

**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. 20-16269
Agency No. 21-003-L**

Petitioner,

v

A & M Agency
Unlicensed

Ahmad Azmi Khalil
System ID No. 0669592

Respondents.

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**Issued and entered
on September 21, 2021
by Randall S. Gregg
Senior Deputy Director**

FINAL DECISION

I. Background

A & M Agency also known as A & M Agency LLC (Respondent A & M) is not licensed as an insurance producer agency, nor is it authorized to transact the business of insurance in the state of Michigan. Ahmad Azmi Khalil (Respondent Khalil) is a licensed resident producer authorized to transact the business of insurance in the state of Michigan and his license is currently suspended pursuant to an Interim Order issued in this matter on July 12, 2021. The Department of Insurance and Financial Services (DIFS) received a consumer complaint alleging that Respondent Khalil failed to timely cancel the consumer's policy, and Respondent A & M transacted insurance business in the state of Michigan without being properly registered and licensed. After investigation and verification of the complaint, on March 3, 2021, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondents had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1) and 500.1244(1)(a-d). Respondents failed to reply to the NOSC.

On May 5, 2021, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondents at the address Respondent Khalil is required to maintain with DIFS. 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. Respondents failed to respond or take any action.

On June 22, 2021, DIFS staff filed a Motion for Interim Order. Respondents did not file a reply to the motion. Given Respondents' failure to respond, Petitioner's motion was granted, and the Director issued an Interim Order, which suspended Respondent Khalil's insurance producer license, ordered Respondent A & M to Cease and Desist from all insurance activity, and required Respondents to pay \$1,000.00 in fines. Respondents failed to respond or otherwise comply with the Interim Order.

On August 30, 2021, DIFS staff filed a Motion for Final Decision Following Interim Order. Respondents did not file a reply to the motion. To date, Respondents have failed to pay the \$1,000.00 fine. Given Respondents' failure to comply with the Interim Order, 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

1. Respondent A & M is not licensed as an insurance producer agency, nor is it authorized to transact the business of insurance in the state of Michigan.
2. Respondent Khalil is a licensed resident producer with qualifications in property and casualty, and his license is currently suspended. Respondent Khalil is the owner of Respondent A & M.
3. On March 22, 2019, DIFS received a consumer complaint alleging that Respondent Khalil had failed to timely cancel his homeowner's policy upon his request.
4. The complainant alleged that he spoke to Respondent on February 16, 2018 and requested that his homeowner's policy be canceled; however, the policy was not canceled until July 30, 2018, after the complainant spoke directly to a representative from Allstate, the insurer of record.
5. The consumer complaint was referred for further investigation and on June 6, September 4, and September 18, 2019, a DIFS investigator sent correspondence to Respondent Khalil requesting that he provide credentials showing that Respondent A & M was properly licensed as a Michigan insurance agency and properly registered as a Michigan corporation. Respondent Khalil failed to provide the requested documentation.
6. On August 20 and September 21, 2019, a second DIFS investigator communicated with one of Allstate's customer resolution specialists who was able to confirm that Respondent A & M had been paid commission for the renewal of the complainant's homeowner's policy.
7. At the conclusion of its investigation, DIFS found the following:
 - (a) After receiving the complainant's cancellation request, Respondent Khalil failed to timely cancel the complainant's policy;
 - (b) Respondent A & M was not licensed to transact insurance business in the state of Michigan, and it was not properly registered as a Michigan company; and

(c) Respondent A & M conducted insurance business in the state of Michigan without being properly licensed.

8. By failing to cancel the complainant's policy as requested, Respondent Khalil has demonstrated incompetence and financial irresponsibility in the conduct of business, thereby, providing justification for sanctions pursuant to MCL 500.1239(1)(g) and MCL 500.1244(1).
9. By soliciting, negotiating, and selling insurance policies without being licensed as required by the Code, Respondent A & M has violated MCL 500.1205(2) and has provided justification for sanctions pursuant to MCL 500.1239(1)(g), MCL 500.1239(2)(e), and MCL 500.1244(1).
10. By allowing Respondent A & M to sell, solicit, and negotiate insurance without a license, Respondent Khalil has violated MCL 500.1205(2) and has demonstrated incompetence, untrustworthiness, and financial irresponsibility in the conduct of business, thereby, providing justification for sanctions pursuant to MCL 500.1239(1)(g), MCL 500.1239(2)(e), and MCL 500.1244(1).
11. By failing to appoint a designated responsible licensed producer, as required by the Code, to ensure the business entity's compliance with Michigan's insurance laws, rules, and regulations, Respondent Khalil has violated MCL 500.1205(2)(b), and has demonstrated incompetence, untrustworthiness, and financial irresponsibility in the conduct of business, thereby, providing justification for sanctions pursuant to MCL 500.1239(1)(g), MCL 500.1239(2)(e), and MCL 500.1244(1).
12. Based upon the actions listed above, Respondents has committed acts that provide justification for the Director to order the payment of a civil fine, and/or other licensing sanctions, including revocation of licensure.
13. On March 4, 2021, an NOSC was mailed by first class mail to Respondents at their mailing addresses of record. The NOSC alleged that the Respondents violated Sections 1205(2) and 1205(2)(b) of the Code providing justification for sanctions pursuant to MCL 500.1239(1)(g), MCL 500.1239(2)(e), and MCL 500.1244(1). No response was received, and the mail was not returned by the United States Postal Service.
14. On May 5, 2021, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondents at the address Respondent Khalil is required to maintain with DIFS. 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. Respondents failed to respond or take any action.
15. On June 22, 2021, DIFS staff filed a Motion for Interim Order. Respondents did not file a reply to the motion. Given Respondents' failure to respond, Petitioner's motion was granted, and the Director issued an Interim Order, which suspended Respondent Khalil's insurance producer license, ordered Respondent A & M to Cease and Desist from all insurance activity, and required Respondents to pay \$1,000.00 in fines. Respondents failed to respond or otherwise comply with the Director's Order.

16. On August 30, 2021, DIFS staff filed a Motion for Final Decision Following Interim Order. Respondent did not file a reply to the motion.
17. DIFS staff have made reasonable efforts to serve Respondents and have complied with MCL 500.1238(2).
18. Respondents have received notice and have been given an opportunity to respond and appear. Respondents have not responded nor appeared.
19. 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 shall **CEASE** and **DESIST** from violating the Code.
2. Respondents shall immediately **CEASE** and **DESIST** from engaging in the business of insurance.
3. Pursuant to MCL 500.1205(2), MCL 1205 (2)(b), MCL 500.1239(1)(g), MCL 500.1239(2)(e), and MCL 500.1244(1), Respondent Khalil's resident insurance producer license (System ID No. 20-16269) is **REVOKED**.

Anita G. Fox, Director
For the Director:



Randall S. Gregg, Senior Deputy Director