

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Department of Insurance and Financial Services

Enforcement Case No. 13-11785

Agency Case No. 13-026-L

Petitioner,

v

Jeffrey D. Hum

System ID No. 0014154

Respondent.

_____/

Issued and enter
this 6th day of November 2013
by Randall S. Gregg
Deputy Director

FINAL DECISION

I. BACKGROUND

Respondent Jeffrey D. Hum (Respondent) is a licensed insurance producer. In April 20, 2011, the Department of Insurance and Financial Services (DIFS) received a complaint alleging that Respondent was churning annuities. DIFS investigated the complaint and found that the State of Ohio had revoked Respondent's resident producer license after they found that Respondent had violated the Ohio Revised Code by churning annuities of consumers. Churning involves the frequent buying and selling of an annuity by an insurance producer resulting in additional commissions for the insurance producer, but with little or no benefit to the consumer. On July 25, 2013 and August 12, 2013, DIFS issued a Notice of Opportunity to Show Compliance (NOSC) to Respondent at his last known address alleging that Respondent had provided justification for revocation of licensure pursuant to Section 1239(1)(b) and (h) of the Michigan Insurance Code (Code), MCL 500.1239(1)(b) and (h). Respondent failed to reply to the NOSC.

On September 6, 2013, DIFS issued an Administrative Complaint and Order for Hearing to Respondent at his last known address. The Order for Hearing required Respondent to take one of the following actions within 21 days: agree to a resolution of the case, file a response to the allegations with a statement that Respondent planned to attend the hearing, or request an adjournment. Respondent failed to take any of these actions.

On October 17, 2013, DIFS staff filed a Motion for Final Decision. Respondent did not file a reply to the motion. Given Respondent's failure to respond, Petitioner's motion is granted. The Administrative Complaint, being unchallenged, is accepted as true. Based upon the Administrative Complaint, the Director makes the following Findings of Fact and Conclusions of Law.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Director is statutorily charged by the Code with the enforcement and responsibility to exercise general supervision and control over persons transacting the business of insurance in Michigan.
2. At all relevant times, Respondent was a licensed non-resident insurance producer with qualifications in life, and accident and health.
3. At all relevant times, Respondent Hum was a licensed resident insurance producer in the state of Ohio.
4. On or about April 25, 2011, the State of Ohio's Department of Insurance issued an order revoking Respondent Hum's resident insurance producer license for violating Ohio Revised Code § 3905.14(B)(17), § 3905.14(B)(18), § 3905.14(B)(14), and § 3905.14(B)(9).
5. Respondent Hum is alleged to have been churning annuities of consumers in Michigan and other states.
6. After Respondent Hum's resident insurance producer license was revoked by the State of Ohio, the State of Michigan inactivated Respondent Hum's non-resident insurance producer license, due to the fact that Respondent Hum was no longer licensed as a resident producer or in good standing in his home state.
7. As a licensee, Respondent Hum knew or had reason to know that Section 1239(1)(b) of the Code, MCL 500.1239(1)(b), allows the Director to place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, for "[v]iolating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner."
8. Respondent Hum's insurance producer license was revoked for violating Ohio law.
9. As a licensee, Respondent Hum further knew or had reason to know that Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), allows the Director to place on probation, suspend, revoke, or levy a civil fine under Section 1244 or any combination thereof, 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."

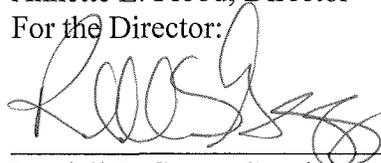
10. Respondent Hum used fraudulent, coercive, or dishonest practices or demonstrated incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in the state of Michigan and other states by churning annuities of consumers in Michigan and other states.
11. DIFS staff has made reasonable efforts to serve Respondent and have complied with MCL 500.1238.
12. Respondent has received notice and has been given an opportunity to respond and appear and has not responded or appeared.
13. Respondent is in default and the Petitioner is entitled to have all allegations accepted as true.
14. Based upon the actions listed above, Respondent has committed acts that provide justification for the Director to order the payment of a civil fine, refund of any overcharges, restitution made to cover losses, damages or other harm attributed to Respondent's violations of the Code, and/or licensing sanctions under 1244(1) of the Code, MCL 500.1244(1), for the Respondent's violation of Section 1239(1)(b) and (h) of the Code, MCL 500.1239(1)(b) and (h).

III. ORDER

Based on the Respondent's conduct and the applicable law cited above, it is ordered that:

- 1 Respondent shall cease and desist from violating the Code.
- 2 Respondent shall immediately cease and desist from engaging in the business of insurance.
- 3 All insurance licenses of Jeffrey D. Hum are **REVOKED**.

Annette E. Flood, Director
For the Director:



Randall S. Gregg, Special Deputy Director