

STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Elizabeth Therese Petersen  
System ID No. 0375034

Enforcement Case No. 16-14595

Respondent.

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Issued and entered  
on Nov. 29, 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. 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 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: Nov. 29, 2016

  
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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. Under Section 1208a(1) 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).
  5. Under Section 1239(1)(h), MCL 500.1239(1)(h), the Director shall refuse to issue a license under section 1205 or 1206a for:

(b) Violating any insurance laws or violating any regulation, subpoena, or order of the Director or of another State's insurance commissioner.

\* \* \*

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

6. Respondent is not licensed to transact the business of insurance in the state of Michigan. In 2005 she applied for a resident insurance producer license, but was not successful in the examination. Her application was not approved.
7. Dating back to 2013, DIFS Staff began receiving information about possible unlicensed activity by the Respondent.
8. In 2013 DIFS received several complaints alleging Respondent was selling, soliciting and negotiating insurance without a license at LA Insurance Agency XXVI, Inc. (LA 26) located at 3676 E. Court St., Flint, MI 48506.
9. DIFS' review of insurance transactions conducted at LA 26 shows that Respondent solicited automobile policies, accepted applications for insurance, discussed rates, offered advice on insurance coverages, and accepted premium money in exchange for certificates of insurance, all activities requiring licensure.
10. Most recently, JAM visited LA 26 on June 27, 2016, to purchase auto insurance. Respondent assisted with the transaction and solicited the purchase of a 6-month insurance policy underwritten by Titan for \$394. In exchange for the completed application and premium received, Respondent provided JAM with a Michigan Certificate of No-Fault Insurance. Respondent did not remit all of the money collected to Titan. JAM was only seeking insurance and was unwilling to pay for any additional products and/or optional coverages, but was sold a motor club membership without her knowledge or consent. She believed all the forms placed before her to sign pertained to her auto insurance purchase and nothing more. However, Respondent kept \$125 of JAM's premium payment, that was intended to be only used for insurance, as payment for the purchase of a motor club membership.

- Respondent also concealed the purchase of the motor club membership by issuing a receipt that did not itemize the motor club membership as a separate product sold at an additional cost.
11. RM visited LA 26 on July 27, 2016, to purchase auto insurance. Respondent assisted with the transaction and solicited the purchase of a 6-month insurance policy underwritten by Progressive Insurance for \$653. In exchange for the completed insurance application and premium received, Respondent provided RM with a Michigan Certificate of No-Fault Insurance. Respondent did not remit to Progressive all of the money collected from RM. Although RM was only seeking insurance and was unwilling to pay for any additional products and/or optional coverages, RM was sold a motor club membership without her knowledge or consent. She believed all the forms placed before her to sign pertained to her auto insurance purchase and nothing more. Respondent kept approximately \$125 of RM's premium payment that was intended to be applied only for insurance and applied it to the purchase of a motor club membership. Respondent also concealed the purchase of the motor club membership by issuing a receipt that did not itemize the motor club membership as a separate product sold at an additional cost.
  12. Respondent was not licensed in violation of Section 1201a(1), MCL 500.1201a(1), nor was she properly appointed to solicit or bind coverage for Titan or Progressive Insurance in violation of Section 1208a(1) of Code, MCL 500.1208a(1).
  13. Between June 2016 and August 2016 DIFS Staff conducted phone surveys to ascertain Respondent's business activities at LA 26. On three separate occasions a female identified as "Betsy" solicited automobile policies, discussed rates, and offered advice on insurance coverages, all activities requiring licensure.
  14. On July 26, 2016, Respondent identified herself in person to DIFS Investigators as "Betsy." She explained she prefers Betsy over her legal first name of Elizabeth. On the day of DIFS' visit, LA 26 was open for business and Respondent was the only individual in the agency working at the time.
  15. Respondent held herself out to the public as being able to lawfully sell, solicit and negotiate automobile insurance policies when she was not, and did so in violation of Sections 1201a(1) and 1208a(1) of the Code, MCL 500.1201a(1) and MCL 500.1208a(1), by soliciting automobile insurance policies to customers from specific auto insurers, accepting premium in exchange for certificates of insurance and purporting to bind coverage effective on the date of purchase.
  16. Respondent also used dishonest practices and demonstrated untrustworthiness in the conduct of business by:
    - a. Accepting premium funds on behalf of LA 26 without ensuring that all the funds accepted from customers that were intended for the payment of insurance premium were remitted to insurers for that purpose;
    - b. Misrepresenting the required down payment when she sold insurance to customers without disclosing the true cost of the policy and without disclosing the required down payment as charged by the insurer; and,

- c. Engaging in the prohibited practice of sliding by using the cover of the insurance transaction to trick customers by including acceptance of a motor club membership in the insurance transactions without customers' permission or knowledge.
- 17. Based on the aforementioned findings, Respondent is acting as an insurance producer without a license and without appointment as required by the Code, and is also engaging in dishonest practices and demonstrating untrustworthiness in the conduct of business in this state.