

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

**Before the Director of the Department of Insurance and Financial Services**

In the matter of:

**FCHCN Insurance Agency, Inc.**  
System ID No. 0088469

**Enforcement Case No. 14-12049**

**Joel L. Slakman**  
System ID No. 0494119

Respondents.  
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**Issued and entered**  
on February 13, 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 the Department of Insurance and Financial Services (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. Respondents violated MCL 500.1201a(1), MCL 500.1207(3), MCL 500.1201a(1), MCL 500.1208a(1), MCL 500.1211a, MCL 500.1240(1), MCL 500.1240(2), MCL 500.2007, R500.654, R500.655, and R500.664.

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

7. Respondents shall cease and desist from violating MCL 500.1201a(1), MCL 500.1207(3), MCL 500.1201a(1), 500.1208a(1), MCL 500.1211a, MCL 500.1240(1), MCL 500.1240(2), MCL 500.2007, R500.654, R500.655, and R500.664.
8. Respondent FHCN Insurance Agency, Inc. shall pay to the state of Michigan a market conduct fee in the amount of \$20,000.
9. Respondent Joel L. Slakman shall pay to the state of Michigan a market conduct fee in the amount of \$10,000.
10. In the event DIFS commences an action against Respondents to revoke their insurance producer licenses for violation of this Stipulation and Consent Order, the Stipulation and Consent Order shall be admissible in any such action.
11. The Stipulation is incorporated by reference, and all its conditions, terms, and agreement are specifically made a part of this Order as though fully set forth herein.
12. 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

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**STIPULATION TO ENTRY OF ORDER**

FCHCN Insurance Agency, Inc. and Joel L. Slakman (Respondents) stipulate to the following:

1. On or about August 6, 2014, the Department of Insurance and Financial Services (DIFS) served Respondents with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondents violated provisions of the Insurance Code of 1956 (Code), MCL 500.100 *et seq.*
2. Specifically, the NOSC contained allegations that Respondents violated MCL 500.1201a(1), 500.1208a(1), MCL 500.1211a, MCL 500.1240(1), MCL 500.1240(2), MCL 500.2007, R500.654, R500.655, and R500.664, providing justification for sanctions pursuant to MCL 500.1239, MCL 500.1244 and MCL 500.2038.
3. Respondents waived their rights to an opportunity to show compliance pursuant to the Michigan Administrative Procedures Act (APA), MCL 24.201 *et seq.*
4. Respondents and DIFS have conferred for the purpose of resolving this matter.
5. Respondent FCHCN Insurance Agency, Inc. dba HIFE-Health Insurance for Everyone (FCHCN) is a licensed nonresident insurance producer agency in the state of Michigan with Accident and Health qualifications. FCHCN became a Michigan licensed non-resident insurance producer on December 17, 2008.
6. Respondent Joel L. Slakman is a licensed nonresident insurance producer in the state of Michigan with Accident and Health, and Life qualifications. Respondent Slakman became a Michigan licensed non-resident insurance producer on December 8, 2008.
7. All parties have complied with the procedural requirements of the APA and the Code.
8. Respondents agree and admit that the actions alleged in the NOSC are true and correct and constitute a violation of: MCL 500.1201a(1), 500.1208a(1), MCL 500.1211a, MCL

500.1240(1), MCL 500.1240(2), MCL 500.2007, R500.654, R500.655, and R500.664 and justify sanctions pursuant to MCL 500.1239, MCL 500.1244 and MCL 500.2038.

9. This Stipulation entered into is a settlement of disciplinary action pursuant to Chapters 12 and 20 of the Insurance Code and applicable rules arising out of the above described matters only, and shall not be deemed a waiver in any manner of the rights, duties or obligations of DIFS with respect to any other violation by the Respondents of the statutes and regulations governing the conduct of insurance producers in the state of Michigan.
10. As disciplinary action for the violations of the Insurance Code and applicable regulation admitted to herein, FCHCN Insurance Agency, Inc. agrees to the imposition of a market conduct fee in the amount of twenty thousand dollars (\$20,000). FCHCN further agrees to make this payment on the due date specified on the invoice, which will be mailed to Respondent subsequent to the execution of this agreement by the parties.
11. Within 30 days after the issuance of this Stipulation and Consent Order, FCHCN will provide DIFS with corrective steps and procedures to address the violations mentioned herein. Upon DIFS approval of the corrective steps and procedures submitted by FCHCN, FCHCN will implement and follow the approved corrective steps and procedures. Such corrective steps and procedures shall ensure that when a sale of insurance is being inputted by an insurance producer, the system will verify that the insurance producer is authorized to complete the transaction by evaluating the license and appointment status of the insurance producer and parent agency to determine if they are licensed and appointed to sell, solicit, or negotiate insurance in Michigan.
12. FCHCN agrees that prior to paying commissions to its insurance producers it will run an audit report to determine if insureds in the state of Michigan were sold insurance products by unlicensed or licensed and unappointed insurance producers. Any policies or certificates sold by unlicensed or licensed and unappointed insurance producers will remain in effect and FCHCN shall immediately transfer the policy and/or certificate to a Michigan licensed and properly appointed producer. FCHCN further agrees to make an appropriate deduction of commissions from the unlicensed or licensed and unappointed insurance producer's commission payment.
13. Within 60 days after the issuance of this Stipulation and Consent Order, FCHCN will develop a training program concerning producer licensing and appointment requirements for the sale, solicitation, or negotiation of insurance, and will provide DIFS with a copy of it for review. Within 90 days after the issuance of this agreement, Respondent will provide the training to all of its insurance division employees/Michigan insurance producers.
14. On an ongoing basis, FCHCN will provide the training required in Paragraph 12 to any new employee/insurance producer within 10 days of the commencement of employment or the execution of an insurance producer's contract to sell, solicit, or negotiate insurance products in Michigan.

15. Commencing on January 31, 2015, and continuing for every calendar quarter thereafter through January 31, 2018, FCHCN will provide a list to DIFS of all its employees/insurance producers within its insurance operations, specifying each employee's/insurance producer's responsibilities, licensing and appointment status, and the date on which the employee/insurance producer received the training specified in Paragraph 12.
16. Commencing on January 31, 2015, and continuing for every calendar quarter thereafter through January 31, 2018, FCHCN through its designated responsible person under MCL 500.1205, will review a representative sample of 35% of all business produced each quarter and report immediately any variances from the established internal controls, any instances of solicitations or sales made without appropriate producer licensing and appointments, and any other irregularities including consumer complaints pertaining to sales practices or producer conduct. Commencing on January 31, 2015, and continuing for every calendar quarter thereafter through January 31, 2018, FCHCN will provide a list to DIFS of all business reviewed under this Paragraph and all issues noted together with a description of any corrective action taken.
17. Within 30 days after the issuance of this Stipulation and Consent Order, FCHCN will submit a written plan demonstrating that its advertising is consistent with Michigan's insurance laws and regulations.
18. Within 60 days after the issuance of this Stipulation and Consent Order, FCHCN will provide to DIFS copies of all advertisements (including, but not limited to magazine and newspaper advertisements and advertisements available on or distributed over the Internet, videotapes, radio and television broadcast scripts, handbooks, guidebooks, and website materials, including click-through materials) that will be used in the state of Michigan or is easily accessible by Michigan residents. However, all advertisements must be approved by an insurer before submitted to DIFS and made available to Michigan residents.
19. DIFS will provide FCHCN with a written determination of whether the information in paragraph 17 is consistent with the requirements of the Michigan Insurance Code and applicable regulations, provided, however, that such a determination shall not be deemed an approval by DIFS of FCHCN's practices, or a finding that FCHCN is in compliance with the Insurance Code, applicable regulation, or any other law, and FCHCN shall make no representation to the contrary.
20. If FCHCN makes any material change to the information it is required to provide in paragraph 17 after DIFS' determination of whether the information is consistent with the requirements of the Insurance Code and applicable regulations, FCHCN agrees to submit the documents or policies concerning any material change to DIFS. FCHCN shall continue to submit information regarding any material change to the information mentioned Paragraph 16 for two years after the issuance of this Stipulation and Consent Order.

21. As disciplinary action for the violations of the Insurance Code and applicable regulations admitted to herein, Joel L. Slakman agrees to the imposition of a market conduct fee in the amount of ten thousand dollars (\$10,000). Mr. Slakman further agrees to make this payment on the due date specified on the invoice, which will be mailed to Respondent subsequent to the execution of this agreement by the parties.
22. During all times that Mr. Slakman is a Designated Responsible Licensed Producer (DRLP) for a producer agency licensed in Michigan, he will ensure that all individuals selling, soliciting, or negotiating insurance under the name of the producer agency are properly licensed in the state of Michigan.
23. During all times that Mr. Slakman is a DRLP for a producer agency licensed in Michigan, he will ensure that all individuals selling, soliciting, or negotiating insurance under the name of the producer agency are properly appointed in Michigan by the insurer for which they are selling, soliciting, or negotiating insurance coverage.
24. During all times that Mr. Slakman is a DRLP for a producer agency licensed in Michigan, he will ensure that the only individuals who contact Michigan residents in the name of the producer agency are licensed as producers in Michigan.
25. During all times that Mr. Slakman is the DRLP for a producer agency licensed in Michigan, he will ensure that when a Michigan resident contacts the producer agency, the Michigan consumer is immediately connected with an individual within the producer agency who is licensed as a Michigan insurance producer, and if no such licensed producer is available, the Michigan consumer is informed that no such licensed producer is available and provided with a future opportunity to speak with a Michigan licensed producer if the Michigan consumer desires.
26. If at any time Mr. Slakman becomes aware of any individuals or entities that are selling, soliciting, or negotiating insurance in Michigan without being licensed and appointed in Michigan, he shall immediately report this activity to DIFS and in so doing reference this Stipulation and Consent Order.
27. Respondents understand and acknowledge that DIFS may take such lawful actions as may be required or appropriate to investigate and determine whether Respondents are in compliance with this Stipulation and Consent Order.
28. In the event DIFS takes action relating to the alleged violations of this Stipulation and Consent Order, this Stipulation and Consent Order and the NOSC shall be admissible in full in that proceeding for any purpose.
29. Nothing in this Stipulation and Consent Order shall be construed to excuse any obligation or duty of Respondents to past or present clientele.
30. Respondents agree to cease and desist from engaging in the conduct that gave rise to this Stipulation and Consent Order.

31. The Parties to this Stipulation and Consent Order understand that nothing herein shall affect any rights or interest that any person not a party to this Stipulation and Consent Order may possess.
32. By his signature on this Stipulation and Consent Order, Mr. Slakman indicates that he has: (a) reviewed the statutory provisions he has violated; (b) been advised of his right to consult with counsel and has had an opportunity to consult with counsel before signing the Stipulation and Consent Order; (c) and enters into the Stipulation and Consent Order voluntarily and without coercion of any kind from any person.
33. By the duly-authorized signature of its representative on this Stipulation and Consent Order, FCHCN Insurance Agency, Inc. indicates that it has: (a) reviewed the statutory provisions it has violated; (b) been advised of its right to consult with counsel and has had an opportunity to consult with counsel before signing the Stipulation and Consent Order; (c) and enters into the Stipulation and Consent Order voluntarily and without coercion of any kind from any person.
34. Respondents agree that upon execution of this Stipulation, no subsequent action or assertion shall be maintained or pursued asserting the invalidity in any manner of this Stipulation and Order and the provisions of these documents. Respondents further agree that failure to comply with this prohibition constitutes a material default of this Stipulation and Order.
35. Respondents understand and agree that this Stipulation to Entry of Order will be presented to the Chief Deputy Director for approval.
36. 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, Respondents waive the right to a hearing in this matter and consent 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, Respondents waive any objection to the Director holding a formal administrative hearing and making her decision after such hearing.
37. It is further stipulated that failure to comply with the Order of the Director accepting this settlement by failing to pay the market conduct fees as set forth above shall result in the commencement of an action to suspend (or to continue the suspension of) all licenses held under the Code held by Respondents.

38. It is further stipulated that the amount of the fees has been negotiated in return for the avoidance of further proceedings and certain promises and conditions, one of which is the timely payment of said fees. Should Respondents fail to pay the fees in accordance with the terms of this Stipulation and the Director's Order, the parties agree that an action will commence to determine if the Respondents have, in fact, failed to pay, and, if so, Respondents agree that the fees will immediately increase to the maximum amount allowed under the Code and shall be immediately due in full.

**FCHCN INSURANCE AGENCY, INC**

Dated: 11/15

Dated: 11/15

By:  
Its:

JOEL L. SLAKMAN

DIFS Staff approve this stipulation and recommend that the Chief Deputy Director issue the above Order Accepting Stipulation.

Marlon F. Roberts (P68523)  
DIFS Staff Attorney

11/14/15  
Date