

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

David Carl Regnerus

Enforcement Case No. 18-15137

Respondent.
_____ /

Issued and entered
on January 11, 2019
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 Findings, 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. The 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 Coordinator, 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: Jan. 11, 2019



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

In the matter of:

David Carl Regnerus

Enforcement Case No. 18-15137

Respondent.

_____ /

STATEMENT OF FINDINGS

1. 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).

2. 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).
3. Under Section 1208a of the Code, an insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. MCL 500.1208a(1).
4. DIFS Staff received information about possible unlicensed activity at River Valley Insurance Agency by Respondent David Carl Regnerus (Regnerus). A review of DIFS' records revealed that Regnerus was not—and is not currently—licensed as a producer under the Code.
5. On March 5, 2018, Regnerus published a post on his Facebook profile stating:

Hello all, I have joined River Valley Insurance in Standale. RVI is a fantastic rapidly growing company owned by the Hatto family. They are God-fearing, honest, hard working people. As an independent insurance agency, we have multiple carriers that we work with. All the carriers are "A" rated. This allows us to shop each person's needs to get the absolute best, most affordable coverage. Our carriers include Nationwide, Progressive, Liberty Mutual, Citizens, Foremost, The Hartford, Frankenmuth, and several others.

If you are interested in letting me quote your Auto, Home, or Life Insurance, let me know (Michigan residents only).

I'm very confident that we can save you some significant money and enhance your coverage as well. I will be your contact for any claims or questions you have, not a faceless call center!

6. On March 19, 2018, DIFS Investigators contacted Regnerus at the River Valley Insurance Agency. One of the investigators acted as a prospective insured and asked to speak with Regnerus. The person answering the phone identified herself as "Kim" and asked what the call was regarding. The DIFS investigator replied that he wanted to talk with Regnerus about retaining auto insurance. "Kim" transferred the call to Regnerus.
 - a. The DIFS Investigator asked Regnerus for a quote on automobile insurance. Regnerus then asked a series of questions, including the type of car, their driving history, education, and employment.
 - b. Regnerus asked the DIFS Investigator who was the insurer for their home. The Investigator stated he was only seeking auto insurance, but Regnerus stated that insurers often provide a better rate if coverages are bundled. Regnerus asked whether the DIFS Investigator would like him to provide a home and auto rate, and the Investigator agreed. Regnerus then asked a series of questions about the home.
 - c. Regnerus ended the call after stating that he would run the numbers before he leaves for the day and e-mail them to the DIFS Investigator. Regnerus added that he was confident

that he could beat the price from their current insurer because he had already done so a couple of times in the past two weeks.

- d. Just under an hour later, Regnerus e-mailed the DIFS Investigator. Regnerus stated in the e-mail:

"Mark, the car insurance would be through Progressive. Quote is \$100K/\$300K coverage (the minimum we place). The price on your Regal is \$500 down and \$255/month for 6 months. We didn't finalize a house quote but I'm sure we will beat or meet what you have. I just quoted the vehicle as part of the auto/home package to get the discount. If still interested and I hope you are, let me know!"

7. Through the above acts, Regnerus asked or urged a person to apply for a particular kind of insurance from a particular insurance company and conferred directly with a prospective insured about the terms, conditions, and benefits of an insurance policy.
8. Based on the aforementioned findings, Respondent Regnerus has acted as an insurance producer, solicitor, adjuster, or counselor without a license as required by the Code.
9. By acting as an insurance producer without a license, Respondent Regnerus violated Section 1201a(1) of the Insurance Code, MCL 500.1201a(1).