

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

BreAnn Stephenson
System ID No. 0707203 (Unlicensed)

Enforcement Case No. 16-14572

Respondent.

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Issued and entered
on December 28, 2016
by Teri L. Morante
Chief Deputy Director

**ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS
AND NOTICE OF OPPORTUNITY FOR HEARING**

Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Finding, and

WHEREAS, the Director of the Department of Insurance and Financial Services finds that immediate action is necessary and appropriate in the public interest for the protection of the public health, safety, and welfare, and consistent with the purposes fairly intended by public policy and provisions of the Code,

IT IS THEREFORE ORDERED THAT:

1. Respondent shall immediately **CEASE AND DESIST** from all activities in violation of the Code as described in the Statement of Findings.
2. A copy of this Order shall be immediately served upon Respondent. As to any Respondent, this Order shall be effective upon the date of service.
3. Respondent will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing process shall commence. This Order shall remain in effect until further order of the Director. Any request for a hearing should be addressed to the Department of Insurance and Financial Services, Attention: Valerie Donally, Hearings Clerk, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-284-8843.
4. Any such hearing held shall address the following issues:
 - a. The facts set forth in the Statement of Findings.
 - b. The continuation of the Order to Cease and Desist.

- c. Restitution to be paid by the Respondent.
5. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.
 6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
 7. Pursuant to Section 251(6) of the Code, MCL 500.251(6), a person who violates or otherwise fails to comply with an Order to Cease and Desist is subject to one or more of the following:
 - a. Payment of a civil fine of not more than \$1,000 for each violation not to exceed an aggregate civil fine of \$30,000. However, if the person knew or reasonably should have known the conduct was in violation of the cease and desist order, the person shall be subject to a civil fine of not more than \$25,000 for each violation not to exceed an aggregate civil fine of \$250,000.
 - b. Suspension or revocation of the person's license or certificate of authority.
 - c. Complete restitution, in the form, amount, and within the period determined by the Director, to all persons in Michigan damaged by the violation or failure to comply.

Dated: Dec. 28, 2016



Teri L. Morante
Chief Deputy Director

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STATEMENT OF FINDINGS

1. Pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation have been transferred to the Director of the Department of Insurance and Financial Services (DIFS).
2. Pursuant to Section 251(1) of the Code, MCL 500.251(1), the Director is empowered to issue a cease and desist order if the Director finds any of the following:
 - (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
 - (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
 - (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification.
 - (d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare. MCL 500.251(1).
3. Under Section 1201a of the Code, it is a violation for a person to sell, solicit, or negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. MCL 500.1201a(1).
 - a. "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers. MCL 500.1201(k).

- b. "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company. MCL 500.1201(l).
 - c. "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company. MCL 500.1201(m).
4. Respondent BreAnn Stephenson (Respondent) was purportedly a customer service representative for National Real Estate Insurance Group (NREIG) during the relevant timeframe. DIFS Staff received information about possible unlicensed activity by the Respondent and a review of DIFS' records revealed that Respondent is not licensed under the Code.
5. After an investigation, DIFS Staff concluded that Respondent has engaged in activities regulated by the Code, without the requisite license, and has violated the insurance laws of this state. The investigation was initiated based on a complaint received from PM, who sought insurance for her rental properties located in Detroit, Michigan.
6. NREIG is purportedly the insurance broker for Affinity Insurance Program Marketing (AIPM). Respondent has admitted to DIFS Staff that she explained NREIG's programs and various available insurance coverage to PM. Ultimately, NREIG added PM as an additional insured on an insurance policy issued to AIPM and underwritten by Certain Underwriters at Lloyd's, London, an alien unauthorized insurer for surplus lines.
7. Respondent knew or should have known that Section 1201a(1) of the Code, MCL 500.1201a(1), provides that it is a violation for a person to sell, solicit, or negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. Respondent has admitted to DIFS Staff that she explained the terms of various insurance coverages offered by NREIG to PM, inclusive of explaining the difference between Basic and Special Form. By offering advice to PM regarding the substantive benefits, terms, or conditions of an insurance contract and by asking or urging PM to apply or purchase insurance through NREIG, Respondent has engaged in unlicensed activity under the Code in violation of Section 500.1201a(1) of the Code, MCL 500.1201a(1).
8. Based on the aforementioned findings, Respondent is acting as an insurance producer without a license as required by the Code.