

**SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
DIVISION OF INSURANCE**

**IN THE MATTER OF
THE INSURANCE PROFESSIONALS, INC.
LICENSEE**

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**FINAL DECISION
INS 18-26**

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 Proposed Findings of Fact, Conclusions of Law and Proposed Order, dated November 1, 2018, is adopted in full.

IT IS FURTHER ORDERED that the South Dakota Non-resident Insurance Business Entity License of The Insurance Professionals, Inc. 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 14 day of November, 2018.



Marcia Hultman, Secretary
South Dakota Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION


IN THE MATTER OF
THE INSURANCE PROFESSIONALS INC.

INS 18-26

NOTICE OF ENTRY OF PROPOSED
FINDINGS OF FACT, CONCLUSION OF LAW,
AND DECISION AND FINAL DECISION

NOTICE IS HEREBY GIVEN, that attached hereto, is a true and correct copy of the Proposed Findings of Fact, Conclusions of Law, and Decision, and Final Decision entered by Marcia Hultman, Secretary of the South Dakota Department of Labor and Regulation, on November 14, 2018.

Dated this 16th day of November, 2018.



Lisa M. Harmon
Legal Counsel
South Dakota Division of Insurance
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501
(605) 773-3563

CERTIFICATE OF SERVICE

I, Lisa Harmon, the undersigned, do hereby certify that on the date shown below, a true and correct copy of the Proposed Findings of Fact, Conclusions of Law, and Decision, and Final Decision with respect to the above-entitled action was sent U.S. Certified Mail thereon, to the following:

The Insurance Professionals, Inc.
9343 East Bahia Dr.
Scottsdale, AZ 85260

Tower Insurance Company of New York
59 Maiden Lane, 38th Floor
New York, NY 10038

AIG Assurance Company
175 Water St -18th FL
New York, NY 10038

21st Century Pacific Insurance Co.
3 Beaver Valley RD -21st Century Plaza
Wilmington, DE 19803

New Hampshire Insurance Co.
175 Water St -18th FL
New York, NY 10038

Illinois General Insurance Company
175 Water St -18th FL
New York, NY 10038

Atlantic Specialty Ins. Co.
605 Highway 169 North, STE 800
Plymouth. MN 5544

Lincoln General Insurance Company
P O Box 3709
York, PA 17402

CastlePoint National Ins. Co.
101 California St. 36th FL
San Francisco, CA 94111

Granite State Insurance Company
175 Water St -18th FL
New York, NY 10038

Nova Casualty Company
440 Lincoln St.
Worcester, MA 01653

Continental Insurance Company
151 N Franklin St.
Chicago, IL 60606

Everest National Ins. Co.
477 Martinsville Rd.
PO Box 830
Liberty Corner, NJ 07938

Continental Casualty Company
151 N Franklin St.
Chicago, IL 60606

Tower National Insurance Company
59 Maiden Lane, 38th Floor
New York, NY 10038

National Fire Ins. Co. of Hartford
151 N Franklin St.
Chicago, IL 60606

State National Insurance Company, Inc.
1900 L Don Dodson Dr.
Bedford, TX 76021

Transcontinental Insurance Company
333 S. Wabash
Chicago, IL 60604

Transportation Insurance Company
333 S. Wabash
Chicago, IL 60604

Valley Forge Insurance Company
151 N Franklin St.
Chicago, IL 60606

American Casualty Co. of Reading, PA
151 N Franklin St.
Chicago, IL 60606

Stonington Insurance Company
One General Drive
Sun Prairie, WI 53596

Fidelity and Guaranty Ins. Underwriters Inc.
One Tower Square, 6 PB
Hartford, CT 06183

Fidelity and Guaranty Ins. Co.
One Tower Square
Hartford, CT 06183

United States Fidelity & Guaranty Co.
One Tower Square
Hartford, CT 06183

Cumis Insurance Society Inc.
PO Box 1085
Madison, WI 53701

Discover Property & Casualty In. Co.
One Tower Square
Hartford, CT 06183

First National Ins. Co. of America
175 Berkeley St.
Boston, MA 02116

General Insurance Co. of America
175 Berkeley St.
Boston, MA 02116

Safeco Insurance Co. of America
175 Berkeley St.
Boston, MA 02116

American States Preferred Ins. Co.
175 Berkeley St.
Boston, MA 02116

Greenwich Insurance Company
70 Seaview Ave.
Stamford, CT 06902

Fairmont Insurance Company
250 Commercial Street, Suite #5000
Manchester, NH 03101

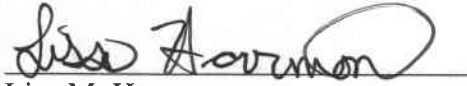
StarStone National Insurance Company
Harborside 5 185 Hudson Street, Suite 2600
Jersey City, NJ 07311

TIG Insurance Company
250 Commercial St., STE 5000
Manchester, NH 03101

American Economy Insurance Company
175 Berkeley St.
Boston, MA 02116

American States Insurance Company
175 Berkeley St.
Boston, MA 02116

Dated this 16th day of November, 2018 in Pierre, South Dakota.

A handwritten signature in black ink, appearing to read "Lisa M. Harmon", written over a horizontal line.

Lisa M. Harmon
Legal Counsel
South Dakota Division of Insurance
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501
(605) 773-3563

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

**IN THE MATTER OF
THE INSURANCE PROFESSIONALS,
INC.**

**INS 18-26
PROPOSED DECISION**

This matter came for hearing before the Office of Hearing Examiners on November 1, 2018, pursuant to a Notice of Hearing issued by the South Dakota Division of Insurance ("Division") on October 1, 2018. Frank A. Marnell and Lisa Harmon appeared as counselors for the Division. THE INSURANCE PROFESSIONALS, INC. (hereinafter referred to as "INSURANCE PROFESSIONALS") did not appear, either in person or through counsel. The Division admitted its Exhibits 1 through 5 into evidence and moved that the Hearing Examiner enter these Proposed Findings of Fact, Conclusions of Law, and Proposed Decision as a default disposition to this contested case.

ISSUE

Whether the Business Entity License of INSURANCE PROFESSIONALS should be revoked due to failing to timely respond to the Division; failing to timely report an administrative action(s) to the Division; and for violating the insurance laws of South Dakota, in violation of SDCL 58-30-167(2) and (9), 58-30-193, 58-33-66, and 58-33-68.

FINDINGS OF FACT

1. INSURANCE PROFESSIONALS was licensed by the Division as business entity on July 18, 1996. The license is currently inactive. (Exhibit 1).
2. INSURANCE PROFESSIONALS was the subject of administrative action in Virginia. (Exhibit 2).
3. INSURANCE PROFESSIONALS failed to report the administrative actions to the Division within 30 days. (Exhibits 2).
4. The Division sent inquiries to INSURANCE PROFESSIONALS at its mailing address of record on March 16, 2018 and April 20, 2018. (Exhibits 3-4).
5. INSURANCE PROFESSIONALS did not respond to the Division's inquiries. (Exhibits 3-4).
6. INSURANCE PROFESSIONALS dissolved as a corporation on April 27, 2017. (Exhibit 5).
7. Any additional Findings of Fact included in the Reasoning section of this decision are incorporated herein by reference.

SCANNED

8. 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 to revoke the South Dakota Business Entity License of INSURANCE PROFESSIONALS. As a consequence of the potential loss of Respondent'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).

SDCL 58-30-193 states that "[A]n insurance producer shall report to the director any administrative action taken against the insurance producer in another jurisdiction... 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." SDCL 58-33-66(1) requires INSURANCE PROFESSIONALS to respond to the Division and supply requested documents within twenty days from the receipt of a request. In addition, the Division considers SDCL 58-30-167 (shown in pertinent part) as follows:

The director may... revoke or refuse to continue, any license issued under this chapter... after a hearing... The director may... revoke... an insurance producer's... 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;
- (9) Having an insurance producer license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory;

The evidence indicates that INSURANCE PROFESSIONALS violated the insurance laws of another jurisdiction, failed to report that action, and failed to respond to Division inquiries regarding the action. Applying the law to the Findings of Fact it is clear the Business Entity License of INSURANCE PROFESSIONALS is subject to revocation and should be revoked.

CONCLUSIONS OF LAW

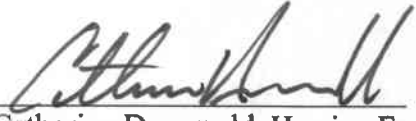
1. The Division has jurisdiction over INSURANCE PROFESSIONALS and the subject matter of this contested case. The Office of Hearing Examiners is authorized to conduct the hearing and issue a proposed decision pursuant to SDCL 1-26D-4.
2. The Division bears the burden of establishing the alleged statutory violations by clear and convincing evidence.
3. The Division established by clear and convincing evidence that INSURANCE PROFESSIONALS violated SDCL § 58-30-193.
4. The Division established by clear and convincing evidence that INSURANCE PROFESSIONALS violated SDCL § 58-33-66.
5. The Division established by clear and convincing evidence that INSURANCE PROFESSIONALS violated SDCL §§ SDCL 58-30-167 (2) and (9).
6. The Division established by clear and convincing evidence that the South Dakota Business Entity License of INSURANCE PROFESSIONALS is subject to revocation.
7. Any additional Conclusions of Law included in the Reasoning section of this decision are incorporated herein by reference.
8. 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 DECISION

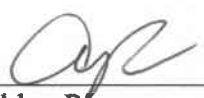
The South Dakota Business Entity License of INSURANCE PROFESSIONALS should be revoked.

Dated this 15 day of November, 2018.


Catherine Duenwald, Hearing Examiner
Office of Hearing Examiners
523 East Capitol
Pierre, SD 57501

CERTIFICATE OF SERVICE

I certify on November 15, 2018, at Pierre, South Dakota, a true and correct copy of this Proposed Decision was mailed to each of the parties below.


Ashley Parsons
Office of Hearing Examiners

The Insurance Professionals, Inc.
9343 East Bahia Dr.
Scottsdale, AZ 85260

Frank A. Marnell
Division of Insurance
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501