

DEPARTMENT OF INSURANCE

STATE OF WYOMING

WYOMING INSURANCE DEPARTMENT,)

Petitioner,)

vs.)

Docket 06-05

Katherine M. Bughman)
814 East 22nd Street)
Casper, WY 82601)

Respondent.)

PETITION FOR NOTICE AND ORDER TO SHOW CAUSE

COMES NOW the Wyoming Insurance Department, acting by and through James S. Mitchell, Staff Attorney, and pursuant to Wyo. Stat. §§ 26-1-103, 26-2-109, 26-2-111, and Chapter 32, § 4 of Wyoming Insurance Department Regulations, "Rules for Practice and Procedure Before the Department," and the Wyoming Administrative Procedure Act, Wyo. Stat. § 16-3-101, *et seq.*, herewith moves the Wyoming Insurance Commissioner for the issuance of a Notice and Order to Show Cause directed to Katherine M. Bughman, 814 East 22nd Street, Casper, Wyoming 82601. As cause for this Petition the Wyoming Insurance Department states and alleges as follows:

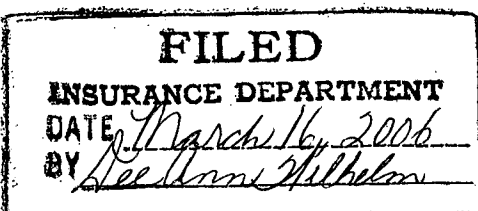
1. The Wyoming Insurance Commissioner has jurisdiction over this matter pursuant to Wyo. Stat. §§ 26-1-103, 26-1-108, and 26-9-211.

COUNT I

2. Katherine M. Bughman (Respondent) is and was at all times herein referenced a licensed Resident Producer, holding License No. 44881.

3. During the period May 2005 through January 25, 2006, Respondent was employed by Wyoming Financial Insurance, Inc. of Casper, WY 82602.

4. On or about May of 2005 Wyoming Financial Insurance, Inc. (Agency) became aware of the pending sale of Bob's Equipment Rental, a client of the Agency. A new business, Bio-Action, Inc., was to take possession of several vehicles owned by Bob's Equipment Rental upon closing of the sale of the business. Respondent spoke with



Mr. Ralph Brown, a co-owner and representative of Bio-Action, Inc., on one or more occasion during the period of May 2005 to July 19, 2005, in order to procure the company as a client of the Agency and in an effort to insure the vehicles transferred in the sale of the business.

5. Despite several requests by Respondent, no one on behalf of Bio-Action, Inc. ever made an application for insurance or paid a premium on behalf of Bio-Action, Inc. on or before October 5, 2005. Mr. Ralph Brown represented to Respondent that he wanted coverage and that Bob's Equipment Rental was to pay the premium for insurance on the vehicle to be procured by Respondent, acting on behalf of the Agency. Respondent did not verify Mr. Brown's statement that the insurance was to be paid by Bob's Equipment Rental.

6. Despite not having an application for insurance in the name of Bio-Action, Inc. or the payment of a premium for insurance, Respondent on or about August 11, 2005, typed up and delivered insurance cards for the vehicles as requested by Mr. Brown. The insurance ID cards indicated that vehicles were covered by Colorado Casualty for the period July 25, 2005, through July 25, 2006.

7. Respondent was never able to procure an application for insurance from Bio-Action, Inc. despite several attempts and assurances by Mr. Brown that he would deliver the documents necessary to properly apply for insurance.

8. Respondent never submitted an application to Colorado Casualty for insurance on the vehicles listed on the insurance cards, copies of which are attached hereto as Exhibit "A" and made a part hereof by reference.

9. That Respondent's actions are in violation of W. S. 26-9-211 (a)(v) and (viii) in that Respondent intentionally misrepresented the terms of a proposed insurance contract and demonstrated dishonesty and untrustworthiness in the conduct of business.

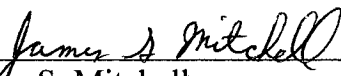
WHEREFORE, the Wyoming Insurance Department respectfully prays the Wyoming Insurance Commissioner to:

A. Impose a civil penalty of \$250.00 for violation of the Wyoming Insurance Code.

B. Place the Respondent on probation for a period of time to be determined at the hearing on this matter, with appropriate limitations on Respondent's license to transact the business of insurance in the State of Wyoming.

C. Enter such other and further relief as may be permitted by law.

Dated this 16th day of March, 2006.



James S. Mitchell
Staff Attorney
Wyoming Insurance Department
Herschler Building, Third Floor East
122 West 25th Street
Cheyenne, Wyoming 82002
(307) 777-6889

3072653092

WYOMING FINANCIAL
INSURANCE IDENTIFICATION CARD

COMPANY NUMBER

STATE WY

COMPANY

Colorado Casualty Insurance Co

POLICY NUMBER

EXPIRES DATE

05/01/06

PENDING
YEAR

YEAR/MAKE

05/17/05

VEHICLE IDENTIFICATION NUMBER

1PFR08L91KD55257

2001 Ford F150

AGENCY/COMPANY ISSUE CARD

Wyoming Financial Insurance

Max Ortiz, Jr.

307-473-3000

INSURED

BIO-ACTION

P O Box 2425
Casper

WY 82602

COVERAGE MEETS MINIMUM LIABILITY INSURANCE PRESCRIBED BY LAW

08:57:40 05-17-2005

27

CAP ID KB

THIS CARD MUST BE KEPT IN THE INSURED
VEHICLE AND PRESENTED UPON DEMAND

IN CASE OF ACCIDENT: Report all accidents
to your Agent/Company as soon as possible.
Obtain the following information:

1. Name and address of each driver,
passenger and witness.
2. Name of Insurance Company and policy
number for each vehicle involved.

ACORD 50 WY(2/95)



3072653082

WYOMING FINANCIAL I

08:59:05

07-18-2005

1/1

STATE WY
COMPANY NUMBER COMPANY

Colorado Casualty Insurance Co

THIS CARD MUST BE KEPT IN THE INSURED
VEHICLE AND PRESENTED UPON DEMAND

POLICY NUMBER EFFECTIVE DATE EXPIRATION DATE

CPP0029292 07/15/05 07/01/06

YEAR MAKE/MODEL

2006 Hummer H3

VEHICLE IDENTIFICATION NUMBER

5GTDNL36368108530

AGENT/COMPANY ISSUING CARD

Wyoming Financial Insurance

Max Ortiz, Jr.

307-873-3000

INSURED

BioAction Inc.

P O Box 2425

Casper

WY 82602

COVERAGE PERmits MINIMUM LIABILITY INSURANCE PRECLUDED BY LAW

IN CASE OF ACCIDENT: Report all accidents
to your Agent/Company as soon as possible.
Obtain the following information:

1. Name and address of each driver,
passenger and witness.
2. Name of Insurance Company and policy
number for each vehicle involved.

ACORD 20 W(12/95)