

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Bankers Insurance Company  
NAIC No. 33162

Enforcement Case No. 10-11126

Action Immigration Bonds & Insurance Services, Inc.  
System ID No. 0092233

Respondents

---

Issued and entered  
on September 16 2011  
by Annette E. Flood  
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

A. FINDING OF FACTS AND CONCLUSIONS OF LAW

It is alleged that the following statements are true and correct:

1. Action Immigration Bonds & Insurance Services, Inc. (Action) is a licensed non-resident agency with qualifications in Casualty and Property that is authorized to transact the business of insurance in this state, and has been authorized as such since October 22, 2010.
2. Bankers Insurance Company (Bankers) is an insurer that is authorized to underwrite Property and Surety & Fidelity insurance in this state, restricted to writing bail bond, tenant bond, and flood lines of business, and has been authorized as such since April 14, 2009.
3. Respondent Action knew or had reason to know that Section 1201a(1) of the Insurance Code (Code), MCL 500.1201a(1), provides that that "A person shall not sell, solicit, or negotiate insurance in this state for any line of insurance unless the person is licensed for that qualification in accordance with this chapter."

4. Respondent Action further knew or had reason to know that Section 1208a(1) of the Code, MCL 500.1208a(1), provides "An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer."
5. Respondent Action further knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), provides in pertinent part that, the Commissioner may place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, for "Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner."
6. Respondent Action further knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), provides in pertinent part that, the Commissioner may place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, for "Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere."
7. Respondent Action further knew or had reason to know that Section 1239(1)(l) of the Code, MCL 500.1239(1)(l), provides in pertinent part that, the Commissioner may place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, for "Knowingly accepting insurance business from an individual who is not licensed."
8. Respondent Bankers knew or had reason to know that Section 402 of the Code, MCL 500.402, provides that "No person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in this state except as authorized by a subsisting certificate of authority granted to it by the commissioner pursuant to this code."
9. Respondents Action and Bankers knew or had reason to know that Section 120 of the Code, MCL 500.120, provides that "No person shall transact an insurance or surety business in Michigan, or relative to a subject resident, located, or to be performed in Michigan, without complying with the applicable provisions of this code."
10. Respondents Action and Bankers knew or had reason to know that Section 150 of the Code, MCL 500.150, provides that the Commissioner may, if he determines that a violation of the Code has occurred, order fines and/or suspend, limit, or revoke a license or certificate of authority.
11. Respondents Action and Bankers have committed grounds for revocation, probation, suspension, limitation and/or the levy of civil fines based on the conduct described below.
12. Between January 2008 and April 2010, Action wrote and/or issued thirty-four immigration bonds on behalf of Bankers for immigrants detained in the State of Michigan by the U.S. Immigration and Customs Enforcement (ICE). The indemnifiers on these bonds were Michigan residents.

13. It is noted that Respondents relied in good faith on the federal regulation governing the posting of federal immigration bonds, 31 C.F.R. Section 223.5, which calls for a surety company only to be licensed in states where the immigration bond is executed, not where the principal resides or the contract is to be performed.
14. It is noted further that each Respondent is currently fully licensed in Michigan, and that the activities noted in Paragraph 12 occurred prior to licensure.
15. The act of selling, soliciting, or negotiating insurance by writing and/or issuing immigration bonds in the State of Michigan before obtaining the required license to engage in such activities, constitutes the transaction of the business of insurance conducted by Action and/or its agents, in violation of Section 1201a(1) of the Code, MCL 500.1201a(1), and Section 120 of the Code, MCL 500.120 and Section 1239(1) of the Code, MCL 500.1239(1).
16. The act of writing and/or issuing an immigration bond in the State of Michigan before the appointments of Action and/or its agents, constitutes a transaction of the business of insurance in violation of Section 1208a(1) of the Code, MCL 500.1208a(1), Section 120 of the Code, MCL 500.120, and Section 1239(1) of the Code, MCL 500.1239(1).
17. The act of transacting the business of insurance conducted by Bankers and/or its agents prior to Bankers receiving a certificate of authority from the State of Michigan to engage in such activities, in violation of Section 402 of the Code, MCL 500.402, and Section 120 of the Code, MCL 500.120.
18. Based on the foregoing, Respondent Action has committed acts that are grounds for revocation, probation, suspension, and/or the levy of civil fines pursuant to Section 1239(1) of the Code, MCL 500.1239(1), Section 1244 of the Code, MCL 500.1244, and Section 150 of the Code, MCL 500.150.
19. Based on the foregoing, Respondent Bankers has committed acts that are grounds for suspension, limitation, or revocation of its license or certificate authority, and/or the levy of civil fines pursuant to Section 150 of the Code, MCL 500.150.

## B. CONCLUSION

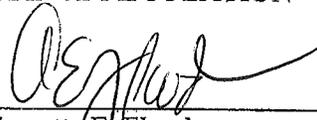
Based upon the facts listed above, Respondents operated in a manner that violates Section 120, 402, 1201a(1), 1208a(1) and 1239(1) of the Code, MCL 500.120, 500.402, 500.1201a(1), 500.1208a(1), and 500.1239(1).

**C. ORDER**

Based upon the findings of fact and conclusions of law above, and Respondents' stipulation to said facts, it is hereby ORDERED that:

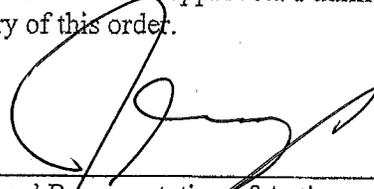
Respondents shall jointly pay to the State of Michigan, a civil fine of Five Thousand Dollars, (\$5,000.00.) Upon issuance and entry of this Order, OFIR will send Respondents an Invoice and Respondents shall pay the fine by the due date printed on the Invoice.

OFFICE OF FINANCIAL AND  
INSURANCE REGULATION

By:   
Annette E. Flood  
Chief Deputy Commissioner

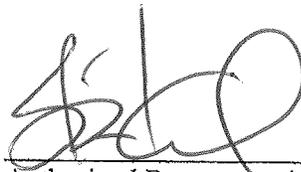
**D. STIPULATION**

I have read and understand the consent order above. I agree that the Commissioner has jurisdiction and authority to issue this consent order pursuant to the Insurance Code. I waive the right to a hearing in this matter if this consent order is issued. I understand that this stipulation and consent order will be presented to the Commissioner for approval and the Commissioner may or may not issue this consent order. I waive any objection to the Commissioner deciding this case following a hearing in the event the consent order is not approved. I admit the facts set forth in the above consent order and agree to the entry of this order.

  
Authorized Representative of Action  
Immigration Bonds & Insurance Services, Inc.  
System ID No. 0092233

ROBERT PRAGER, Pres.  
Print Name/Title

Dated: 8/31/11



Authorized Representative of Bankers Insurance  
Company

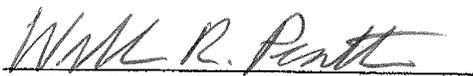
NAIC No. 33162

BRIAN KESNECK - SR. VP

Print Name/Title

Dated: SEPT 6, 2011

OFIR staff approves this stipulation and recommends that the Commissioner issue the above  
Consent Order.



William R. Peattie

Dated: 9/9/11