

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Kyle E. Hughes**

) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 06-06-008

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Kyle E. Hughes (Hughes).

Hughes desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

Hughes waives all rights relative to an administrative hearing and judicial review thereof.

Hughes stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Hughes has been licensed in Oregon as a resident individual insurance producer since 4/7/03. Hughes's last recorded residence and business address is located in Salem, Oregon.

Used a Fraudulent, Coercive, or Dishonest Practice in Business

Hughes is subject to enforcement action pursuant to ORS 744.074 (1)(h) because of the following circumstances. ORS 744.074(1)(h) permits the director to take any authorized enforcement action against a person who has applied for a license or is licensed in Oregon as an insurance producer if the person used a fraudulent, coercive, or dishonest practice, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in Oregon or elsewhere.

On or about 7/29/04 and 4/28/05, Hughes forged the names of four individuals who resided in Oregon on amendments to applications for life insurance to be provided by Country Life Insurance Company. The amendments changed either information provided by the applicant on the application or the terms of the policy applied for. Country Life required the amendments be signed by the applicant before issuing the policies. In two of the four instances, Hughes contacted the applicants but they told Hughes that they no longer wanted the policies. In the other two instances, Hughes did not contact the applicants. However, in all four instances, Hughes knew that the applicants had not signed the amendments. Also in all four instances, Hughes paid to Country Life in cash, from his own money, a portion of the premium for the policies. Country Life required payment of a portion of the premium before issuing the policies. Thus, Hughes intentionally misrepresented to Country Life that the four applicants continued to want the policies. As a result, Country Life issued a policy to each applicant, and Hughes received or retained from Country Life certain financial incentives. On 6/2/05, Country Life terminated Hughes for this and other intentional misconduct. The date of the amendment, amendment number, name of the applicant, and policy number issued, in each instance is as follows:

<u>Date</u>	<u>Amendment No.</u>	<u>Name of Applicant</u>	<u>Policy No.</u>
7/29/04	157614	Carrie L. Hammons	001778905
7/29/04	157615	Ronald L. Hammons	001778904
4/28/05	113276	Aaron L. Henderson	001817968
4/28/05	129124	Sheryl K. Henderson	001821696

About from 3/31/05 to 5/1/05, Hughes completed or requested, and electronically sent to, Country Preferred Insurance Company or Country Mutual Insurance Company (collectively referred to as Country) an automobile insurance application and Credit Bureau Report (CBR) for each of six individuals who resided in Oregon. Hughes knew that the applicants had to have a credit score of A or B in order to qualify for the policies, but that the applicants did not have a credit score of A or B. So Hughes used the social security number of an individual other than the

