

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

**Before the Commissioner of Financial and Insurance Regulation**

In the matter of:

**Office of Financial and Insurance Regulation**

**Enforcement Case No. 08-5548**

Petitioner

v

**Lawrence J. Wells**  
System ID No. 0038497

And

**Financial Insurance Agency, Inc.**  
System ID No. 0009381

Respondents

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**CONSENT ORDER AND STIPULATION**

Issued and entered,  
on 6/18, 2009,  
by **Stephen R. Hilker**  
Chief Deputy Commissioner

**I.**

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. At all times pertinent to the matter herein, Lawrence J. Wells ("Respondent or Wells") was a licensed resident producer authorized to transact the business of insurance in this state.
2. At all times pertinent to the matter herein, Financial Insurance Agency, Inc. (FIA) was a licensed resident producer authorized to transact the business of insurance in this state. Wells is the sole shareholder of FIA. Wells and FIA are referred to herein as "Respondents."
3. As licensed insurance producers, Respondents knew or had reason to know that Section 1247(1) of the Insurance Code (Code) states, "An insurance producer shall report to the commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state

within 30 days after the final disposition of the matter. This report shall include a copy of the order, consent to order, or other relevant legal documents.”

4. As licensed insurance producers, Respondents knew or had reason to know that Section 1239(1) of the Code, MCL 500.1239(1), states in pertinent part that, “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 ... for any 1 or more of the following causes:

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

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(g) Having admitted or been found to have committed any insurance unfair trade practice or fraud.

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

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(l) Knowingly accepting insurance business from an individual who is not licensed.”

5. As licensed insurance producers, Respondents knew or had reason to know that Section 2005(a) of the Code, MCL 500.2005(a), states, “An unfair method of competition and an unfair or deceptive act or practice in the business of insurance means the making, issuing, circulating, or causing to be made, issued, or circulated, an estimate, illustration, circular, statement, sales presentation, or comparison which by omission of a material fact or incorrect statement of a material fact ... [m]isrepresents the terms, benefits, advantages, or conditions of an insurance policy.”
6. Respondents have failed to uphold the standards as described below.

### COUNT I

7. On June 27, 2006, the Chief Financial Officer of the Florida Department of Financial Services issued a Consent Order dated May 24, 2006, ordering Wells to pay Ms. [REDACTED] restitution in the amount of \$14,400 in accordance with the installment payment schedule set forth in the Consent Order.
8. The Florida Department of Financial Services alleged that Wells represented unauthorized insurers in violation of Section 626.901, Florida Statutes.

9. Pursuant to the Consent Order, Respondent was required to pay ██████ \$3,500 within ninety days of the date of the entry of Consent Order. Respondent was further ordered to pay another \$3,500 to ██████ within one hundred and eighty days of the date of the entry of the Consent Order and to pay the remaining amount of \$7,400 within five hundred and forty days of the date of the entry of the Consent Order.
10. Respondent violated the Consent Order issued by the Chief Financial Officer of the Florida Department of Financial Services by failing to timely make the first and second installment payments as required by the Consent Order.
11. The Florida Department of Financial Services subsequently suspended Wells's insurance license for failing to comply with the Order to timely pay restitution to Fisher.
12. By violating Florida's insurance law and failing to comply with the Order issued by the Chief Financial Officer of the Florida Department of Financial Services, Respondent violated Section 1239(1)(b) of the Code.

### COUNT II

13. As indicated in Count I, on June 27, 2006, the Chief Financial Officer of the Florida Department of Financial Services had taken administrative action against Wells for selling insurance to Florida residents on behalf of unauthorized insurers.
14. Wells failed to report to the Commissioner of the Office of Financial and Insurance Regulation (OFIR) the foregoing administrative action taken against him by the Florida Department of Financial Services on June 27, 2006.
15. Wells violated Section 1247(1), MCL 500.1247(1), of the Code by failing to report to the Commissioner of OFIR that the Florida Department of Financial Services had taken administrative action against him.

### COUNT III

16. ██████ is a maintenance and meter-reading contractor. In 1999, ██████, a licensed resident producer in the State of Michigan, to act as ██████ recommended that ██████ enroll its employees with ██████. In February or March of 2002, ██████ decided to place some of its employees with ██████. This decision was based upon representations by the Respondents, that ██████ was a full coverage primary insurance company, and consequently, enrolled its employees in the plan. Respondents provided ██████ with documentation and promotional materials regarding the plan offered by ██████.
17. When Respondents recommended ██████ for ██████ through Benefits in 2002, Respondents were well aware that ██████ was seeking to enroll its employees in a major full coverage primary healthcare insurance. Respondent knew at the time they

had recommended and placed [REDACTED] employee with the plan offered by [REDACTED] that [REDACTED] was not paying claims. Respondents also knew that [REDACTED] was not a health insurance company licensed to operate in Michigan. In fact, Respondents were well aware at the time that [REDACTED] also had a cease and desist order against it in the State of Florida.

18. On or about March 14, 2002, [REDACTED] received a letter from FIA, which informed [REDACTED] was not paying claims, was in receivership, and that [REDACTED] was ordered to stop selling insurance by the Texas Department of Insurance in the State of Texas.
19. Respondents' March 14, 2002, letter also recommended [REDACTED] to switch to a third party administrator by the name of [REDACTED]. Respondents' letter stated:

We have looked and found another TPA to administer this business. They have agreed to keep your current premiums and Plan Descriptions (excluding the discount Dental and Vision Plan) for existing groups that want to rollover. They also have agreed to retroactive the effective date to March 1, 2002 provided the appropriate documentation is received. It has been guaranteed that you will not have any lapse of coverage once the signed documentation is received. You will get this information from your agent. The deadline for this rollover is Friday, March 22, 2002.

20. Respondents sent an employee to conduct due diligence of [REDACTED]. During the due diligence the employee learned that [REDACTED] reinsurance carrier would not allow [REDACTED] to rollover the plan under the conditions outlined in Respondents' March 2002 letter, and it was using the premiums it received to pay claims. Respondents knew that [REDACTED] was not an actual insurance company, but an employee health benefit plan. However, armed with this knowledge, an employee of FIA made a presentation to [REDACTED] recommending that [REDACTED] switch to [REDACTED]. FIA's employee represented [REDACTED] as a fully insured, health insurance company and indicated that [REDACTED] had a plan similar to that of [REDACTED]. The employee also provided [REDACTED] with pamphlets and promotional materials including information about coverage and price quotes. However, [REDACTED] was not a health insurance company licensed to operate in Michigan.
21. Relying on the information provided by FIA's employee, [REDACTED] purchased the [REDACTED] plan to replace [REDACTED] in March 2002. Under the plan, [REDACTED] paid [REDACTED] \$36,000 per month in premiums for the benefit coverage plus an additional 30 percent of each monthly payment to cover agent fees, commissions, and other costs.
22. On December 12, 2002, an employee of FIA sent [REDACTED] a fax requesting [REDACTED] complete a new application for reinsurance with [REDACTED] reinsurance carrier, [REDACTED] had ceased making payments on claims so

█ switched reinsurance carriers. FIA requested that █ submit another premium payment; █ acquiesced to the request and submitted another premium payment to FIA. █ however, did not pay any claims and it also was not a licensed insurance company in Michigan. On or about December 13, 2002, the Texas Department of Insurance issued a cease and desist order against █ ordering it to stop its operations due to fraudulent practices in the state of Texas.

23. In March 2003, █ discovered that claims by its employees were not being paid by █ had discontinued its operation, but █ was not aware that █ had ceased its operations and it continued to make premium payments until July of 2003.
24. By misrepresenting the terms, benefits, advantages, or conditions of the plans offered to █ Respondents engaged in unfair or deceptive acts or practices in the business of insurance and violated Section 1239(1)(b),(g),(h), and (i) of the Code.


## II. ORDER

Based upon the Findings of Fact and Conclusions of Law above and Respondent's stipulation, the Commissioner ORDERS that:

1. Respondents shall CEASE and DESIST from violating MCL 500.1239, MCL 500.1247, and MCL 500.2005a.
2. Forthwith, Respondents shall CEASE and DESIST from engaging in any activity requiring licensure under the Michigan Insurance Code, and deliver to the Chief Deputy Commissioner their original resident producers license certificates within five days of the date of entry of this Order.
3. Respondents resident producer licenses issued pursuant to the provisions of the Michigan Insurance Code are hereby REVOKED.

IT IS SO ORDERED

Dated: 6/18/09

  
Stephen R. Hilker,  
Chief Deputy Commissioner

**III.  
STIPULATION**

Respondents have read and understand the Consent Order above. Respondents agree that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Insurance Code. Respondents waive the right to a hearing in this matter if this Consent Order is issued. Respondents understand that the Consent Order and Stipulation will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this Consent Order. Respondents waive any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. Respondents admit to the Findings of Fact and Conclusions of Law set forth in the above Consent Order, and agree to the entry of the Consent Order.

**Financial Insurance Agency, Inc.**

**Dated:** June 18 2009

Lawrence Wells  
**By:** LAWRENCE WELLS PRES.  
**Its:**

**Dated:** June 18 2009

Lawrence J. Wells  
Lawrence J. Wells

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above Consent Order.

**Dated:** 6/18/09

Marlon F. Roberts  
Marlon F. Roberts  
Staff Attorney