

**STATE OF MICHIGAN**  
**DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH**  
**OFFICE OF FINANCIAL AND INSURANCE REGULATION**  
**Before the Commissioner of Financial and Insurance Regulation**

**Office of Financial and Insurance Regulation,  
Petitioner**

v

**Townsend Insurance Agency, Inc.  
Respondent**

**Enforcement Case No. 10-7772**

---

**For the Petitioner:**

**William Peattie  
Office of Financial and Insurance Regulation  
P.O. Box 30220  
Lansing, MI 48909-7720**

**For the Respondent:**

**Townsend Insurance Agency, Inc.  
808 S. Westnedge Avenue  
Kalamazoo, MI 49008**

---

**Issued and entered  
this 4<sup>th</sup> day of January 2011  
by Ken Ross  
Commissioner**

**FINAL DECISION**

**I. Background**

Townsend Insurance Agency, Inc. (Respondent) is a licensed insurance agency authorized to transact the business of insurance in Michigan. In July 2008, the Office of Financial and Insurance Regulation (OFIR) received a complaint Respondent had collected insurance premiums from a number of his customers but had failed to remit those premiums to an insurer. OFIR investigated the complaint and initiated a compliance action.

On October 11, 2010, Chief Deputy Commissioner Stephen Hilker issued an Administrative Complaint, Notice of Opportunity to Show Compliance, and Order for Hearing in this case which was sent to Respondent at the address above. The Administrative Complaint set forth detailed allegations that Respondent had failed to comply with sections 1207(1) and 1239(1) of the Michigan Insurance Code, MCL 500.1207(1) and 500.1239(1).

The Order for Hearing required Respondent to take one of the following actions within 21 days: agree to a resolution of the case, file an answer to the allegations stated in the Order with a statement that Respondent plans to attend the hearing, or request an adjournment. Respondent failed to take any of these actions.

On November 8, 2010, the Petitioner filed a Motion for Final Decision. Given Respondent's failure to take one of the required actions, Petitioner's motion is granted. The factual allegations stated in the Administrative Complaint and related investigation report, being unchallenged, are accepted as true and are stated below.

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

1. In May and June 2008, Respondent collected premiums for automobile insurance from at least 19 individuals. These funds were not remitted to any insurer.
2. Section 1207(1) of the Michigan Insurance Code requires that an insurance producer "be a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an [insurance producer] in a timely manner to turn over the money which he or she holds in a fiduciary capacity to the persons to whom they are owed is prima facie evidence of violation of the agent's fiduciary responsibility."
3. Section 1239(1)(d) of the Insurance Code allows the Commissioner to place a producer on probation, suspend or revoke the producer's license, or levy a civil fine, or any combination thereof, for "[i]mproperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business."
4. Based upon the conduct described above, the Commissioner concludes that Respondent has violated sections 1207(1) and 1239(1)(d) of the Insurance Code. These violations are

grounds for ordering payment of a civil fine, restitution, and licensing sanctions under section 1244(1) of the Code.

**III. Order**

Based on the conduct described above, and in accordance with the above-cited provisions of the Michigan Insurance Code, it is ORDERED that the insurance agency license of Respondent Townsend Insurance Agency, Inc. is revoked.

A handwritten signature in black ink, appearing to be 'K. Ross', written over a horizontal line.

Ken Ross  
Commissioner