

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. 18-15430
Agency No. 19-035-L

Petitioner,

v

Jason Cannon
System ID No. 0753248

Respondent.

_____ /

Issued and entered
on July 3rd, 2019
by Randall S. Gregg
Senior Deputy Director

FINAL DECISION

I. Background

Jason Cannon (Respondent) is a licensed non-resident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent submitted applications for insurance with knowingly false information and failed to notify DIFS of administrative action against him. After investigation and verification of the information, on January 7, 2019, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1)(b), (e), (g), (h), and (i) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1)(b), (e), (g), (h), and (i) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On March 1, 2019, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he is required to maintain with DIFS. The Order for Hearing required Respondent 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 Respondent planned to attend the hearing, or (3) request an adjournment. Respondent replied to the Administrative Complaint but failed to show compliance or take any action required by the Order for Hearing. Respondent eventually ceased correspondence with DIFS.

On June 20, 2019, DIFS Staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. Given Respondent's 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

1. At all relevant times, Jason Cannon (Respondent) was a licensed non-resident insurance producer with qualifications in life and accident and health. Respondent has been licensed since December 22, 2015.
2. On January 11, 2016, Respondent was appointed with Chesapeake Life Insurance Company (Chesapeake).
3. On March 21, 2017, Chesapeake terminated its appointment with Respondent for cause. Specifically, Chesapeake alleged that Respondent submitted applications for insurance with knowingly false information and submitted applications for insurance without insureds' knowledge or authorization.
4. Chesapeake found that of the 193 applications reviewed, 95 had false payment information, 69 had a repeating or false email address, 68 had mailing addresses that were incorrect or non-existent, and 19 included supplemental coverage that was not requested by the insured.
5. Three (3) of the insureds were Michigan residents and their applications all indicate face-to-face meetings with Respondent, authorized e-signatures, and false email addresses. None of the insureds met with Respondent, as he resides in Mississippi. Chesapeake cancelled all unwanted or unauthorized policies. Michigan insured MK indicated he was tricked into signing for the policies; LS said that the addition of supplemental coverage was not requested or authorized; and JT indicated she was not even aware of the coverage that was placed in her name.
6. In a letter of response to Chesapeake's request for information, Respondent stated: "I take full responsibility for my unethical behavior. I acknowledge that I put HealthMarkets in jeopardy because of my unethical actions." Also, in the letter, Respondent admitted to fraudulently submitting several applications for specifically-named insureds in Mississippi, stating, "I never met them face to face and they are not legitimate accounts."
7. On November 8, 2017, the Alabama Department of Insurance issued an Order of License Suspension based on Respondent's actions with Chesapeake. The Order suspended Respondent's insurance producer license in Alabama, citing violations of Chapter 27 of the Alabama Code, specifically §27-12A-2, as justification for the Order of Suspension.
8. On April 4, 2018, the Louisiana Department of Insurance issued a Notice of Fine to Respondent. The Notice stated Respondent's conduct, leading to his termination from Chesapeake, was a violation of Section 1554(A) of the Louisiana Insurance Code.
9. Respondent did not notify DIFS of any administrative action against him.

10. As a licensee, Respondent knew or had reason to know that Section 1247(1) of the Code, MCL 500.1247(1), requires that “[a]n insurance producer shall report to the commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within 30 days after the final disposition of the matter,” and that the “report shall include a copy of the order, consent to order, or other relevant legal documents.”
11. Respondent violated Section 1247(1) of the Code, MCL 500.1247(1), by failing to inform DIFS of the Alabama and Louisiana administrative actions.
12. As a licensee, Respondent knew or had reason to know that Section 2018 of the Code, MCL 500.2018, provides that an unfair method of competition and an unfair or deceptive act or practice in the business of insurance includes making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker, or individual.
13. Respondent violated Section 2018 of the Code by submitting applications for insurance with knowingly false information and supplemental coverage not authorized by the insured, for the purpose of obtaining a commission or benefit from an insurer.
14. As a licensee, Respondent knew or had reason to know that Section 2003 of the Code, MCL 500.2003, prohibits licensees from engaging in practices defined in the Code as being unfair methods of competition or an unfair or deceptive act or practice in the business of insurance.
15. Respondent violated Section 2003 of the Code by engaging in a trade practice that is defined in Section 2018 to be an unfair method of competition or an unfair and deceptive act or practice in the business of insurance, as set forth above.
16. As a licensee, Respondent knew or had reason to know that Sections 4503(a) and (b) of the Code, MCL 500.4503(a) and (b), prohibits licensees from knowingly preparing or presenting written or oral statements containing false information concerning any fact or thing material to the application for insurance with the intent to defraud, injure, or deceive.
17. Respondent violated Sections 4503(a) and (b) of the Code by preparing and submitting applications for insurance with full knowledge that the supplemental coverages in the policies were not authorized or requested by the insureds, with the intent to deceive Chesapeake as to proper authorization to approve and issue these policies and the intent to defraud insureds of money required to purchase the unauthorized supplemental coverage.
18. As a licensee, Respondent knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), provides that he may be sanctioned for violating any insurance laws of this state or another. As set forth above, Respondent has violated Sections 1247(1), 2003, 2018, and 4503(a) and (b) of the Code, MCL 500.1247(1), 500.2003, 500.2018, and 500.4503(a) and (b) and violated the insurance laws of Alabama and Louisiana and, thus, provided justification for sanctions, pursuant to Section 1239(1)(b) of the Code, MCL 500.1239(1)(b).

19. As a licensee, Respondent knew or had reason to know that Section 1239(1)(e) of the Code, MCL 500.1239(1)(e), provides that he may be sanctioned for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance. As set forth above, Respondent misrepresented an application for insurance by submitting applications for insurance with knowingly false information and supplemental coverage not authorized by the insured and, thus, provided justification for sanctions, pursuant to Section 1239(1)(e) of the Code, MCL 500.1239(1)(e).
20. As a licensee, Respondent knew or had reason to know that Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), provides that he may be sanctioned for having admitted or been found to have committed any insurance unfair trade practice or fraud. As set forth above, Respondent admitted to submitting fraudulent insurance applications to specifically-named insureds in Mississippi, submitted applications for insurance with knowingly false information and supplemental coverage not authorized by the insured, and violated the "Uniform Trade Practices Act," Sections 2003 and 2018 of the Code, and, thus, provided justification for sanctions, pursuant to Section 1239(1)(g) of the Code, MCL 500.1239(1)(g).
21. As a licensee, Respondent knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), provides that he may be sanctioned for "[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere." By submitting applications for insurance with knowingly false information and supplemental coverage not authorized by the insured and admitting to submitting fraudulent insurance applications to specifically-named insureds in Mississippi, Respondent has used fraudulent and dishonest practices and demonstrated incompetence and untrustworthiness in the conduct of business in this state and elsewhere and, thus, provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h).
22. As a licensee, Respondent knew or had reason to know that Section 1239(1)(i) of the Code, MCL 500.1239(1)(i), provides that he may be sanctioned for having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory. As set forth above, Respondent had his insurance producer license suspended in the state of Alabama and, thus, provided justification for sanctions, pursuant to Section 1239(1)(i) of the Code, MCL 500.1239(1)(i).
23. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order the payment of a civil fine, the refund of any overcharges, that restitution be made to cover losses, damages or other harm attributed to Respondent's violation or violations of the Code, and/or other licensing sanctions, including revocation of licensure.
24. On January 7, 2019, a Notice of Opportunity to Show Compliance was mailed by first class mail to Respondent at the following address on file: Mr. Jason Cannon, [REDACTED]. No response was received nor was the mail returned.
25. On March 1, 2019, true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were mailed by first class mail to Respondent at the following address of record on file with DIFS: Mr. Jason Cannon, [REDACTED].

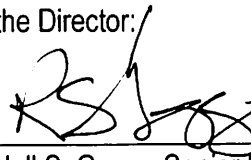
26. Respondent did respond to the Administrative Complaint but failed to show compliance or take any of the actions required by paragraph 3 of the Order for Hearing. Several attempts have been made to communicate with Respondent via telephone and email, however, Respondent has ceased correspondence with DIFS.
27. In paragraph 3 of the Order for Hearing, the Respondent was ordered to do one of the following within 21 days of the date of the Order: 1) agree to a resolution with the opposing party, 2) file a response to the allegations in the Administrative Complaint and file a statement that Respondent plans to attend the hearing as scheduled, or 3) file a request for an adjournment. Paragraph 5 states that failure to make the required filing shall constitute the default of Respondent in this contested case.
28. Respondent has failed to take any of the actions required by paragraph 3 of the Order. See Petitioner's Exhibit 1, Affidavit of Christy Capelin.
29. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
30. Respondent has received notice and has been given an opportunity to respond and appear and has not responded as required nor appeared.
31. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

III. Order

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

1. Respondent shall **CEASE** and **DESIST** from violating the Code.
2. Respondent shall immediately **CEASE** and **DESIST** from engaging in the business of insurance.
3. Pursuant to MCL 500.249, MCL 500.1239(1)(b), (e), (g), (h), and (i) and MCL 500.1244(1)(d), Respondent's non-resident insurance producer license (System ID No. 0753248) is **REVOKED**.

Anita G. Fox, Director
For the Director:



Randall S. Gregg, Senior Deputy Director