

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Department of Insurance and Financial Services

Enforcement Case No.: 17-14868

Agency No.: 18-037-L

Petitioner,

v

Clarence Norfleet
System ID No.: 063043

Respondent.

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ISSUED AND ENTERED

on March 14th, 2019

by Randall S. Gregg
Deputy Director

FINAL DECISION

I. Background

Clarence Norfleet (Respondent) is a licensed producer. The Department of Insurance and Financial Services (DIFS) received information that Respondent engaged in unfair methods of competition and in unfair and deceptive practices, made false or fraudulent statements or representations relative to applications for insurance policies, used fraudulent or dishonest practices or demonstrated incompetence or untrustworthiness, and failed to respond to requests by DIFS. After investigation and verification of the information, on January 17, 2018, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent had provided justification for revocation of licensure and other sanctions pursuant to Sections 1239(1) and 1244(1)(a-d) of the Michigan Insurance Code (Code), MCL 500.1239(1) and 500.1244(1)(a-d). Respondent failed to reply to the NOSC.

On March 28, 2018, 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. Respondent failed to respond or take any action.

On June 14, 2018, DIFS Staff filed a Motion for Final Decision. 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. At all relevant times, Clarence Norfleet (System ID No. 0636043) (Respondent Norfleet) was a licensed resident insurance producer with qualifications in accident and health, life, casualty, and property. Respondent has been licensed since February 26, 2013, but his license was suspended due to failure to maintain educational requirements from September 1, 2015 to September 15, 2015 and also from September 1, 2017 to November 30, 2017. Effective December 1, 2017, Respondent Norfleet's license was converted to inactive status and his qualifications were terminated for failure to maintain the educational requirements.
2. On or about December 15, 2016, Respondent Norfleet's appointment with State Farm was cancelled for cause.
 - a. The basis for the cancellation was an audit conducted by State Farm audit manager [REDACTED].
 - b. [REDACTED] found that Respondent Norfleet knowingly submitted inaccurate information on applications for auto insurance.
 - c. During an interview with State Farm Audit Consultant [REDACTED] Respondent Norfleet admitted that he knowingly entered inaccurate prior time insured, inaccurate prior bodily injury (BI) limits, and inaccurate purchase dates on applications for auto insurance. Respondent Norfleet further admitted that he submitted inaccurate applications in order to generate cheaper premiums for customers for their own benefit and to increase his own sales commissions.
 - d. Respondent Norfleet also admitted to creating and submitting fraudulent evidence of insurance (EOI) documents in order to qualify customers to purchase auto insurance with State Farm.
 - e. During a period between August 1, 2015 and July 31, 2016, Respondent Norfleet submitted 206 applications to State Farm. Of those, 8 applications contained fraudulent information and—out of that 8—1 included a fictitious EOI document.
3. As a licensee, Respondent Norfleet knew or had reason to know that Section 4503(b) of the Code, MCL 500.4503(b), provides that a fraudulent insurance act includes acts or omissions committed by any person who knowingly, and with an intent to injure, defraud, or deceive prepares or assists, abets, solicits, or conspires with another to prepare or make an oral or written statement that is intended to be presented to or by any insurer in connection with, or in support of, any application for the issuance of an insurance policy, knowing that the statement contains any false information concerning any fact or thing material to the application.
 - a. Respondent Norfleet committed acts prohibited under Section 4503(b) of the Code by knowingly, and with an intent to injure, defraud, or deceive, preparing and presenting applications for insurance that contained inaccurate information to generate lower rates from the insurer, as set forth above.

- b. Respondent Norfleet has provided justification for sanctions, pursuant to Section 1239(1)(b) of the Code, by violating Section 4503(b) of the Code.
 - c. Respondent Norfleet has provided justification for sanctions, pursuant to Section 1239(1)(g) of the Code MCL 500.1239(1)(g), by committing fraudulent insurance acts under Section 4503(b) of the Code.
 - d. Respondent Norfleet has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), by engaging in conduct defined by the Code as "a fraudulent insurance act" under Section 4503(b) of the Code, and by demonstrating untrustworthiness in their submission of fraudulent insurance applications.
4. As a licensee, Respondent Norfleet knew or had reason to know that Section 2018 of the Code, 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.
 - a. Respondent Norfleet violated Section 2018 of the Code by knowingly submitting applications for insurance that contained inaccurate information to generate lower rates and sell policies, and doing so for the purpose of earning fees, commissions, money, or other benefits from an insurer, agent, broker, or individual, as set forth above.
 - b. Respondent Norfleet has provided justification for sanctions, pursuant to Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), by violating Section 2018 of the Code.
 - c. Respondent Norfleet has provided justification for sanctions, pursuant to Section 1239(1)(e) of the Code, MCL 500.1239(1)(e), by knowingly submitting applications for insurance that contained inaccurate information.
 - d. Respondent Norfleet has provided justification for sanctions, pursuant to Section 1239(1)(g) of the Code, MCL 500.1239(1)(g), by committing an unfair method of competition and unfair and deceptive act or practice under Section 2018 of the Code.
 - e. Respondent Norfleet has provided justification for sanctions, pursuant to Section 1239(1)(h) of the Code, by engaging in conduct defined by the Code as an "unfair method of competition and unfair and deceptive act or practice in the business of insurance" under Section 2018 of the Code.
5. As a licensee, Respondent knew or should have known that Section 249 of the Code, MCL 500.249, requires that licensees respond to inquiries from DIFS Staff. By failing to respond to DIFS' inquiries, Respondent has violated Section 249 of the Code.
6. On January 17, 2018, a Notice of Opportunity to Show Compliance was mailed by first class mail to Respondent at the following address on file: [REDACTED] No response was received.

7. As a licensee, Respondent knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), provides that he may be sanctioned for violating any insurance laws. As set forth above, Respondent has violated Section 249 of the Code, MCL 500.249 and, thus, provided justifications for sanctions, pursuant to Section 1239(1)(b) of the Code.
8. Having made reasonable efforts to serve Respondent and having complied with MCL 500.1238(2), Petitioner now seeks REVOCATION of licensure.
9. Although Respondent Norfleet's license is currently inactive, the Director may still take appropriate actions to enforce the provisions of the Code under Section 1239(5) of the Code, MCL 500.1239(5), which provides that the Director may enforce the provisions of and impose any penalty or remedy authorized by this act against any person who is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation of law.
10. On March 28, 2018, true copies of an Administrative Complaint, Order for Hearing and Notice of Hearing were mailed by first class mail to Respondent at the following address of record on file with DIFS: [REDACTED]
11. DIFS has not received a response from the Respondent.
12. In paragraph 3 of the Order for Hearing, the Respondent was ordered to do one of the following within 21 days of the date of the Order: 1) agree to a resolution with the opposing party, 2) file a response to the allegations in the Administrative Complaint, or 3) file a request for an adjournment. Paragraph 5 states that failure to make the required filing shall constitute the default of Respondent in this contested case.
13. Respondent has failed to take any of the actions required by paragraph 3 of the Order. See Petitioner's Exhibit 1, Affidavit of Christy Capelin.
14. Despite DIFS Staff having made reasonable efforts to serve Respondent and having complied with 500.1238(2), Respondent has failed to appear and defend.
15. Respondent has received notice and has been given an opportunity to respond and appear and has not responded nor appeared.
16. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.

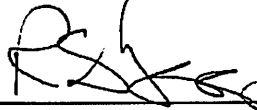
III. Order

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 500.249, MCL 500.1239(1)(b), (e), (g) and (h), and MCL 500.1244(1)(d), Respondent's resident insurance producer license (System ID No. 063043) is **REVOKED**.

Anita G. Fox, Director
For the Director:



Randall S. Gregg, Deputy Director