

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:

LA INSURANCE, INC. #133
System ID No.

Enforcement Case No. 12-11456-3

Respondent.
_____ /

Issued and entered
this 20 of September, 2012
By Annette E. Flood
Chief Deputy Commissioner

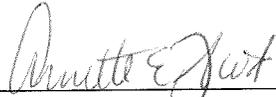
**ORDER OF SUMMARY SUSPENSION
AND
OPPORTUNITY FOR HEARING,
NOTICE OF INTENT TO REVOKE**

Pursuant to Section 1242 of the Michigan Insurance Code (Code), MCL 500.1242, and Section 92 of the Michigan Administrative Procedures Act (APA), MCL 24.292, and based upon the attached **FINDINGS**, including that the public health, safety and welfare require emergency action,

IT IS THEREFORE ORDERED that:

1. The insurance producer license(s) and authority of Respondent(s) are **SUMMARILY SUSPENDED**.
2. A copy of this Order shall be immediately served upon Respondent(s). As to any such Respondent, this Order shall be effective upon the date of service.
3. If requested by Respondent(s), a hearing on this matter shall be held within a reasonable time, but not later than 20 calendar days after service of this Order, unless Respondent(s) requests a later date. The hearing shall address the following issues:
 - a) Whether the suspension should be continued or withdrawn,
 - b) Whether Respondent(s) license(s) should be revoked.
4. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.

5. The Commissioner retains jurisdiction of the matters contained herein and the authority to issue such further Order(s) as shall be deemed just, necessary and appropriate.



Annette E. Flood
Chief Deputy Commissioner

FINDINGS

1. The Commissioner of OFIR is statutorily charged with the authority and responsibility to exercise general supervision and control over persons transacting the business of insurance in Michigan pursuant to the Code.
2. At all relevant times, LA Insurance Inc. 133 (Respondent) was a licensed resident insurance producer agency with qualifications in casualty and property, and was authorized to transact the business of insurance in Michigan. Respondent's principle place of business is located at 15607 Grand River Ave., Detroit, MI. Pursuant to Section 1205(2)(b) of the Code, MCL 500.1205(2)(b), _____ is Respondent's designated responsible licensed producer (DRLP).
3. At all relevant times, Respondent was owned and operated by Jennifer Ballut (Ballut) who also serves as its president. Ballut is not licensed to solicit, sell or negotiate insurance in the state of Michigan.
4. Based upon the information as set forth below, protection of the public health, safety and/or welfare requires emergency action.
5. In June 2011, OFIR received a complaint from a consumer alleging that Ballut, on behalf of the Respondent, misrepresented herself as someone being knowledgeable in no-fault insurance products and authorized to lawfully engage in the business of insurance. The consumer relied on Ballut's representations and completed the insurance transaction with Respondent. Subsequently, the consumer suffered a loss and her claim was denied due to issues that arose during the application and underwriting process. The consumer holds Respondent and Ballut responsible for the errors made during the application and underwriting process.
6. Consequently, OFIR staff conducted an investigation of Respondent and determined that no licensed insurance producer was employed or contracted by Respondent to properly solicit, sell or negotiate no-fault insurance according to the Code.

7. Further, beginning in 2008, Ballut was solely responsible for soliciting, selling and negotiating no-fault insurance on behalf of Respondent. Ballut cannot lawfully engage in such conduct.
8. Despite not being properly licensed, Ballut continued to solicit, sell and negotiate no-fault insurance on behalf of Respondent. She did so by entering into agreements with licensed insurance producers that allowed her to submit insurance applications and premiums to insurance carriers under their credentials and license.
9. More specifically, the licensed insurance agents allowed Ballut to electronically sign their name to insurance applications that were submitted to carriers. These licensed insurance producers also signed the hard copy form of the no-fault insurance application certifying them to be the agent of record as if they had personally met with, advised and negotiated the insurance contract with customers. OFIR investigation determined that at no time had the licensed insurance producers met with the customers.
10. In March 2012, OFIR issued an Order to Cease and Desist against Ballut for soliciting, selling and negotiating insurance without being licensed under the Code.
11. In the 30 days following the Order to Cease and Desist, Respondent and Ballut received and submitted more than 90 new no-fault insurance applications for insurance in violation of the Order to Cease and Desist.
12. In July 2012, in an effort to become compliant with the Code, Ballut represented to OFIR that Respondent hired J.Y., a licensed producer, to solicit, sell and negotiate insurance on behalf of Respondent.
13. However, on August 14, 2012, OFIR staff visited Respondent and neither Ballut nor J.Y. were present. An individual by the name of Ronald Shamoan was the only individual working in the office that day. Contrary to Ballut's July representations that J.Y. was hired, Shamoan stated that he was hired by Ballut to answer phones, take customer payment and set appointments for new customers. Shamoan is not licensed under the Code to engage in the business of insurance.
14. Further investigation revealed that Shamoan submitted more than 30 no-fault insurance applications for new policies to insurance carriers.
15. Based upon the above facts, Shamoan and Ballut's conduct as representatives of Respondent violated the insurance laws of Michigan when they sold, solicited and negotiated insurance without first obtaining proper licensure. MCL 500.1201a(1).
16. Based upon the above facts, Shamoan and Ballut's conduct as representatives of Respondent violated the Commissioner's March Order to Cease and Desist by continuing

- to sell, solicit, and negotiate insurance in this state without first obtaining proper licensure. MCL 500.1239(1)(b).
17. Additionally, based upon the above facts, _____'s conduct as the DLRP for Respondent violated the insurance laws of this state when he signed insurance applications falsely certifying he was the agent of record for the transactions.
 18. Respondent and _____ knew or had reason to know that Section 1201a of the Code, provides it is a violation for a person to sell, solicit, and negotiate insurance in this state for any line of insurance without first obtaining a license or qualification for that line. MCL 500.1201a(1).
 19. Respondent and _____ allowed Ballut and Shamoon to sell, solicit, and negotiate no-fault automobile insurance in this state without first obtaining a license or qualification for that line providing justification for suspension or revocation of Respondent's resident agency producer license.
 20. Respondent and _____ knew or had reason to know that Section 1239(1)(b) of the Code provides, in pertinent part, that the Commissioner may suspend or revoke licensure or take other actions for "[v]iolating any insurance laws or violating any regulation, subpoena, or order of the Commissioner." MCL 500.1239(1)(b).
 21. Respondent and _____ allowed Ballut to sell, solicit, and negotiate no-fault automobile insurance in this state in violation of the March Order to Cease and Desist issued against Ballut providing justification for suspension or revocation of Respondent's resident agency producer license.
 22. Respondent and _____ knew or had reason to know that Section 1239(1)(e) of the Code provides, in pertinent part, that the Commissioner may suspend or revoke licensure or take other actions for "[i]ntentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance." MCL 500.1239(1)(e).
 23. _____ individually and in his capacity as DRLP for Respondent, signed insurance applications falsely certifying he was the agent of record for transactions providing justification for suspension or revocation of Respondent's resident agency producer license.
 24. Respondent knew or had reason to know that Section 1239(1)(l) of the Code provides, in pertinent part, that the Commissioner may suspend or revoke licensure or take other actions for "[k]nowingly accepting insurance business from an individual who is not licensed." MCL 500.1239(1)(l).

25. Respondent and knowingly accepted insurance business from Ballut and Shamoon who solicited, sold and negotiated insurance without a license providing justification for suspension or revocation of Respondent's resident agency producer license.
26. Respondent and knew or had reason to know that Section 1239(1)(h) of the Code provides, in pertinent part, that the Commissioner may suspend or revoke licensure or take other actions for "[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere." MCL 500.1239(1)(h).
27. Respondent used dishonest practices and demonstrated untrustworthiness in the insurance business by:
 - a. allowing Ballut and Shamoon to unlawfully sell, solicit and negotiate insurance;
 - b. allowing Ballut and Shamoon to electronically submit insurance applications to insurance carriers under and J.Y.'s name;
 - c. allowing Ballut to solicit, sell and negotiate insurance in violation of the Order to Cease and Desist issued against her;
 - d. allowing to sign applications for insurance that falsely certified that he was the agent of record when he had not met with insurance clients; and
 - e. knowingly accepting insurance business from Ballut and Shamoon who are not licensed insurance producers.
28. Section 1239(3) of the Code, provides that the Commissioner may revoke the license of a business entity if the Commissioner finds, after hearing, that an individual licensee's violation was known or should have been known by 1 or more of the partners, officers, or managers acting on behalf of the partnership or corporation and the violation was neither reported to the Commissioner nor corrective action taken. MCL 500.1239(3).
29. Section 1242(4) of the Code provides, in pertinent part, that "[w]ithout prior hearing, the Commissioner may order summary suspension of a license if he or she finds that protection of the public requires emergency action and incorporates this finding in his or her order." MCL 500.1242(4).
30. Respondent's president, Ballut, acted on behalf of and through Respondent to devise a scheme to unlawfully sell, solicit and negotiate insurance and is no longer able act on behalf of Respondent in compliance with the Code. Neither Ballut nor reported known violations to the Commissioner, or took corrective action to ensure Respondent remained in compliance with the Code. Respondent's president, designated responsible licensed producer and other representatives committed acts that provide justification for the Commissioner to revoke the Respondent's resident agency insurance producer license.