State of Missouri

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

IN RE:	)	
	)	
JON T. FANCHER,	)	**Case No. 161102476C**
	)	
Applicant.	)	

ORDER REFUSING TO RENEW INSURANCE PRODUCER LICENSE

On November 5, 2016, the Consumer Affairs Division submitted a Petition to the Director alleging cause for refusing to renew the resident insurance producer license of Jon T. Fancher. After reviewing the Petition and the Investigative Report, and the entirety of the file, the Director issues the following findings of fact, conclusions of law, and order:

FINDINGS OF FACT

1. Jon T. Fancher ("Fancher") is a Missouri resident with a residential address of 2309 Northeast Lake Breeze Lane, Lee's Summit, Missouri 64086 and a business address of 435 Nichols Road, Suite 200, Kansas City, Missouri, 64112.

2. On November 5, 2004, the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Director" of the "Department") issued Fancher a resident insurance producer license (License No. 0338053; National Producer Number 8059317). Fancher's resident insurance producer license has been subsequently renewed and is set to expire on November 5, 2016.

3. Fancher is the president and designated responsible licensed producer of Cover Your Assets Insurance, LLC, a business entity producer licensed by the Department (License No. 8072290; National Producer Number 17303984).

4. On June 9, 2016 a Subpoena and Subpoena Duces Tecum were issued to Fancher

ordering him to appear to answer questions concerning D. D.,[1] Y. S., and S. H's complaints and provide his complete files for D. D., Y. S. and his specific clients, and S. H.

5. On July 14, 2016, the Director's designee conducted a subpoena conference at the Department offices.

6. On November 4, 2016, the Department received the Uniform Application for Individual Producer License Renewal ("Renewal Application") of Jon T. Fancher.

Consumer Complaint Against Fancher Regarding an Unexpected and Substantial Premium Increase and His Failure to Timely Cancel a Previous Policy

7. On October 9, 2013, the Consumer Affairs Division ("Division") of the Department received a consumer complaint from D. D. in regard to a SAFECO insurance policy that Fancher sold to him.

8. In June 2013, D. D. and his wife M. D. applied for motor vehicle insurance coverage through SAFECO Insurance with Fancher acting as their agent. The couple agreed to pay a total of $2,249.50 for policy number Z4630039 effective June 8, 2013 to June 8, 2014.

9. The policy limits for SAFECO policy number Z4630039 were $100,000.00 per person and $300,000.00 per accident for bodily injury liability, $100,000.00 per accident for property damage, and the deductible amount was $500.00. All three of D. D. and M. D.'s vehicles had full coverage under policy number Z4630039.

10. The monthly premium quoted by Fancher was $189.45, but when the monthly premium was deducted from the couple's account, it was $297.60. This amount was deducted from the couple's account for the June and July premium amounts.

11. On October 11, 2013, the Division sent an inquiry letter to Fancher requesting a response regarding D. D.'s complaint. This inquiry letter warned that failure to respond within 20 days pursuant to 20 CSR 100-4.100 could be grounds for discipline of his license.

12. After the Division did not receive a response to the October 11, 2013 inquiry letter, the Division sent another inquiry letter to Fancher on November 4, 2013, requesting the same information as the October 11, 2013 inquiry letter. This inquiry letter warned that failure to respond within 20 days pursuant to 20 CSR

[1] Consumer names are protected by the use of initials.

100-4.100 could be grounds for discipline of his license.

13. On January 2, 2014, Fancher emailed a letter to the Department dated November 25, 2013 in which he responded to the November 4, 2013 inquiry letter. In his response, Fancher states that:

> [D. D. and M. D.] never forwarded proof of prior insurance to Safeco Insurance. This resulted in the insurance carrier raising the rate after coverage was bound, due to not being able to meet the requirements of Safeco.

14. On January 3, 2014, the Division sent Fancher another inquiry letter requesting further information regarding his explanation of D. D. and M. D.'s complaint.

15. On January 27, 2014, in response to the January 3, 2014 inquiry letter, Fancher sent the application and quote information for D. D. and M. D.'s SAFECO policy number Z4630039. Fancher also sent a copy of the declarations page for policy number PAP-13-0116836-00 through United Home Insurance Company ("United Home") for the auto insurance that D. D. and M. D. obtained through Fancher after becoming dissatisfied with SAFECO.

16. The SAFECO application and quote information Fancher provided regarding D. D. and M. D.'s policy number Z4630039 includes information that shows that the couple was previously insured for 97 months by Alfa Specialty Insurance and the coverage was $100,000.00 per person and $300,000.00 per accident for bodily injury liability. D. D. and M. D.'s policy with Alfa Specialty Insurance was not set to expire until July 20, 2013.

17. The documents provided by Fancher do not mention any request for D. D. or M. D. to provide proof of prior insurance to SAFECO.

18. Fancher created the SAFECO application in which he also included information that D. D. and M. D. owned their home and had SAFECO homeowner's policy number Y1111111.

19. Fancher generated SAFECO's quote which included a homeowner's discount on D. D. and M. D.'s application for coverage.

20. On July 9, 2013, D. D. and M. D. received notification from SAFECO that their annual premium increased $1,202.90 effective June 8, 2013. The notification included an explanation that the couple's discounts and surcharges had changed and their new annual premium was $3,452.40.

21. SAFECO did not apply a homeowner's discount to D. D. and M. D.'s annual premium on the declarations page dated July 9, 2013.

22. On July 22, 2013, after SAFECO notified D. D. and M. D. of their premium increase, Fancher provided M. D. another quote for United Home via email. In the email, Fancher advised that "[t]his is an underwritten quote, no surprises. I already have the proof of insurance and listed your home as a rental."

23. On August 2, 2013, Fancher sold D. D. and M. D. auto insurance policy number PAP-13-0116836-00 through United Home with a premium in the amount of $1,057.00 for coverage from August 2, 2013 to February 2, 2014.

24. The policy limits for the United Home policy number PAP-13-0116836-00 were $25,000.00 per person and $50,000.00 per accident for bodily injury liability, $10,000.00 per accident for property damage, and the deductible amount was $500.00. Only two of three of D. D. and M. D.'s vehicles had full coverage under policy number PAP-13-0116836-00.

25. In his January 2, 2014 response to the Division regarding D. D. and M. D.'s complaint, Fancher stated that the new policy with United Home "got them back to the initial premium we offered with Safeco."

26. On October 8, 2013, D. D. and M. D. received a letter from SAFECO stating their account would be turned over to collections. SAFECO did not receive any notification indicating that the couple had obtained other auto insurance coverage.

27. In Facher's January 22, 2014 response to the Division's January 3, 2014 inquiry letter, he states that when D. D. and M. D. "[were] placed in collections with Safeco, I sent proof of current coverage to Safeco, of the United Home policy."

28. Fancher did not send the cancellation notification to SAFECO regarding D. D. and M. D.'s policy number Z4630039 until October 16, 2013. Fancher requested the cancellation be effective the same day the United Home policy was initiated, August 2, 2013.

<u>Consumer Complaint Against Fancher Regarding Cash Premiums Paid by Auto Dealership Clients</u>

29. On March 12, 2014, the Division received three complaints from Y. S., the owner of a used auto dealership in Kansas City, Missouri, regarding Fancher collecting cash payments from clients in return for one-month insurance policies. Y. S.

complained that some of his customers gave cash to Fancher but their policies were cancelled on the same date they were issued.

30. On March 14, 2014, the Division sent an inquiry letter to Fancher requesting a response to Y. S.'s complaint. This inquiry letter warned that failure to respond within 20 days pursuant to 20 CSR 100-4.100 could result in discipline of his license.

31. Fancher contacted Special Investigator for the Division Dana Whaley ("Whaley") by phone on March 19, 2014 and requested a two week extension to respond to Y. S.'s complaint. Whaley granted Fancher's request for an extension of time to respond to Y. S.'s complaint.

32. Fancher never provided a written response to the Division regarding Y. S.'s complaint.

33. During the July 14, 2016 subpoena conference, Whaley requested Fancher provide the declaration pages for the customers specifically mentioned in Y. S.'s complaint, however Fancher advised that:

> The computer that I was using at that time sadly was stolen there on March 5 and unfortunately was later returned to me by the Kansas City Police Department more than five or six weeks later. At that point in time...I took it to Best Buy and had their Geek Squad inspect the computer. They found a virus on my computer, which at that point in time – so the documents that you're referring to is on a computer that has since been compromised.[2]

34. On August 17, 2016, attorney Christopher Shank provided the declaration pages for the customers Y. S. listed in his complaints. These documents do not indicate how the initial premium payment was made nor do they include any receipt for payment of the initial premium.

35. At the July 14, 2016 subpoena conference, Fancher was asked whether the clients at Y. S.'s dealership who paid cash for their initial premium payment were given a receipt. Fancher responded that "[t]he only receipt they would have received would have been provided by [Y. S.] or the staff at the [auto dealership]."

36. When Fancher was reminded that he was required by Department regulation to provide a written receipt to customers who make premium payments in cash,

[2] Fancher did not recreate the files that were lost when his computer was allegedly compromised by contacting the insurers and obtaining copies of the policies or other documentation.

Fancher replied:

> I understand. In that case, if you don't mind me reaching here, I do maintain—and I apologize that it looks very ragged right now. I do maintain a receipt book with me. When I receive cash payment from any client; No. 1, most of the insurance companies that I write for when we bind coverage, there is a receipt included in the packet of information. That would be the first receipt. However, as an extra safeguard, we do also maintain a receipt book. In all sets of circumstances whenever, one I am there locally; or No. 2, I wrote coverage over the telephone, I will request that the salesman or the business write them a receipt for any cash. Then I come by to pick up the application and/or cash payment, I will write a receipt out to the salesman who did it.

37. On September 14, 2016, Whaley contacted Fancher via email and requested Fancher provide copies of his receipt book from the time period between January 2014 to August 2014.

38. On October 2, 2016, Fancher responded to Whaley's September 14, 2016 request and explained that "I am not in possession of the receipt book from this time period. I believe I told you that in March, my car was stolen with a large amount of paperwork inside."

39. Fancher also provided a copy of the police report he filed when his car was stolen. Although the police report includes information regarding Fancher's laptop and numerous other items being stolen, the receipt book was not listed on the report as one of the items in the vehicle at the time it was stolen.

40. Similarly, when the issue of Fancher's stolen vehicle was discussed at the July 14, 2016 subpoena conference, he did not mention any receipt book being in the vehicle when it was stolen.

<u>Consumer Complaint Against Fancher Regarding Misappropriation of a Cash Premium Payment</u>

41. On September 8, 2014, the Division received a consumer complaint from S. H. regarding Fancher's sale of Affirmative Insurance Services ("Affirmative Insurance") policy number 0008505850100 on June 30, 2014. In his complaint to the Division, S. H. states that "Jon Fancher of Affirmative Insurance company basically stole my money."

42. On June 30, 2014, S. H. paid $74.48 in cash for a policy sold by Fancher.

43. On July 8, 2014, S. H. was stopped by law enforcement, for a registration violation. The officer contacted Affirmative Insurance to see if S. H. had valid insurance coverage, but the officer could not confirm that S. H. had insurance coverage. The officer contacted Fancher and Fancher told the officer that S. H. had coverage.

44. On July 9, 2014, S. H. contacted Affirmative Insurance and was informed that his policy had been cancelled due to an issue with the check that was submitted with the policy. S. H. advised Affirmative Insurance that he did not write a check for the purchase of the policy, he instead paid Fancher in cash.

45. On September 11, 2014, the Division sent an inquiry letter to Fancher requesting a response to S. H.'s complaint. Said inquiry letter warned that failure to respond within twenty (20) days pursuant to 20 CSR 100-4.100 could result in discipline of his license.

46. On September 30, 2014, Fancher submitted a letter to the Division in response to the Division's September 11, 2014 inquiry letter which included a copy of a portion of S. H.'s policy that Fancher wrote on June 30, 2014. The only indication on the policy regarding Affirmative Insurance's receipt of payment for policy number 0008505850100 was a declarations page that said "Your Billing Plan 11 Pay Plan – non EFT."

47. At the July 14, 2016 subpoena conference, Fancher, addressed S. H.'s complaint under oath,

> [S. H.] had reached out to me approximately June 30 and said I need to restart my insurance because the previous policy lapsed. I wrote him a new policy that was done over the telephone and due to the particular circumstances involving this, I actually hand delivered this policy to [S.H.] at that time. It was a short time later that I received a phone call from a sheriff's deputy of Wyandotte County, Kansas asking if the policy was accurate and true and enforced. I believe this took place within a couple of weeks of writing this policy, this said policy. I communicated at that time while I was driving, I could not verify that the policy was enforced, but [S. H.], due to the fact that had bought it a couple weeks and I did remember the circumstances, I told the sheriff's deputy that I was certain the policy was enforced. He took my word for it over the telephone[.]

48. Fancher did not provide the payment information documents for S. H.'s policy with his September 30, 2014 response to the Division's September 11, 2014 inquiry letter.

49. Fancher has never provided the Department with any receipt or other documentation indicating how S. H. paid his initial premium payment.

50. On September 26, 2014, Affirmative Insurance provided the payment information documents for S. H.'s policy which indicate that S. H. paid by E-check through an Academy Bank checking account number with the last four digits of 2418, routing number 101019482, and check number 1146 in the amount of $74.48 on June 30, 2014.

51. S. H.'s policy was issued effective June 30, 2014, to June 30, 2015. On July 8, 2014, Academy Bank issued a bank notification to Affirmative Insurance indicating that the E-check was not honored because no account was found. S. H.'s policy was cancelled effective June 30, 2014.

52. On September 29, 2014, Affirmative Insurance issued S. H. a refund check for his initial policy payment of $74.48.

53. On September 9, 2016, Whaley spoke with S. H. regarding the Academy Bank account information provided on the payment information for his Affirmative Insurance Policy. S. H. stated he had never heard of Academy Bank and had never had an account with that bank.

Affirmative Insurance Terminated Fancher "For Cause"

54. On October 7, 2014, Affirmative Insurance terminated Fancher "for cause" based upon the results of an internal investigation into policies issued by Cover Your Assets, LLC, following receipt of a complaint. This investigation revealed that:

> [Fancher] received cash payments from [his] insured's and then posted an electronic check transaction with false routing and account numbers. [Affirmative Insurance] has had to refund premium to insured's when they showed that they had made a cash payment to [Fancher's] agency even though we have not received any funds from [Fancher's] agency or the insured.

55. Affirmative Insurance discovered that from January 2014 to August 2014, Fancher collected cash payments from clients for 22 different policies then issued policies using fraudulent checking account information. The same bank routing number

was entered for twelve of these transactions, however a different account numbers were used to issue the policies.

56. S. H.'s Affirmative Insurance policy number 0008505850100 was one of the policies issued with fraudulent checking account information.

57. C. H., another client of Fancher, indicated that she paid $270.40 in cash to Fancher for Affirmative Insurance policy number 0008981930000. Affirmative Insurance received C. H.'s policy on February 21, 2014 via an E-check with a Bank of America account number ending in 8129 and the routing number of 101100045. Bank of America refused the E-check on February 27, 2014 because fraudulent checking account information was used. Affirmative Insurance cancelled C. H.'s policy effective February 21, 2014.

58. K. P., another client of Fancher, indicated she paid $266.49 in cash to Fancher for Affirmative Insurance policy number 0008895350000. Affirmative Insurance received K. P.'s policy on February 8, 2014 via an E-check with a Commerce Bank account number ending in 1452 and the routing number of 101000019. Commerce Bank refused the E-check on February 13, 2014 because fraudulent checking account information was used. Affirmative Insurance cancelled K. P.'s policy effective February 8, 2014.

59. K. P. also indicated she paid $561.59 in cash to Fancher for an addition to Affirmative Insurance policy number 0008895350000. Affirmative Insurance received K. P.'s additional payment to the policy via an E-check with an unknown bank account number and the routing number of 101019482 on February 24, 2014. The bank refused the E-check on February 28, 2014 because fraudulent checking account information was used. Affirmative Insurance cancelled the addition to K. P.'s policy effective February 24, 2014.

60. In response to Whaley's September 12, 2016 request, Fancher did not provide a copy of his receipt book from the time period of January 2014 to August 2014. Similarly, Fancher has not provided any information indicating how C. H. or K. P. paid their initial premium payments.

<u>Fancher's Use of Unlicensed Individuals to Sell, Solicit and Negotiate Insurance In Missouri</u>

61. At the July 14, 2016 subpoena conference, Fancher was asked about how he maintained his business as a mobile office, Fancher responded that:

> I would say that 80 percent of my new client generation is done on a referral basis from automobile lots and due to the type of insurance that I sell quite a bit, they frequently are cash customers which involve[s] me after writing insurance to go to the car dealership to pick up signed application[s] and cash.

62. During the July 14, 2016 subpoena conference, Fancher was asked how he protected the cash payments he collected. Fancher responded that:

> There is quite a bit of cash involved and I will ask the salesman, will you collect the cash before I bind and fax it over with the anticipation that I will be coming by later on the same day, perhaps the next day, to pick up the application and the cash.

63. In relation to Y. S.'s complaint, Fancher also admitted during the July 14, 2016 subpoena conference that "[t]he only receipt they would have received would have been provided by [Y. S.] or the staff at the [auto dealership]." Fancher stated that "[t]hen I come by to pick up the application and/or cash payment, I will write a receipt out to the salesman who did it" indicating he wrote a receipt to the car salesman at the auto dealership.

64. Fancher was also asked during the July 14, 2016 subpoena conference about how quotes were provided to customers at the auto dealerships and Fancher replied "[t]here are some situation where I may refer that – I may refer the quote to the salesperson[.]" When Fancher was asked whether he made sure the car salesmen are licensed to provide insurance quotes he replied "[t]hey are not."

CONCLUSIONS OF LAW

65. Section 375.012 provides (Supp 2013)[3] provides, in relevant part:

* * *

2. As used in sections 375.012 to 375.158, the following words mean:

* * *

> (12) "Negotiate", the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive

[3] All civil statutory references are to the Revised Statutes of Missouri (2000) as updated by the 2013 Supplement, unless otherwise indicated.

benefits, terms or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers;

* * *

(15) "Sell", to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company;

(16) "Solicit", attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company[.]

66. Section 375.014 provides, in relevant part:

1. No person shall sell, solicit or negotiate insurance in this state for any class or classes of insurance unless he or she is licensed for that line of authority as provided in this chapter.

67. Section 375.141 RSMo provides, in part:

1. The director may suspend, revoke, refuse to issue or refuse to renew an insurance producer license for any one or more of the following causes:

* * *

(2) Violating any insurance laws, or violating any regulation, subpoena or order of the director or of another insurance commissioner in any other state;

* * *

(4) Improperly withholding, misappropriating or converting any moneys or properties received in the course of doing insurance business;

* * *

(7) Having admitted or been found to have committed any insurance unfair trade practice or fraud;

(8) Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the

conduct of business in this state or elsewhere; [or]

* * *

(12) Knowingly acting as an insurance producer when not licensed or accepting insurance business from an individual knowing that person is not licensed[.]

68. Section 375.144 RSMo provides that:

> It is unlawful for any person, in connection with the offer, sale, solicitation or negotiation of insurance, directly or indirectly, to:
>
> (1) Employ any deception, device, scheme, or artifice to defraud;
>
> (2) As to any material fact, make or use any misrepresentation, concealment, or suppression;
>
> (3) Engage in any pattern or practice of making any false statement of material fact; or
>
> (4) Engage in any act, practice, or course of business which operates as a fraud or deceit upon any person.

69. Title 20 CSR 100-4.100(2)(A) Required Response to Inquiries by the Consumer Affairs Division, provides:

> Upon receipt of any inquiry from the division, every person shall mail to the division an adequate response to the inquiry within twenty (20) days from the date the division mails the inquiry. An envelope's postmark shall determine the date of mailing. When the requested response is not produced by the person within twenty (20) days, this nonproduction shall be deemed a violation of this rule, unless the person can demonstrate that there is reasonable justification for that delay.

70. Title 20 CSR 700-1.140 Minimum Standards of Competency and Trustworthiness for Insurance Producers Concerning Personal Insurance Transactions, provides, in relevant part:

> (1) Document and Premium Handling Standards. When dealing with any personal insurance policy, every insurance producer shall

comply with the following standards of promptness regarding securing and amending coverage, providing written evidence of insurance transactions, and handling premiums, except to the extent these action s are the responsibility of the insurer[.]

* * *

(D) Insurance producers shall remit all premium payments associated with a personal insurance policy to those persons entitled to them as soon as reasonably possible after their receipt by the licensee, but in no event later than thirty (30) days after the date of receipt...In no event, however, shall a licensee retain premium payments if to do so will result in the failure to obtain or continue coverage on behalf of an insured or prospective insured.

* * *

(4) Receipts for Cash Premiums Payments.

(A) Whenever a cash premium payment is received by an insurance producer for a personal insurance policy, a written receipt shall be executed by the licensee and given to the person making the premium payment[.]

* * *

(5) Minimum Record Keeping Requirements for all Insurance Producers.

(A) Every insurance producer shall maintain a complete set of records for each personal insurance policy applied for or procured through the licensee...The records which must be maintained shall include, but not be limited to the following:

1. Any policy applications, declaration pages, endorsements, riders, or binders associated with the policy;
2. Any written correspondence or copies of records transmitted or received by the licensee concerning the policy;
3. Any documents associated with any claims filed with the licensee under the policy; and
4. Any receipts or other documents associated with any premium payments made to the licensee under the policy, including receipts for cash premium payments required under

section (4) of this regulation.

* * *

(D) All records required to be maintained under this section shall be maintained for as long as the personal insurance policy in question is in force and for at least three (3) years thereafter.

71. "There is a presumption that a letter duly mailed has been received by the addressee." *Clear v. Missouri Coordinating Bd. for Higher Educ.*, 23 S.W.3d 896, 900 (Mo. App. 2000) (internal citations omitted).

72. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 100.4-100, a regulation of the Director, when he did not respond to the Division's March 14, 2014 inquiry letter regarding Y. S.'s complaint.

73. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated § 375.144(1), an insurance law, when he falsely indicated on D. D. and M. D.'s application for insurance from SAFECO that D. D. and M. D. owned their home and had SAFECO homeowner's policy number Y1111111 in order to obtain a quote from SAFECO that included a homeowner's discount.

74. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated § 375.144(2), an insurance law, when he falsely indicated on D. D. and M. D.'s application for insurance from SAFECO that D. D. and M. D. owned their home and had SAFECO homeowner's policy number Y1111111, which was material to the annual premium amount quoted to D. D. and M. D. The couple agreed to an annual premium amount of $2,249.50 based on the quote Fancher provided. SAFECO later removed the homeowner's discount from the couple's policy, resulting in a $1,202.90 increase in their annual premium which raised their premium to $3,452.40.

75. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(8) because Fancher employed fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business when he falsely claimed that D. D. and M. D. owned their home and had SAFECO homeowner's policy Y1111111 on their application for insurance, which induced D. D. and M. D. to obtain a level of coverage similar to their previous coverage for an agreed upon amount of

$2,249.50 annually. As a result of Fancher's misrepresentation on D. D. and M. D.'s SAFECO application, their annual premium increased to $3,452.40 and they were no longer able to afford the same level of coverage. Instead, D. D. and M. D. obtained a much lower level of coverage from United Home for the same annual premium as originally offered from SAFECO.

76. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(8) because Fancher employed fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business when he did not cancel D. D. and M. D.'s SAFECO policy in a timely manner which caused the couple's account to be sent to a collection agency for nonpayment.

77. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 700-1.140(5)(A), a regulation of the Director, when he failed to maintain a complete set of records for each personal insurance policy applied for or procured through Fancher. In fact, Fancher, has failed to maintain or recreate records related to policies he wrote for the time period of Y. S.'s complaint to the Department or Affirmative Insurance's termination "for cause" from January 2014 to August 2014.

78. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 700-1.140(4)(A), a regulation of the Director, when he failed to provide receipts for cash payments to the person making the premium payments and instead provided the receipt to the salesperson at the auto dealership.

79. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 700-1.140(4)(A), a regulation of the Director, because Fancher authorized the employees at Y. S.'s auto dealership to receive cash premium payments for an insurance policy and to execute written receipts for the person making the payment.

80. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 700-1.140(1)(D), a regulation of the Director, when he did not remit S. H.'s cash premium payment in the amount of $74.48 to Affirmative Insurance resulting in the cancellation of S. H.'s policy.

81. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated § 375.144(1), an insurance law, when he, in relation to S. H.'s insurance policy, submitted an E-check in the

amount of $74.48 to Affirmative Insurance using fraudulent checking account information.

82. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(4) because Fancher improperly withheld, misappropriated or converted money received in the course of doing insurance business when he withheld S. H.'s cash payment for the initial insurance premium payment in the amount of $74.48 and did not remit the cash payment to Affirmative Insurance.

83. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(8) because Fancher employed fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business when Fancher did not remit S. H.'s cash payment for the initial insurance premium payment in the amount of $74.48 to Affirmative Insurance resulting in the cancellation of S. H.'s insurance policy.

84. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(8) because Fancher employed fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business when Fancher indicated on S. H.'s payment information for his Affirmative Insurance policy that S. H. paid by E-check and submitted fraudulent checking account information to Affirmative Insurance resulting in the cancellation of S. H.'s insurance policy when S. H. actually paid cash.

85. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 700-1.140(1)(D), a regulation of the Director, when he did not remit C. H.'s cash premium payment in the amount of $270.40 to Affirmative Insurance resulting in the cancellation of C. H.'s policy.

86. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated § 375.144(1), an insurance law, when he, in relation to C. H.'s insurance policy, submitted an E-check in the amount of $270.40 to Affirmative Insurance using fraudulent checking account information.

87. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(4) because Fancher improperly withheld, misappropriated or converted money received in the course of doing insurance business when he withheld C. H.'s cash payment for the initial insurance premium in the amount of $270.40 and did not remit the cash payment to Affirmative Insurance.

88. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(8) because Fancher employed fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business when Fancher indicated on C. H.'s payment information for her Affirmative Insurance policy that C. H. paid by E-check and submitted fraudulent checking account information to Affirmative Insurance resulting in the cancellation of C. H.'s insurance policy.

89. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 700-1.140(1)(D), a regulation of the Director, when he did not remit K. P.'s cash premium payment in the amount of $266.49 to Affirmative Insurance resulting in the cancellation of K. P.'s policy.

90. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated § 375.144(1), an insurance law, when he, in relation to K. P.'s insurance policy, submitted an E-check in the amount of $266.49 to Affirmative Insurance using fraudulent checking account information.

91. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(4) because Fancher improperly withheld, misappropriated or converted money received in the course of doing insurance business when he withheld K. P.'s cash payment for the initial insurance premium in the amount of $266.49 and did not remit the payment to Affirmative Insurance.

92. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated 20 CSR 700-1.140(1)(D), a regulation of the Director, when he did not remit K. P.'s cash premium payment in the amount of $561.59 to Affirmative Insurance resulting in the cancellation of K. P.'s policy.

93. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated § 375.144(1), an insurance law, when he, in relation to K. P.'s insurance policy, submitted an E-check in the amount of $561.59 to Affirmative Insurance using fraudulent checking account information.

94. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(4) because Fancher improperly withheld, misappropriated or converted money received in the course of doing insurance business when he

withheld K. P.'s cash payment for the additional insurance premium payment in the amount of $561.59 and did not remit the cash payment to Affirmative Insurance.

95. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(8) because Fancher employed fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness or financial irresponsibility in the conduct of business when Fancher submitted fraudulent checking account information to Affirmative Insurance on two separate occasions resulting in the cancellation of K. P.'s insurance policy.

96. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(2) because Fancher violated § 375.144(4) when he engaged in a course of business which operated as fraud or deceit upon any person when Fancher collected cash payments from clients for 22 different policies, then issued Affirmative Insurance policies using fraudulent checking account information.

97. Each instance where Fancher collected cash payments from clients for 22 different policies, then issued Affirmative Insurance policies using fraudulent checking account information in violation of § 374.144(2), is a separate and sufficient cause to refuse renewal of Fancher's resident insurance producer license pursuant to § 374.141.1(2).

98. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(7) because, as found by Affirmative Insurance's investigation, Fancher committed insurance fraud when he collected cash payments from clients for 22 different policies, then issued Affirmative Insurance policies using fraudulent checking account information.

99. Each instance where Fancher collected cash payments from clients for 22 different policies, then issued Affirmative Insurance policies using fraudulent checking account information, cause for refusal pursuant to § 375.141.1(7), is a separate and sufficient cause to refuse renewal of Fancher's resident insurance producer license.

100. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(12) because Fancher referred quotes to the salesmen at the auto dealerships to provide to their customers, then accepted insurance business from those salesmen at the auto dealerships knowing they were not licensed to provide insurance quotes.

101. The Director may refuse to renew Fancher's resident insurance producer license pursuant to § 375.141.1(12) because Fancher authorized salesmen at auto dealerships to sell insurance policies on his behalf by accepting cash payments for premiums, providing written receipts for cash payments and handling the client's application. Fancher accepted this insurance business from salesmen at auto dealerships and wrote them receipts when he picked up the applications and cash knowing the individuals were not licensed insurance producers.

102. The Director has considered Fancher's history and all of the circumstances surrounding Fancher's Renewal Application. Renewing Francher's individual resident insurance producer license would not be in the interest of the public. Accordingly, the Director exercises his discretion and refuses to renew Fancher's resident insurance producer license.

103. This order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that the individual resident insurance producer license renewal application of **Jon T. Fancher** is hereby **REFUSED**.

SO ORDERED.

WITNESS MY HAND THIS 5th **DAY OF** November**, 2016.**

JOHN M. HUFF
DIRECTOR

NOTICE

TO: Applicant and any unnamed persons aggrieved by this Order:

You may request a hearing in this matter. You may do so by filing a complaint with the Administrative Hearing Commission of Missouri, P.O. Box 1557, Jefferson City, Missouri, within 30 days after the mailing of this notice pursuant to Section 621.120, RSMo. Pursuant to 1 CSR 15-3.290, unless you send your complaint by registered or certified mail, it will not be considered filed until the Administrative Hearing Commission receives it.

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CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of November, 2016, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by United Parcel Service, signature required at the following addresses:

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Suite 200
Kansas City, Missouri 64112

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