

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

In re:

RICHARD C. FERRELL
Maine License No. PRN197264
National Producer No. 13229370

Docket No. INS-12- 231

**LICENSE SUSPENSION
NOTICE, ORDER,
and
OPPORTUNITY FOR
HEARING**

NOTICE TO RICHARD C. FERRELL:

Effective as of January 14, 2013, your Maine non-resident insurance producer license is **SUSPENDED** for one year without further formal proceedings, subject to your right to request a hearing as specified below.

The grounds for license suspension are based upon your violating 24-A M.R.S.A. §1420-K(1)(H) by advising a consumer to falsely state on an application for insurance that the physical address of the consumer and her daughter was in another state.

STATEMENT OF FACTS

1. In June, 2012, a Maine consumer ("L.C.") contacted an out-of-state health management group by telephone seeking information on a new health policy to cover her minor daughter and herself. L.C. and her daughter are residents of Maine. The father of L.C.'s daughter is a resident of Missouri.
2. L.C. was directed to speak to you. You advised L.C. that she would get better rates on a policy by purchasing a policy approved in Missouri, as Maine rates are higher. You advised her that she could obtain such a policy by stating on the application that the physical residence of L.C. and her daughter was in Missouri but that their billing address was in Maine. L.C. questioned the legality of doing this, but you assured her that it was legal and that you had sold other customers policies under the same arrangement.
3. L.C. contacted the Maine Bureau of Insurance and advised the Bureau of her conversation with you.
4. On July 13, 2012, L.C. and you again spoke by telephone. You again advised her that you could sell her a Missouri policy if she would state on her application that the physical residence of L.C. and her daughter was in Missouri and that their mailing

address was in Maine. You advised her that this arrangement is legal as long as a consumer in one state, such as herself, has a family member or close friend in the other state, such as her daughter's father. L.C. concluded the conversation with you without asking for a policy quote, or agreeing to purchase insurance from you.

CONCLUSIONS OF LAW

5. Title 24-A M.R.S.A. § 1420-K(1) (H) provides that the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere

6. You have violated §1420-K(1)(H) by advising a consumer to falsely state on an application for insurance that the physical address of the consumer and her daughter was in another state.

SUSPENSION OF LICENSE

Therefore, based upon the above grounds, your Maine resident insurance producer license will be **suspended** for a period of one year commencing on January 14, 2013 unless you request a hearing in this matter.

During the period of suspension, you may not engage in the state of Maine, directly or indirectly, for yourself or for others, in activities that require insurance producer licensing, nor participate in any manner in the conduct of an insurance business entity.

Under the Maine Insurance Code, specifically 24-A M.R.S. §229, you have the right to a hearing before the Superintendent or the Superintendent's designee, concerning this act of the Superintendent. If you request a hearing, you will have the right to present evidence and arguments in your defense, and the staff of the Bureau of Insurance will bear the burden of proving the above grounds by a preponderance of evidence.

If you request a hearing, you will receive further communication regarding scheduling. The matters to be determined through the hearing process are the establishment of the above grounds, and the appropriate sanctions, which can include any available remedy under applicable laws, including the imposition of civil penalties.

To request a hearing, the Bureau of Insurance must receive your request in writing no later than January 14, 2013. If you do not file a written request for a hearing within 30 days from the time you know or reasonably should have known of

the suspension of your license through this Notice and Order, you will lose your right to request a hearing on this license suspension Notice and Order.

Any request for a hearing, as well as all other communications regarding this Notice, Order, and Opportunity for Hearing must be addressed to Bureau staff Attorney Dyan Dyttmer, Bureau of Insurance, #34 State House Station, Augusta, ME 04333-0034. You may also reach Attorney Dyttmer by e-mail at dyan.dyttmer@maine.gov or telephone at 207 624-8402.

December 10, 2012


Eric A. Cioppa, Superintendent