

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of Financial and Insurance Regulation

RECEIVED
AUG 05 2009
OFIR/OGC
In the Matter of

DEREK BALLARD

Enforcement Case No. 09-7175

System ID No.: 0081227

Respondent.

CONSENT ORDER AND STIPULATION

I.
FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Office of Financial and Insurance Regulation ("OFIR") and Derek Ballard (the "Respondent") state the following facts are true and correct:

1. The Respondent is a licensed resident insurance producer in the State of Michigan, pursuant to the Insurance Code of 1956, 1956 PA 218, as amended, MCL 500.100, *et. seq.*, (the "Code") with qualifications and authorizations to transact business selling, soliciting and/or negotiating accident, health, casualty, life, property and variable annuities. System ID number 0081227.
2. Respondent has been a licensed resident insurance producer in this State since 1991. On or about September 15, 2008, Respondent's employment with The Auto Club Group was terminated for cause due to a violation of company policy.
3. More specifically, Respondent caused customer funds to be withheld from being timely applied to member policies. Respondent allowed an unaffiliated business to retain cash premium payments for a period of time before he would timely remit funds to the insurer on behalf of the insureds. When he applied those funds to the insured's account he used his own personal credit card to make the payments.
4. Respondent either knew or should have known that it is a violation of Section 1239(1)(d) to either directly or indirectly, improperly withhold premium payments by allowing an unaffiliated business to retain those funds for any period of time before applying funds to an account.

5. Without admitting or denying any of the allegations, and without admitting or denying any violations of the Code, the Respondent is now prepared to voluntarily consent to entry of this Consent Order and Stipulation as follows:

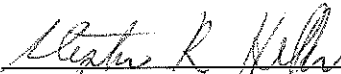
II. ORDER

Based on the above findings of fact and conclusions of law and Respondent's stipulation, it is **ORDERED** that:

1. Respondent shall structure his practice so as not to violate the Michigan Insurance Code, including but not limited to Section 1239(1)(d) of the Michigan Insurance Code.
2. Respondent shall structure his business practices between third-parties so that no third-party retains possession of premium payments in such a manner that would impair proper and timely payment to an insurer on behalf of an insured's account.
3. Respondent shall pay to the State of Michigan a civil fine of \$500.00 (five hundred dollars and zero cents). Upon execution of this Order, OFIR will send Respondent an Invoice for the civil fine that is payable within 30 days of issuance of the Invoice.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

Dated: 2/17/09



Stephen R. Hilker
Chief Deputy Commissioner


**III.
STIPULATION**

I have read and understand the Consent Order above. I agree that the Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Insurance Code. I waive the right to a hearing in this matter if this Consent Order is issued. I understand that the Consent Order and Stipulation will be presented to the Commissioner for approval and the Commissioner may or may not issue this Consent Order. I waive any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved.

Dated: 7-31-09

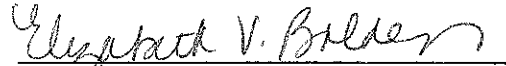


Derek Ballard – Respondent


Southfield, MI 48076

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Commissioner issue the above consent order.

Dated: 8/5/2009



Elizabeth V. Bolden
OFIR Staff Attorney