

**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. 13-11727

Agency No. 13-014-L

Petitioner,

v

AUA, Inc.

System ID No. 0073801

Norma Johnson aka Norma Joyce

System ID No. 0008185

Respondents.

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**Issued and entered
on July 30, 2013
by **Randall S. Gregg**
Deputy Director**

FINAL ORDER

I. Background

AUA, Inc. and Norma Johnson, aka Norma Joyce, (Respondents) are licensed non-resident insurance producers. The Department of Insurance and Financial Services (DIFS) received information that Respondents failed or refused to remit premium in the amount of \$313,037.92 to US Specialty Insurance Company, failed to report to DIFS that Respondents' insurance licenses have been revoked in Kansas, and failed to report Respondent Johnson's name change. After investigation and verification of the information, on April 18, 2013, DIFS issued a Notice of Opportunity to Show Compliance alleging that Respondents had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1) and 1244(1)(a-c) of the Michigan Insurance Code (Code), MCL 500.1239(1) and 500.1244(1)(a-c). Respondents failed to reply to the Notice.

On May 14, 2013, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondents. The Order for Hearing required Respondents 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 Respondents planned to attend the hearing, or (3) request an adjournment. Respondent failed to take any of these actions.

On June 25, 2013, DIFS staff filed a Motion for Final Decision. Respondents did not file a reply to the motion. Given Respondents' 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

9. 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 the Department of Insurance and Financial Services (Director).
10. At all relevant times, Respondents AUA, Inc (System ID No. 0073801) and Norma Johnson (Respondents) were licensed non-resident insurance producers.
11. At all relevant times, Norma Johnson was the Designated Responsible Licensed Producer of AUA, Inc.
12. At all relevant times, Respondents were appointed with US Specialty Insurance Company (USSIC).
13. On or around July 2011, Respondents were delinquent in remitting premium to USSIC.
14. Throughout 2011 and most of 2012, Respondents and USSIC were communicating in an effort to correct the delinquency.
15. When it became clear that there was no expectation of resolution, USSIC cancelled the Respondents' appointments. The total owed to USSIC is \$313,037.92.
16. As licensees, Respondents knew or had reason to know that Section 1207(1) of the Code, MCL 500.1207(1), provides, "An agent shall be a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an agent in a timely manner to turn over the money which he or she holds in a fiduciary capacity to the persons to whom they are owed is prima facie evidence of violation of the agent's fiduciary responsibility."
17. Respondents violated Section 1207(1) of the Code by failing to remit premium that was owed to USSIC in a timely manner.
18. As licensees, Respondents knew or had reason to know that Section 1239(1)(d) and (h) of the Code, MCL 500.1239(1)(d) and (h), provides that the Director may suspend or revoke an insurance producer's license for improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business and for using fraudulent, coercive, or dishonest practices or demonstrating incompetence,

untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

19. Respondents have provided justification for sanctions, pursuant to Section 1239(1)(d) and (h) of the Code, by accepting premium money on behalf of insureds and failing or refusing to remit the premium money to the insurer as required.
20. On February 11, 2013, Kansas revoked the insurance producer licenses of Respondents.
21. As licensees, Respondents knew or had reason to know that Section 1239(1)(i) of the Code, MCL 500.1239(1)(i), provides that the Director may suspend or revoke an insurance producer's license for having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory.
22. On information and belief, Respondent Norma Johnson was married in 1995 and her legal name changed to Norma Joyce.
23. Respondent Johnson failed to notify DIFS of her legal name change.
24. As a licensee, Respondent Johnson knew or had reason to know that Section 1206(5) of the Code, MCL 500.1206(5), provides, "Licensees shall inform the commissioner by any means acceptable to the commissioner of a change of legal name or address within 30 days of the change."
25. Respondent Johnson violated Section 1206(5) by failing or refusing to notify the Director of her legal name change within 30 days of the change.
26. Respondents have provided justification for discipline by failing or refusing to remit premium in the amount of \$313,037.92 to US Specialty Insurance Company, failing to report to DIFS that Respondents' insurance licenses have been revoked in Kansas, and failing to report Respondent Johnson's name change.
27. DIFS staff have made reasonable efforts to serve Respondents and has complied with MCL 500.1238.
28. Respondents have received notice and have been given an opportunity to respond and appear and have not responded or appeared.
29. Respondents are in default and the Petitioner is entitled to have all allegations accepted as true.

III. Order

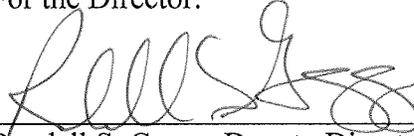
Based upon the Respondents' conduct and the applicable law cited above, it is ordered that:

1. Respondents have violated MCL 500.1207(1) and 500.1206(5).

2. Respondents shall cease and desist from violating the Code.
3. Respondents shall immediately cease and desist from engaging in the business of insurance.
4. Respondents non-resident insurance producer licenses are **REVOKED**.

R. Kevin Clinton, Director

For the Director:

A handwritten signature in black ink, appearing to read "Randall S. Gregg", written over a horizontal line.

Randall S. Gregg, Deputy Director