

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

In the Matter of **Dennese M. Murray**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 09-03-003

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 Dennese M. Murray (Murray).

Murray desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

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

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

Facts and Conclusions

Licensing Information

Murray was licensed in Oregon as a resident insurance producer from 10/31/05 to 10/31/07. On 10/31/07, Murray's license expired. Murray's last recorded residence address was located in Springfield, Oregon.

Made Unsuitable Recommendation in Life Insurance Transaction

Murray is subject to enforcement action pursuant to OAR 836-080-0090 because of the following circumstances.

OAR 836-080-0090 prohibits a person from recommending that another person purchase or replace a life insurance policy or annuity, or any rider, endorsement or amendment to the policy or annuity, without *reasonable grounds* to believe that the transaction is not unsuitable for the other person *based upon a reasonable inquiry*

concerning the other person's insurance objectives, financial situation and needs, age and other relevant information known by the person.

On 5/22/06, Murray recommended to Alice M. Bouche (Bouche), an 83 year old single woman, of Stayton, Oregon, that she surrender an annuity, issued by Bankers Life and Casualty Company (Bankers Life), and use the proceeds to purchase a different annuity also to be issued by Bankers Life. Murray did not have reasonable grounds to believe that the transaction was not unsuitable for Bouche. Murray inquired into Bouche's circumstances and learned that Bouche had substantial assets but about half of her liquid assets were in the existing annuity, Bouche was paying income taxes, and Bouche preferred to earn more interest on the annuity. Murray knew that the existing annuity was no longer subject to surrender fees and paid approximately 4% interest, and that the proposed annuity was subject to surrender fees for the first ten years, and although promised to pay 6.5% interest for the first year it promised to pay only 3% thereafter. Murray knew that Bouche might owe taxes by surrendering the existing annuity, but did not know the amount of taxes and whether the amount of taxes would exceed the amount of interest Bouche would lose after the first year from the proposed annuity. Thus, based on what she knew about the difference in interest rates between the two annuities and did not know about the taxes that Bouche might owe by surrendering the existing annuity, Murray could not determine whether Bouche would be adversely affected by replacing the existing annuity with the proposed annuity. Bouche was unaware of the extent of the tax consequences of the proposed transaction. Bouche relied on Murray's recommendation. Accordingly, on 5/22/06, Bouche surrendered the existing annuity and applied for the proposed annuity. On 5/30/06, Bankers Life surrendered the old annuity and issued the new annuity. As a result of surrendering the existing annuity, Bouche paid \$82,397.98 in taxes.

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Action

Pursuant to ORS 744.074(1), Murray's expired¹ Oregon resident insurance producer license is revoked on the date of the final order.

Dated March 13, 2009

/s/ Dennese M. Murray
Dennese M. Murray

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated March 24, 2009

/s/ Teresa D. Miller
Teresa D. Miller
Acting Administrator
Insurance Division
Department of Consumer and Business Services

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¹ ORS 744.011 permits the director to investigate and take enforcement action against a person who was licensed in Oregon as an insurance producer but is no longer licensed because the license expired or was surrendered.