

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Summer L. McDonald**) **STIPULATION and**
) **FINAL ORDER**
) Case No. INS 12-11-004

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director), by and through the Insurance Division, commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Summer L. McDonald (McDonald).

McDonald desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

McDonald waives all rights relative to an administrative hearing and judicial review thereof.

McDonald stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

McDonald was licensed in Oregon as a resident individual insurance producer from 3/30/08 to 6/30/12. On 6/30/12, McDonald's license expired. McDonald's license number is 731432, and her NAIC national producer number is 10298522. McDonald's last recorded residence address is 7925 SW 89th Avenue, Portland, OR 97223-6922; and telephone number is 503-572-0595. McDonald's last recorded business address is Farmers Insurance, 8305 Monterey Avenue Suite 110, Portland, OR 97086-7753; and telephone number is 503-885-9293.

ORS 744.011 permits the director to investigate and take enforcement action against a person who is no longer licensed because the license expired or was surrendered.

Made False or Fraudulent Statement on or Relative to an Insurance Application

McDonald is subject to enforcement action pursuant to ORS 746.100 because of the following circumstances. ORS 746.100 prohibits a person from making a false or fraudulent statement or representation on or relative to an application for insurance, or for the purpose of obtaining a fee, commission, money or benefit from an insurer or an insurance producer. From about October 2010 to August 2011, McDonald completed and sent to various insurers owned by or affiliated with Farmers Group, Inc., dba Farmers Underwriters Association, aka Farmers Insurance Group of Companies® (Farmers) approximately 104 applications for fire, auto and life insurance to be provided by Farmers to persons residing or purportedly residing in Oregon. In most of the instances, the individual named in the application as the applicant was a fictitious individual. In the remaining instances, the individual named in the application as the applicant was a real individual who was a friend of McDonald but who had agreed to apply for the insurance and immediately cancel it after the policy was issued. McDonald knew that the persons named in the applications either were fictitious or did not intend to keep the insurance. McDonald received from Farmers approximately \$25,000 in commissions for the fraudulent transactions, of which approximately \$19,000 was recouped by Farmers by debiting McDonald's commissions when policies were cancelled.

Transacted Insurance in Oregon as an Intermediary Without a License

McDonald is subject to enforcement action pursuant to ORS 744.053 because of the following circumstances. ORS 744.053 prohibits a person who is not licensed in Oregon as an insurance producer from selling, soliciting, or negotiating insurance in Oregon. On 6/30/12, McDonald's producer license expired. Sometime in August 2012, after her license had expired on 6/30/12, McDonald solicited from at least two persons residing in Oregon applications to renew their insurance policies.

Failed to Notify Director of Change of Business Address

McDonald is subject to enforcement action pursuant to ORS 744.068(4)(a) because of the following circumstances. ORS 744.068(4)(a) requires a person

licensed in Oregon as an insurance producer to notify the director of a change of address or telephone number of the principal place of business or any location at which the insurance producer transacts business not later than the 30th day after the date of the change. On 8/31/11, Farmers terminated McDonald for the fraudulent activity listed above, and as a result McDonald stopped working at 8305 Monterey Avenue suite 110, Portland, OR 97086-7753. McDonald was required to notify the director of the change of business address by 9/30/11. McDonald did not notify the director of the change of her business address because she claims that she did not know that she was required to do so. Instead, the director discovered the change in the course of investigating McDonald.

Action

Pursuant to ORS 744.074(1), McDonald's expired Oregon resident individual insurance producer license is revoked on the date of this order.

As consideration for the director not continuing to investigate or taking additional enforcement action against McDonald, McDonald agrees to never apply for any license authorized by ORS Chapter 744; or have any equity interest in, be an officer or director of, or be employed by or contracted with, any person that is issued any license authorized by ORS Chapter 744.

Dated December 1, 2012 /s/ Summer L. McDonald
Summer L. McDonald

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated January 3, 2013 /s/ Louis Savage
Louis Savage
Insurance Commissioner