

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

Before the Director of the Department of Insurance and Financial Services

In the matter of:

National Transportation Associates, Inc.
System ID No. 0069411

Enforcement Case No. 17-15051

Joseph E. Johnson
System ID No. 0224500

Respondents.

Issued and entered
on January 27, 2021
by **Randall S. Gregg**
Senior 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 Senior Deputy Director finds and concludes that:

1. The Senior 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.*
2. Respondent National Transportation Associates, Inc. (System ID No. 0069411) (Respondent NTA) is a licensed resident insurance producer agency with qualifications in casualty and property. Its principal place of business is located at _____
3. Respondent Joseph E. Johnson (System ID No. 0224500) (Respondent Johnson) is a licensed resident insurance producer with qualifications in casualty and property. Respondent Johnson has also been licensed as a Surplus Lines Producer since May 4, 2015 and is the designated responsible licensed producer (DRLP) for Respondent NTA.
4. NTA and Johnson are collectively herein referred to as Respondents.
5. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
6. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
7. All applicable provisions of the APA have been met.

8. Respondents neither admit nor deny the allegations contained in either the Notice of Opportunity to Show Compliance (NOSC) issued on January 8, 2018 in this action or the administrative complaint that was filed on June 3, 2020. Likewise, Respondents neither admit nor deny the findings contained in this Order but have agreed to its entry solely to settle and resolve the above-captioned enforcement action.
9. Based on its investigation of the above-captioned enforcement case, DIFS finds as follows:
 - a. Respondent NTA failed to ensure that a former employee maintained an active insurance producer license. Although the employee was licensed when he began employment at NTA, he did not inform NTA of a subsequent lapse in his licensure, yet he continued to engage in the sale, solicitation, and negotiation of insurance after the lapse.
 - b. On multiple occasions, Respondents failed to ensure that credits due to customers and premium finance companies were either refunded, timely refunded, or applied to new insurance policies or endorsements.
 - c. On multiple occasions, Respondents procured surplus lines coverage through an agency that was not licensed in the State of Michigan.
 - d. On multiple occasions, Respondents charged customers \$250.00 that was not yet billed by the insurance company but which they assert was ultimately applied as premium payments on customer policies.
 - e. On multiple occasions, Respondents charged customers who were purchasing non-surplus lines policies an unauthorized \$50.00 fee that it described as a charge for expedited mailing of insurance documents.
 - f. Respondents failed to include 17 policies/endorsements in its surplus lines tax filings for 2015 and 2016. Upon being informed of the deficiency by DIFS, Respondents paid \$596.02 in past due taxes on January 8, 2020.
 - g. Respondents claimed unsupported tax credits for its surplus lines tax filings for 2015 and 2016 in the amount of \$1,537.00. Upon being informed of the unsupported tax credits by DIFS, Respondents paid additional taxes to DIFS in the amount of \$1,407.09 on January 8, 2020.
10. Based on the foregoing findings, the Senior Deputy Director finds and concludes that Respondents have committed acts under the Code that provide justification for the Director to order licensing sanctions according to Sections 1207(1), and 1239(1)(g), and 1244(1)(a-d) of the Code, MCL 500.1207(1), 500.1239(1)(g), and 500.1244(1)(a-d).

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

1. The Stipulation to Entry of Order and all agreements contained therein are accepted in their entirety and incorporated herein.
2. Respondents shall cease and desist from violating the Code in the manner described above.
3. Respondent NTA shall pay a civil fine of \$10,000.00 over a period of one year with equal monthly installments. DIFS shall issue invoices reflecting the monthly installment plan which must accompany all payments made.
4. Respondent Johnson shall pay a civil fine of \$5,000.00 over a period of one year with equal monthly installments. DIFS shall issue invoices reflecting the monthly installment plan which must accompany all payments made.
5. Respondents shall ensure that no additional funds are collected on customer accounts which have a credit balance until the credit has been offset and/or refunded. For all customer accounts that are cited in the Notice of Opportunity to Show Compliance (NOSC) for which an outstanding credit exists, the credit must be refunded to the party for which it is due within 30 days of this Order or applied toward a new insurance policy or endorsement if requested by the customer. No other disposal of the credit can occur without the express written consent of the party to which the credit is due.
6. Respondent NTA shall conduct an internal audit on a quarterly basis for one year from the date of this order and provide the results quarterly to DIFS. This audit shall consist of an identification of all accounts which have maintained a credit for greater than a period of six months with no additional activity on the account. For all such accounts, the credit must be properly disposed of within thirty days by the provision of a refund to the appropriate party or the purchase of additional insurance for the customer. Any other disposal of the credit cannot be effectuated without the express written consent of the customer.
7. Respondent NTA shall immediately cease and desist from imposing charges upon customers that are impermissible under the Code. Respondent NTA shall also perform an additional self-audit within thirty days of the date of this order in which it identifies all accounts for which the \$250.00 and \$50.00 charges described above were debited to customer accounts. With respect to the \$250.00 charges, NTA must provide a refund or evidence that the charge was applied toward the purchase of a new insurance policy within thirty days of the completion of its audit. With respect to the \$50.00 charges, the fees must be credited back to the customers and, if the credit is not utilized within six months, a refund must be provided within thirty days after the expiration of the six-month time frame.
8. Respondent NTA shall pay an additional \$129.92 within 30 days of this Order to satisfy its remaining obligations with respect to the unsupported tax credits set forth above.
9. The Senior Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further orders 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 constitutes an independent violation of the Code and may result in the

10. commencement of additional proceedings that could impose additional penalties, including revocation of licensure.



Randall S. Gregg
Senior Deputy Director

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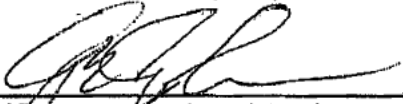
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STIPULATION TO ENTRY OF ORDER

Petitioner DIFS and Respondents National Transportation Associates, Inc. (NTA) and Joseph E. Johnson stipulate to the following:

1. On or about January 8, 2018, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) in the above-captioned enforcement case. DIFS alleged that Respondents National Transportation Associates, Inc, Joseph E. Johnson, and Ricky Allen Baker engaged in actions in violation of Sections 1207 of the Code, MCL 500.1207, and actions that gave rise to sanctions pursuant to Sections 1239(1)(g) of the Code, MCL 500.1239(1)(g). DIFS' factual assertions were essentially that Respondents failed to ensure that an employee maintained an active license, purchased surplus lines policies through an unlicensed producer, failed to refund or otherwise address customer credits on multiple occasions, and underpaid surplus lines taxes. Subsequent to the NOSC, Respondent Ricky Allen Baker demonstrated compliance with the Code; however, the enforcement action against NTA and Johnson proceeded.
2. Without admitting to any of the allegations set forth above, Respondents NTA and Johnson have reviewed and voluntarily consented to the entry of the Order Accepting Stipulation that will be entered in this enforcement case.
3. The parties agree that sufficient evidence of a proper disposition of customer credits shall be:
 - (a) For cases in which a refund by check is provided, a copy of the canceled check;
 - (b) For cases in which an electronic transfer of funds was made, a copy of the bank statement and the acknowledgement of payment receipt from the insured or the premium finance company if applicable;
 - (c) For cases in which an insurance policy was purchased with the credit, a copy of the policy document and proof of premium payment to bind the coverage; and
 - (d) For cases in which the credit was transferred to an affiliated company, written permission from the customer approving such a transfer

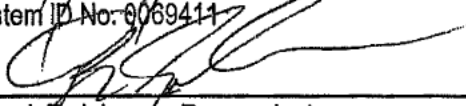
4. Respondents understand that this Stipulation will be presented to the Senior Deputy Director for approval and that the Senior Deputy Director may or may not approve and adopt it. Respondents further agree that the Senior Deputy Director has jurisdiction and authority to approve and adopt this Stipulation.
5. Respondents understand that, by agreeing to this Stipulation to Entry of Order, they are waiving the right, pursuant to the Code, the rules promulgated thereto, and the Michigan Administrative Procedures Act of 1969 (APA), to a hearing before an administrative law judge, at which DIFS would be required to prove the charges set forth by presentation of evidence and legal authority and at which Respondents would be entitled to appear, to cross-examine all witnesses presented by DIFS, and to present such testimony or other evidence or legal authority deemed appropriate as a defense to said charges.
6. Respondents waive any objection to the Director deciding this case following a Michigan Office of Administrative Hearings and Rules hearing in the event that the Stipulation to Entry of Order is not approved.
7. The parties agree that the Stipulation to Entry of Order represents the full and complete agreement of the parties in this matter and, in the event that the Stipulation is accepted by the Senior Deputy Director, shall completely resolve the enforcement case captioned above.



National Transportation Associates, Respondent
System ID No. 0069411

1/27/21


Date



Joseph E. Johnson, Respondent
System ID No. 0224500

1/27/21


Date



Augustine Igwe (P40053)
Attorney for Respondents

1/27/21

Date



Gary Grant (P76261)
DIFS Staff Attorney

1/27/2021

Date