

STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Department of Insurance and Financial Services

Enforcement Case No. 14-12013  
Agency Case No. 14-034-L

Petitioner,

v

**Loren Clyburn**  
System ID No. 0511914

Respondent.

Issued and enter  
this 21<sup>st</sup> day of November 2014  
by Randall S. Gregg  
Special Deputy Director

**FINAL DECISION**

**I. BACKGROUND**

Respondent Loren Clyburn (Respondent) is a licensed insurance producer. In October 2011 the Department of Insurance and Financial Services (DIFS) received a notice of cancellation from the American Family Life Assurance Company of Columbus (AFLAC) alleging that Respondent established a fictitious employer group and submitted 136 insurance applications for 65 people who were not employed by the employer group and received \$17,500 in commissions from the policy applications. DIFS investigated the allegations and on August 14, 2014, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) to Respondent at his last known address alleging that Respondent had violated Sections 249(a) and 1238(1) of the Michigan Insurance Code (Code), MCL 500.249(a) and MCL 500.1238(1), and had provided justification for revocation of licensure pursuant to Section 1239(1)(b) and (h), MCL 500.1239(1)(b) and (h), of the Code.

On September 16, 2014, DIFS issued an Administrative Complaint and Order for Hearing to Respondent at his last known address. The Order for Hearing required Respondent to take one of the following actions within 21 days: agree to a resolution of the case, file a response to the allegations with a statement that Respondent planned to attend the hearing, or request an adjournment. Respondent failed to take any of these actions.

On October 27, 2014, DIFS Staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. Given Respondent's failure to respond, Petitioner's motion is granted. The Administrative Complaint, being unchallenged, is accepted as true. Based upon the Administrative Complaint, the Director makes the following Findings of Fact and Conclusions of Law.

## II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

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.
2. At all relevant times, Respondent was a licensed resident insurance producer in the state of Michigan with qualifications in accident and health.
3. On or about October 28, 2011, DIFS received a notice of cancellation from the American Family Life Assurance Company of Columbus (AFLAC) alleging that Respondent had established a fictitious employer group and submitted 136 insurance applications for 65 people who were not employed by the employer group and had wrongfully received \$17,500 in commissions from the policy applications.
4. On or about January 20, 2012, and February 17, 2012, DIFS Staff sent letters to Respondent at his address listed in DIFS' licensing database, [REDACTED] and requested a response to AFLAC's allegations.
5. Respondent did not respond to the letters.
6. On or about March 20, 2012, DIFS Staff called Respondent at the phone number listed in DIFS' licensing database and left a voicemail message requesting a return phone call.
7. Respondent did not return the phone call.
8. On or about March 11, 2014, DIFS Staff sent Respondent a letter at an address found on Whitepages.com.
9. Respondent did not respond to the letter.
10. On or about March 14, 2014, DIFS Staff sent letters to the 65 people who allegedly purchased insurance policies from Respondent concerning the 136 applications submitted on their behalf.
11. Most of the letters were returned by the United States Postal Service marked as: "return to sender, not deliverable as addressed, unable to forward" or "return to sender, attempt not known, unable to forward" or "return to sender, insufficient address, unable to forward."

12. DIFS Staff received at least two phone calls from people who received the letter, but stated that no one by the name listed on the letter had ever lived at that address.
13. On or about March 18, 2014, DIFS Staff located a Facebook page that indicated that Respondent was selling grills and grill accessories at a shopping mall. DIFS Staff spoke by phone with Respondent and advised him of the prior attempts to contact him concerning AFLAC's allegations.
14. Respondent verbally denied the allegations, but DIFS Staff asked Respondent to respond in writing to the allegations.
15. Respondent did not provide any further response.
16. As a licensee, Respondent knew or had reason to know that Section 249(a) of the Code provides that "For the purposes of ascertaining compliance with the provisions of the insurance laws of the state or of ascertaining the business condition and practices of an insurer or proposed insurer, the commissioner, as often as he deems advisable, may initiate proceedings to examine the accounts, records, documents and transactions pertaining to: (a) Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor."
17. Respondent failed to respond to several letters and phone calls from DIFS Staff.
18. As a licensee, Respondent further knew or had reason to know that Section 1239(1)(h) of the Code allows the Director to place on probation, suspend, or revoke an insurance producer's license or levy a civil fine under Section 1244 of the Code for: "Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere."
19. Respondent used dishonest practices or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business by submitting 136 fraudulent insurance applications for the purpose of receiving and keeping \$17,500 in commission payments.
20. As a licensee, Respondent further knew or had reason to know that Section 1239(1)(b) of the Code allows the Director to place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, for "Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner."
21. Respondent violated MCL 500.249(a) and provided justification for revocation pursuant to MCL 500.1239(1)(b) by failing to respond to DIFS Staff's letters and requests for information.

22. Based upon the actions listed above, Respondent has committed acts that are grounds for the Director to order licensing sanctions under Section 1239 and 1244(1) of the Code.

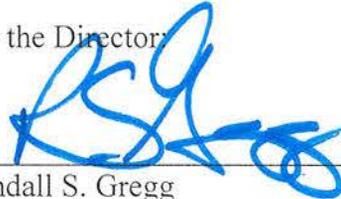
### III. ORDER

Based on the Respondent's conduct and the applicable law cited above, it is ordered that:

1. Respondent shall cease and desist from violating the Code.
2. Respondent shall immediately cease and desist from engaging in the business of insurance.
3. All insurance licenses of Loren Clyburn are **REVOKED**.

Annette E. Flood, Director

For the Director



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Randall S. Gregg  
Special Deputy Director