

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. 14-12235
Agency No. 15-032-L

Petitioner,

v

Cinergy Health, Inc. dba Cinergy Health & Life, Inc.
System ID No. 0084728

Respondent.

Issued and entered
on September 2, 2015
by Randall S. Gregg
Deputy Director

FINAL DECISION

I. Background

Cinergy Health, Inc. dba Cinergy Health & Life, Inc. (hereinafter Respondent) was a licensed nonresident insurance producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent allowed unlicensed and/or unappointed individuals to sell, solicit, or negotiate insurance in this state and failed to timely report to the Director disciplinary actions taken against the Respondent in other jurisdictions. After investigation and verification of the information, on March 27, 2015, 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) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On July 1, 2015, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address it 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 failed to respond or take any action.

On July 27, 2015, 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. 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).
2. American Medical and Life Insurance Company (AMLI) was an insurer duly authorized, by a subsisting certificate of authority issued by the Department of Insurance and Financial Services (DIFS), to transact insurance in the state of Michigan. AMLI's Certificate of Authority in Michigan was suspended on March 23, 2012. AMLI offered limited medical benefits in the state of Michigan.
3. Cinergy Health, Inc. dba Cinergy Health & Life, Inc. (Cinergy or Respondent) was a licensed nonresident insurance producer agency in the state of Michigan with Accident and Health qualifications between September 27, 2007, and May 1, 2012. Cinergy voluntarily surrendered its license on or about May 2, 2012.
4. Guarantee Trust Life Insurance Company (GTL) is an insurer duly authorized, by a subsisting certificate of authority issued by DIFS on May 3, 1965, to transact insurance in the state of Michigan. GTL's place of business is located at 1275 Milwaukee Ave., Glenview, IL 60025.
5. The National Congress of Employers, Inc. (NCE), a not-for-profit Delaware corporation, is an independent association open to public membership with offices in Wilmington, Delaware; Garden City, New York; and Washington, D.C. NCE was a policyholder of both GTL's and AMLI's limited medical benefit health insurance plans, which were marketed and sold by Cinergy and its subagents.
6. Steven Brett Trattner is a licensed nonresident insurance producer in the state of Michigan with Accident and Health, and Life qualifications. Mr. Trattner was appointed to sell, solicit, and negotiate insurance on AMLI's behalf from August 4, 2008, through November 28, 2011. At all times relevant to the matters mentioned herein, Mr. Trattner was the designated responsible licensed producer (DRLP) for Cinergy. As the DRLP, Trattner was responsible for Cinergy's compliance with Michigan's insurance laws, rules, and regulations.
7. On February 8, 2008, AMLI entered into a program manager agreement with GTL. This "fronting carrier" agreement between AMLI and GTL was put into place for the purpose of providing AMLI's agents a product to sell in states where AMLI was not yet

- authorized to sell insurance. GTL's insurance product mirrored AMLI's insurance product.
8. Cinergy's activities in Michigan included selling, soliciting and negotiating insurance, marketing and advertising health plans, and collecting and disbursing insurance premiums. Cinergy acted as a program manager or managing general agent for AMLI, representing both AMLI and GTL, through GTL's relationship with AMLI. Approximately 254 sub-agents wrote AMLI/GTL business through Cinergy. The first sale of an insurance certificate (GTL) by a Cinergy representative occurred on January 1, 2007. Cinergy represented AMLI without ever obtaining an AMLI appointment. Cinergy represented GTL in Michigan approximately 22 months prior to receiving an appointment from GTL to sell, solicit, or negotiate insurance on its behalf.
 9. Cinergy packaged and marketed group limited medical benefit health insurance plans in Michigan. Cinergy sold the plans under various names, including Basic 500; Bronze, Gold and Silver; Advantage 300, Advantage 500, Advantage 750, Advantage 1000 and Advantage 1000 Plus; Associate Plan First Choice; NCE First Choice Value; Select 500 First Choice, Select 750 First Choice and Select 1000 First Choice; and Cinergy Health Preferred 500 and Cinergy Health Preferred 1000. The plans were tied to group health insurance policies issued by GTL and AMLI to NCE.
 10. From approximately January 1, 2007, to May 1, 2012, Cinergy billed and collected premiums from 2,540 Michigan insureds, remitted net premiums to GTL and/or AMLI and paid commissions to approximately 254 sub-agents and/or Cinergy employees as compensation for selling, soliciting, and negotiating insurance to Michigan insureds on behalf of GTL and AMLI. Cinergy was never appointed by AMLI to act on its behalf in Michigan and was finally appointed by GTL after selling approximately 515 GTL insurance certificates in Michigan.
 11. Cinergy obtained its nonresident insurance producer license in Michigan on September 27, 2007. Approximately 86 of the abovementioned certificates were sold prior to Cinergy becoming a licensed nonresident insurance producer in Michigan. Cinergy sold 897 insurance certificates using unlicensed sub-agents, and 1,553 certificates using unappointed sub-agents. Approximately 76 of the certificates were sold through Cinergy's online website. Cinergy was unable to identify the sub-agents involved in selling approximately 455 of the certificates sold in Michigan. Overall, 38% (983) of the sales were made by unlicensed producers and 80% (2,030) of the sales were made by unappointed insurance producers. Of the 254 agents and sub-agents identified by Cinergy and AMLI, 94% (238) committed at least one unlicensed or unappointed sale violation. Approximately 129 of the agents and sub-agents had 5 or more unlicensed or unappointed sale violations.
 12. From October 1, 2008, through November 15, 2010, Gerald Gervasi (National Producer Number (NPN) 8718525), an agent of Cinergy, sold 29 of GTL's insurance certificates and 22 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 51 certificates. Mr. Gervasi has never been a licensed insurance

- producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Mr. Gervasi commissions from the premiums it collected from Michigan insureds.
13. From September 1, 2008, through April 1, 2010, Steve Disorbo (System ID No. 492111), an agent of Cinergy, sold 13 of GTL's insurance certificates and 14 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 27 certificates. Mr. Disorbo has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Mr. Disorbo commissions from the premiums it collected from Michigan insureds. Mr. Disorbo applied for a Michigan insurance producer license in 2008; however, he was denied a license because of felony drug possession convictions.
 14. From June 1, 2008, through March 15, 2010, Ulises Soto (System ID No. 403401), an agent of Cinergy, sold 13 of GTL's insurance certificates and 11 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 24 certificates. Soto became a Michigan licensed nonresident insurance producer on December 13, 2011. Soto previously held a nonresident insurance producer license from April 6, 2006, through August 22, 2006. Soto sold the insurance certificates without an insurance producer license to sell, solicit, and negotiate insurance in Michigan, and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Soto commissions from the premiums it collected from Michigan insureds.
 15. From January 15, 2009, through January 1, 2010, Cary Yagerman (System ID No. 507015), an agent of Cinergy, sold 20 of GTL's insurance certificates and 17 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 37 certificates. Yagerman became a licensed nonresident insurance producer in Michigan on April 16, 2009. Yagerman sold 11 of the 37 certificates before obtaining an insurance producer license to sell, solicit, and negotiate insurance in Michigan. Cinergy paid Yagerman commissions for the 11 unlicensed insurance sales from the premiums it collected from Michigan insureds. Neither GTL nor AMLI appointed Yagerman to act as the insurers' producer in Michigan.
 16. From approximately December 1, 2008, through May 15, 2010, Alexis Samaniego (NPN 8904553), an agent of Cinergy, sold 8 of GTL's insurance certificates and 14 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 22 certificates. Samaniego has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Samaniego commissions from the premiums it collected from Michigan insureds.
 17. From approximately September 1, 2008, through January 1, 2010, Antonia Chriswell (System ID No. 507469), an agent of Cinergy, sold 13 of GTL's insurance certificates and 16 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 29 certificates. Chriswell sold 13 of the 29 certificates prior to becoming a licensed nonresident insurance producer in Michigan. Chriswell became a

Michigan licensed nonresident insurance producer on May 27, 2009. Cinergy paid Chriswell commissions for the 13 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Chriswell to act as the insurer's producer on June 2, 2009. Chriswell was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan. Chriswell sold all 29 insurance certificates in Michigan without an appointment from AMLI or GTL to sell, solicit, or negotiate their insurance products.

18. From approximately June 1, 2008, through January 1, 2010, Iso Finzi (System ID No. 529156), an agent of Cinergy, sold 16 of GTL's medical insurance certificates and 5 of AMLI's medical insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 21 certificates. Finzi has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Finzi commissions from the premiums it collected from Michigan insureds.
19. From approximately August 15, 2008, through September 15, 2010, Rebecca Ayala (System ID No. 499533), an agent of Cinergy, sold 24 of GTL's insurance certificates and 11 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 35 certificates. Ayala sold 12 of the 35 certificates prior to becoming a licensed nonresident insurance producer in Michigan on February 3, 2009. GTL appointed Ayala as its producer on April 30, 2009. Ayala sold 6 of the 24 GTL certificates while she was appointed by GTL to sell, solicit, and negotiate its insurance products in Michigan. Ayala was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.
20. From approximately September 1, 2008, through January 1, 2010, Paul Richard McEnery (NPN 10379149), an agent of Cinergy, sold 9 of GTL's insurance certificates and 7 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 16 certificates. McEnery has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid McEnery commissions from the premiums it collected from Michigan insureds.
21. From approximately March 15, 2009, through January 1, 2010, Ana-Maria Figueredo (NPN 7493021), an agent of Cinergy, sold 4 of GTL's insurance certificates and 12 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 16 certificates. Figueredo has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Figueredo commissions from the premiums it collected from Michigan insureds.
22. From approximately February 1, 2009, through August 15, 2010, Brian David Ostroff (NPN 10428873), an agent of Cinergy, sold 4 of GTL's insurance certificates and 12 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 16 certificates. Ostroff has never been a licensed insurance producer in Michigan

- and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Ostroff commissions from the premiums it collected from Michigan insureds.
23. From approximately December 1, 2008, through January 1, 2010, Sheena Thompson (System ID No. 507467), an agent of Cinergy, sold 12 of GTL's insurance certificates and 14 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 26 certificates. Thompson became a Michigan licensed nonresident insurance producer on April 21, 2009. Thompson sold 8 of the 26 certificates prior to obtaining a producer license in Michigan. Cinergy paid Thompson commissions for the 8 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Thompson to sell, solicit, and negotiate its insurance in Michigan on May 11, 2009. Thompson sold 9 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf. Thompson was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.
 24. From approximately November 1, 2008, through January 1, 2010, Edward Owen Mason (NPN 728847), an agent of Cinergy, sold 7 of GTL's insurance certificates and 8 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 15 certificates. Mason has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Mason commissions from the premiums it collected from Michigan insureds.
 25. From approximately November 1, 2008, through January 1, 2010, Danny Edward Polit (NPN 2220895), an agent of Cinergy, sold 10 of GTL's insurance certificates and 5 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 15 certificates. Polit has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Polit commissions from the premiums it collected from Michigan insureds.
 26. From approximately December 15, 2008, through March 15, 2010, Ruslan Gahramanov (System ID No. 507013), an agent of Cinergy, sold 12 of GTL's insurance certificates and 9 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 21 certificates. Gahramanov became a Michigan licensed nonresident insurance producer on April 16, 2009. Gahramanov sold 9 of the 21 certificates prior to obtaining a producer license in Michigan. Cinergy paid Gahramanov commissions for the 9 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Gahramanov as its agent on May 8, 2009. Gahramanov sold 10 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf.
 27. From approximately August 15, 2008, through January 1, 2010, James Stephen Leach (System ID No. 499933), an agent of Cinergy, sold 10 of GTL's insurance certificates and 4 of AMLI's insurance certificates to Michigan insureds under NCE's group

- insurance plan, a total of 14 certificates. Leach has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Leach commissions from the premiums it collected from Michigan insureds.
28. From approximately January 1, 2009, through January 1, 2010, Robert De-Jesus Marte (System ID No. 516153), an agent of Cinergy, sold 10 of GTL's insurance certificates and 8 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 18 certificates. Marte became a Michigan licensed nonresident insurance producer on August 3, 2009. Marte sold 10 of the 18 certificates prior to obtaining a producer license in Michigan. Cinergy paid Marte commissions for the 10 unlicensed insurance sales from the premiums it collected from Michigan insureds. Marte was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
 29. From approximately December 1, 2008, through January 15, 2011, Richard Duclon (System ID No. 558560), an agent of Cinergy, sold 6 of GTL's insurance certificates and 8 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 14 certificates. Duclon became a Michigan licensed nonresident insurance producer on October 26, 2010. Duclon sold 13 of the 14 certificates prior to obtaining a producer license in Michigan. Cinergy paid Duclon commissions for the 13 unlicensed insurance sales from the premiums it collected from Michigan insureds. Duclon was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
 30. From approximately January 15, 2009, through January 1, 2010, Steven Ferrell (System ID No. 51615), an agent of Cinergy, sold 8 of GTL's insurance certificates and 12 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 20 certificates. Ferrell became a Michigan licensed nonresident insurance producer on August 3, 2009. Ferrell sold 7 of the 20 certificates prior to obtaining a producer license in Michigan. Cinergy paid Ferrell commissions for the 7 unlicensed insurance sales from the premiums it collected from Michigan insureds. Ferrell was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
 31. From approximately March 1, 2009, through September 15, 2010, Christopher Harris (System ID No. 528690), acting as an agent of Cinergy, sold 8 of GTL's insurance certificates and 6 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 14 certificates. Harris became a Michigan licensed nonresident insurance producer on February 4, 2010. Harris sold 13 of the 14 certificates prior to obtaining a producer license in Michigan. Cinergy paid Harris commissions for the 13 unlicensed insurance sales from the premiums it collected from Michigan insureds. Harris was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
 32. From approximately June 1, 2008, through January 1, 2010, Natalie Butbul (System ID No. 483053), an agent of Cinergy, sold 17 of GTL's insurance certificates and 11 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 28 certificates. Butbul became a Michigan licensed nonresident insurance

- producer on September 12, 2009. Butbul sold 5 of the 28 certificates prior to obtaining a producer license in Michigan. Cinergy paid Butbul commissions for the 5 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Butbul as its producer on February 6, 2009. Butbul sold 10 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf. Butbul was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.
33. From approximately January 1, 2008, through January 1, 2010, David Hamilton (System ID No. 477490), an agent of Cinergy, sold 15 of GTL's insurance certificates and 8 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 23 certificates. Hamilton became a Michigan licensed nonresident insurance producer on July 9, 2008. Hamilton sold 8 of the 23 certificates prior to obtaining a producer license in Michigan. Cinergy paid Hamilton commissions for the 8 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Hamilton as its producer on October 14, 2008. Hamilton sold 10 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf. Hamilton was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.
34. From approximately May 15, 2008, through January 1, 2010, Mark Quinn (NPN 8334339), an agent of Cinergy, sold 11 of GTL's insurance certificates and 2 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 13 certificates. Quinn has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Quinn commissions from the premiums it collected from Michigan insureds.
35. From approximately February 15, 2009, through October 1, 2010, Jose Andree Santa Maria Andreone (Andreone) (System ID No. 528802), an agent of Cinergy, sold 9 of GTL's insurance certificates and 5 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 14 certificates. Andreone became a Michigan licensed nonresident insurance producer on December 18, 2009. Andreone sold 11 of the 14 certificates prior to obtaining a producer license in Michigan. Cinergy paid Andreone commissions for the 11 unlicensed insurance sales from the premiums it collected from Michigan insureds. Andreone was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.
36. From approximately January 1, 2008, through September 1, 2011, Christopher Castellanos (System ID No. 477466), an agent of Cinergy, sold 21 of GTL's insurance certificates and 8 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 29 certificates. Castellanos became a Michigan licensed nonresident insurance producer on July 9, 2008. Castellanos sold 11 of the 29 certificates prior to obtaining a producer license in Michigan. Cinergy paid Castellanos commissions for the 11 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Castellanos as its producer on October 14, 2008. Castellanos sold 13 of GTL's insurance certificates in Michigan without an appointment to sell,

solicit, or negotiate insurance on its behalf. AMLI appointed Castellanos as its agent on September 19, 2008.

37. From approximately October 1, 2008, through January 1, 2010, Kerby Dulorier (System ID No. 551750), an agent of Cinergy, sold 8 of GTL's insurance certificates and 4 of AMLI's insurance certificates under NCE's group insurance plan, a total of 12 certificates. Dulorier has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Dulorier commissions from the premiums it collected from Michigan insureds.
38. From approximately January 15, 2008, through January 1, 2010, Quartterio "Terry" Green (System ID No. 477489), an agent of Cinergy, sold 15 of GTL's insurance certificates and 2 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 17 certificates. Green became a Michigan licensed nonresident insurance producer on July 9, 2008. Green sold 10 of the 17 certificates prior to obtaining a producer license in Michigan. Cinergy paid Green commissions for the 10 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Green as its agent on October 15, 2008. Green sold 14 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf. AMLI appointed Green as its agent on September 19, 2008.
39. From approximately January 15, 2009, through January 1, 2010, Alejandro Ibanez (System ID No. 571875), an agent of Cinergy, sold 6 of GTL's insurance certificates and 6 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 12 certificates. Ibanez became a Michigan licensed nonresident insurance producer on January 15, 2009. Ibanez sold all 12 certificates prior to obtaining a producer license in Michigan. Cinergy paid Ibanez commissions for the 12 unlicensed insurance sales from the premiums it collected from Michigan insureds. Ibanez was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
40. From approximately October 15, 2008, through January 1, 2010, Hernando Posse (NPN 565553), an agent of Cinergy, sold 4 of GTL's insurance certificates and 8 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 12 certificates. Posse has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Posse commissions from the premiums it collected from Michigan insureds.
41. From approximately August 1, 2008, through January 1, 2010, Elmo Andre Green (System IDNo. 483058), an agent of Cinergy, sold 18 of GTL's insurance certificates and 11 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 29 certificates. Green became a Michigan licensed nonresident insurance producer on September 12, 2009. Green sold 5 of the 29 certificates prior to obtaining a producer license in Michigan. Cinergy paid Green commissions for the 5 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Green as its producer on October 14, 2008. Green sold 7 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf.

Green was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.

42. From approximately September 1, 2008, through January 1, 2010, Ruth Cristina Abraham (System ID No. 502374), an agent of Cinergy, sold 11 of GTL's insurance certificates and 5 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 16 certificates. Abraham became a Michigan licensed nonresident insurance producer on March 5, 2009. Abraham sold 8 of the 16 certificates prior to obtaining a producer license in Michigan. Cinergy paid Abraham commissions for the 8 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Abraham as its agent on April 30, 2009. Abraham sold 9 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf. Abraham was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.
43. From approximately October 15, 2008, through September 15, 2010, Lasean Frazier (NPN 11070243), an agent of Cinergy, sold 6 of GTL's insurance certificates and 5 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 11 certificates. Frazier has never been a licensed insurance producer in Michigan and was never appointed by AMLI or GTL to act as the insurers' producer in Michigan. Cinergy paid Frazier commissions from the premiums it collected from Michigan insureds.
44. From approximately December 1, 2008, through January 1, 2010, Wayne Gamble (System ID No. 528899), an agent of Cinergy, sold 9 of GTL's insurance certificates to Michigan insureds and 3 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 12 certificates. Gamble became a Michigan licensed nonresident insurance producer on December 21, 2009. Gamble sold 10 of the 12 certificates prior to obtaining a producer license in Michigan. Cinergy paid Gamble commissions for the 10 unlicensed insurance sales from the premiums it collected from Michigan insureds. Gamble was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
45. From approximately March 1, 2009, through January 1, 2010, Paul Kokoris (System ID No. 528865), an agent of Cinergy, sold 9 of GTL's insurance certificates and 2 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 11 certificates. Kokoris became a Michigan licensed nonresident insurance producer on December 21, 2009. Kokoris sold 10 of the 11 certificates prior to obtaining a producer license in Michigan. Cinergy paid Kokoris commissions for the 10 unlicensed insurance sales from the premiums it collected from Michigan insureds. Kokoris was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
46. From approximately May 15, 2009, through January 15, 2011, William J. Nalley (System ID No. 516155), an agent of Cinergy, sold 5 of GTL's insurance certificates and 13 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 18 certificates. Nalley became a Michigan licensed nonresident insurance

- producer on August 3, 2009. Nalley sold 3 of the 18 certificates prior to obtaining a producer license in Michigan. Cinergy paid Nalley commissions for the 3 unlicensed insurance sales from the premiums it collected from Michigan insureds. Nalley was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
47. From approximately March 15, 2009, through August 15, 2011, Jeffery Koslow (System ID No. 528736), an agent of Cinergy, sold 4 of GTL's insurance certificates and 11 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 15 certificates. Koslow became a Michigan licensed nonresident insurance producer on December 16, 2009. Koslow sold 6 of the 15 certificates prior to obtaining a producer license in Michigan. Cinergy paid Koslow commissions for the 6 unlicensed insurance sales from the premiums it collected from Michigan insureds. Koslow was never appointed by AMLI or GTL to act as the insurers' producer in Michigan.
 48. From approximately August 1, 2008, through October 15, 2010, Jorge Alberto Pena (System ID No. 483076), an agent of Cinergy, sold 29 of GTL's insurance certificates and 15 of AMLI's insurance certificates to Michigan insureds under NCE's group insurance plan, a total of 44 certificates. Pena became a Michigan licensed nonresident insurance producer on September 12, 2008. Pena sold 3 of the 44 certificates prior to obtaining a producer license in Michigan. Cinergy paid Pena commissions for the 3 unlicensed insurance sales from the premiums it collected from Michigan insureds. GTL appointed Pena as its agent on October 15, 2008. Pena sold 3 of GTL's insurance certificates in Michigan without an appointment to sell, solicit, or negotiate insurance on its behalf. Pena was never appointed by AMLI to sell, solicit, and negotiate insurance on its behalf in Michigan.
 49. According to information provided by Cinergy and AMLI to DIFS, there were at least 201 other individual sub-agents of Cinergy who were identified as committing as many as 1,277 total unlicensed/unappointed violations.
 50. In summary, from approximately January 1, 2007, to at least October 15, 2011, Cinergy used approximately 187 unlicensed individual sub-agents to sell 897 insurance certificates to Michigan insureds. Cinergy paid these sub-agents' commissions from the net premium collected for these sales. In addition to 79 unappointed sales through Cinergy's website, Cinergy used approximately 239 unappointed individual sub-agents to sell 1,553 insurance certificates to Michigan insureds.
 51. Cinergy was unable to identify the sub-agents for approximately 455 insurance sales. Approximately 86 of the 455 insurance certificates were sold prior to Cinergy obtaining a Michigan producer license. Approximately 398 certificates were sold without a proper GTL or AMLI appointment in Michigan as well.
 52. In total Cinergy and its sub-agents, committed approximately 983 unlicensed insurance sales violations and 2,030 unappointed insurance sales violations related to the GTL and AMLI insurance certificates sold under NCE's group insurance plan in Michigan.

53. Although Cinergy voluntarily surrendered its Michigan license in 2012, Section 1239(5) of the Code, MCL 500.1239(5), provides, "In addition to the penalties under this section, the commissioner may enforce the provisions of and impose any penalty or remedy authorized by this act against any person who is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation of law."
54. Respondent Cinergy knew or had reason to know that Section 1201a(1) of the Code, MCL 500.1201a(1), states, "A person shall not sell, solicit, or negotiate insurance in this state for any line of insurance unless the person is licensed for that qualification in accordance with this chapter."
55. Respondent Cinergy knew or had reason to know that Section 1208a(1) of the Code, MCL 500.1208a(1), states in pertinent part, "An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer."
56. Respondent Cinergy knew or had reason to know that Section 1240(1) of the Code, MCL 500.1240(1), states, "An insurer or insurance producer shall not pay a commission, service fee, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in this state if that person is required to be licensed under this chapter and is not so licensed."
57. Respondent Cinergy knew or had reason to know that Section 1240(2) of the Code, MCL 500.1240(2), states, "A person shall not accept a commission, service fee, or other valuable consideration for selling, soliciting, or negotiating insurance in this state if that person is required to be licensed under this chapter and is not licensed."
58. Respondent Cinergy knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), states, "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 ... for [v]iolating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner."
59. Respondent knew or had reason to know that Section 1239(1)(l) of the Code, MCL 500.1239(1)(l), states, "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 ... for [k]nowingly accepting insurance business from an individual who is not licensed."
60. Respondent Cinergy knew or should have known that Section 1239(3) of the Code, MCL 500.1239(3), states, "The license of a business entity may be suspended, revoked, or refused if the commissioner finds, after hearing, that an individual licensee's violation was known or should have been known by 1 or more of the partners, officers, or managers

acting on behalf of the partnership or corporation and the violation was neither reported to the commissioner nor corrective action taken.”

61. Respondent Cinergy has provided justification for suspension or revocation of licensure because it violated the law by allowing its sub-agents to act as producers for AMLI and GTL, without the insurers’ appointment as required by law.
62. Respondent Cinergy has provided justification for suspension or revocation of licensure because it violated the law by negotiating insurance in this state prior to obtaining an insurance producer license and the appropriate appointment to sell, solicit, or negotiate insurance on behalf of an insurer.
63. Based upon the actions listed above, Respondent Cinergy 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 violations of the Code, and/or other licensing sanctions, including revocation of licensure pursuant to MCL 500.1201a(1), MCL 500.1208a(1), MCL 500.1240(1), MCL 500.1240(2), MCL 500.1239(1)(b), MCL 500.1239(1)(l), and MCL 500.1239(3).
64. Respondent Cinergy knew or had reason to know that Section 1247(1) of the Code, MCL 500.1247(1), states, “An 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. This report shall include a copy of the order, consent to order, or other relevant legal documents.”
65. According to a 2008 Suspension Order issued by the Florida Office of Insurance Regulation (FOIR), on May 5, 2008, Cinergy failed to maintain a minimum net worth of \$150,000 as required by Florida law. FOIR suspended Cinergy’s Discount Medical Plan Organization (DMPO) license pending corrective action. On January 1, 2009, FOIR issued a final Consent Order to resolve the 2008 Suspension Order. Florida effectively withdrew the suspension order and terminated Cinergy’s DMPO license pursuant to Cinergy’s request. Cinergy agreed that FOIR would continue jurisdiction over Cinergy to enforce the provisions of the Florida Insurance Code. Cinergy failed to timely report this enforcement action as required by Section 1247. Cinergy self-reported this enforcement action to DIFS on March 5, 2009.
66. According to a 2008 Consent Agreement issued by FOIR on August 5, 2008, pursuant to a market conduct examination of Cinergy, Cinergy committed multiple violations of the Florida Insurance Code, including the use of unapproved forms, advertising violations, and misrepresentation. Cinergy admitted to the violations and agreed to pay a \$10,500 fine. Cinergy failed to self-report the administrative action to DIFS.
67. According to the NAIC Regulatory Information Retrieval System Actions Report for Cinergy, on or about July 23, 2009, the New York Department of Insurance took

- administrative action against Cinergy for failing to report other states' administrative actions, which resulted in a monetary penalty of \$1,000. Cinergy failed to timely report this enforcement action. Cinergy did not self-report this enforcement action to DIFS until August 29, 2013.
68. According to the NAIC RIRS Actions Report for Cinergy, on or about October 1, 2010, the New York Department of Insurance took administrative action against Cinergy for multiple violations of the New York Insurance Code, including employing unlicensed individuals, failing to maintain books and records, advertising, and misrepresentation of insurance product or policies, which resulted in a monetary penalty of \$500,000. Cinergy failed to self-report the administrative action to DIFS.
 69. According to the NAIC RIRS Actions Report for Cinergy, on or about December 7, 2010, the Virginia Bureau of Insurance took administrative action against Cinergy for selling insurance for an unlicensed insurer, which resulted in a monetary penalty of \$75,000. Cinergy failed to self-report the administrative action to DIFS.
 70. According to a Maine Bureau of Insurance Decision and Order and the NAIC RIRS Actions Report for Cinergy, on or about April 26, 2011, the Maine Bureau of Insurance, took administrative action against Cinergy for multiple violations of the Maine Insurance Code, including misrepresentation of insurance products/policies, rebating, demonstrating a lack of fitness or trustworthiness, and using unlicensed/unappointed agent producers. The action resulted in a monetary penalty of \$650,000 and a revocation of Cinergy's license in Maine. Cinergy failed to timely report this enforcement action. Cinergy self-reported this enforcement action to DIFS on May 31, 2011.
 71. According to the NAIC RIRS Actions Report for Cinergy, on or about July 26, 2011, the Oklahoma Department of Insurance took administrative action against Cinergy for using and paying commissions to unlicensed producers, which resulted in a monetary penalty of \$20,000. Cinergy timely self-reported the administrative action to DIFS.
 72. According to a Colorado Division of Insurance Decision and Order, on or about September 27, 2012, the Colorado Division of Insurance, took administrative action against Cinergy for multiple violations of the Colorado Insurance Code, including misrepresentation of insurance products/policies, demonstrating lack of fitness or trustworthiness, failing to report other State's actions, and using unlicensed producers. The action resulted in a monetary penalty of \$110,000 and Cinergy surrendered its license in Colorado. Cinergy failed to self-report this action to DIFS as required by the Code. On or about March 25, 2014, Colorado amended its Order to include a revocation of Cinergy's license after Cinergy failed to pay its fine pursuant to the September 27, 2012 Order.
 73. Respondent knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), states, "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 ... for ... [v]iolating any

insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.”

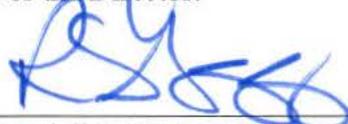
74. Respondent has provided justification for suspension or revocation of licensure because it violated the law by failing to timely report its administrative actions in another jurisdiction to DIFS and violating insurance laws.
75. By failing to timely report some of the aforementioned enforcement actions to DIFS as required by the Code, Respondent violated MCL 500.1247(1).
76. 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 of the Code, and/or other licensing sanctions, including revocation of licensure pursuant to MCL 500.1239(1)(b), MCL 500.1247(1), and MCL 500.1239(3).
77. DIFS Staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
78. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
79. 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 500.1201a(1), 500.1208a(1), MCL 500.1240(1), MCL 500.1239(1)(b), MCL 500.1239(1)(l), MCL 500.1239(3), MCL 500.1240(2), MCL 500.1247(1) and MCL 500.1244(1)(d), Respondent's nonresident insurance producer license (System ID No. 0084728) is **REVOKED**.

Patrick M. McPharlin, Director
For the Director:



Randall S. Gregg, Deputy Director