

**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. 13-11863

Agency No. 14-030-L

Petitioner,

v

Timothy Raymond

System ID No. 0275634

Respondent.

_____ /

Issued and entered
on October 22, 2014
by **Randall S. Gregg**
Deputy Director

FINAL DECISION

I. Background

Timothy Raymond (hereinafter Respondent) is a licensed resident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Michigan Insurance Code (Code), MCL 500.1239(1)(h), by creating and submitting fictitious insurance policies in order to meet a production goal, thus using dishonest practices and demonstrating untrustworthiness in the conduct of business. Respondent has provided further justification for sanctions, pursuant to Section MCL 500.1239(1)(b), by failing to respond to a DIFS' inquiry and/or by failing to update his address as required. After investigation and verification of the information, on June 6, 2014, 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-c) of the Code, MCL 500.1239(1) and 500.1244(1)(a-c). Respondent failed to reply to the NOSC.

On July 23, 2014, 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 take any of these actions.

On September 18, 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 of DIFS.
2. At all relevant times, Respondent was a licensed resident producer in the state of Michigan with qualifications in life, accident and health, variable annuities, and property and casualty, and his license is currently active.
3. Respondent was appointed with Farmer Insurance Exchange, Fire Insurance Exchange, Farmer New World Life, Mid Century Insurance Exchange, Truck Insurance Exchange, Foremost Insurance Company, Foremost Signature Insurance Company, and Bristol West Preferred Insurance Company (collectively and hereinafter Farmers).
4. On January 7, 2013, Farmers' Internal Audit Division (IAD) received a referral from Farmers' Customer Service Division following a customer call regarding a policy that was purchased without consent. As a result, IAD opened an investigation.
5. The findings from IAD's investigation showed that Respondent wrote a total of 23 fire policies in the last two months of the reserve agent program (August 2012 – September 2012), which allowed him to meet his production goal and enter the career agent program. Of the 23 fire policies, 14 were found to be questionable due to the following:
 - Premium payments were paid by cash (7 total), the remaining policies had no payments.
 - A review of the subscription agreements found that 10 of the applications were submitted electronically with electronic signatures from similar email addresses.
 - The Respondent's personal address was listed on two of the policies.
 - There were multiple policies for the same customer or same location.
 - Policies were cancelled or were in the process of being cancelled shortly after they had been issued.
6. Shortly thereafter an attempt was made by IAD to contact the customers associated with questionable policies. However, the names, addresses, or phone numbers were not valid.

Therefore, Farmers' division marketing manager sent Respondent a letter on February 6, 2013, requesting a meeting to discuss the issues. However, Respondent did not respond to the request.

7. On March 20, 2013, DIFS' staff received a "Termination of Appointments" letter regarding Respondent from Farmers' Agency Administration Manager. The letter notified DIFS' staff that Respondent's appointments had been cancelled because Respondent "willfully misrepresented the companies."
8. On July 22, 2013, DIFS' staff sent a letter of inquiry to Respondent at the address on file requesting a response. It was returned by the U.S. Postal Service marked, "return to sender, not deliverable as addressed, unable to forward."
9. On September 11, 2013, DIFS' staff sent the letter of inquiry to an alternate address that was found in the Secretary of State database. No response was received and the letter was not returned by the U.S. Postal Service.
10. As a licensee, Respondent knew or had reason to know that Section 249(a) of the Code, MCL 500.249(a), states 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:

(b) Any insurance agent, surplus line agent, general agent, adjuster, public adjuster or counselor.

11. As a licensee, Respondent knew or had reason to know that Section 1238(1) of the Code, MCL 500.1238(1), states that:
 - (1) When applying for a license to act as an agent, solicitor, counselor, or adjuster, the applicant shall report his or her mailing and electronic mail address to the commissioner. An agent, solicitor, counselor, or adjuster shall notify the commissioner of any change in his or her mailing or electronic mail address within 30 days after the change. The commissioner shall maintain the mailing and electronic mail address of each agent, solicitor, counselor, or adjuster on file.
12. As a licensee, Respondent knew or had reason to know that Sections 1239(1)(b) and (h) of the Code, MCL 500.1239(1)(b) and (h) state that:

(1) In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(b) Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

13. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), by failing to respond to a DIFS' inquiry pursuant to Section 249(a) of the Code, MCL 500.249(a), and/or by failing to update his address pursuant to Section 1238(1) of the Code, MCL 500.1238(1).
14. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), by creating and submitting fictitious insurance policies in order to meet a production goal, thus using dishonest practices and demonstrating untrustworthiness in the conduct of business.
15. On June 6, 2014, a NOSC was mailed by first class mail to Respondent at the alternate address previously located:

Mr. Timothy Raymond

No response was received.

16. A search was undertaken of the following to ascertain a more current address for Respondent:
 - a. Michigan Secretary of State database
 - ii. Respondent's above address was confirmed. No new information was found.

17. On June 6, 2014, a NOSC was emailed to Respondent at his email address of record:

@

No response was received.

18. Having made reasonable efforts to serve Respondent and having complied with MCL 500.1238(2) and R 500.2107(4), Petitioner now seeks revocation of Respondent's insurance producer license.

19. On July 23, 2014, true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were mailed by first class mail to Respondent at the following address:

Mr. Timothy Raymond

No response was received

20. On July 28, 2014, true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were emailed to Respondent at his email address of record:

@

No response was received.

21. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order the payment of a civil fine, and/or other licensing sanctions, including revocation of licensure.
22. DIFS' staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2) and R 500.2107(4).
23. Respondent has received notice and has been given an opportunity to respond and appear and has not responded or appeared.
24. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

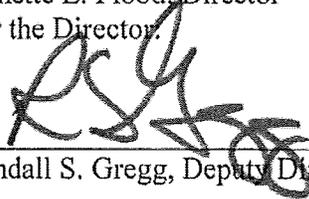
III. Order

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

1. Respondent has violated MCL 500.249(a) of the Code.

2. Respondent shall cease and desist from violating the Code.
3. Respondent shall immediately cease and desist from engaging in the business of insurance.
4. Respondent has violated MCL 500.249 and pursuant to MCL 500.1239(b) and (h), Respondent's resident insurance producer license (System ID No. 0275634) is REVOKED.

Annette E. Flood, Director
For the Director



Randall S. Gregg, Deputy Director