

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Ray Coleman
System ID No. 0709030

Enforcement Case No. 14-12263

Midwest Insurance Group
System ID No. 0104536

RPM Insurance Group
System ID No. 0104535

Respondents.
_____ /

Issued and entered
on January 9, 2015
by Teri L. Morante
Chief Deputy Director

**ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS
AND NOTICE OF OPPORTUNITY FOR HEARING**

Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Finding, and

WHEREAS, the Director of the Department of Insurance and Financial Services finds that immediate action is necessary and appropriate in the public interest for the protection of the public health, safety, and welfare, and consistent with the purposes fairly intended by public policy and provisions of the Code,

IT IS THEREFORE ORDERED THAT:

1. The Respondents shall immediately **CEASE AND DESIST** from all activities in violation of the Code as described in the Statement of Findings.
2. A copy of this Order shall be immediately served upon Respondents. As to any Respondent, this Order shall be effective upon the date of service.
3. Respondents will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing process shall commence. This Order shall remain in effect until further order of the Director. Any request for a hearing should be addressed to the Department of Insurance

and Financial Services, Attention: Valerie Donally, Hearings Clerk, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-335-3157.

4. Any such hearing held shall address the following issues:
 - a. The facts set forth in the Statement of Findings.
 - b. The continuation of the Order to Cease and Desist.
 - c. Restitution to be paid by the Respondent(s).
5. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.
6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
7. Pursuant to Section 251(6) of the Code, MCL 500.251(6), a person who violates or otherwise fails to comply with an Order to Cease and Desist is subject to one or more of the following:
 - a. Payment of a civil fine of not more than \$1,000 for each violation not to exceed an aggregate civil fine of \$30,000. However, if the person knew or reasonably should have known the conduct was in violation of the cease and desist order, the person shall be subject to a civil fine of not more than \$25,000 for each violation not to exceed an aggregate civil fine of \$250,000.
 - b. Suspension or revocation of the person's license or certificate of authority.
 - c. Complete restitution, in the form, amount, and within the period determined by the Director, to all persons in Michigan damaged by the violation or failure to comply.


Teri L. Morante
Chief Deputy Director

Dated: January 9, 2015

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STATEMENT OF FINDINGS

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 have been transferred to the Director of the Department of Insurance and Financial Services (DIFS).
2. Pursuant to Section 251(1) of the Code, MCL 500.251(1), the Director is empowered to issue a cease and desist order if the Director finds any of the following:
 - (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
 - (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
 - (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification.
 - (d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare. MCL 500.251(1).

3. Under Section 1201a of the Code, MCL 500.1201a, it is a violation for a person to sell, solicit, or negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. MCL 500.1201a(1).
 - a. "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers. MCL 500.1201(k).
 - b. "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company. MCL 500.1201(l).
 - c. "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company. MCL 500.1201(m).
4. Ray Coleman is an individual engaging in the business of insurance in the state of Michigan via the internet. Coleman registered and maintains a RPM Insurance Group website that solicits the purchase of insurance to Michigan residents living in Macomb, Oakland and Wayne counties. Coleman is not licensed to engage in the business of insurance in Michigan.
5. RPM Insurance Group (RPM) is an unincorporated entity engaged in the business of insurance in Michigan. Its principal place of business is located at 17340 W. 12 Mile Rd., Ste. 103, Southfield, MI 48076. RPM's website is available at <http://rpminsurancegroup.com>.
6. Midwest Insurance Group (Midwest) is believed to be a fictitious company created by Coleman to operate as a property and casualty insurer.
7. DIFS Staff received information about possible unlicensed activity by the Respondents. A review of DIFS' records revealed that Respondent Coleman and RPM are not licensed as insurance producers nor does Midwest possess a valid certificate of authority under the Code.
8. After an investigation, DIFS' staff concluded that Respondents have engaged in activities regulated by the Code, without the requisite license, and have violated the insurance laws of this state.
9. DIFS Staff found Coleman sold, solicited and negotiated fictitious automobile insurance policies through RPM at its W. 12 Mile office and/or via its website.
10. On or about June 17, 2014, E.F. visited RPM to purchase insurance coverage for her Ford Ranger. She was quoted a premium of \$1,009 for a six-month auto policy underwritten by Midwest. She was issued an ACORD Insurance Binder #73825582-00 and State of Michigan Certificate of No-Fault Insurance which indicated that E.F.'s Ford Ranger was

insured with Midwest under policy 73825582-00. The certificate of insurance was fraudulent and invalid. E.F. had no insurance coverage.

11. DIFS discovered that three additional State of Michigan Certificates of No-Fault Insurance were sold by Respondents to J.G., D.L., and V.B. The certificates of insurance listed Midwest as the insurer and RPM as the agency issuing the certificate. The certificates of insurance were fraudulent and invalid. Neither J.G., D.L. nor V.B. had insurance coverage.
12. Respondents Coleman and RPM are holding themselves out to the public as being able to lawfully sell, solicit and negotiate automobile insurance policies via the 12 Mile Rd. location and the internet. They did sell, solicit and negotiate automobile insurance policies in violation of Section 1201a(1) of the Code, MCL 500.1201a(1), by soliciting the purchase of fictitious automobile insurance policies to customers, accepting premium in exchange for certificates of insurance, and purporting to bind coverage effective on the date of purchase.
13. Based on the aforementioned findings, Respondent Midwest is conducting transactions of insurance for which a certificate of authority is required by the Code, without having obtained a certificate of authority. MCL 500.108.
14. Based on the aforementioned findings, Respondents Coleman and RPM are acting as insurance producers, solicitors, adjusters, or counselors without a license as required by the Code.
15. Based on the aforementioned findings, Respondents are engaged in an act or practice in the business of insurance for which authority from or notification to the Director is required by the Code, and the Respondents have not received authority or given notification.