

**SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
OFFICE OF THE SECRETARY**

IN THE MATTER OF)	FINAL DECISION
KAREN BULLARD)	
LICENSEE)	INS 12-15

After reviewing the record and the proposed order of the Hearing Examiner in this matter,

IT IS HEREBY ORDERED that pursuant to SDCL 1-26D-4, the Hearing Examiner's Findings of Fact, Conclusions of Law and Proposed Decision, dated October 29, 2012, is adopted in full.

IT IS FURTHER ORDERED that the South Dakota Nonresident Insurance Producer License of Karen Bullard will hereby be revoked.

Parties are hereby advised of the right to further appeal the final decision to Circuit Court within (30) days of receiving such decision, pursuant to the authority of SDCL 1-26.

Dated this 17 day of November, 2012.



Pamela S. Roberts, Secretary
South Dakota Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

**STATE OF SOUTH DAKOTA
OFFICE OF HEARING EXAMINERS**

**IN THE MATTER OF
KAREN BULLARD**

**PROPOSED ORDER
DLR/INSURANCE 12-15**

An administrative hearing in the above matter was held on September 6, 2012. Karen Bullard (hereinafter sometimes referred to as "Bullard" or "Licensee") failed to appear. Mr. Frank Marnell appeared as counsel for the Division of Insurance (hereinafter sometimes referred to as "Division"). The matter was tape recorded. There is no written transcript of the tape; therefore no citation to page number will be included. Exhibits 1 through 5 were admitted and will be denoted by EX followed by the appropriate number.

ISSUE

Whether the Non-Resident Insurance Producer License of Karen Bullard should be revoked due to her failure to respond in a timely manner to the South Dakota Division of Insurance inquiries, dated April 11, 2012 and May 14, 2012, regarding an Arkansas administrative action. (§§SDCL 58-30-193, SDCL 58-33-66(1), SDCL 58-30-167(2))

FINDINGS OF FACT

I.

Karen Bullard possesses an active Non-Resident Insurance Producer License from the State of South Dakota. Bullard became licensed in the State of South Dakota on November 2, 2009. Her license is scheduled to expire on December 31, 2013. (EX 1)

II.

Gretchen Brodkorb, Compliance Specialist, for the South Dakota Division of Insurance for approximately six years, obtained information that Ms. Bullard had not reported an Arkansas administrative action to the South Dakota Division of Insurance.

III.

Ms. Brodkorb wrote Bullard a letter on April 11, 2012 inquiring why Bullard had not reported that Arkansas had taken administrative action against Bullard's license. (EX 3) She was given twenty days upon receipt to respond. The April 11, 2012 letter was mailed via first class mail to Ms. Bullard at 1744 Watson Ave., 5C, Bronx, NY 10472. (EX 3) This was the address listed on Bullard's Individual Information Inquiry on file with the Division. (EX 1) Ms. Brodkorb received no response.

IV.

Ms. Brodkorb sent a second letter to Ms. Bullard on May 14, 2012 wherein Bullard was given notice that the Division had not received a response from the April 11, 2012 letter. Ms. Brodkorb requested Bullard's explanation as to why the Division has not received a response regarding the Arkansas action. Ms. Bullard was again given twenty days to respond. (EX 3-A and 3-B) The May 14, 2012 letter was mailed via first class mail to Bullard at 1744 Watson Ave., 5C, Bronx, NY 10472. (EX 3-A) A copy of the same letter was mailed to Bullard via First Class Certified Mail in care of United States Pharmaceutical Group, LLC., 80 Broad Street, 11th Floor, New York, NY 10004. (EX 3-B) This was the business location address listed on Bullard's Individual Information Inquiry. (EX 1) Ms. Brodkorb received no response.

V.

The certified letter was delivered on May 17, 2012. (EX 4)

VI.

A review of the Arkansas action showed that on or about December 28, 2011 Arkansas ascertained that Ms. Bullard's license in her home state was no longer active. Therefore, she was no longer eligible for licensure in Arkansas and her license was summarily suspended. (Ark. Code Ann. §23-64-508(a)(1) (EX 5)

VII.

Any additional Findings of Fact included in the Reasoning section of this decision are incorporated herein by reference.

VIII.

To the extent any of the foregoing are improperly designated and are, instead, Conclusions of Law, they are hereby redesignated and incorporated herein as Conclusions of Law.

REASONING

This case involves a request by the Division of Insurance to revoke the South Dakota Nonresident Insurance Producer's License of Karen Bullard. As a consequence of the potential loss of Petitioner's livelihood from the lack of licensure, the burden of proof in this matter is higher than the preponderance of evidence standard, which applies in a typical administrative hearing. "In matters concerning the revocation of a professional license, we determine that the appropriate standard of proof to be utilized by an agency is clear and convincing evidence." *In re Zar*, 434 N.W.2d 598, 602 (S.D. 1989). Our Supreme Court has defined "clear and convincing evidence" as follows:

The measure of proof required by this designation falls somewhere between the rule in ordinary civil cases and the requirement of our criminal procedure, that is,

it must be more than a mere preponderance but not beyond a reasonable doubt. It is that measure or degree of proof which will produce in the mind of the trier of facts a firm belief or conviction as to the allegations sought to be established. The evidence need not be voluminous or undisputed to accomplish this.

Brown v. Warner, 78 S.D. 647, 653, 107 NW2d 1, 4 (1961). Ms. Bullard did not appear at the hearing.

Gretchen Brodkorb, compliance specialist for the South Dakota Division of Insurance found that Karen Bullard had not reported an administrative action taken against her insurance producer's license in the State of Arkansas. Furthermore, Karen Bullard failed to respond in a timely manner to an inquiry made by the Division (letters dated April 11, 2012 and May 14, 2012) regarding the Arkansas administrative action in violation of SDCL 58-33-66(1). That statute, in pertinent part, reads as follows:

SDCL 58-33-66. Unfair or deceptive insurance practices. Unfair or deceptive acts or practices in the business of insurance include the following:

- (1) Failing to respond to an inquiry from or failing to supply documents requested by the Division of Insurance within twenty days of receipt of such inquiry or request;...

In addition, Ms. Bullard violated SDCL 58-30-193 by not reporting the Arkansas action to the Division. SDCL 58-30-193 reads as follows:

SDCL 58-30-193. Report by insurance producer of any administrative action taken against insurance producer. An insurance producer shall report to the director any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report shall include a copy of the order, consent order, or other relevant legal documents.

In deciding to revoke an insurance producer's license the Division looks to SDCL 58-33-68 for guidance as follows:

The Division of Insurance, in interpreting and enforcing §§ 58-33- 66 and 58-33-67, shall consider all pertinent facts and circumstances to determine the severity and appropriateness of action to be taken in regard to any violation of §§ 58-33-66 to 58-33-69, inclusive, including but not limited to, the following:

- (1) The magnitude of the harm to the claimant or insured;
- (2) Any actions by the insured, claimant, or insurer that mitigate or exacerbate the impact of the violation;
- (3) Actions of the claimant or insured which impeded the insurer in processing or settling the claim;

(4) Actions of the insurer which increase the detriment to the claimant or insured. The director need not show a general business practice in taking administrative action for these violations.

However, no administrative action may be taken by the director for a violation of this section unless the insurer has been notified of the violation and refuses to take corrective action to remedy the situation.

Any administrative action taken by the director shall be pursuant to the provisions of chapter 1- 26.

Additionally, the Division will consider SDCL 58-30-167. Ms. Bullard violated subsection (2) of SDCL 58-30-167 which is set forth in pertinent part below:

58-30-167. Causes for revocation, refusal to issue or renew license, or for monetary penalty-- Hearing--Notice. The director may suspend for not more than twelve months, or may revoke or refuse to continue, any license issued under this chapter, or any license of a surplus lines broker after a hearing. Notice of such hearing and of the charges against the licensee shall be given to the licensee and to the insurers represented by such licensee or to the appointing agent of a producer at least twenty days before the hearing. The director may suspend, revoke, or refuse to issue or renew an insurance producer's license or may accept a monetary penalty in accordance with § 58-4-28.1 or any combination thereof, for any one or more of the following causes:...

(2) Violating any insurance laws or rules, subpoena, or order of the director or of another state's insurance director, commissioner, or superintendent;....

Applying the law to the Findings of Fact it is clear that the Non-Resident Insurance Producer License of Karen Bullard should be revoked.

CONCLUSIONS OF LAW

I.

The Division of Insurance has jurisdiction over the parties and subject matter of this hearing pursuant to Title 58 of the South Dakota Codified Laws. The Office of Hearing Examiners is authorized to conduct the hearing and issue a proposed decision pursuant to the provisions of SDCL 1-26D-4.

II.

The Notice of Hearing was issued on July 26, 2012 by the South Dakota Division of Insurance.

III.

Neither Karen Bullard nor anyone on her behalf appeared at the scheduled and noticed time of the hearing.

IV.

The Division of Insurance bears the burden of establishing the alleged statutory violations by clear and convincing evidence.

V.

The Division of Insurance established by clear and convincing evidence that Karen Bullard committed unfair or deceptive insurance practices by violating SDCL 58-33-66(1) and SDCL 58-30-193.

VI.

The Division of Insurance established by clear and convincing evidence that the South Dakota Nonresident Insurance Producers License of Karen Bullard is subject to revocation pursuant to SDCL 58-30-167(2).

VII.

The Division of Insurance established by clear and convincing evidence that the South Dakota Nonresident Insurance Producers License of Karen Bullard should be revoked.

VIII.

Any additional Conclusions of Law included in the Reasoning section of this decision are incorporated herein by reference.

IX.

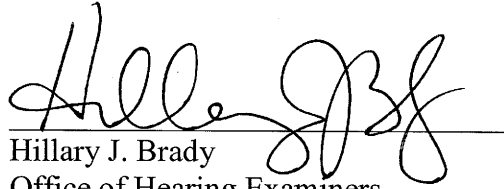
To the extent any of the foregoing are improperly designated and are instead Findings of Fact, they are hereby redesignated and incorporated herein as Findings of Fact.

Based on the above Findings of Fact, Reasoning and Conclusions of Law, the Hearing Examiner enters the following:

PROPOSED ORDER

The South Dakota Nonresident Insurance Producers License of Karen Bullard should be revoked.

Dated this 29th day of October 2012

A handwritten signature in black ink, appearing to read "Hillary J. Brady", written over a horizontal line.

Hillary J. Brady
Office of Hearing Examiners
210 E. 4th Street
Pierre, South Dakota 57501-1538