

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Enforcement Case No. 14-11999

CORNERSTONE AGENCY SERVICES, LLC
System ID No. 0096906

Respondent.

Issued and entered
on April 28 2015
by Teri L. Morante
Chief Deputy Director

ORDER ACCEPTING STIPULATION

Based upon the Stipulation to Entry of Order (Stipulation) and the files and records of the Department of Insurance and Financial Services (DIFS) in this matter, the Chief Deputy Director finds and concludes the following:

1. Pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation (Commissioner) have been transferred to the Director of the Department of Insurance and Financial Services (DIFS).
2. The Chief Deputy Director has jurisdiction and authority to adopt and issue this Order Accepting Stipulation in this proceeding pursuant to the Michigan Administrative Procedures Act of 1969 (APA), as amended, MCL 24.201 et seq., and the Michigan Insurance Code of 1956 (Code), MCL 500.100 et seq.
3. On or about September 9, 2014, the Department of Insurance and Financial Services (DIFS) served Respondent with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent violated provisions of the Insurance of 1956 (Code), MCL 500.100 et seq.
4. The NOSC contained allegations that Respondent violated Sections 460, 1201(l), 1201(m), 1201(k), 1201(e), 1207(3), 2066, 2236, 2403, and 2603 of the Code, giving rise to justification for sanctions pursuant to Sections 1239(1), 1240(1), 1244(1)(a-d) of the Code.

5. More specifically, DIFS alleged Respondent knowingly accepted insurance business from unlicensed individuals, knowingly accepted insurance business from unappointed agents, used unfair and deceptive acts and practices in the business of insurance, facilitated and/or provided illegal benefits, inducements and/or other valuable consideration in the business of insurance, and paid commissions, service fees, or other valuable consideration to unlicensed persons.
6. On February 18, 2015, Respondent appeared before DIFS for an informal conference to demonstrate compliance with the Code.
7. As a result, Respondent neither admitted nor denied the allegations contained in the Statement of Factual Allegations as detailed in the NOSC, and has agreed to resolve this matter through a Stipulation to Entry of Order, incorporated by reference, in order to avoid the time and expense of formal proceedings.
8. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
9. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
10. All applicable provisions of the APA have been met.

Now therefore, based upon the Stipulation to Entry of Order and the facts surrounding this case, **IT IS ORDERED THAT:**

11. Respondent shall not operate in such a manner as to violate Sections 460, 1201(l), 1201(m), 1201(k), 1201(e), 1207(3), 2066, 2236, 2403, and 2603 of the Code, or to justify sanctions pursuant to Sections 1239(1), 1240(1), 1244(1)(a-d) of the Code.
12. Respondent shall have until April 30, 2015, to restructure its self-storage facility insurance program as detailed in the Stipulation at paragraphs 9 through 14.
13. Respondent is assessed a civil fine of \$25,000 payable to the State of Michigan.
14. Respondent is assessed a market conduct fee of \$25,000 payable to the State of Michigan.
15. Respondent agrees that all fines and market conduct fees are due within 30 days of the invoice date as indicated on the DIFS invoice.
16. The Chief Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as shall be deemed just, necessary, and appropriate in accordance with the Code. Failure to abide by the terms and provisions of

the Stipulation to Entry of Order and this Order may result in the commencement of additional proceedings.

DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES

Dated: April 28, 2015


Teri L. Morante
Chief Deputy Director

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Enforcement Case No. 14-11999

**CORNERSTONE AGENCY SERVICES, LLC
System ID No. 0096906**

Respondent.

_____ /

STIPULATION TO ENTRY OF ORDER

Cornerstone Agency Services, LLC (hereinafter Respondent) stipulates to the following:

1. Cornerstone Agency Services, LLC, System ID No. 0096906, is a Pennsylvania limited liability company. Its principal place of business is located at 805 Estelle Dr., Ste. 209, Lancaster, PA 17601. Respondent is licensed as a nonresident insurance producer agency in the state of Michigan. Respondent holds a qualification to solicit, sell and negotiate property and casualty insurance.
2. On or about September 9, 2014, the Department of Insurance and Financial Services (DIFS) served Respondent with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent violated provisions of the Michigan Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
3. Specifically, the NOSC contained allegations that Respondent violated Sections 460, 1201(l), 1201(m), 1201(k), 1201(e), 1207(3), 1239(1), 1240(1), 1244(1)(a-d), 2066, 2236, 2403, and 2603 of the Code, MCL 500.460, MCL 500.1201(l), MCL 500.1201(m), MCL 500.1201(k), MCL 500.1201(e), MCL 500.1207(3), MCL 500.1239(1), MCL 500.1240(1), MCL 500.1244(1)(a-d), MCL 500.2066, MCL 500.2236, MCL 500.2403, and MCL 500.2603.
4. More specifically, DIFS alleged Respondent knowingly accepted insurance business from unlicensed individuals, knowingly accepted insurance business from unappointed agents, used unfair and deceptive acts and practices in the business of insurance, facilitated and/or provided illegal benefits, inducements and/or other valuable consideration in the business of insurance, and paid commissions, service fees, or other valuable consideration to unlicensed persons.
5. On February 18, 2015, Respondent appeared before DIFS for an informal conference to demonstrate compliance with the Code.

6. As a result, Respondent neither admitted nor denied the allegations contained in the Statement of Factual Allegations as detailed in the NOSC, but agreed to resolve this matter through this Stipulation in order to avoid the time and expense of formal proceedings.
7. Respondent understands and agrees that this Stipulation and attached proposed Order Accepting Stipulation (Order) will be presented to the Chief Deputy Director for approval. The Chief Deputy Director may, in her sole discretion, decide to accept or reject this Stipulation. If the Chief Deputy Director accepts the Stipulation, Respondent waives the right to a hearing in this matter and consents to the entry of the proposed Order. If the Chief Deputy Director does not accept the Stipulation, Respondent waives any objection to the holding of a formal administrative hearing and the making of a decision after such hearing.
8. All parties have complied with the procedural requirements of the APA and the Code.
9. Respondent agrees to restructure its self-storage facility tenant insurance program so that there will be no solicitation, negotiation or sale of insurance to self-storage facility tenants by persons required to be licensed under the Code and who are not so licensed.
10. Self-storage facility owners or employees of the same will not provide insurance forms for tenants to complete.
11. Respondent agrees to transfer all current Michigan self-storage facility policyholders to the currently approved Commercial Inland Marine Insurance Policy with an Additional Insured – Loss Payable Provisions Endorsement program presented as part of these proceedings or to another DIFS-approved program with the understanding that such a program involves self-storage facility owners/operators purchasing insurance coverage for all storage units, whether occupied or not, and paying the premium accordingly.
12. Respondent agrees to be responsible for collecting premium from self-storage facility owners, and agrees that no administrative fees, rebate, reimbursements, fees, charges, or other valuable consideration will be paid to the self-storage facility policyholders, unless approved by DIFS.
13. Respondent agrees that through December 31, 2016, all written communications to self-storage facility tenants pertaining to the insurance held by the self-storage facility owner will be in a font of not less than 10 pt. and submitted to DIFS for approval prior to use.
14. Respondent agrees to change its brochure to increase all fonts in accordance with subparagraph 13 of this Stipulation and to edit the brochure to remove Storage Business Owner Alliance as the agency contact to respond to insurance-related questions.
15. Respondent agrees to bring its self-storage tenant program into compliance with the Code, and agrees that, if all required submissions are approved, full compliance must occur on or before April 30, 2015.

16. Respondent agrees to pay to the State of Michigan, through DIFS, a civil fine in the amount of \$25,000. Respondent agrees that the fine will be due within 30 days of the invoice date as indicated on the DIFS invoice.
17. Respondent agrees to pay to the State of Michigan, through DIFS, a market conduct fee in the amount of \$25,000. Respondent agrees that the fine will be due within 30 days of the invoice date as indicated on the DIFS invoice.
18. Respondent agrees that failure to comply with the Order of the Chief Deputy Director entered in this matter by failing to pay the civil fine and/or market conduct fee as set forth above shall result in the commencement of an action to suspend or revoke all licenses held by Respondent under the Code.
19. Respondent further agrees that the amount of the market conduct fee and/or civil fine has been negotiated in return for the avoidance of further proceedings and certain promises and conditions, one of which is the timely payment of the market conduct fee and/or civil fine. Should Respondent fail to pay the market conduct fee and/or civil fine in accordance with the terms of this Stipulation and Order Accepting Stipulation, the parties agree that an action will commence to determine if the Respondent has, in fact, failed to pay, and if so, Respondent agrees that the market conduct fee and civil fine will immediately increase the maximum amount allowed and shall be immediately due in full.
20. Respondent has had an opportunity to review this Stipulation and the Order and have the same reviewed by legal counsel.


Cornerstone Agency Services, LLC
System ID No. 0096906

4-13-2015
Date

By: Angelique C. Camara
Its: Principal

DIFS' Staff approve this Stipulation and recommend that the Chief Deputy Director enter and issue the Order Accepting Stipulation.


Elizabeth V. Bolden (P69865)
Department of Insurance and Financial Services
Office of General Counsel

April 20, 2015
Date