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:

Carrie Ann LaFriniere, **Enforcement Case No. 11-11306**

System ID No. 0229402,

Respondent.
_____/

Issued and entered
on 2-10, 2012
by Annette E. Flood
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

FINDINGS OF FACTS AND CONCLUSIONS OF LAW

1. At all pertinent times involved herein Carrie Ann LaFriniere (Respondent) was a licensed resident producer.

2. In December of 2010, Farmers Insurance Group, Michigan State Office, reported to its Auditing division concerns that Respondent may have created fictitious insurance policies to receive additional commissions.

3. Farmers Auditor was assigned to the case and reviewed the home policies written by the Respondent. Auditor discovered 92 fire policies written by the Respondent between June 2008, and January 2011, that were potentially fictitious and broadly described by Auditor as follows:

   - At least nine homeowners' policies were written on the Respondent's home property. These policies had different policyholders and were written as different types of policies.

   - Multiple policies were written on single properties with insureds names being used multiple times. Eighty three policies were written using 38 different insureds' names on 40 properties.

- The policies were written with future new business effective dates, left in force for a month or more without payment, then flat cancelled back to the new business effective date. Respondent would collect a commission for the month in which the policy was written; she would later cancel the policy and return the commission. Depending on the amount of the coverage being provided, the Respondent would receive upwards of $1,600 in commissions per policy to use for a few months.

- There was no evidence the listed policyholder was ever aware of the policy written in their names. None of the required documents, such as the Memorandums of Insurance or Subscription Agreements were ever signed by the insured. Also, most policies were cancelled per insured request; however, there were no signed insured's request documents to cancel the policies.

4. Auditor and Farmers District Manager spoke with the Respondent on February 9, 2011, regarding her activities. The Respondent admitted that she had been creating fictitious policies for the purpose of generating commissions. She stated she was able to get her folios (commission statements) positive by writing policies in the same month the old policies were being charged back to her.

5. The Respondent sent an email to District Manager in which she stated: "This email confirms my conversation with Senior Auditor on 2/9/2011. I did issue policies on my family members and friends to produce a positive folio. There are no excuses for my actions. I knew it was wrong of me to do and uncharacteristic of what kind of person I am."

6. According to calculations provided by Farmers Insurance Group, Respondent received $76,712.36 in commissions from the fictitious policies and has returned $52,404.25.

7. As a licensed resident producer, Respondent knew or had reason to know that MCL 500.1239(1) provides, in part:

> In addition to any other powers under this act, the commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the commissioner shall refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:
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> * * *
>
> (d) Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
>
> (e) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

* * *

(g) Having admitted or been found to have committed any insurance unfair trade practice or fraud.

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

8. Based on the above facts, Respondent improperly withheld, misappropriated, or converted money received in the course of doing insurance business; Respondent intentionally misrepresented the terms of actual or proposed insurance contracts; Respondent admitted to committing fraud; and Respondent's conduct demonstrates fraudulent, coercive, or dishonest practices and incompetence, untrustworthiness, and financial irresponsibility in the conduct of business in this state.

9. Finally, based upon the above actions, Respondent has committed acts that are grounds for the Commissioner ordering payment of a civil fine; the Commissioner ordering restitution be made to cover losses, damages, or other harm attributed to Respondent's conduct; and the Commissioner ordering licensing sanctions, including revocation, under MCL 500.1244(1), Section 1244(1) of the Insurance Code.

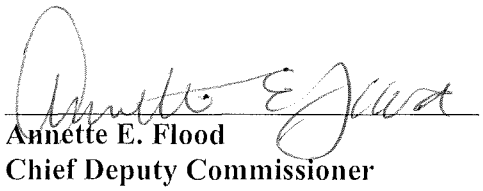
10. Respondent admitted the above conduct occurred.

ORDER

Based on the allegations of fact and conclusions of law above, and Respondent's stipulation to entry of this Order, it is hereby **ORDERED** that:

1. Respondent shall immediately cease and desist from operating in a manner that violates the Insurance Code, MCL 500.100 *et seq.*

2. Respondent's insurance producer license is **REVOKED**.



Annette E. Flood
Chief Deputy Commissioner

STIPULATION

1. Respondent has read and understands the consent order above.

2. Respondent agrees that the Chief Deputy Commissioner has jurisdiction and authority to issue this consent order pursuant to the Insurance Code.

3. Respondent admits the findings of fact and conclusions of law set forth above and agrees to the entry of this order.

4. Respondent admits that all parties have complied with the procedural requirements of the Michigan Administrative Procedures Act and the Insurance Code.

5. Respondent has had an opportunity to review the stipulation and consent order and have the same reviewed by legal counsel.

6. It is further stipulated, by and between the parties hereto, that the Chief Deputy Commissioner, or designee, must approve this stipulation before it is submitted to final approval. If the Chief Deputy Commissioner, or that person's designee, rejects this stipulation, OFIR will schedule a contested case hearing in this matter without prejudice to either party.

7. Respondent understands and intend that by signing this stipulation, Respondent is waiving the right, pursuant to the Code, the rules promulgated thereto, and the Administrative Procedures Act, 1969 PA 306, MCL 24.201 et seq., to a hearing before an administrative law judge, at which OFIR would be required to prove the charges set forth by presentation of evidence and legal authority and at which Respondent would be entitled to appear to cross-examine all witnesses presented and to present such testimony or other evidence or legal authority deemed appropriate as a defense to said charges.

Carrie Ann LaFriniere

Dated: 1/11/12

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above consent order.

Will R. Peatten (P48004) for
Scott Basel (P68335)
Attorney

Dated: 2/7/12