

**STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

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

**In the Matter of:**

**Cambridge Underwriters, LTD  
d/b/a Underwriters Premium Finance  
License No. PF-0013871**

**Examination No. 8169**

**Respondent.**

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Issued and entered

on April 2, 2012  
Stephen R. Hilker  
Senior Deputy Commissioner

**ORDER OF NON-RENEWAL OF INSURANCE PREMIUM FINANCE LICENSE**

**A. STATEMENT OF LAW**

1. The Office of Financial and Insurance Regulation (OFIR) is responsible for the licensing and regulation of insurance premium finance companies and the enforcement of the provisions of the Michigan Insurance Code (Code), 1956 PA 218, as amended, MCL 500.100 *et seq.*
2. Section 1504(2) of the Code, MCL 500.1504(2), provides as follows:

(2) The commissioner shall issue or renew a license as may be applied for when he is satisfied that the applicant is competent and trustworthy, has a good business reputation and has had experience, training or education in the business for which the license is applied, if a corporation, is a corporation incorporated under the laws of this state or admitted to do business in this state, and has proven in form satisfactory to the commissioner, that he has paid-up capital and surplus of \$50,000.00, if a corporation, or net worth if an individual or copartnership of \$50,000.00 which shall be maintained, and that allowing the applicant to engage in the business will promote the convenience and advantage of the community in which the business of the applicant is to be conducted. A \$10,000.00 cash or corporate surety bond shall be deposited with the state treasurer for the benefit of any or all

borrowers, who may become creditors of the premium finance company.

3. Section 1505 of the Code, MCL 500.1505, provides as follows:

\* \* \*

(2) Before the commissioner revokes, suspends, or refuses to renew the license of a premium finance company, he or she shall give to the person an opportunity to be fully heard and to introduce evidence on its behalf. Instead of revoking or suspending the license for any of the reasons listed in subsection (1), after a hearing, the commissioner may subject the company to a penalty of not more than \$200.00 for each offense with a total not to exceed \$1,000.00 when in his or her judgment the commissioner finds that the public interest would not be harmed by the continued operation of the company. The amount of any penalty shall be paid by the company through the office of financial and insurance regulation to the state treasury. At any hearing provided by this section, the commissioner shall have authority to administer oaths to witnesses. Anyone testifying falsely, after having been administered an oath, is subject to the penalty of perjury.

(3) If the commissioner refuses to issue or renew a license or if an applicant or licensee is aggrieved by any action of the commissioner, the applicant or licensee shall have the right to a hearing and court proceeding as provided for in section 244.

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## **B. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

4. Cambridge Underwriters, LTD d/b/a Underwriters Premium Finance (Cambridge) is a licensed insurance premium finance company conducting business in the state of Michigan.
5. On or about August 24, 2011, the Office of Financial and Insurance Regulation (OFIR) conducted an examination of Cambridge.
6. OFIR's Report of Examination found that Cambridge had a negative net worth of (\$3,314,351) as of July 31, 2011, which is in violation of Section 1504(2) of the Code, by not having paid-up capital and surplus in the amount of \$50,0000.00.
7. On or about October 24, 2011, OFIR staff mailed of copy of the Report of Examination to Cambridge and gave Cambridge an opportunity to respond to the Report's finding by November 10, 2011.

8. On or about November 10, 2011, OFIR received Cambridge's response to the Report.
9. On or about December 28, 2011, OFIR staff sent Cambridge an e-mail stating that "We have reviewed your reply to the Premium Finance Examination Report and found most to be acceptable, except for the negative net worth issue. Please provide OFIR a plan of action on how the Licensee plans to correct this violation of the Insurance Code. This violation may have a negative impact on your license. Please respond by January 4, 2012."
10. On or about January 12, 2012, OFIR received Cambridge's response to OFIR's December 28, 2011 e-mail.
11. As provided in Section 1505(2) of the Code, Cambridge was given an opportunity to be fully heard and to introduce evidence on its behalf.
12. OFIR staff determined that Cambridge's responses did not resolve OFIR's finding in the Report of Examination that Cambridge had a negative net worth of (\$3,314,351) as of July 31, 2011, which is in violation of Section 1504(2) of the Code.
13. On March 16, 2012, OFIR received Cambridge's annual license fee for renewal for the licensing year beginning April 1, 2012.
14. Based on OFIR's August 24, 2011 Report of Examination and Cambridge's responses, OFIR finds that Cambridge does not meet the requirements for license renewal as outlined in Section 1505(2) of the Code, therefore, Cambridge Underwriters, LTD d/b/a Underwriters Premium Finance's insurance premium finance license for the licensing year beginning April 1, 2012, cannot be renewed.

### C. ORDER

Based on the Statement of Law, and the Findings of Fact and Conclusions of Law above, it is ORDERED that:

1. The insurance premium finance license of Cambridge Underwriters, LTD d/b/a Underwriters Premium Finance shall not be renewed for the licensing year beginning April 1, 2012.

Date

4/2/12

  
Stephen R. Hilker  
Senior Deputy Commissioner