

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

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

In the matter of:

**Lucas A. Neumann**  
System ID No. 0769791

**Enforcement Case No. 19-15745**  
**Agency No. 20-001-L**

Respondent.

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Issued and entered  
on March 9<sup>th</sup>, 2020  
by **Randall S. Gregg**  
Senior Deputy Director

**FINAL DECISION**

**I. Background**

Lucas A. Neumann (Respondent) was a resident insurance producer with qualifications in accident and health, casualty, life, and property. The Department of Insurance and Financial Services (DIFS) received information that State Farm Fire and Casualty, State Farm Mutual Automobile Insurance Company and State Farm Life Insurance Company (collectively "State Farm") cancelled Respondent's appointments for cause. After investigation and verification of the information, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) on November 18, 2019. Respondent failed to reply to the NOSC.

On January 21, 2020, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he is required to maintain with DIFS. The Order for Hearing required Respondent to take one of the following actions within 21 days: (1) agree to a resolution of the case, (2) file a response to the allegations with a statement that Respondent planned to attend the hearing, or (3) request an adjournment. The Administrative Complaint was returned as undeliverable with no forwarding address.

On February 25, 2020, DIFS filed a Motion for Final Decision. On March 9, 2020, the Motion for Final Decision was returned to DIFS as "unable to forward"; Respondent did not file a reply to the Motion. Given Respondent's failure to respond, Petitioner's motion is granted. The Administrative Complaint, being unchallenged, is accepted as true. Based upon the Administrative Complaint, the Director makes the following Findings of Fact and Conclusions of Law.

**II. Findings of Fact and Conclusions of Law**

1. On or around February 4, 2019, State Farm informed DIFS that it had terminated Respondent's appointments for cause.
2. DIFS' subsequent investigation found the following:

- a. Respondent was employed at a local State Farm insurance agency (Agency) from May 24, 2016, until April 16, 2018.
  - b. On or around February 28, 2018, State Farm received a complaint, based on an internal audit, that Respondent had intentionally misrepresented information on applications for insurance in order to manipulate State Farm's computer system and gain lower premium rates for customers.
  - c. Respondent knowingly entered purchase dates for vehicles that were inconsistent with the actual purchase date and/or information provided by customers.
  - d. Respondent knowingly entered false prior insurance durations.
  - e. Respondent knowingly entered inaccurate prior bodily injury liability limits.
  - f. Respondent submitted 16 applications where the insured was marked as a homeowner but was sold as a rental insurance policy. Marking the insured as a homeowner reduced the premium for the policy.
  - g. Entering incorrect information on insurance quotes and/or applications results in the premiums charged not accurately reflecting the risk insured, thus causing injury.
  - h. Respondent admitted to State Farm investigators that he engaged in these activities in order to generate lower premiums.
  - i. Respondent was terminated from the Agency on April 16, 2018.
  - j. State Farm cancelled Respondent's appointment for cause on April 17, 2018.
3. On November 18, 2019, a Notice of Opportunity to Show Compliance was mailed by first class mail to Respondent at the address he is required to maintain with DIFS. No response was received nor was the mail returned.
  4. On January 21, 2020, DIFS issued an Administrative Complaint and Order for Hearing which was served upon Respondent at the address he is required to maintain with DIFS. The Administrative Complaint was returned as undeliverable with no forwarding address.
  5. As a licensee, Respondent knew or reasonably should have known that MCL 500.2018, provides that an unfair method of competition and an unfair or deceptive act or practice in the business of insurance includes making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from an insurer, agent, broker, or individual.
  6. Respondent violated MCL 500.2018, by making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a commission and/or receiving a lower rate benefit from an insurer.

7. As a licensee, Respondent knew or reasonably should have known that MCL 500.2003, prohibits licensees from engaging in practices defined in the Code as being unfair methods of competition or an unfair or deceptive act or practice in the business of insurance.
8. Respondent violated MCL 500.2003, by engaging in a trade practice that is defined in MCL 500.2018, to be an unfair method of competition or an unfair and deceptive act or practice in the business of insurance, as set forth above.
9. As a licensee, Respondent knew or reasonably should have known that MCL 500.4503(a) and (b), prohibit licensees from knowingly preparing or presenting written or oral statements containing false information concerning any fact or thing material to the application for insurance.
10. Respondent violated MCL 500.4503(a) and (b), by preparing and presenting applications for insurance containing intentional misrepresentations with the intent to deceive State Farm regarding customers' eligibility for specific coverage or discounts.
11. As a licensee, Respondent knew or reasonably should have known that MCL 500.1239(1)(b), provides that he may be sanctioned for violating any insurance laws.
12. Respondent has violated MCL 500.2003, 500.2018, and 500.4503(a) and (b), thus providing justification for sanctions pursuant to MCL 500.1239(1)(b).
13. As a licensee, Respondent knew or reasonably should have known that MCL 500.1239(1)(e), provides that he may be sanctioned for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
14. Respondent violated MCL 500.1239(1)(e), by misrepresenting applications for insurance by submitting actual or proposed applications for insurance with knowingly false and inaccurate data, thus providing justification for sanctions pursuant to MCL 500.1239(1)(e).
15. As a licensee, Respondent knew or reasonably should have known that MCL 500.1239(1)(g), provides that he may be sanctioned for having admitted or been found to have committed any insurance unfair trade practice or fraud.
16. Respondent violated the "Uniform Trade Practices Act," MCL 500.2003 and MCL 500.2018, che committed one or more unfair or deceptive trade practices by submitting applications for insurance with knowingly false and inaccurate data, thus providing justification for sanctions pursuant to MCL 500.1239(1)(g).
17. As a licensee, Respondent knew or reasonably should have known that MCL 500.1239(1)(h), provides that he may be sanctioned for "[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere."
18. Respondent violated MCL 500.1239(1)(h), by submitting applications for insurance with knowingly false and inaccurate data, using fraudulent and dishonest practices and demonstrating

incompetence and untrustworthiness in the conduct of business in this state, thus providing justification for sanctions pursuant to MCL 500.1239(1)(h).

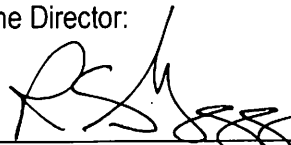
19. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order sanctions pursuant to MCL 500.150(1)(a) and (b), MCL 500.1239(1)(b), (e), (g) and (h), MCL 500.1244(1)(a)-(c) and MCL 500.1244(1)(d), including the payment of a civil fine, restitution to cover losses, damages or other harm attributed to the violation or violations of the Code, and/or other sanctions, including limitation, revocation, or suspension of Respondent's license.
20. DIFS staff have made reasonable efforts to serve Respondent and have complied with MCL 500.1238(2).
21. Respondent was sent notice and has been given an opportunity to respond and appear and has not responded or appeared.
22. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

### III. Order

Based upon the Respondent's conduct and the applicable law cited above, it is ordered that:

1. Respondent shall **CEASE** and **DESIST** from violating the Code.
2. Respondent shall immediately **CEASE** and **DESIST** from engaging in the business of insurance.
3. Pursuant to MCL 500.150(1)(b), MCL 500.1239(1)(b), (e), (g) and (h), and MCL 500.1244(1)(d), Respondent's resident insurance producer license (System ID No. 0769791) is **REVOKED**.

Anita G. Fox, Director  
For the Director:



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Randall S. Gregg, Senior Deputy Director