

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED
SEP 06 2012
INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, *ex rel.* JOHN D.)
DOAK, Insurance Commissioner,)
)
Petitioner,)
)
v.)
)
EDWARD CERAR, a licensed)
insurance producer,)
)
Respondent.)

Case No. 12-0643-DIS

CONSENT ORDER

The State of Oklahoma, *ex rel.* John D. Doak, Insurance Commissioner (the “Insurance Commissioner” or “Petitioner”), and the above named Respondent Edward Cerar (“Cerar” or “Respondent”) agree to the entry of this Consent Order and jointly state as follows:

JURISDICTION

1. The Insurance Commissioner has jurisdiction of this cause, pursuant to the Oklahoma Constitution Article VI, § 22; the Oklahoma Insurance Code generally, 36 O.S. §§ 101 et seq.; and specifically pursuant to the Oklahoma Producer Licensing Act, 36 O.S. §§ 1435.1, et seq.

2. Edward Cerar is a licensed resident insurance producer holding license 11903. His address of record with the Oklahoma Insurance Department is 2805 E. Skelly Drive, Suite 808, Tulsa, Oklahoma 74105-6252.

3. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Oklahoma Producer Licensing Act and/or may levy a fine up to \$1,000.00 for each occurrence of a violation of the Oklahoma Insurance Code, 36 O.S. § 1435.13(A) and (D).

4. Informal disposition of this matter may be made by consent order. 75 O.S. § 309(E). Cerar has been apprised of his rights, including the right to a public hearing, and has knowingly and freely waived said rights and enters into this Consent Order as a voluntary settlement to the issues and questions raised in the above captioned case.

STIPULATION OF FACTS

1. Edward Cerar was employed by Prudential Insurance Company as a Prudential Financial Professional (FP). Cerar maintained an active FP Emeritus contract after his retirement from Prudential and has officed privately in Tulsa, Oklahoma since May 2000.

2. Prudential's compliance manual requires that sales professionals in private offices provide Prudential with annual insurance certificates. The purpose of the certificates is to verify liability insurance coverage exists for the office leased by the sales professional in a commercial office building.

3. During a quality review audit of general liability declaration pages of private office agents, Prudential employee Kathryn Evans discovered that Prudential was not named as an additional insured on the declaration page of Cerar's policy. Cerar's 2010 certificate of insurance listed Southwest General Insurance as the agent of record. Evans called Southwest to verify Prudential was a named insured and also faxed a copy of the 2010 certificate to Southwest.

4. Southwest General Insurance agent Linda Lind reported to Evans that Southwest had not issued the faxed certificate of insurance and had no record that the agency had ever written Cerar's general liability insurance.

5. Evans reviewed company records and determined that Cerar furnished Prudential with a declaration page for the coverage period beginning June 3, 2003. The agent of record was Rooney Insurance Agency, Inc. Cerar had also furnished annual certificates of insurance listing

Southwest General Insurance as the agent for May 13, 2004 through May 13, 2005 and June 3, 2005 through June 3, 2011.

6. During an investigation by Prudential investigator Davis Jenchura, Linda Lind was interviewed and stated that in addition to Southwest never writing insurance for Cerar, the policy number PAS40594690 listed on the certificates of insurance did not correspond with policy numbers from any companies written through Southwest nor did Southwest ever write for Assurance Company of America, the insurance company listed on the certificate.

7. During an interview with Jenchura, Southwest Vice-President Duncan DuVall stated that his name was on the certificates as the authorized Southwest representative but that he had never signed his name to any of the certificates presented to him.

8. During an interview with Jenchura, Rooney Insurance Agency Vice-President Kevin Hanover stated that Cerar had a business owner's policy written through the agency effective June 3, 2002 through June 3, 2003.

9. During an interview with Oklahoma Insurance Department investigator Stephen Colburn, Hanover provided a fax from Rooney Agency employee Susan Hume-Eckles to Cerar dated June 27, 2003 stating the insurance would cancel if Cerar did not pay the premium. Hanover provided a fax from Rooney Agency employee Susan Hume-Eckles to Cerar dated July 8, 2003 notifying Cerar that coverage was cancelled June 23, 2003 for nonpayment of premium. Hanover further stated that Cerar never paid the premium and there was never any coverage after June 23, 2003.

10. During an interview with Colburn, Cerar's former employee Sharon Stone stated that she was not authorized to write checks or pay insurance premiums for his business. Stone left employment with Cerar in 2008.

11. Annual insurance certificates continued to be sent to Prudential after the departure of Sharon Stone. During an interview with Colburn, Cerar admitted he altered the address from his old business address to his new business address on a certificate of insurance sent to Prudential. Cerar admitted that he had not paid insurance premiums for liability coverage during the span of years that Prudential received the certificates of insurance.

AGREED CONCLUSIONS OF LAW

1. Respondent violated 36 O.S. § 1435.13(A)(8) by using fraudulent, coercive or dishonest practices in the conduct of business in this state.


ORDER AND CONSENT

IT IS THEREFORE ORDERED by the Insurance Commissioner and **CONSENTED** to by Edward Cerar that he is fined in the amount of **ONE THOUSAND DOLLARS (\$1,000.00)**. The \$1,000.00 civil fine shall be paid by money order or cashiers check made payable to the Oklahoma Insurance Department. The payment shall reference Respondent's case number 12-0643-DIS and shall be mailed concurrent with the executed Consent Order to the attention of: Julie Meaders, Assistant General Counsel, 3625 NW 56th Street, Suite 100, Oklahoma City, Oklahoma 73112.

WITNESS My Hand and Official Seal this 16th day of September ~~August~~



JOHN D. DOAK
INSURANCE COMMISSIONER
OKLAHOMA INSURANCE DEPARTMENT


LEAMON FREEMAN
HEARING EXAMINER

APPROVED:

Julie Meaders
Julie Meaders
Assistant General Counsel
Oklahoma Insurance Department

VERIFICATION AND CONSENT

I, Edward Cerar, the Respondent, state:

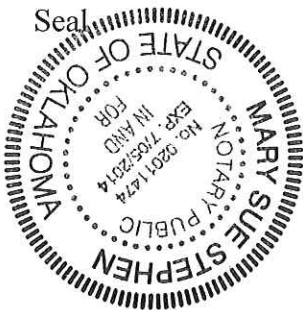
I have read this Consent Order. The contents and facts set forth in the order are true to the best of my knowledge. I consent to the entry of the order by the Insurance Commissioner and I waive my right to appeal this order.

Edward Cerar
EDWARD CERAR

STATE OF OKLAHOMA
COUNTY OF Tulsa

This instrument was acknowledged before me on August 29, 2012 by EDWARD CERAR

Mary Sue Stephen
Signature of Notarial Officer



Notary
Title

My commission expires:

7-5-14

CERTIFICATE OF MAILING

On this 6th day of ~~August~~ ^{Sept.}, 2012, a true and correct copy of the above and foregoing Consent Order was mailed, certified mail, return receipt requested, to:

Edward Cerar
7404 E. 65th Place
Tulsa, Oklahoma 74133

CERTIFIED MAIL NO: 7006 2760 0005 6605 7472

Notification was sent to:

All Appointing Insurers
NAIC/RIRS

A copy was delivered to:

Licensing Division

Anti-Fraud/Investigations Division



Julie Meaders