

1 3. Grogan's January 20, 1984, letter stated the new
2 life insurance policy had the following features:

- 3 1) "Premium payments for the first three years, no
4 premium payment in year four, very small outlays
5 in years five, six and seven, and nothing
6 thereafter;"
- 7 2) It could be "tax-qualified and provide. . .
8 valuable income tax incentives;"
- 9 3) By exercising the option to convert the present
10 policy to the new policy, Ms. Harris would
11 increase her life insurance protection to
12 \$50,000.00 and significantly reduce her premium
13 payments between the present time and age 65;
- 14 4) In Harris' specific case, she could execute the
15 conversion privilege and limit her future premium
16 payments to just two more years, thereby saving
17 over \$4,100.00 in premium payments between the
18 present time and age 65.

19 In the letter, Harris was invited to call Mr. Grogan to discuss
20 the conversion of her policy.

21 4. In response to the January letter, Harris
22 telephoned Grogan and arranged to convert her existing policy to
23 the new policy described in the letter. When Harris met with the
24 agent, she signed the paperwork necessary to complete the
25 conversion.

26 5. On or about March 23, 1984, Provident Mutual issued
Harris' whole life policy, #3209204, containing substantially
different terms than those presented in the January letter from
Grogan.

1 CONCLUSIONS OF LAW

2 1. The Department of Insurance has jurisdiction over
3 this matter.

4 2. Grogan has conducted affairs under his license
5 showing him to be a source of injury and loss to the public or
6 any insurer in violation of A.R.S. § 20-316(A)(7).

7 3. Through materials he believes were authorized and
8 supplied by Provident Mutual, Grogan caused to be made, issued
9 and circulated an estimate, illustration, sales material and
10 statement in the form of the January letter misrepresenting the
11 terms, benefits and advantages of a whole life policy to be
12 issued through a conversion option at Harris' request in
13 violation of A.R.S. § 20-443(1).

14 4. By virtue of his apparent authority from Provident
15 Mutual, Grogan caused to be made, issued and circulated an
16 estimate, illustration, sales material or statement in the form
17 of the January solicitation letter which he believes Provident
18 Mutual provided to him which made misrepresentations to a
19 policyholder for the purpose of inducing the policyholder to
20 convert her whole life policy, in violation of A.R.S.
21 §§ 20-443(5) and 20-444(A).

22 5. Grounds exist to suspend, revoke or refuse to renew
23 Patrick Grogan's insurance license, impose civil penalties and
24 order Mr. Grogan to provide restitution to Ms. Harris pursuant to
25 A.R.S. § 20-316.

1 ORDER

2 NOW, THEREFORE, IT IS ORDERED:

3 1. Patrick Grogan shall pay restitution to Ms. Harris
4 in the amount of \$1,718.75 consisting of Ms. Harris' premiums
5 paid from 1987 to 1991 (five times \$343.75).

6 2. The restitution shall be paid to Ms. Harris within
7 thirty (30) days of the execution of this Consent Order.

8 DATED this 2nd day of June, 1993.

9
10 

11 SUSAN GALLINGER, Director
12 Arizona Department of
Insurance

13 CONSENT TO ORDER

14 1. The undersigned acknowledges that he has read the
15 foregoing Findings of Fact, Conclusions of Law and Order and is
16 aware of the right to an administrative hearing in this matter
17 and has waived same.

18 2. The undersigned admits the jurisdiction of the
19 Department and admits the foregoing Findings of Fact and
20 consents to the entry of the foregoing Conclusions of Law and
21 Order.

22 3. The undersigned states that no promise was made
23 to induce execution of this Consent Order and declares that he
24 has entered into this Consent Order voluntarily.

25 4. The undersigned acknowledges that acceptance of
26 this Consent Order is for the purpose of settling this action

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

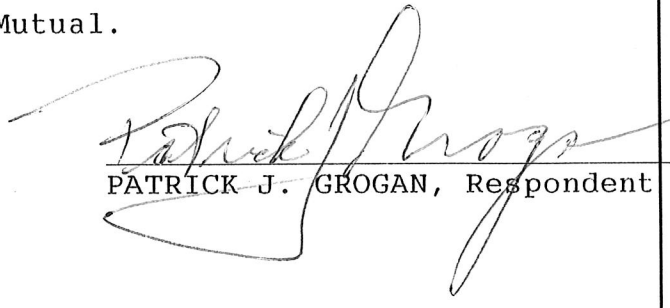
and does not preclude the Department of Insurance or any other agency or officer of this state or subdivision thereof from instituting other proceedings as may be appropriate now or in the future.

5. The undersigned acknowledges that acceptance of this Consent Order is for the purpose of settling the action brought by the Department of Insurance against him and does not preclude Ms. Harris from instituting any action against Respondents in any other court of law.

6. The undersigned waives all rights to challenge such Findings of Fact, Conclusions of Law and Order on appeal or otherwise and agrees to be bound by the foregoing Order.

7. The undersigned agrees to appear as a witness in this matter in the event a hearing is held to resolve the allegations against Provident Mutual.

4/23/93
Date


PATRICK J. GROGAN, Respondent

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

COPY of the foregoing
mailed this 2nd day
of June, 1993 to:

Felecia A. Rotellini
Assistant Attorney General
1275 West Washington
Phoenix, Arizona 85007
Attorneys for Department of
Insurance

Joseph M. Hennelly, Jr., Deputy Director
Jay Rubin, Assistant Director
Maureen Catalioto, Supervisor
Department of Insurance
3030 N. Third Street, Suite 1100
Phoenix, AZ 85012

Jeremy E. Butler, Esq.
Lewis & Roca
40 North Central Avenue
Phoenix, AZ 85004-4429
Attorney for Provident Mutual
Life Insurance Company

Patrick J. Grogan
5126 W. Sweetwater Avenue
Glendale, AZ 85304

Dawn M. Harris
3702 W. Puget Avenue
Phoenix, AZ 85021


0313c-CPA92-243