

SEP 22 2025

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKAIN THE MATTER OF THE DENIAL OF
APPLICATION FOR LICENSE FOR
HEIDI PALENIK)
) FINDINGS OF FACT, CONCLUSIONS
) OF LAW, RECOMMENDED ORDER
) AND ORDER
)
)
) CAUSE NO. A-2535

This matter came on for hearing on September 2, 2025, before Cheryl Wolff, a hearing officer duly appointed by the Director of the Nebraska Department of Insurance. The Nebraska Department of Insurance ("Department") was represented by its counsel, Megan VanAusdall. Heidi Palenik ("Applicant") appeared and was not represented by counsel. The proceedings were recorded by Shelly Storie, a licensed Notary Public. The Applicant and the Department presented evidence at the hearing, and the matter was taken under advisement. The hearing officer makes the following Findings of Fact, Conclusions of Law, and Recommended Order.

FINDINGS OF FACT

1. The Department is the agency of the State of Nebraska charged with licensing insurance producers.
2. Applicant is appealing the denial of her applications for a resident producer's license for the Life line of insurance and her pre-need agent license pursuant to Neb. Rev. Stat. §44-4059(1)(b) for violating any insurance law or violating any rule, regulation, subpoena, or order of the director of another state's insurance commissioner or director; and (f) for having been convicted of a gross misdemeanor.

3. Applicant applied to become a resident licensed insurance producer with the State of Nebraska. Applicant's application for a license for the "Pre-need" line was submitted to the Department on or about August 1, 2025. On or about August 6, 2025, the Department received an application from the Applicant requesting licensure in the "Life" line of insurance. On the Application for Initial License for Pre-Need Agent ("Pre-Need Application"), Applicant answered Question 5 in the affirmative indicating that she had been convicted of a misdemeanor. Similarly, in her Uniform Application for Individual Producer License ("Life Application"), Applicant answered Question 1(a) in the affirmative indicating that she had been convicted of a misdemeanor. (Ex. 2, Attachment 1). Applicant submitted additional information informing the Department of her gross misdemeanor conviction for the Theft-Take/Use/Transfer of Movable Property conviction and sentencing order on November 24, 2021, in the District Court, 1st Judicial District, Scott County, Minnesota, (Ex. 2, Attachment 2).

4. The Applicant's License Summary shows that on or about August 4, 2025, the Department both issued and withdrew the Applicant's Pre-Need producer license. (Ex. 1).

5. On or about August 7, the Department noted in the Applicant's Pre-Need producer's license was issued in error. (Ex. 1).

6. On or about August 8, 2025, the Department informed the Applicant that her applications for an insurance producer and a pre-need license were denied due to Applicant's violation of state insurance laws and regulations in another state and her gross misdemeanor conviction in a letter sent via electronic mail to the email address listed on the Application. (Ex. 2, Attachment 3).

7. On or about August 8, 2025, the Department received written correspondence from Applicant, pursuant to Neb. Rev. Stat. § 44-4059(2), requesting an administrative hearing regarding

the denial of her insurance producer license in both the Life and Pre-Need Lines of Insurance. (Ex. 2, Attachment 3).

8. On or about August 11, 2025, the Applicant was served with a Notice of Hearing by electronic mail to Heidi.Palenik@sci-us.com. (Ex. 3).

9. Applicant responded to the Department on or about August 11, 2025, confirming receipt of the Notice of Hearing. (Ex. 3, Attachment 1).

10. On or about August 15, 2025, an Amended Notice of Hearing was filed to correct the cause number assigned to the hearing. The date and time of the hearing remained the same as in August 11, 2025, Notice of Hearing. (Amended Notice of Hearing in the Official Record).

11. Applicant appeared before the Department in an administrative hearing held on September 2, 2025, at approximately 10:00 a.m.

12. At the administrative hearing, the Applicant testified, explaining the circumstances of her criminal conviction and her personal history which led to these events. She committed the crimes in order to raise funds to leave an abusive relationship and gained the idea when she had been the prior victim of online ticket fraud. She plead guilty to the charges and paid the ordered restitution. During and after her convictions, she has worked as a licensed funeral director with ready access to the financial resources of the funeral homes for which she worked. In gaining her current job and on both licensing applications she disclosed her past convictions and is extremely ashamed of her behavior at the time. She had never done anything like it before or since. She also testified that when she received a Pre-Need Agent's license from the Department in early August, she thought this matter was behind her. She was surprised to receive the denial letter for her producer license. She did not realize that her Pre-Need Agent license was withdrawn. She wanted this opportunity but believes she would need to seek other employment if her license denial was upheld. She would be willing to accept

a probationary status or conditions on her license if that was what would be required to obtain a license. (Testimony of Applicant).

Testimony was also offered by Idress Ibrihami, the Applicant's supervisor at Neptune Society. He stated he advocated to hire the Applicant even after she disclosed her conviction and her hiring was approved by the corporate office. He has supervised the Applicant since July of 2025. The Applicant has at all times displayed integrity, honesty, and empathy in her work interacting with families. He would like to keep her on staff, but denial of her license would make that extremely unlikely. She has other potential employers, and she would likely have to seek other employment if the license denial was upheld... (Testimony of Idress Ibrihami at the License Denial Hearing).

CONCLUSIONS OF LAW

1. The Department has broad jurisdiction, control, and discretion over the licensing of insurance producers in the State of Nebraska pursuant to Neb. Rev. Stat. §§ 44-101.01 and 44-4047 to 40-4069.
2. The Department has personal jurisdiction over the Applicant.
3. Pursuant to Neb. Rev. Stat. § 44-4059(1), the director may suspend, revoke, or refuse to issue or renew an insurance producer's license for (b) violating any insurance law or violating any rule, regulation, subpoena, or order of the director or of another state's insurance commissioner or director; or (f) having been convicted of a felony or a Class I, II, or III misdemeanor.
4. Pursuant to Neb. Rev. Stat. §44-4049, a pre-need funeral insurance producer is defined as a limited line for purposes of the Insurance Producers Licensing Act.
5. Pursuant to Neb. Rev. Stat. §§44-4054, licensure denials for limited line pre-need funeral insurance are done pursuant to Neb. Rev. Stat. § 44-4059.

6. If the director does not renew or denies an application for a license, the director shall notify the applicant or licensee and advise, in writing, the applicant or licensee of the reason for the denial or nonrenewal of the applicant's or licensee's license. The applicant or licensee may make written demand upon the director within thirty days for a hearing before the director to determine the reasonableness of the director's action. The hearing shall be held within thirty days and shall be held pursuant to the Administrative Procedure Act, pursuant to Neb. Rev. Stat. §44-4059(2).

DISCUSSION

Applicants' felony conviction constitutes a sufficient statutory basis to deny her license application for a Nebraska resident insurance producer. However, such denial is discretionary, not mandatory. The purpose of the license renewal denial hearing is to determine the reasonableness of the denial. In the context of a proper denial, the hearing gives an applicant the opportunity, and the burden, to show why a license should be granted.

The Applicant testified regarding the circumstances leading to her felony conviction in 2021. While the evidence shows that the Applicant stole money from multiple victims over several days, she has taken responsibility for her actions, completed restitution and probation, and has successfully maintained employment as a funeral director. Applicant is requesting to receive her resident insurance producer's license and pre-need agent license to pursue advancement in her career. Applicant's applications for licensure at this time can be seriously considered, despite Applicant's criminal history, because the record demonstrates the Applicant has been successful in making a change, has successfully worked in the funeral home industry since her conviction, and demonstrated substantial

likelihood that Applicant will not re-offend or make decisions that conflict with the ethical standards required of an insurance producer.

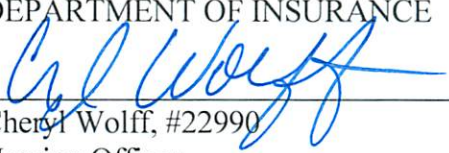
The weight of the evidence presented by the Applicant sufficiently support a finding that the director's action in denying the Applicant's request for license may be overturned without endangering any Nebraska citizens.

RECOMMENDED ORDER

Based on the Findings of Fact and Conclusions of Law made herein, it is recommended that the initial decision to deny Applicant's licensure request, while supported by a sufficient evidentiary basis, be OVERTURNED, and that Applicant's request for licensure as a resident insurance producer and as a pre-need agent is granted.

Dated this 22nd day of September 2025.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



Cheryl Wolff, #22990
Hearing Officer

CERTIFICATE OF ADOPTION

I have reviewed the foregoing Findings of Fact, Conclusions of Law, and Recommended Order and hereby certify that the Recommended Order is adopted as the official and final Order of this Department in the matter of the Denial of Application for License for Heidi Palenik, Cause No. A-2535.

Dated this 22nd day of September 2025.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



Eric Dunning
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Findings of Fact, Conclusions of Law, Recommended Order, and Order was served upon the Applicant by electronic mail at Heidi.Palenik@sci-us.com and by mailing a copy to her business address, Neptune Society, 5364 S. 72nd St, Omaha, NE 68127, and her residential and mailing address, 17311 Franklin Dr, Omaha, NE 68127. via regular U.S. mail on this 22nd day of September 2025.

