

STATE OF OHIO
DEPARTMENT OF INSURANCE
2100 Stella Court
Columbus, Ohio 43215-1067

11/15

IN RE: :
SUITABILITY OF NATIONAL PREARRANGED : AMENDED
SERVICES, INC. : NOTICE OF OPPORTUNITY
NO.9047: FOR HEARING
TO BE LICENSED AS A BUSINESS ENTITY :
INSURANCE AGENT IN THE STATE OF OHIO :

National Prearranged Services, Inc. ("NPS") currently holds a nonresident business entity insurance agent license in the state of Ohio. NPS currently holds a Missouri resident business entity insurance agent license.

The Ohio Department of Insurance ("Department"), on behalf of the Superintendent of Insurance ("Superintendent"), has conducted an investigation of the activities of NPS and, as a result of such investigation, alleges that NPS has committed violations of the laws and regulations of this state and that it is not suitable to be licensed as a business entity insurance agent.

In accordance with Chapter 119 and Title 39 of the Ohio Revised Code ("Revised Code"), NPS is hereby notified that the Superintendent intends to suspend, revoke, or refuse to renew its license as a business entity insurance agent in the state of Ohio and/or take any other action or actions authorized pursuant to section 3905.14(D) of the Revised Code including civil penalties and/or administrative costs. The grounds for such action are alleged below.

COUNT ONE

Beginning in at least 2006, NPS caused or permitted insurance customers to appoint it as a beneficiary on all Lincoln Memorial Life (LML) insurance policies NPS sold to Ohio residents. Pursuant to section 3905.14(B)(18) of the Revised Code, the Superintendent may revoke an agent's license for causing or permitting a policyholder or applicant for insurance to designate the agent as the beneficiary of a policy. Additionally, pursuant to section 3905.14(B)(9) of the Revised Code, the Superintendent may revoke an agent's license for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

COUNT TWO

The allegations contained in Count One are hereby incorporated as if fully rewritten herein. NPS obtained policy loans on LML policies it sold to Ohio residents without the knowledge or authorization of the policyholders. Pursuant to section 3905.14(B)(9) of the Revised Code, the Superintendent may revoke an agent's license for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

COUNT THREE

Beginning in at least 2006, NPS solicited applications for LML policies from Ohio residents utilizing application forms that asked the applicant whether the new policy would replace an existing policy. NPS presented the application to Ohio applicants with the response to this question already answered "No". Ohio Administrative Code ("OAC") section 3901-6-05(E) requires agents to verify whether the new policy replaces one that the applicant already has in existence. NPS failed to comply with this requirement. Pursuant to section 3905.14(B)(2) of the Revised Code, the Superintendent may revoke an agent's license for violating or failing to comply with Ohio's insurance laws.

COUNT FOUR

The allegations contained in Count Four are hereby incorporated as if fully rewritten herein. Section 3901-6-03(H) requires agents to present to Ohio applicants for life insurance the NAIC Buyer's Guide. NPS failed to comply with this requirement. Pursuant to section 3905.14(B)(2) of the Revised Code, the Superintendent may revoke an agent's license for violating or failing to comply with Ohio's insurance laws.

COUNT FIVE

The allegations contained in Counts Four and Five are hereby incorporated as if fully rewritten herein. OAC section 3901-6-03(H) states that, in addition to the other remedies provided in OAC section 3901-6-03, the failure of an agent to provide or deliver a Buyer's Guide to an Ohio applicant for life insurance is a violation of section 3901.21 of the Revised Code. Pursuant to section 3905.14(B)(8) of the Revised Code, the Superintendent may revoke an agent's license for having been found to have committed any unfair trade act or practice or insurance fraud.

NPS is hereby notified that it may request a hearing pursuant to Chapter 119 of the Revised Code. The request for a hearing must be received by the Department within thirty (30) days of the mailing of this Notice. The request should be in writing and directed to:

Sharon Green
Hearing Administrator
Ohio Department of Insurance
2100 Stella Court
Columbus, Ohio 43215-1067
Telephone: (614) 644-2640
Facsimile (614) 644-3742
Email: sharon.green@ins.state.oh.us

At the hearing, NPS may appear by its' attorney, or by such other representative as is permitted to practice before the agency, or NPS may present its position, arguments or contentions in writing and, at the hearing, NPS may present evidence and examine witnesses appearing for and against it.

If no hearing is requested, the matter will proceed to the Superintendent for decision where she may impose any sanction allowed by law.

MARY JO HUDSON
Superintendent of Insurance

DATED: March 25, 2008
Columbus, OH

BY: Amy C. Amerine
Amy C. Amerine
Enforcement/Licensing Attorney