STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Vanguard Insurance Placement, Inc. **Enforcement Case No. 09-7167**

Respondent.
_____/

Issued and entered
on 4/9/09 **, 2009**
by Stephen R. Hilker
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation ("OFIR") asserts the following is correct:

1. Section 1905 of the Michigan Insurance Code ("Code"), MCL 500.1905 provides:

   (1) A person shall not solicit insurance, bind coverage, or in any other manner act as an agent or broker in the transaction of surplus lines insurance unless licensed under this chapter and section 1206a.

   (2) A person shall not offer, solicit, make a quotation on, sell, or issue a policy of insurance, binder, or any other evidence of insurance with an unauthorized insurer except in compliance with this chapter.

2. Section 114 of the Code states that "person" as used in this code includes an individual, insurer, company, association, organization, Lloyds, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation, and any other legal entity.

3. Vanguard Insurance Placement, Inc., ("Vanguard"), is a registered corporation in the State of Wisconsin.

4. Vanguard has issued certificates of surplus lines insurance in the State of Michigan, including placement with Novus Centuriae Reinsurance Company

("Novus"), an ineligible and unauthorized insurer, managed by Core States Management ("Core States"), an unauthorized managing general agency.

5. Vanguard is not licensed as an insurance agency, nor does it hold a certificate of authority as an insurer.

6. The surplus lines certificates issued by Vanguard through Novus and Core States purport to provide insurance coverage to certain Michigan individuals and businesses. However, it has recently been discovered that Novus is without any assets, and Core States filed for bankruptcy on March 15, 2009, leaving the insureds without effective coverage.

Therefore, pursuant to MCL 500.251, it is **ORDERED** that:

1. Vanguard shall immediately **CEASE** and **DESIST** from transacting the business of insurance in Michigan without licensure, and within 10 days of service of this order, shall acknowledge this order in writing to the commissioner and shall confirm that it has ceased transacting insurance in this state.

2. Within 10 days of service of this order, Vanguard shall provide company records of all surplus lines insurance policies that it has provided to Michigan businesses and individuals.

3. Failure to comply with this order will subject Vanguard and its corporate officers to one or more of the following:

(a) payment of a civil fine of not more than $1,000.00 for each violation not to exceed an aggregate civil fine of $30,000.00. However, for further knowing violations of this order, a civil fine of not more than $25,000.000 for each violation not to exceed an aggregate civil fine of $250,000.00 may be assessed.

(b) complete restitution to all persons in this state damaged by the violation or failure to comply.

4. Vanguard may contest this order by requesting a hearing before the commissioner not later than 30 days after the order has been delivered or mailed.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

Stephen R. Hilker

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Chief Deputy Commissioner