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STATE OF ALASKA  
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT  
DIVISION OF INSURANCE

In the Matter of: )  
 )  
 Daniel B. Longman and Guyot, )  
 Hicks, Anderson and Associates, )  
 )  
 Respondents. )  
\_\_\_\_\_ )

Case No. LD 94-04

STIPULATED AGREEMENT AND ORDER

The State of Alaska, Department of Commerce and Economic Development, Division of Insurance (the "Division"), and Respondents Daniel B. Longman ("Longman") and Guyot, Hicks, Anderson and Associates, Inc. ("GHA") stipulate and agree that all allegations of violations of AS 21.27.010, et seq. that are included in the Statement of Issues against the respondents are resolved by agreement as follows:

1. GHA and Longman admit that Longman violated AS 21.27.010, by transacting insurance in Alaska without a license to include the solicitation and placement of insurance for risks located in Alaska.
2. GHA and Longman admit that Longman wilfully violated cease and desist orders issued by the Division directing him to stop all unlicensed activities. Notwithstanding the cease and desist orders, Longman continued to transact insurance in Alaska without a license.
3. GHA and Longman admit that in violation of

DEPARTMENT OF LAW  
OFFICE OF THE ATTORNEY GENERAL  
ANCHORAGE BRANCH  
1001 W. FOURTH AVENUE, SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 269-5100

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AS 21.27.100(b), GHA through Longman acted as an insurance producer in Alaska for Frontier Insurance Company, and St. Paul Insurance Company without a proper license and without appointments by these insurers.

4. GHA and Longman admit that Longman violated AS 21.27.360(b) and 3 AAC 23.600 by failing to promptly account for and pay return premium to Eric Madsen and Janet Hadley of Sitka, Alaska, d/b/a Mertz Island Vacation.

5. GHA admits that it violated AS 21.27.140 by allowing Longman to transact insurance in Alaska without proper licenses. GHA further admits that compensation it paid to Longman for placement of insurance relative to risks in Alaska violated AS 21.27.370 which prohibits GHA from sharing compensation with unlicensed persons.

6. As a consequence of the above statutory violations, the parties agree to the following sanctions and penalties:

A. GHA will withdraw its application for a managing general agents' license designating Longman as manager in the firm and will resubmit the application naming Michael Smith or William Anderson as the principal or manager in the firm.

B. Longman will be issued a non-resident producer license subject to the following conditions:

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- (1) that he submit to the Division at the start of each quarter a sworn affidavit stating that he is in compliance with Alaska's insurance laws and that he also submit monthly reports to William Anderson and any subsequent employers identifying all Alaska solicitation activities and all policies of insurance sold on risks resident, located or to be performed in Alaska for their review and monitoring purposes. These conditions shall remain in effect for a period of three (3) years from the date of this agreement;
- (2) that he is not named as principal, manager, or compliance officer of any insurance firm doing business in Alaska. This condition shall remain in effect for a period of five (5) years from the date of this agreement;
- (3) that he and GHA dba Charter Lakes pay, by March 1, 1995, a civil fine equal to any commissions that were paid or will be paid to GHA, Charter Lakes and/or Longman for insurance placed on risks in Alaska while Longman was not licensed. GHA and Longman shall certify by sworn affidavit to the Division the amount of commissions paid or due to be paid as a result of Longman's

1 unlicensed activities;

2 (4) that he pay, an additional civil fine of  
3 \$20,000 with \$15,000 suspended for violation  
4 of the cease & desist orders and for other  
5 violations of the insurance code. The  
6 remaining \$5,000 shall be paid by January 1,  
7 1995; and

8 (5) that any violation of this agreement or  
9 Alaska's insurance code by Longman shall  
10 result in automatic suspension of Longman's  
11 producer license without an administrative  
12 hearing, subject to the terms of  
13 AS 21.27.430, and automatic reinstatement of  
14 the suspended fine.

15 C. In addition to the civil fine described in  
16 paragraph B(3) above, GHA will pay a civil fine of  
17 \$10,000 with \$7,500 suspended. The remaining  
18 \$2,500 shall be paid by January 1, 1995. Any  
19 violation of this agreement or Alaska's insurance  
20 code by GHA will result in automatic reinstatement  
21 of the suspended fine.

22 7. The parties to this Stipulated Agreement and Order agree  
23 to execute such documents as may be reasonably necessary  
24 to effectuate fully the terms and conditions of this  
25 agreement and order.

26 8. GHA and Longman have been informed of their right to

1 receive advice of counsel regarding the terms and  
2 conditions of this Stipulated Agreement. GHA and  
3 Longman acknowledge that they either sought such advice  
4 or waive their right to seek such advice.

5 DATED: 1/17/95

BRUCE M. BOTELHO  
ATTORNEY GENERAL

7 By: Signe P. Andersen  
8 Signe P. Andersen  
9 Assistant Attorney General

10 DATED: 1/5/95

Guyot, Hicks, Anderson  
& Associates, Inc.

11 By: William C. Johnson

12 Its: President  
13 Daniel B. Longman  
14 Daniel B. Longman

15 DATED: 1/6/95

RECOMMENDED FOR APPROVAL

16 This Stipulated Agreement and Order is recommended for  
17 approval by the Director of Insurance this 18<sup>th</sup> day of  
18 January, 1995.

19 Frank Flavin  
20 Frank Flavin, Hearing Officer

ORDER

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

24 DATED this 18<sup>th</sup> day of January, 1995.

25 Thelma Snow Walker  
26 ~~David XXXX Walker~~ Thelma Snow Walker  
Acting Director of Insurance

1 STATE OF ALASKA

2 DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

3 DIVISION OF INSURANCE

4 In re: )  
5 )  
6 LICENSE APPLICATIONS OF )  
7 DANIEL B. LONGMAN and GUYOT, )  
8 HICKS, ANDERSON & ASSOCIATES )  
9 )

Case No. LD94-04

10 **STATEMENT OF ISSUES**

11 David J. Walsh, Director, Division of Insurance  
12 (hereinafter "the division"), Department of Commerce and Economic  
13 Development, State of Alaska, states:

14 1. This is a proceeding under the Alaska Insurance Code  
15 (AS Title 21) denying applications for insurance licenses required  
16 by AS 21.27.010.

17 2. Mr. Longman is president of Charter Lakes Insurance  
18 Agency, located in Grand Rapids, Michigan. Charter Lakes is an  
19 insurance brokerage which markets charter boat insurance on a  
20 nationwide basis. Charter Lakes is described by Mr. Longman as a  
21 d/b/a, an affiliate, and a division of Guyot, Hicks, Anderson &  
22 Associates (hereinafter GHAA), an insurance brokerage located in  
23 Traverse City, Michigan.

24 3. Mr. Longman has never had an individual license with  
25 the division. On September 20, 1993, he first applied to the  
26 division for a non-resident individual working in a firm insurance  
producer license for GHAA. That same day, the division also

1 received an application from GHAA to have Mr. Longman appointed  
2 its manager in accordance with AS 21.27.020(c)(2). The  
3 applications were completed on July 6, 1994, through the  
4 submission of additional information to the division.

5 4. There is no appointment on record with the division  
6 in accordance with AS 21.27.100 naming GHAA as an agent or in any  
7 way authorizing Mr. Longman to sell insurance for Frontier  
8 Insurance Company. Nonetheless, GHAA, through Mr. Longman and  
9 others within the firm, purportedly transacted the business of  
10 insurance with Alaska insureds on behalf of Frontier Insurance  
11 Company. Frontier has no record of any policies being placed by  
12 either Mr. Longman or GHAA.

13 5. There is no appointment of record with the division  
14 in accordance with AS 21.27.100 naming GHAA as an agent or in any  
15 way authorizing Mr. Longman to sell insurance for St. Paul Fire  
16 and Marine Insurance Company. Nonetheless, without the benefit of  
17 an Alaska license, Mr. Longman sold St. Paul insurance to Alaska  
18 charter boat operators.

19 6. Due to unlicensed insurance activity by Mr. Longman,  
20 on May 11, 1994, the division issued Cease and Desist Orders (Nos.  
21 D94-14 and D94-15) ordering Mr. Longman to cease and desist  
22 further violations of the Alaska insurance code.  
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1           7. Notwithstanding the above Cease and Desist Orders,  
2 Mr. Longman continued to transact the business of insurance in  
3 Alaska without a proper license.

4           8. Both prior to and subsequent to the Cease and Desist  
5 Orders, Mr. Longman transacted the business of insurance through  
6 selling insurance for charter boat operators in Alaska with St.  
7 Paul Fire and Marine Insurance Company, Insurance Company of North  
8 America, Frontier Insurance Company, and possibly other insurers.

9           9. Mr. Longman transacted the business of insurance,  
10 without the benefit of a required Alaska license, with respect to  
11 at least 50 insurance policies, and received commissions in excess  
12 of \$26,000.

13           10. On August 19, 1994, Mr. Longman met with the Deputy  
14 Director of Insurance and the division's attorney at the Attorney  
15 General's Office in Anchorage. He was again advised that he did  
16 not have a license to transact insurance business in Alaska. The  
17 following week he met with insureds in Sitka, Alaska, and engaged  
18 in the business of insurance, including but not limited to:  
19 claims handling, solicitation, transmittal of an insurance binder,  
20 and meeting on an individual basis with charter boat operators in  
21 the Sitka area concerning their insurance needs.

22           11. In April 1994, Eric Madsen and Janet Hadley of  
23 Sitka, Alaska, d/b/a Mertz Island Vacations, contacted Mr. Longman  
24 about obtaining insurance for four boats in their charter  
25 operation. Applications were completed on April 28, 1994 and  
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1 transmitted to Mr. Longman. Insurance on the four boats was  
2 allegedly purchased through Mr. Longman by check dated May 20,  
3 1994, in the amount of \$2,269.00 payable to Charter Lakes  
4 Insurance Agency.

5 12. Despite repeated requests by Madsen and Hadley for  
6 written evidence of their insurance, Mr. Longman failed to provide  
7 them with a binder of coverage until August 30, 1994. By that  
8 time, Madsen and Hadley had obtained other insurance coverage, and  
9 had requested Mr. Longman to return their premium payment. To  
10 date, Mr. Longman has still not returned the \$2,269.00 premium.  
11 And, as previously indicated, Frontier Insurance Company has no  
12 record of any insurance policy placed by either Mr. Longman or  
13 GHAA for Madsen and Hadley.

14 13. Mr. Longman received numerous checks made payable  
15 to Charter Lakes Insurance Company in payment of insurance  
16 premiums for Alaska insureds.

17 14. The acts described in paragraphs 1 through 13 above  
18 constitute willful violations of AS 21.27.010(a) and (b), and  
19 21.36.030(a)(11).

20 15. Mr. Longman's unlicensed activities unduly put the  
21 interests of Alaska insurance consumers at risk.

22 16. The acts described in paragraphs 1 through 15 above  
23 provide grounds for denial of licensure pursuant to  
24 AS 21.27.020(a), (b)(4) and (b)(6); and 21.27.410(a)(2) and  
25 (a)(8).  
26

STATE OF ALASKA  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
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THEREFORE, the individual license application of Daniel B. Longman and the application of GHAA to have Mr. Longman appointed as its manager are denied.

DATED this 15<sup>th</sup> day of September, 1994, at Anchorage, Alaska.

DAVID J. WALSH  
Director  
Division of Insurance

By Thelma Snow Walker  
Thelma Snow Walker  
Deputy Director