant to this matter an appointed insurance producer for Bankers Life and Casualty Company (“Bankers Life”), Maine License No. LHF127, based at its branch sales office in South Portland, Maine.
4. In June of 2003, Mr. Doyon learned from fellow Bankers Life producer Bridget Chick, License No. PRR65588, that the church of a client of hers had received a devise of nearly \$400,000.00 and was seeking advice on how to invest this money.
5. The client invited Ms. Chick to a meeting of the Stewardship Committee of the Litchfield Community Christian Church (“LCCC”) that would be taking place on June 17, 2003.
6. Ms. Chick asked Mr. Doyon to accompany her at this meeting and agreed to split any commissions on any sales that they made to the LCCC.
7. Mr. Doyon and Ms. Chick explained to their supervisor, Gary R. Smith, License No. PRR37831, that the LCCC was seeking investment options for a recent gift under a will of nearly \$400,000.00, and asked how they could go about selling an annuity to a church.
8. Mr. Smith advised Mr. Doyon that he did not think the church could be the annuitant and suggested that Mr. Doyon call the Bankers Life home office to find out how to submit such a case.
9. Mr. Doyon called Charlotte Turner at the Bankers Life home office and was told that the church, itself, could not be the owner of the annuity, but that it could establish a trust and that the trust could be the owner of an annuity.

10. Mr. Doyon advised Ms. Chick and Mr. Smith of the content of his conversation with Ms. Turner.
11. On June 17, 2003, Mr. Doyon and Ms. Chick met with members of the LCCC Stewardship Committee.
12. The Stewardship Committee told Mr. Doyon that its greatest concern regarding the investment of this money was the safety of the investment.
13. Mr. Doyon and Ms. Chick explained that there were three safe choices for investing the money: (1) a savings account; (2) a certificate of deposit; or (3) an annuity.
14. Mr. Doyon and Ms. Chick explained that Bankers Life sold annuities.
15. Mr. Doyon and Ms. Chick recommended that the LCCC purchase a fixed rate deferred annuity, which they told the Stewardship Committee to think of as a "CD Annuity," and which was then paying interest at a rate of 4.00%.
16. Mr. Doyon and Ms. Chick recommended that the LCCC establish a trust to be the holder of the annuity.
17. Mr. Doyon and Ms. Chick explained that in order to obtain the 4.00% interest rate the LCCC would have to purchase an annuity by June 30, 2003, but that if it purchased an annuity with as little as \$5,000.00 by June 30, it would be able to make additional contributions for one year thereafter and still obtain the 4.00% interest rate on those contributions.
18. During this meeting with the Stewardship Committee neither Mr. Doyon nor Ms. Chick explained what factors (e.g., age, health status) the LCCC should consider when selecting an annuitant for the policy.
19. During this meeting with the Stewardship Committee neither Mr. Doyon nor Ms. Chick explained the issues that could arise if an individual member of the LCCC rather than the LCCC was the owner of the annuity. In particular, they did not inform the LCCC that if an individual was the owner of the annuity, that individual would be able to modify the beneficiary designation or assign or terminate the annuity without the consent of the LCCC. Furthermore, neither Mr. Doyon nor Ms. Chick explained the difficulties that could arise if an individual was the owner and became incompetent or executed a power of attorney.
20. At some point after this meeting, Ms. Chick contacted the treasurer of the LCCC and arranged to meet with her for the purpose of the LCCC purchasing a \$5,000.00 annuity from Bankers Life.
21. On June 30, 2003, Ms. Chick met with the treasurer of the LCCC.

22. At this meeting Ms. Chick obtained an application from the treasurer for a \$5,000.00 single premium deferred annuity with the treasurer as owner and annuitant and the LCCC as the initial beneficiary.

23. Ms. Chick obtained a check from the treasurer from LCCC funds for \$5000.00.

24. Mr. Doyon and Ms. Chick then submitted this application and payment to the Bankers Life home office for processing.

25. On July 7, 2003, Bankers Life issued Policy # 7,767,990 to the church treasurer in her individual capacity.

26. On September 23, 2003, Mr. Doyon and Ms. Chick met with the Stewardship Committee to discuss the contribution of additional LCCC funds to Policy # 7,767,990.

27. During this meeting with the Stewardship Committee neither Mr. Doyon nor Ms. Chick explained what factors (e.g., age, health status) the LCCC should consider when selecting an annuitant for the policy.

28. During this meeting with the Stewardship Committee neither Mr. Doyon nor Ms. Chick explained the issues that could arise if an individual member of the LCCC rather than the LCCC was the owner of the annuity. In particular, they did not inform the LCCC that if an individual was the owner of the annuity, that individual would be able modify the beneficiary designation or assign or terminate the annuity without the consent of the LCCC. Furthermore, neither Mr. Doyon nor Ms. Chick did not explain the difficulties that could arise if an individual was the owner and became incompetent or executed a power of attorney.

29. On December 23, 2003, Ms. Chick collected two additional checks from the LCCC in the amounts of \$195,000.00 and \$100,000.00 and submitted these amounts as “dump in” contributions to Policy # 7,767,990.

30. After these additional contributions of LCCC funds, the church treasurer remained the owner and annuitant of policy #7,767,990.

31. Bankers Life paid compensation to Mr. Doyon totaling \$6,637.50 for Policy #7,767,990.

32. Mr. Doyon’s actions to implement the placement of an annuity for the LCCC in which the treasurer of the LCCC was made the owner and annuitant of the annuity without full disclosure and explanation of the effects and implications of that arrangement constitute incompetence and are a basis for license suspension or revocation and the imposition of a civil penalty pursuant to 24-A M.R.S.A. §§ 1420-K(1)(H).

Covenants

Kevin W. Doyon, the Superintendent, and the Office of the Attorney General agree to the following:

33. This Consent Agreement is entered into in accordance with 10 M.R.S.A. § 8003(5)(B) and is not subject to review or appeal. This Consent Agreement is enforceable by an action in the Superior Court.

34. Kevin W. Doyon agrees to the imposition of a civil penalty of \$1000.00, pursuant to 24 A M.R.S.A. § 12 A(1), for the violations admitted herein, payable in 10 monthly installments of \$100, each such installment to be paid by check, payable to the Treasurer of the State of Maine, and submitted to the Superintendent. The first such installment shall be submitted by December 1, 2004, and the remaining installments shall be due on the first day of each month thereafter.

35. Mr. Doyon agrees to a term of license probation commencing upon the execution of this Consent Agreement and extending through June 30, 2005, and agrees to the suspension of his insurance producer license for a period of 60 days, all of which suspension is suspended pending the satisfactory completion of the period of license probation.

36. If Mr. Doyon violates the Maine Insurance Code, other applicable law, or any order of the Superintendent at any time during his term of probation, the Superintendent has the discretion to require Mr. Doyon to serve all or any part of the 60 days of the license suspension, in addition to any penalty that might be imposed for the underlying violation.

37. During the term of probation, Mr. Doyon shall promptly report to the Superintendent any investigations, proceedings, and customer complaints of any type, written or oral, concerning his activities in the insurance industry.

38. In consideration of Mr. Doyon's execution of and compliance with the terms of this Consent Agreement, the Superintendent and the Office of the Attorney General agree to forgo pursuing further disciplinary measures or other civil or administrative sanctions against Mr. Doyon for the violations described in the Stipulations, other than those agreed to in this Consent Agreement. However, should Mr. Doyon violate this Consent Agreement, the Superintendent and the Office of the Attorney General reserve the right to pursue any available legal remedy for the violation, including without limitation the suspension or revocation of all licenses issued to Mr. Doyon by the Superintendent.

39. The parties to this Agreement understand that nothing herein shall affect any rights or interests that any person not a party to this Agreement may possess.

40. Mr. Doyon understands and acknowledges that this Agreement will constitute a public record within the meaning of 1 M.R.S.A. § 402, will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408, and will be reported to the National Association of Insurance Commissioners' "RIRS" database.

41. Mr. Doyon has been advised of his right to consult with counsel before executing this Agreement.

42. This Consent Agreement may be modified only by a written agreement executed by all of the parties.

Dated:

Kevin W. Doyon

Personally appeared before me this day _____, and signed this Consent Agreement in my presence.

Notary Public

FOR THE OFFICE OF THE ATTORNEY GENERAL

Dated:

Andrew L. Black, AAG

BY THE SUPERINTENDENT OF INSURANCE

Dated:

Alessandro A. Iuppa, Superintendent