

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

SAMIER S. MISHKOOR
System ID No. 265571

Enforcement Case No. 15-12470

ESMERANDA KOVACEVIC
(formerly known as Esmeranda Osmonovic)
System ID No. 0670952

AFFORDABLE INSURANCE AGENCY III, INC.
System ID No. 0070529

Respondents.

Issued and entered
on April 21, 2015
By Teri L. Morante
Chief Deputy Director

**ORDER OF SUMMARY SUSPENSION, NOTICE OF OPPORTUNITY FOR HEARING,
AND NOTICE OF INTENT TO REVOKE**

Pursuant to the Section 1242 of the Michigan Insurance Code (Code), MCL 500.1242, and Section 92 of the Michigan Administrative Procedures Act (APA), MCL 24.292, and based upon the attached FINDINGS, including that protection of the public health, safety and welfare requires emergency action,

IT IS THEREFORE ORDERED that:

1. The resident insurance producer licenses and authorities of Respondents are **SUMMARILY SUSPENDED**.
2. A copy of this Order shall be immediately served upon Respondents. This order shall be effective as to any such Respondent upon the date of service.
3. If requested by Respondents, a hearing on this matter shall be held within a reasonable time, but not later than 20 calendar days after service of this Order, unless Respondents request a later date. The hearing shall address the following issues:
 - a. Whether the suspension should be continued or withdrawn.
 - b. Whether Respondents' licenses should be revoked.

4. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.
5. The Director retains jurisdiction of the matters contained within and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.

Dated: 4/21/15


Teri L. Morante
Chief Deputy Director

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Pursuant to Executive Order 2013-1 the Director has assumed the statutory authority and responsibility, granted to the Commissioner by the Insurance Code of 1956, MCL 500.100 *et seq.*, to exercise general supervision and control over persons transacting the business of insurance in Michigan.
2. Samier S. Mishkooor (Mishkooor) System ID No. 265571, is a licensed resident producer in Michigan with qualifications in property and casualty and authorized to transact the business of insurance in Michigan.
3. Esmeranda Kovacevic *f/k/a* Esmeranda Osmonovic (Kovacevic) System ID No. 0670952, is a licensed resident producer in Michigan with qualifications in property and casualty and authorized to transact the business of insurance in Michigan.
4. Affordable Insurance Agency III, Inc. (Affordable Insurance), System ID No. 0070529, is a licensed insurance agency with qualifications in property and casualty. Its principal place of business is 37053 S. Gratiot, Clinton Township, Michigan 48036. Its Designated Responsible Licensed Producer (DRLP) and President is Mishkooor. According to DIFS' records, Mishkooor is also Affordable Insurance's only affiliated agent.
5. Based upon the information as set forth below, protection of the public health, safety, and/or welfare requires emergency action.
6. On or about December 23, 2014, the Department of Insurance and Financial Services (DIFS) received a complaint from TC alleging that Respondents gave her a fraudulent certificate of insurance.
7. Specifically, on or about November 7, 2014, TC visited Affordable Insurance to purchase automobile insurance for her vehicle. Mishkooor assisted with her transaction and solicited the purchase of a 6-month insurance policy offered through "Arrowhead Insurance Company."
8. Mishkooor verbally told TC that \$120 was needed as a down payment. TC paid \$120 in cash to Mishkooor.

9. Respondents failed to provide TC with a completed copy of the application for insurance and a receipt showing she had paid money for the insurance premium.
10. In exchange for TC's \$120 premium payment, Mishkooor, at Affordable Insurance, provided TC with a Michigan Certificate of No-Fault Insurance indicating TC's vehicle was insured with "Arrowhead Insurance" under policy number "071XXXX254" with an effective date of "11/07/2014" and an expiration date of "11/05/2014."
11. Subsequently, TC's vehicle was in a car accident. She attempted to file a claim with "Arrowhead Insurance Company" and learned that she was not insured by a company named "Arrowhead Insurance Company."
12. TC went to Affordable Insurance to inquire about the validity of her insurance policy and the certificate of insurance she had received. Neither Mishkooor nor Kovacevic responded to her inquiries. Without coverage TC's vehicle could not be repaired or replaced and she suffered a financial loss.
13. More recently, in March 2015, DIFS received a complaint from TR stating that Mishkooor and Kovacevic provided her with a total of six fraudulent Michigan Certificates of No-Fault Insurance in exchange for premium payments.
14. More specifically, beginning in August 2014, TR visited Affordable Insurance to purchase auto insurance for her vehicle. Kovacevic assisted with her transaction and solicited the purchase of a "one-month" insurance policy offered through "Arrowhead Insurance." In exchange for a \$340 premium, Kovacevic provided TR with a Michigan Certificate of No-Fault Insurance indicating TR's vehicle was insured with "Arrowhead Insurance" under policy number "070XXX8715" with an effective date of "08/20/2014" and an expiration date of "09/18/2014."
15. In September 2014, TR returned to Affordable Insurance to "renew" her insurance. Mishkooor assisted with her transaction and solicited the purchase of a "one-month" insurance policy offered through "Arrowhead Insurance." In exchange for a \$220 premium payment, Mishkooor provided TR with a Michigan Certificate of No-Fault Insurance indicating TR's vehicle was insured with "Arrowhead Insurance" under policy number "071XXX5463" with an effective date of "09/17/2014" and an expiration date of "10/16/2014."
16. TR returned to Affordable Insurance to "renew" her insurance in October 2014, November 2014, December 2014, and again in January 2015. Each time either Mishkooor or Kovacevic solicited the purchase of a "one-month" insurance policy offered through "Arrowhead Insurance." In each instance, in exchange for a \$220 premium payment, Mishkooor provided TR with a Michigan Certificate of No-Fault Insurance indicating TR's vehicle was insured with "Arrowhead Insurance" under policies issued through "Arrowhead Insurance" with each having a term lasting no longer than one month.

17. For all six of TR's insurance purchases, Respondents failed to provide TC with a completed copy of the application for insurance and a receipt showing she had paid the insurance premiums.
18. In February 2015, TR attempted to purchase a six-month policy through another insurance agency and insurer. She contacted Affordable Insurance to request a letter verifying that she had had continuous insurance coverage for the preceding six months. Neither Mishkooor nor Kovacevic at Affordable Insurance provided her with the letter she needed and refused to provide records of her insurance transactions.
19. Neither TR nor her new insurance agent was able to verify that TR had valid insurance as indicated on the insurance certificates TR received from Mishkooor and Kovacevic.
20. DIFS Staff was unable to identify an insurer by the name of "Arrowhead Insurance Company" or "Arrowhead Insurance" that is authorized to transact the business of insurance in the state of Michigan.
21. All of the information contained on the certificates of insurance provided to TC and TR was false and fraudulently created by Mishkooor and Kovacevic at Affordable Insurance. The premium payments TC and TR made to Mishkooor and Kovacevic at Affordable Insurance did not purchase insurance as intended and were used for other purposes. TC and TR were not insured and each have suffered a financial loss.
22. In June 2014, Respondents settled a prior enforcement action with DIFS. Respondents were fined market conduct fees and agreed to change their business practices. The instant complaints demonstrate that Respondents have not changed their business practices and that they continue to violate the Code and the public's trust.
23. Respondents' actions demonstrate a pattern of behavior constituting a serious threat to the public.

A. Breach of Agent's Fiduciary Responsibility – MCL 500.1207(1)

24. Respondents knew or should have known that Section 1207(1) of the Code, MCL 500.1207(1), provides that an agent shall be a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an agent to turn over, in a timely manner, the money which he or she holds in a fiduciary capacity to the person or insurer to which it is owed is prima facie evidence of a violation of the agent's fiduciary responsibility.
25. Respondents Mishkooor and Kovacevic violated Section 1207(1) of the Code, MCL 500.1207(1), when they accepted funds in their capacity as agents and failed to remit those funds in a timely manner to the persons or entities to which they were owed.
26. Respondents Mishkooor and Kovacevic violated Section 1207(1) of the Code, MCL 500.1207(1), when they accepted funds in their capacity as agents on behalf of Affordable Insurance and failed to remit those funds in a timely manner to the persons or entities to which they were owed.

B. Failure to Keep Accurate Records of Premium Funds Received in the Course of Insurance Business and Failure to Keep Accurate Records of Insurance Transactions – MCL 500.1207(2)

27. Respondents also knew or should have known that Section 1207(2) of the Code, MCL 500.1207(2), provides that an agent shall use reasonable accounting methods to record funds received in his or her fiduciary capacity including the receipt and distribution of all premiums due each of his or her insurers. An agent must record return premiums received by or credited to him or her which are due an insured on policies reduced or canceled or which are due a prospective purchaser of insurance as a result of a rejected or declined application. Records required by this section must be open to examination by the Director.
28. Respondents violated Section 1207(2) of the Code when they failed to produce accounts, records, documents, and transactions pertaining to insurance transactions.
29. Respondents violated Section 1207(2) of the Code when they failed to provide accurate receipts to insureds detailing distribution of the money received.

C. Improperly Withholding, Misappropriating, or Converting Money or Property Received in the Course of Carrying Out the Business of Insurance – MCL 500.1239(1)(d)

30. Respondents knew or should have known that Section 1239(1)(d), MCL 500.1239(1)(d), provides that the Director may take action against an insurance producer who improperly withholds, misappropriates, or converts any money or property received in the course of carrying out the business of insurance.
31. Respondents Mishkooor and Kovacevic have provided justification for licensing sanctions when they improperly converted money received as payment for insurance premium to other uses.
32. Respondents Affordable Insurance has provided justification for suspension or revocation of licensure when Mishkooor, the president and DRLP acting on behalf of Affordable Insurance, knew or should have known that when he and Kovacevic improperly converted money received as payment for insurance premium to other uses that such conduct is a violation under the Code, and that on behalf of Affordable Insurance he was required to report the violations to the Director or take corrective action, but did neither.

D. Intentional Misrepresentation of the Terms of an Actual or Proposed Insurance Contract or Application for Insurance – MCL 500.1239(1)(e)

33. Respondents knew or should have known that Section 1239(1)(e), MCL 500.1239(1)(e), provides that the Director may take action against an insurance producer who intentionally misrepresents the terms of an actual or proposed insurance contract or application for insurance.

34. Respondents Mishkoor and Kovacevic provided justification for licensing sanctions when they intentionally misrepresented the terms of the application for insurance and the actual coverage provided by soliciting customers to complete an insurance application for and selling a one-month insurance product that was not approved by the Director of DIFS to be offered and sold in Michigan.
35. Respondents Mishkoor and Kovacevic provided justification for licensing sanctions when they provided consumers with fraudulent certificates of insurance that intentionally misrepresented the terms of insurance coverage.
36. Respondent Affordable Insurance has provided justification for suspension or revocation of licensure when Mishkoor, the president and DRLP, knew or should have known that when he and Kovacevic intentionally misrepresented the terms of the application for insurance and the actual coverage provided by soliciting customers to complete an insurance application for and selling a one-month insurance product that was not approved by the Director of DIFS to be offered and sold in Michigan, and when he and Kovacevic provided consumers with fraudulent certificates of insurance, that he knew or should have known that such activity being conducted was in violation of the Code and that on behalf of Affordable Insurance he was required to report the violations to the Director or take corrective action, but did neither.

E. Dishonest and Fraudulent Practices – MCL 500.1239(1)(h)

37. Respondents knew or should have known that Section 1239(1)(h), MCL 500.1239(1)(h), provides that the Director may take action against an insurance producer who uses dishonest and/or fraudulent practices.
38. Respondents Mishkoor and Kovacevic provided justification for licensing sanctions by using dishonest and fraudulent practices when they:
 - a. Accepted premium funds 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. Intentionally misrepresented the terms of the application for insurance and the actual coverage provided by soliciting customers to complete an insurance application for and selling a one-month insurance product that was not approved by the Director of DIFS to be offered and sold in Michigan;
 - c. Intentionally misrepresented the terms of coverage offered by an insurer not authorized to do business in the state of Michigan;
 - d. Failed to reconcile receipts representing that all of the insureds' premium payments were applied to insurance when they were not;
 - e. Falsified insurance documents;

- f. Failed to provide records of receipts to each of his insureds;
 - g. Fraudulently issued certificates of insurance;
 - h. Concealed his misconduct from insureds by providing false information or no information;
 - i. Failed to remit premium funds to insurers; and
 - j. Failed to return premium funds to insureds when the funds were not used for intended purposes.
39. Affordable Insurance has provided justification for suspension or revocation of licensure when Mishkoor, as president and DRLP of Affordable Insurance, knew or should have known that such activity being conducted as outlined in paragraph 38 was in violation of the Code and that on behalf of Affordable Insurance he was required to report the violations to the Director or take corrective action, but did neither.

F. Untrustworthiness, Incompetence and Financial Irresponsibility – MCL 500.1239(1)(h)

40. Respondents knew or should have known that Section 1239(1)(h), MCL 500.1239(1)(h), provides that the Director may take action against an insurance producer who demonstrates incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
41. Respondents Mishkoor and Kovacevic provided justification for licensing sanctions by demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state when they:
- a. Accepted premium funds 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. Intentionally misrepresented the terms of the application for insurance and the actual coverage provided by soliciting customers to complete an insurance application for and selling a one-month insurance product that was not approved by the Director of DIFS to be offered and sold in Michigan;
 - c. Intentionally misrepresented the terms of coverage offered by an insurer not authorized to do business in the state of Michigan;
 - d. Failed to reconcile receipts representing that all of the insureds' premium payments were applied to insurance when they were not;
 - e. Falsified insurance documents;
 - f. Failed to provide records of receipts to each of his insureds;

- g. Fraudulently issued certificates of insurance;
 - h. Concealed his misconduct from insureds by providing false information or no information;
 - i. Failed to remit premium funds to insurers; and
 - j. Failed to return premium funds to insureds when the funds were not used for intended purposes.
42. Affordable Insurance has provided justification for suspension or revocation of licensure when Mishkoo, as president and DRLP of Affordable Insurance, knew or should have known that such activity being conducted as outlined in paragraph 41 was in violation of the Code and that on behalf of Affordable Insurance he was required to report the violations to the Director or take corrective action, but did neither.

G. Action Against Agency for an Individual Licensee's Violation - MCL 500.1239(3)

43. Respondents knew or should have known that Section 1205(2)(b) of the Code, MCL 500.1205(2)(b), provides that each business entity must have a DRLP who is responsible for the business entity's compliance with Michigan's insurance laws, rules and regulations. Mishkoo is the president and DRLP responsible for Affordable Insurance compliance with Michigan's insurance laws, rules and regulations.
44. Respondents knew or should have known that Section 1239(3), MCL 500.1239(3), provides that the license of a business entity may be suspended, revoked, or refused if the Director finds that an individual licensee's violation was known or should have been known by one or more of the partners, officers, or managers acting on behalf of the partnership or corporation and the violation was neither reported to the Director nor corrective action taken.
45. Based upon the actions listed above, Mishkoo, Kovacevic, and Affordable Insurance have 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 Respondents' violation or violations of the Code, and/or other licensing sanctions, including revocation of licensure.

H. Summary Suspension is Appropriate Under Section 1242 of the Code and Section 92 of the APA, MCL 500.1242 and MCL 24.292.

46. The alleged conduct of the Respondents indicates that a summary suspension of licensure is appropriate and necessary in order to protect the public from further financial damage and other harm and to protect the public interest.
47. The alleged conduct of the Respondents indicates that Respondents do not possess the requisite character and fitness to be engaged in the business of insurance, and further

indicates that Respondents do not command the confidence of the public nor warrant the belief that Respondents will comply with the law.

48. Due process requirements of the Code and the Administrative Procedures Act require that the Respondents be provided with an opportunity for a prompt hearing on the Order for Summary Suspension. A summary suspension of Respondents' license is authorized by Section 92 of the Michigan Administrative Procedures Act of 1969, as amended, MCL 24.292, and Section 1242(4) of the Code, MCL 500.1242(4).