

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Clay Coey II
System ID No. 0557192

Enforcement Case No. 15-12574

Respondent.

_____ /

Issued and entered
on October 28, 2015
by Teri L. Morante
Chief Deputy Director

ORDER ACCEPTING STIPULATION

Based upon the Stipulation to Entry of Order and the files and records of the Department of Insurance and Financial Services (DIFS) in this matter, the Chief Deputy Director finds and concludes that:

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 DIFS.
2. The Chief Deputy Director has jurisdiction and authority to adopt and issue this Order Accepting Stipulation in this proceeding pursuant to the Michigan Administrative Procedures Act of 1969 (APA), as amended, MCL 24.201 *et seq.*, and the Michigan Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
3. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
4. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
5. All applicable provisions of the APA have been met.
6. At all relevant times, Clay Coey II (Respondent) was a licensed resident insurance producer with qualifications in life, and accident and health since January 27, 2011, and his license is currently active. Respondent was appointed with Bristol West Preferred Ins. Co., Farmers Ins. Exchange, Farmers New World Life Ins. Co., Fire Ins. Exchange, Foremost Ins. Co. Grand Rapids, Foremost Signature Ins. Co., and Mid-Century Ins. Co. (Farmers) on September 28, 2011.

7. On or about October 23, 2014, Farmers Internal Audit (FIA) received a referral from its Michigan Territory Sales Office and Field Underwriting Office regarding fictitious auto policies Respondent had written. FIA obtained vehicle title history reports on the policies and discovered a 1992 Chevrolet Lumina had been listed for 10 different insureds who never owned the vehicle, and a 1993 Toyota Corolla was listed for one insured who never owned the vehicle.
8. On or about December 2, 2014, FIA Staff interviewed Respondent who stated he knowingly added vehicles not owned by the insured to households in order to give customers the multi-car discount. Respondent admitted his acts were material misrepresentations and he should not have engaged in the conduct. The financial impact to Farmers was \$2,577.07 in lost premium due to the improper discount. On or about December 2, 2014, Respondent signed a written statement containing his admissions.
9. As a licensee, Respondent knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), states that:

(1) 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, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

10. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h) by demonstrating dishonest practices, untrustworthiness and financial irresponsibility in the conduct of business by willfully making misrepresentations on applications for auto insurance policies in order to provide discounts for his customers.
11. Based upon the actions listed above, Respondent 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.

Now therefore, based upon the Stipulation to Entry of Order and the facts surrounding this case, **IT IS ORDERED THAT:**

12. Respondent shall cease and desist from operating in a manner that violates the Code.

13. Respondent shall immediately surrender his Michigan resident insurance producer license in lieu of revocation (System ID No. 055192).
14. The Chief Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as shall be deemed just, necessary, and appropriate in accordance with the Code. Failure to abide by the terms and provisions of the Stipulation to Entry of Order and this Order may result in the commencement of additional proceedings.


Teri L. Morante
Chief Deputy Director

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

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Clay Coey II
System ID No. 0557192

Enforcement Case No. 15-12574

Respondent.

_____ /

STIPULATION TO ENTRY OF ORDER

Clay Coey II (Respondent) stipulates to the following:

1. On or about July 30, 2015, the Department of Insurance and Financial Services (DIFS) served Respondent with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent violated provisions of the Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. At all relevant times, Respondent was a licensed resident insurance producer with qualifications in life, and accident and health since January 27, 2011, and his license is currently active. Respondent was appointed with Bristol West Preferred Ins. Co., Farmers Ins. Exchange, Farmers New World Life Ins. Co., Fire Ins. Exchange, Foremost Ins. Co. Grand Rapids, Foremost Signature Ins. Co., and Mid-Century Ins. Co. (Farmers) on September 28, 2011.
3. On or about October 23, 2014, Farmers Internal Audit (FIA) received a referral from its Michigan Territory Sales Office and Field Underwriting Office regarding fictitious auto policies Respondent had written. FIA obtained vehicle title history reports on the policies and discovered a 1992 Chevrolet Lumina had been listed for 10 different insureds who never owned the vehicle, and a 1993 Toyota Corolla was listed for one insured who never owned the vehicle.
4. On or about December 2, 2014, FIA Staff interviewed Respondent. Respondent stated he knowingly added vehicles not owned by the insured to households in order to give customers the multi-car discount. Respondent further explained if a customer questioned the practice he would tell them that it was for the discount. Respondent admitted his acts were material misrepresentations and he should not have engaged in the conduct. The financial impact to Farmers was \$2,577.07 in lost premium due to the improper discount. On or about December 2, 2014, Respondent signed a written statement containing his admissions.
5. On or about March 10, 2015, DIFS Staff received a letter from Crystal Compton, Agency Administration Manager, Farmers, notifying DIFS that Respondent's appointments had

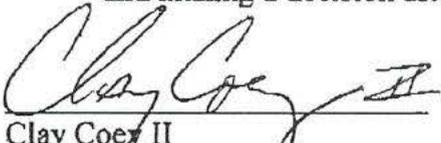
been terminated for cause because an audit revealed that Respondent had willfully misrepresented Farmers.

6. On or about March 23, 2015, DIFS Staff emailed a letter to Farmers requesting additional information regarding Respondent's termination.
7. On or about April 21, 2015, Farmers emailed the following information:
 - Investigation summary letter dated April 21, 2015;
 - Respondent's signed statement;
 - Chart of insureds with fictitious auto policies;
 - Screen shots showing the 1992 Chevrolet Lumina owned by W.D.D. since May 29, 2009;
 - Screen shots showing the 1992 Lumina was insured by B.Y.;
 - Title history report showing the 1993 Toyota Corolla owned by A.H. & B.H. since August 4, 2004; and
 - Screen shots showing that the 1993 Toyota Corolla was insured by D.C.
8. As a licensee, Respondent knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), states that:

(1) 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, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
9. Respondent has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h) by demonstrating dishonest practices, untrustworthiness and financial irresponsibility in the conduct of business by willfully making misrepresentations on applications for auto insurance policies in order to provide discounts for his customers.
10. Based upon the actions listed above, Respondent 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.
11. Respondent and DIFS conferred for the purpose of resolving this matter.

12. Respondent waived the right to an opportunity to show compliance pursuant to the Michigan Administrative Procedures Act (APA), MCL 24.201 *et seq.*
13. Respondent agrees that all parties have complied with the procedural requirements of the APA and the Code.
14. Respondent admits to the allegations cited in the NOSC.
15. Respondent agrees that he will cease and desist from operating in a manner that violates the Code and immediately voluntarily surrender his Michigan resident insurance producer license in lieu of revocation.
16. Respondent affirms that his license is no longer in his possession, and as such, cannot be returned. Should he find it at a later date, he agrees to immediately destroy it.
17. Respondent has had an opportunity to review this Stipulation to Entry of Order and the proposed Order Accepting Stipulation and have the same reviewed by legal counsel.
18. Respondent understands and agrees that this Stipulation to Entry of Order will be presented to the Chief Deputy Director for approval.
19. The Chief Deputy Director may, in her sole discretion, decide to accept or reject this Stipulation to Entry of Order. If the Chief Deputy Director accepts the Stipulation to Entry of Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Order Accepting Stipulation and Requiring Compliance and Payment of Fines. If the Chief Deputy Director does not accept the Stipulation to Entry of Order, Respondent waives any objection to the Director holding a formal administrative hearing and making a decision after such hearing.


Clay Coey II
System ID No. 055192

10-26-15
Date

DIFS Staff approve this Stipulation and recommend that the Chief Deputy Director accept it and issue an Order Accepting Stipulation.


Conrad L. Tatnall (PP69785)
DIFS Staff Attorney

10/27/15
Date