

**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. 19-15870**

**Petitioner,**

**v**

**Rebecca Byrom**  
System ID No. 0738463

**Respondent.**

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**ISSUED AND ENTERED**

**on June 27, 2022  
by Randall S. Gregg  
Senior Deputy Director**

**FINAL DECISION**

**I. INTRODUCTION**

Rebecca Byrom (Respondent) (System ID No. 0738463) is a licensed non-resident insurance producer with qualifications in property and casualty and the owner and Designated Responsible Licensed Producer (DRLP) of Byrom Insurance Agency, Inc. (System ID No. 0113051) (Byrom Insurance). The Department of Insurance and Financial Services (DIFS) received information that Respondent engaged in possible unlicensed surplus lines activity. After investigation and verification of the information, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) to Respondent on January 9, 2020, informing Respondent of her failure to comply with the Insurance Code, MCL 500.100, *et seq.* Respondent, through her attorney, replied to the NOSC but the parties were unable to agree on a mutually acceptable resolution, and Respondent's attorney withdrew from representation.

On November 9, 2021, DIFS issued an Administrative Complaint which was served upon Respondent at the address Respondent was required to maintain with DIFS. The Complaint required Respondent to request a hearing and respond to the Complaint by December 3, 2021. The Complaint further advised Respondent that failure to request a hearing may result in the facts asserted within the Complaint being accepted as true by the Director. Respondent failed to request a hearing or otherwise respond to the Complaint.

On January 18, 2022, DIFS filed a Motion for Entry of Final Decision. Respondent did not file a reply to the motion. In light of Respondent's failure to respond, Petitioner's motion is granted, and the unchallenged Complaint is accepted as true. The Director therefore makes the following Findings of Fact and Conclusions of Law.

## II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. At all relevant times, Byrom Insurance was a licensed non-resident insurance agency producer with qualifications in property and casualty.
2. At all relevant times, Respondent was a licensed non-resident insurance producer with qualifications in property and casualty and the owner and DRLP of Byrom Insurance.
3. Byrom Insurance sold nine surplus lines flood insurance policies to Michigan customers between May and September of 2018 and charged the customers agency fees ranging from \$150.00 to \$300.00. Byrom Insurance was not licensed as a surplus lines producer and therefore not authorized to charge agency fees in connection with the sale of surplus lines policies. Moreover, although licensed surplus lines producers are permitted to charge limited fees pursuant to Section 1915 of the Code, MCL 500.1915, the fees Byrom Insurance charged were well more than the amount permitted by the Code and were not collected on behalf of licensed surplus lines producers who placed the policies.
4. Byrom Insurance admitted to DIFS that it conducted business under the names Statewide Flood Insurance and California Flood Insurance without first notifying DIFS.
5. Respondent knew or should have known that Section 1905(1) of the Code, MCL 500.1905(1), provides that "[a] person shall not solicit insurance, bind coverage, or in any other manner act as an agent or broker in the transaction of surplus lines insurance unless licensed under this chapter and section 1206a." Respondent violated Section 1905(1) of the Code by charging an agency fee in connection with the sale of the above-described policies.
6. Respondent knew or should have known that Section 1211a of the Code, MCL 500.1211a, states that "[a]n insurance producer doing business under any name other than the producer's legal name shall notify the commissioner prior to using the assumed name." Byrom Insurance violated Section 1211a of the Code by doing business under the names Statewide Flood Insurance and California Flood Insurance without first notifying DIFS.
7. A DRLP is a producer designated by the agency to ensure compliance with the laws, rules, and regulations of the State of Michigan. To ensure compliance, a DRLP must be proactive in their oversight. They should have knowledge of the business practices of the agency, the training that individual producers receive, and the method by which said producers implement the agency's business practices and training.
8. As the owner and DRLP of Byrom Insurance, Respondent failed to ensure that Byrom Insurance and its employees were in compliance with the Code, as indicated by the violations described above. By

Respondent's failure to ensure such compliance, Respondent has provided justification for sanctions pursuant to Section 1239(1)(g) of the Code, MCL 500.1239(1)(g).

9. As a licensee, Respondent knew or had reason to know that Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), states:

(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:

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

10. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), by demonstrating untrustworthiness by Respondent's unauthorized sale of surplus lines flood insurance policies and unauthorized charging of fees related to such policies.
11. Section 1244(1)(d) of the Code, MCL 500.1244(1)(d), provides that if the Director finds that a person has violated Chapter 12, after an opportunity for a hearing, the Director shall reduce the findings and decision to writing and shall issue and cause to be served upon the person charged with the violation a copy of the findings and an order requiring the person to cease and desist from the violation. In addition, the Director may order, among other things, the suspension or revocation of the person's license.
12. Respondent has provided justification for sanctions pursuant to Section 1244(1)(a)-(c) of the Code, MCL 500.1244(1)(a)-(c) and Section 1244(1)(d) of the Code, MCL 500.1244(1)(d), by violating Sections 1905(1), 1211a, and 1915 of the Code, MCL 500.1095(1), MCL 500.1211a, and MCL 500.1915.
13. On or about January 9, 2020, DIFS sent a NOSC to Respondent, addressed to Respondent's owner/officer of record at the address it is required to maintain on file with DIFS.
14. On or about November 9, 2021, an Administrative Complaint was mailed by first class to Respondent at Respondent's address of record on file with DIFS. No response was received.
15. DIFS staff has made reasonable efforts to serve Respondent and has complied with MCL 500.1238(2). Respondent has received notice and has been given an opportunity to respond and appear but has not responded to DIFS' Complaint or requested a hearing related to the Complaint.
16. Respondent is in default and Petitioner is entitled to have all allegations accepted as true.

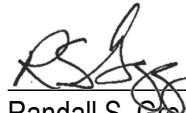
17. Pursuant to Section 1244(1)(a) of the Code, MCL 500.1244(1)(a), Respondent shall pay a civil fine on the basis of Respondent's uncontested violations of Chapter 12 of the Code set forth above.

### III. ORDER

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

1. Respondent shall cease and desist from violating the Code.
2. Pursuant to MCL 500.1239(1)(g), and MCL 500.1244(1)(a), Respondent shall pay a civil fine in the amount of \$3,500.00 because, as the DRLP and owner of Rebecca Byrom Insurance Agency, she either knew or reasonably should have known that her negligence in failing to ensure that the Agency operated in compliance with the Code provided a basis for sanctions against her pursuant to Section 1239(1)(g) of the Code, MCL 500.1239(1)(g).

Anita G. Fox, Director  
For the Director:



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Randall S. Gregg, Senior Deputy Director