

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. 17-14814

Agency No. 17-015-L

Petitioner,

v

Robert M. Edwards

System ID No. 0587821

Respondent.

_____ /

Issued and entered
on October 18, 2017
by Randall S. Gregg
Deputy Director

FINAL DECISION

I. Background

Respondent Robert M. Edwards is a licensed resident agency insurance producer. The Department of Insurance and Financial Services (DIFS) received a complaint indicating that Respondent was submitting fraudulent insurance applications by providing false payment information. Specifically, it was alleged that Respondent was using his girlfriend's bank account to pay the initial premiums for policies, collecting advance commissions, and then letting the policies lapse.

In its investigation of the matter, DIFS Staff made multiple attempts to contact Respondent, yet he failed to respond. As a result, DIFS concluded its investigation and verified the information received in the complaint without input from Respondent. On June 2, 2017, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1), and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On August 31, 2017, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent. The Order for Hearing required Respondent to take one of the following actions within 21 days: (1) agree to a resolution of the case, (2) file a response to the allegations with a statement that Respondent planned to attend the hearing, or (3) request an adjournment. Respondent failed to respond or take any action.

On October 4, 2017, 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, the Director has assumed the statutory authority and responsibility, granted to the Commissioner by the Code, to exercise general supervision and control over persons transacting the business of insurance in Michigan.
2. At all relevant times, Respondent Robert M. Edwards (System ID No. 0587821) (Edwards) was a licensed resident insurance producer with qualifications in accident and health, and life. Edwards has been licensed since September 20, 2011.
3. On or about August 24, 2015, DIFS received a complaint against Edwards alleging that he had been submitting fraudulent insurance applications by providing false payment information. Specifically, it was alleged that he was using his girlfriend's bank account to pay the initial premiums for policies, collecting advance commissions, and then letting the policies lapse. DIFS' investigation revealed the following:
 - a. Edwards was the agent of record for two Forester life insurance policies that were purchased in 2013 by BM. On both of these policies, Edwards was listed as the beneficiary and his relationship to BM was noted as "fiancé."
 - b. On September 16, 2014, Edwards was the agent of record for a Forester life insurance application submitted on behalf of consumer KO. The application indicates that KO is the payer for the policy; however, the payment information form submitted to Forester indicates that the payments were to be drawn from BM's bank account.
4. On March 28, 2017, DIFS Investigator Irwin contacted BM to discuss what she recalls. BM stated that she was unaware of Respondent Edwards using her bank account to pay for policies and that Respondent Edwards no longer sells insurance.
5. In order to address the discrepancies found in consumer KO's application and payment information form, DIFS Investigator Nance sent an email to Edwards at grpros1@gmail.com (the email address that Edwards has registered at DIFS) requesting that he respond by June 15, 2016. No response was received to this request. Investigator Nance then left a voicemail message for Edwards on July 20, 2016 and again sent an email to him requesting that he respond by July 26, 2016. Again, no response to these requests was provided. Subsequently, DIFS investigator Irwin sent an email to Edwards on February 23, 2017, requesting that he respond to allegations that he paid for customer insurance policies from his fiancée's bank account. Here, too, no response was received.

Additionally, on March 1, 2017, investigator Irwin mailed a certified letter to Edwards at 748 Ethel Avenue SE, Grand Rapids, MI 49506-2853 (Edwards' mailing address that he has registered with DIFS) requesting that he respond to her no later than March 10, 2017. The letter was returned to DIFS unclaimed on or about April 1, 2017. Finally, on March 1, 2017, Irwin mailed a letter to Edwards at his mailing address on file with DIFS in a plain white envelope requesting him to contact her. No response was received and, to date, the plain white envelope has not been returned to DIFS.

6. Respondent knew or should have known that Section 2018 of the Code, MCL 500.2018, provides:

An unfair method of competition and an unfair or deceptive act or practice in the business of insurance include making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker, or individual.

7. Respondent has engaged in an unfair method of competition and committed an unfair or deceptive act or practice as defined by Section 2018 of the Code by submitting an insurance application that contained false payment information.

8. Respondent knew or should have known that Section 4503(b) of the Code, MCL 500.4503(b), provides that

A fraudulent insurance act includes, but is not limited to, acts or omissions committed by any person who knowingly, and with an intent to injure, defraud, or deceive:

* * *

(b) Prepares or assists, abets, solicits, or conspires with another to prepare or make an oral or written statement that is intended to be presented to or by any insurer in connection with, or in support of, any application for the issuance of an insurance policy, knowing that the statement contains any false information concerning any fact or thing material to the application.

9. Respondent has committed a fraudulent insurance act as defined by Section 4503(b) of the Code, MCL 500.4503(b), by either preparing himself or knowingly assisting another to prepare consumer KO's application and payment information form that falsely indicates that KO is the payer of the policy when, in fact, the payment was drawn from Edwards' fiancée's account.

10. Respondent knew or had reason to know that Section 249 of the Code, MCL 500.249 of the Code, provides in relevant part:

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.

11. Respondent violated Section 249 of the Code, MCL 500.249, by failing to respond in any fashion to DIFS' inquiries as set forth in paragraph 5 above.
12. Respondent knew or should have known that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), provides that the Director may take action against a licensee for "[v]iolating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner."
13. Respondent has provided justification for sanctions pursuant to Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), by his commission of an unfair or deceptive act as defined by Section 2018 of the Code and committing a fraudulent insurance act as defined by Section 4503(b) of the Code, as set forth above. Respondent has provided further justification for sanctions pursuant to Section 1239(1)(b) of the Code by his violation of Section 249 of the Code, as set forth above.
14. Respondent knew or should have known that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), provides that the Director may take action against a licensee for "[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere."
15. Respondent used fraudulent and dishonest practices and demonstrated untrustworthiness and thereby provided justification for sanctions pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), by: (1) preparing or assisting another to prepare consumer KO's insurance application that falsely indicated that KO was the payer of the policy when, in fact, payment was drawn from Edwards' fiancée's bank account; and (2) failing to respond to DIFS' inquiries as set forth in paragraph 5 above.
16. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
17. Respondent has received notice and was given an opportunity to respond and appear and has not responded or appeared.
18. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

III. Order

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

19. Respondent shall cease and desist from violating the Code.
20. Respondent shall immediately cease and desist from engaging in the business of insurance.

21. Pursuant to MCL 500.1239(1)(b) and (1)(h), and MCL 500.1244(1)(d), Respondent's resident insurance producer license is **REVOKED**.
22. Pursuant to MCL 500.1239(1)(b) and (1)(h), and MCL 500.1244(1)(a), Respondent shall pay a fine in the amount of \$1000.00.

Patrick M. McPharlin, Director

For the Director:



Randall S. Gregg, Deputy Director