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3 STATE OF OREGON  
4 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
5 DIVISION OF FINANCIAL REGULATION

6 In the Matter of:

Case No. INS-16-0281

7 CHRISTOPHER ERVIN,

8 Respondent.

FINAL ORDER TO CEASE AND  
DESIST, REVOKING LICENSE, AND  
ASSESSING A CIVIL PENALTY,  
ENTERED BY DEFAULT

9 On July 28, 2016, the Director of the Department of Consumer and Business  
10 Services (“Director”), by and through the Division of Financial Regulation (“Division”),  
11 properly served Notice on CHRISTOPHER ERVIN (“Respondent”) that the Director  
12 intended to revoke Respondent’s Oregon resident insurance producer license (“License”).

13 The Notice offered Respondent an opportunity for a hearing, if requested within  
14 30 days. The Notice further informed Respondent that if a hearing was not conducted  
15 because Respondent did not timely request a hearing or otherwise defaulted, then the  
16 designated portion of the Director’s file and all materials submitted by Respondent in this  
17 case would automatically become part of the contested case record for the purpose of  
18 proving a *prima facie* case.

19 The Director did not receive from Respondent a request for a hearing and did not  
20 conduct a hearing.

21 The Director finds that the record of this proceeding proves a *prima facie* case.

22 The Director makes the following Findings of Fact, Conclusions of Law, Orders,  
23 and Notice of Right to Judicial Appeal.

24  
25 FINDINGS OF FACT

26 The Director FINDS that:

Division of Financial Regulation  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4387





1           1.     Respondent has been licensed as an Oregon resident insurance producer since  
2 January 14, 2010. Respondent’s License is scheduled to expire on October 31, 2016. His  
3 NAIC national producer number is 14881251.

4           2.     At all times relevant to this investigation, Respondent was employed by  
5 Farmers Insurance Group (“Farmers”).

6           3.     On February 10, 2015, the Oregon Insurance Division, now known as the  
7 Division of Financial Regulation (“Division”), received notice advising that Respondent  
8 was terminated for cause by Farmers. Respondent’s was terminated on June 6, 2014.

9           4.     Farmers’ investigation revealed that Respondent submitted 53 fictitious  
10 renters’ personal property insurance policies. The transactions in question occurred  
11 between November 2011 to March 2014. Respondent benefited from commissions  
12 earned, as well as allow him to meet production requirements to remain on the subsidy  
13 program<sup>1</sup>.

14           5.     Respondent reinstated 25 legitimate auto insurance policies without collecting  
15 a premium from the consumer. Respondent would input fictitious bank account numbers  
16 into the premium payment system to give the appearance that actual payments were  
17 made.

18           6.     From the fictitious policies and invalid EFT payments, Respondent received  
19 \$22,240.87 in unearned subsidy and \$44,391.04 in commission income for a total of  
20 \$66,631.91. Farmers was able to recover \$40,219.69 in chargebacks. The net financial  
21 impact to Farmers was \$26,412.22.

22           7.     Respondent stated he was trying to help clients keep their policies active by  
23 reinstating their account with a generic routing number. Respondent stated he submitted  
24 renter policies for family and friends that were canceled as a fast and easy way to meet  
25 benchmark requirements.

26 \_\_\_\_\_  
<sup>1</sup> A new Farmers agent can qualify for a subsidy by meeting quarterly sales production requirements.

1 CONCLUSIONS OF LAW

2 The Director CONCLUDES that:

3 8. Under Oregon Revised Statutes (“ORS”) 746.100, no person shall make a  
4 false or fraudulent statement or representation on or relative to an application for  
5 insurance, or for the purpose of obtaining a fee, commission, money or benefit from an  
6 insurer or insurance producer. Respondent received \$66,631.91 in commissions and  
7 subsidy after submitting 53 fictitious insurance applications and reinstating 25 insurance  
8 policies with invalid EFT payments.

9 9. Under ORS 744.074(1)(e), the Director may revoke an insurance producer  
10 license for intentionally misrepresenting the terms of an actual or proposed insurance  
11 contract or application for insurance.

12 10. Under ORS 744.074(1)(g), the Director may revoke an insurance producer  
13 license if having admitted or been found to have committed any unfair trade practice or  
14 fraud related to insurance.

15 11. Under ORS 744.074(1)(h), the Director may revoke an insurance producer  
16 license for using fraudulent, coercive or dishonest practices, or demonstrating  
17 incompetence, untrustworthiness or financial irresponsibility in the conduct of business.

18 12. Under ORS 731.988(1), the Director may impose a civil penalty of up to  
19 \$1,000 *per violation* upon any person who violates a provision of the Insurance Code.  
20 Each transaction is considered a violation. Respondent submitted 53 fictitious  
21 applications and reinstated 25 policies using invalid bank information.

22 ORDER

23 Now therefore, the Director issues the following Orders:

24 13. As authorized by ORS 731.252(1), the Director ORDERS Respondent to  
25 CEASE AND DESIST from violating any provision of the Insurance Code or the  
26

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1 administrative rules promulgated thereunder.

2 14. The Director, pursuant to ORS 731.988(1), hereby ASSESSES a civil penalty  
3 of \$27,300 (\$350 per violation).

4 15. The Director, pursuant to ORS 744.074(1)(e),(g) and (h), hereby REVOKES  
5 Respondent's Oregon resident insurance producer license.

6  
7 SO ORDERED this 1<sup>st</sup> day of September, 2016 in Salem,  
8 Oregon.

9 PATRICK M. ALLEN, Director  
10 Department of Consumer and Business Services

11  
12 /s/ David Tatman  
13 David C. Tatman, Chief of Enforcement  
14 Division of Financial Regulation

15 NOTICE OF RIGHT TO JUDICIAL APPEAL

16 You are entitled to judicial review of this order in accordance with ORS 183.482.  
17 You may request judicial review by filing a petition with the Court of Appeals in Salem,  
18 Oregon, within 60 days from the date this order is served.

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