



ORS 744.076(1) prohibits an insurer or insurance producer from paying a commission, service fee, brokerage or other valuable consideration to a person for selling, soliciting or negotiating insurance in this state if the person is required to be licensed in Oregon as an insurance producer and is not so licensed.

At all relevant times, Rhonda L. Mullican (Mullican) was employed by Castparts Employees FCU as a loan officer. Castparts Employees FCU authorized Mullican to sell credit life or health insurance policies in connection with loans. Although Castparts Employees FCU did not pay Mullican a commission for selling each policy, it did pay Mullican a salary and a nominal reward for total loan department sales performance. Castparts Employees FCU required Mullican to be licensed as an insurance producer. Mullican was licensed in Oregon as a resident individual insurance producer from 9/23/04 to 5/31/09 and since 11/29/11.

Mullican's license was scheduled to expire on 6/1/09. On 4/21/09, Castparts Employees FCU mailed to the Insurance Division Mullican's renewal application and a check paying the renewal fee. However, Mullican did not sign the application certifying that she had not been convicted of a crime during the past two years. The Insurance Division negotiated the check. On 4/27/09, the Insurance Division mailed a letter to Mullican addressed to "4530 Rural Street, Portland, Oregon" informing her that she needed to certify that she had not been convicted of a crime in order to renew her license. Mullican's correct address was "4530 SE Rural Street, Portland, Oregon." Mullican contends that she did not receive the 4/27/09 letter. On 6/11/09, the Insurance Division mailed to Mullican at her correct residence address a notice that her license had expired and she could not sell insurance after 5/31/09.

Mullican received the 6/11/09 letter. On 6/18/09, Mullican mailed to the Insurance Division a copy of the negotiated check because she thought the reason that her license was not renewed was because the Insurance Division did not receive the check. On 6/23/09, the Insurance Division contends that it called and told Mullican that she needed to certify that she had not been convicted of a crime. Mullican contends that she did not receive a call from the Insurance Division. The Insurance Division and Mullican did not communicate further about Mullican's expired license

until sometime in October 2011 when Castparts Employees FCU discovered that Mullican's license was not renewed. From 6/1/09 to 10/24/11, while Mullican's license was expired, Mullican, as an employee of Castparts Employees FCU, sold to 96 persons residing in Oregon 178 credit life or health insurance policies issued by CUNA Mutual Insurance Society.

### **Action**

Pursuant to ORS 731.988(1)-(2), Castparts Employees FCU is assessed a civil penalty of \$13,000.00. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered or mailed to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE Room 300, Salem, OR 97301-3880; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be received by the Insurance Division before the date of the final order.

Dated July 13, 2012

/s/ Marilyn J. Hockstra

[Signature of Representative]

Marilyn J. Hockstra

[Printed Name of Representative]

President / CEO

[Printed Title of Representative]

Castparts Employees Federal Credit Union

### **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 July 24, 2012

/s/ Louis Savage

Louis Savage

Insurance Commissioner

Insurance Division

Department of Consumer and Business Services