

3601 C STREET, SUITE 1324
ANCHORAGE, ALASKA 99503-5948
PHONE (907) 269-7900
FAX (907) 269-7910
TDD (907) 465-5437

1 due no later than twelve months from the date this agreement and order is
2 signed by the director.

3
4 3. In the event Hardwick violates the insurance code or
5 applicable regulations during the next two years (in particular, failure to renew
6 the license timely), the suspended portion of the fine referenced in paragraph 2
7 will be reinstated. Hardwick also will be subject to any and all sanctions
8 authorized by the insurance code including imposition of additional fines or
9 penalties.

10
11 4. By signing this agreement, Hardwick understands and agrees
12 that any failure to comply with the conditions of this agreement will be grounds
13 to revoke, suspend, or non-renew Alaska insurance license #3930.

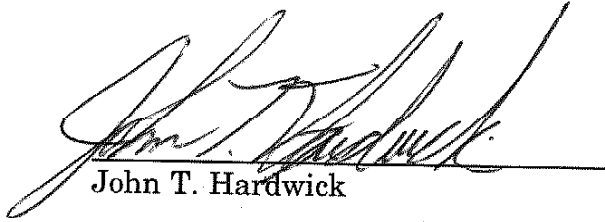
14
15 DATED: 7/8/97

BRUCE M. BOTELHO
ATTORNEY GENERAL

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18 By: 

Signe P. Andersen
Assistant Attorney General
Representing the Division
of Insurance

19
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22
23 DATED: 7/6/97


John T. Hardwick


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ORDER

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

DATED this 8th day of July, 1997.


Marianne K. Burke
Director of Insurance

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

In the Matter of:)
JOHN T. HARDWICK,)
Licensee.)
_____)

Case No. D97-07

ACCUSATION

Marianne K. Burke, Director of the Division of Insurance (division), Department of Commerce and Economic Development, State of Alaska, states and alleges as follows:

1. John T. Hardwick (Hardwick), is a licensed limited lines insurance producer in a firm in the State of Alaska under license #3930. The license was first issued in July 1987 and, after a period of inactivity, it was subsequently reinstated on August 10, 1993. Hardwick is also the Principal and Compliance Officer for the firm Hawaiian Vacations, Inc. (Hawaiian), which is licensed in this state under license #8738.
2. On or about May 5, 1995, Hardwick failed to timely renew his license #3930. While his license was in lapse status, he continued to transact the business of insurance. The division renewed his license effective June 16, 1995 and notified him of the potential consequences for further violations of Alaska insurance law, particularly unlicensed activity.

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3. On or about May 2, 1997, Hardwick again failed to timely renew his license #3930. The division and Hardwick entered into a Stipulated Agreement and Order, dated July 8, 1997, whereby Hardwick admitted that he had transacted insurance business while his license was in lapse status. He agreed to pay a civil penalty of \$4,000 with \$2,000 of it suspended. Hardwick was not required to pay the suspended portion of the penalty as long as he did not violate the insurance code or applicable regulations, particularly those related to timely license renewal, for the two years following the effective date of the agreement. The agreement also stated that "Hardwick understands and agrees that any failure to comply with the conditions of this agreement will be grounds to revoke, suspend, or non-renew Alaska insurance license #3930."

4. On or about August 12, 1997, Hardwick failed to timely renew Hawaiian's firm license #8738. The division and Hawaiian entered into a Stipulated Agreement and Order, dated October 22, 1997 and signed by Hardwick as Hawaiian's Principal and Compliance Officer. In the agreement, Hawaiian admitted that it had transacted insurance business while the license was in lapse status, and agreed to pay a civil penalty of \$284.62, an amount equal to the commissions received for the unlicensed insurance activity.

5. On or about May 2, 1999, for the third consecutive time, Hardwick failed to timely renew license #3930. When he submitted the items necessary to renew his license, Hardwick certified that he had transacted Alaska insurance business after his license had lapsed.

COUNT 1 – Noncompliance with 1997 Stipulated Agreement

6. The director realleges paragraphs 1 – 5.

1 7. Under the July 8, 1997 Stipulated Agreement and Order, Hardwick
2 agreed to comply with the insurance code or applicable regulations, particularly those related to
3 timely license renewal for the two years following the effective date of the agreement. He also
4 agreed that any failure by him to comply with the agreement would be grounds to revoke,
5 suspend or non-renew his Alaska insurance license.
6

7 8. By failing to timely renew his insurance license this year, Hardwick has
8 violated the July 8, 1997 agreement. His failure to comply with the agreement is a ground to
9 reinstate the suspended penalty imposed under the agreement. It is also grounds to revoke,
10 suspend, or non-renew license #3930 under AS 21.27.410 and 21.27.440.
11

12 **COUNT 2 – Unlicensed Activity**

13 9. The director realleges paragraphs 1 – 8.

14 10. The unlicensed activity that Hardwick conducted after his license lapsed
15 on May 6, 1999 is a violation of AS 21.27.380(b). This violation is a ground to impose, under
16 AS 21.27.440, a civil penalty equal to the compensation promised, paid, or to be paid, directly
17 or indirectly to Hardwick and a civil penalty of not more than \$10,000 and to revoke, suspend,
18 or non-renew license #3930 under AS 21.27.410 and 21.27.440.
19

20 **COUNT 3 – Wilful Violation of the Insurance Code**

21 11. The director realleges paragraphs 1 – 10.

22 12. Under AS 21.27.380 and 3 AAC 23.860, Hardwick's individual license
23 renews every two years on his birthday, which is May 2. The statute makes Hardwick
24 responsible for knowing the date that his license lapses and for renewing it before expiration.
25 Hardwick has received renewal notices approximately 60 days prior to his license renewal date
26

1 of May 2 that have been mailed to him by the division pursuant to statute. Each time
2 Hardwick failed to timely renew his license, he also received lapse notices from the division
3 approximately one week after his license expired. Only after receipt of the lapse notices did
4 Hardwick submit paperwork to the division to reinstate his license, which included a notarized
5 statement certifying the amount of business he transacted without a license.
6

7 13. Following the expiration of Hawaiian's firm license in 1997, Hardwick
8 attended an October 13, 1997 meeting at the division, along with his staff members Mary
9 Mason-Coyle and Kimberly Burshek, to discuss statutory licensing procedures. Linda Brunette
10 and Barbara Karl represented the division at that meeting. During this meeting, Linda Brunette
11 described the separate licensing procedures for firm and individual licenses and identified the
12 renewal dates of Hardwick's individual and Hawaiian's firm licenses. After this meeting, Linda
13 Brunette sent Hardwick a letter dated October 16, 1997 memorializing the substance of the
14 issues discussed at the October 13 meeting, which also reiterated the renewal dates of
15 Hardwick's and Hawaiian's licenses.
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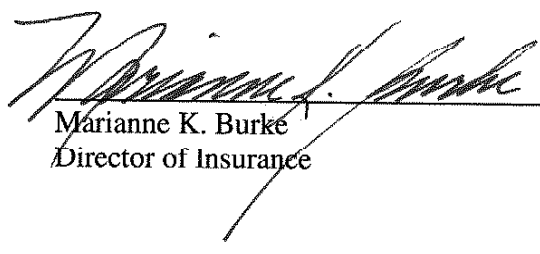
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18 14. Despite Hardwick's actual knowledge of his license's renewal date and of
19 the consequences for allowing his license to lapse, Hardwick failed to renew his license #3930
20 before it expired on May 2, 1999 for the third consecutive time. Hardwick's actions establish a
21 wilful violation of AS 21.27.380 based on his repeated failure to timely renew his license and
22 the firm license, his actual knowledge of his license renewal date, and his statutory
23 responsibility to timely renew his license. This violation is a ground to impose a civil penalty
24 of not more than \$25,000 under AS 21.27.440 and to revoke, suspend, or non-renew license
25 #3930 under AS 21.27.410 and 21.27.440.
26

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WHEREFORE, the Division of Insurance will suspend license #3930 for a period of six months; reinstate the suspended portion of the civil penalty in the July 8, 1997 Stipulated Agreement and Order, in the amount of \$2,000; impose a civil penalty against John T. Hardwick of \$10,000 for unlicensed activity; and impose a civil penalty of \$25,000 John T. Hardwick for wilful violation of AS 21.27.380.

DATED this 25th day of May, 1999 at Anchorage, Alaska.


Marianne K. Burke
Director of Insurance

1 The division renewed his license effective June 16, 1995 and notified him of the potential
2 consequences for further violations of Alaska insurance law, particularly unlicensed activity.

3
4 3. On or about May 2, 1997, Hardwick again failed to timely renew his
5 license #3930. The division and Hardwick entered into a Stipulated Agreement and Order,
6 dated July 8, 1997, whereby Hardwick admitted that he had transacted insurance business while
7 his license was in lapse status. He agreed to pay a civil penalty of \$4,000 with \$2,000 of it
8 suspended. Hardwick was not required to pay the suspended portion of the penalty as long as
9 he did not violate the insurance code or applicable regulations, particularly those related to
10 timely license renewal, for the two years following the effective date of the agreement. The
11 agreement also stated that "Hardwick understands and agrees that any failure to comply with
12 the conditions of this agreement will be grounds to revoke, suspend, or non-renew Alaska
13 insurance license #3930."
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16 4. On or about August 12, 1997, Hardwick failed to timely renew
17 Hawaiian's firm license #8738. The division and Hawaiian entered into a Stipulated
18 Agreement and Order, dated October 22, 1997 and signed by Hardwick as Hawaiian's Principal
19 and Compliance Officer. In the agreement, Hawaiian admitted that it had transacted insurance
20 business while the license was in lapse status, and agreed to pay a civil penalty of \$284.62, an
21 amount equal to the commissions received for the unlicensed insurance activity.
22

23 5. On or about May 2, 1999, for the third consecutive time, Hardwick failed
24 to timely renew license #3930. When he submitted the items necessary to renew his license,
25 Hardwick certified that he had transacted Alaska insurance business after his license had lapsed.
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TERMS OF AGREEMENT

A. Hardwick admits that while his limited lines insurance license was in lapse status, from May 2, 1999 through May 7, 1999, he transacted the business of insurance, in violation of AS 21.27.380(b).

B. Under AS 21.27.420(c), the division agrees to reinstate Hardwick's insurance license subject to the condition that Hardwick pay a civil penalty of \$10,000 with \$7,000 suspended, which is payable no later than one year from the date this agreement and order is signed by the director.

C. The suspended portion of the civil penalty under the Stipulated Agreement and Order, dated July 8, 1997, between the division and Hardwick is reinstated, and Hardwick agrees to pay the sum of \$2,000 within 30 days of the date this agreement and order is signed by the director.

D. Hardwick agrees to submit to the division a specific detailed plan outlining exactly what systems he has put in place to ensure that his failure to timely renew his or Hawaiian's insurance licenses will not occur again. This plan will be submitted to the division within 60 days of the date this agreement and order is signed by the director.

E. In the event Hardwick violates the insurance code or applicable regulations during the next two years (in particular, failure to renew the license timely), the suspended portion of the fine referenced in paragraph B will be reinstated. Hardwick also will be subject to any and all sanctions authorized by the insurance code including imposition of additional fines or penalties.

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F. By signing this agreement, Hardwick understands and agrees that any failure to comply with the conditions of this agreement will be grounds to revoke, suspend, or non-renew Alaska insurance license #3930.

DATED: 7/19/99

DIVISION OF INSURANCE

By: Linda Brunette
Linda Brunette
Licensing Supervisor

DATED: 7/12/99

John T. Hardwick
John T. Hardwick

Approved as to form and content:

DATED: 7/27/99

BRUCE M. BOTELHO
ATTORNEY GENERAL

By: Signe P. Andersen
Signe P. Andersen
Assistant Attorney General

ORDER

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

DATED this 2nd day of August, 1999.

John T. Hardwick
Acting Director of Insurance