

STATE OF ALASKA  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
DIVISION OF INSURANCE  
800 E. DIMOND BLVD., SUITE 560  
ANCHORAGE, ALASKA 99515  
(907) 349-1230

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

In the Matter of: )  
 )  
KENNETH A. MURRAY INSURANCE, INC. )  
Respondent. )  
\_\_\_\_\_ )

Case No. D94-02

STIPULATED AGREEMENT AND ORDER

DEPARTMENT OF COMMERCE  
& ECONOMIC DEVELOPMENT  
DIVISION OF INSURANCE

The Division of Insurance, Department of Commerce and Economic Development, State of Alaska (Division), Kenneth A. Murray Insurance, Inc. (KMI), and Kenneth A. Murray (Mr. Murray), stipulate and agree for purposes of settlement as follows:

1. All allegations of violations of AS 21.27.350 and 21.27.360 that are included in the Report of Examination of KMI filed with the Director of the Division on August 5, 1993 are fully resolved upon the execution of this agreement and order.
2. KMI and Mr. Murray do not contest allegations of violations of AS 21.27.350 and 21.27.360 cited in the above-referenced report.
3. The Division recognizes that, on October 13, 1992, KMI deposited \$51,665 into the KMI premium trust account by transfer of funds from the KMI operating account into the KMI trust account.

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4. The Division's investigation was an audit as to compliance with trust account regulations and not a criminal investigation and no criminal actions were initiated as a result of the Division's audit of the KMI trust account.

5. KMI and Mr. Murray jointly and severally agree to pay a fine of \$5,000 for the violations of the insurance code referenced in paragraph 2, with \$4,000 suspended pending no further violations of the insurance code by either party during the next three years. The unsuspended \$1,000 shall be paid to the Division within 45 days of the adoption of this order by the Director. A violation of any portion of the insurance code by either KMI or Mr. Murray will result in the automatic revocation of the suspension provision of the fine and cause the \$4,000 amount to be immediately payable to the Division.

6. Mr. Murray has been informed of his opportunity to receive the advice of separate legal counsel and has waived that opportunity.

7. The intent of this agreement and order is to achieve compliance with AS 21.27.350 and 21.27.360 without unduly hampering the ability of the licensees to engage in the production of insurance.

8. KMI and Mr. Murray agree to use their best efforts to comply with the provisions of the insurance code.

DIVISION OF INSURANCE

April 11, 1994  
Date

By Gloria G. Glover  
Gloria G. Glover, CFE  
Insurance Financial Examiner

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KENNETH A. MURRAY INSURANCE, INC.

4-12-94  
Date

By Kenneth A Murray  
Kenneth A. Murray, Principal

4-12-94  
Date

Kenneth A Murray  
Kenneth A. Murray

ORDER

IT IS ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the issues in this matter and shall constitute the final order in this matter.

DATED this 20<sup>th</sup> day of April, 1994 at Anchorage, Alaska.

DAVID J. WALSH  
Director  
Division of Insurance

By Thelma Snow Walker  
Thelma Snow Walker  
Deputy Director

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Case No. D94-02

STATEMENT OF ACCUSATION

David J. Walsh, Director, Division of Insurance (Division), Department of Commerce and Economic Development, State of Alaska, states and alleges as follows:

1. Kenneth A. Murray Insurance, Inc. (KMI) is a licensed insurance producer firm operating in the State of Alaska under firm license no. 7781 (formerly agency license no. 6489 and brokerage license no. 5089). The principal of KMI is Kenneth A. Murray (Mr. Murray), operating in the State of Alaska under insurance license no. 2676.

2. In October of 1992, Wong & Associates, Inc., on behalf of the Division, performed an examination of the fiduciary accounts and records of KMI to assist the Division in determining compliance with AS 21.27.350, 21.27.360, and 3 AAC 23.500 -- 3 AAC 23.730.

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3. Wong & Associates, Inc. submitted its report, dated July 6, 1993, on the KMI fiduciary accounts for the period of October 1, 1991 through September 30, 1992. Based on that report, examination report no. FE92-10, proposed for official filing, was issued by the Division to the Director on August 5 1993.

4. On October 4, 1993, under Order no. FE92-10, the Deputy Director for the Director officially approved for filing the report on the KMI trust account examination, in accordance with AS 21.06.150.

5. On July 1, 1992, substantial revisions to the Alaska insurance code (AS 21) went into effect. The above-referenced examination covers periods before and after July 1, 1992; however, since most of the covered period was prior to July 1, 1992, the more permissive statute that was in effect prior to July 1, 1992 will be applied.

COUNT I

6. The Director realleges paragraphs 1 through 5.

7. KMI and Mr. Murray individually have violated 3 AAC 23.520, 3 AAC 23.530, AS 21.27.350, and 21.27.360 by failing to account adequately for trust money held in the firm's possession and failing to maintain detailed premium trust account records.

8. For violating 3 AAC 23.520, 3 AAC 23.530, AS 21.27.350, and 21.27.360, KMI and Mr. Murray should be assessed a civil penalty of \$2,500 for each violation, as provided in AS 21.27.440.

COUNT II

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2 9. The Director realleges paragraphs 1 through 8.

3 10. KMI and Mr. Murray have violated 3 AAC 23.630, 3 AAC 23.650,  
4 AS 21.27.350, and 21.27.360 in that the firm paid premiums from trust funds to  
5 insurance companies for insureds who had not paid premiums to KMI. The funds  
6 used to pay these uncollected premiums were funds received from other insureds  
7 and held in the KMI fiduciary account. As a result of this practice, the KMI premium  
8 trust account was continually deficient.  
9

10 11. For violating 3 AAC 23.630, 3 AAC 23.650, AS 21.27.350, and  
11 21.27.360, KMI and Mr. Murray should be assessed a civil penalty of \$2,500 for each  
12 violation, as provided in AS 21.27.440.

13 DATED this 21<sup>st</sup> day of January, 1994 at Anchorage, Alaska.

14  
15 DAVID J. WALSH  
16 Director  
17 Division of Insurance

18 By *Thelma Snow Walker*  
19 Thelma Snow Walker  
20 Deputy Director

21 ACCKAMI.PBK