

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-18-0060  
Case No. INS-18-0061

KIMBERLY M. ZEM, an Individual, and  
SERVICE PROFESSIONALS  
INSURANCE SERVICES, INC. dba ZEM  
INSURANCE SOLUTIONS, a California  
Corporation,

ORDER TO CEASE AND DESIST,  
ORDER SUSPENDING LICENSES,  
ORDER ASSESSING CIVIL  
PENALTIES, AND CONSENT TO  
ENTRY OF ORDER

Respondents.

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750, and the administrative rules promulgated thereunder (“Insurance Code”), has conducted an investigation into the activities of Kimberly M. Zem and Service Professionals Insurance Services, Inc. dba Zem Insurance Solutions (collectively, “Respondents”) and determined that Respondents engaged in violations of the Insurance Code.

Respondents wish to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondents hereby CONSENT to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. On September 21, 2009, Kimberly M. Zem (“Zem”) was issued an Oregon nonresident insurance producer license. Zem’s national producer number is 8425428.

2. In 2014, the Oregon Division of Financial Regulation (“Division”) investigated Zem’s insurance activities and reminded Zem that a business entity cannot

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Labor and Industries Building  
350 Winter Street NE, Suite 410  
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Telephone: (503) 378-4387





1 sell insurance in Oregon without an appropriate Oregon insurance license. The Division  
2 made no formal findings of fact pursuant to the investigation.

3 3. Zem is the president of Service Professionals Insurance Services, Inc.  
4 (“SPIS”), a California corporation. SPIS’s national producer number is 17926912.

5 4. From January 1, 2017 through March 13, 2018, Zem, acting on behalf of SPIS  
6 dba Zem Insurance Solutions (“ZIS”), sold 43 surplus lines insurance policies in Oregon.<sup>1</sup>  
7 Respondents earned approximately \$5,900 in commission pursuant to the sales.

8 5. During this time period, SPIS was not licensed to transact insurance in  
9 Oregon.

10 6. On March 14, 2018, SPIS was issued an Oregon nonresident insurance  
11 producer license. That same day, SPIS registered ZIS as its dba and Zem as its  
12 designated responsible licensed producer. SPIS’s national producer number is 17926912.

13 7. On August 29, 2017, the Division addressed multiple inquiries to Zem  
14 regarding the dbas and/or trade names she was using to sell insurance policies in Oregon  
15 (“August 2017 Inquiries”). The Division directed Zem to submit a written response to  
16 the inquiries by September 29, 2017.

17 8. Zem failed to submit any response to the Division by the September 29, 2017  
18 deadline.

19 9. On October 23, 2017, the Division directed Zem to submit written responses  
20 to the August 2017 Inquiries by October 25, 2017.

21 10. Zem failed to submit any response to the Division by the October 25, 2017  
22 deadline.

23 11. On February 26, 2018, Zem contacted the Division and stated that she would  
24 submit written responses to the Division’s August 2017 Inquiries as soon as possible.

25 12. Zem did not submit written responses to the Division’s August 2017 Inquiries

26 <sup>1</sup> These policies insured against risks associated with operating tattoo and beauty-service businesses.

1 until May 3, 2018.

2 CONCLUSIONS OF LAW

3 The Director CONCLUDES that:

4 13. By selling 43 surplus lines insurance policies in Oregon, Respondents:

5 A. Sold “insurance”, as defined under ORS 731.102(1); and

6 B. Acted as “Insurance Producers”, as defined under ORS 731.104.

7 14. SPIS is a “person,” as defined under ORS 731.116.

8 15. As SPIS’s designated responsible licensed producer, Zem was responsible for  
9 SPIS’s compliance with the Insurance Code under ORS 744.059(2)(b).

10 16. By selling 43 surplus lines insurance policies in Oregon without SPIS holding  
11 an Oregon insurance producer license, Respondents violated ORS 744.053 in 43  
12 instances.

13 17. By not responding to the Division’s August 2017 Inquiries until May 3, 2018,  
14 Zem failed to promptly reply to such inquiries, in violation of ORS 731.296.

15 18. Because Zem violated ORS 744.053 and ORS 731.296, the Director may  
16 suspend her Oregon nonresident insurance producer license pursuant to ORS  
17 744.074(1)(b).

18 19. Because SPIS violated ORS 744.053, the Director may suspend its Oregon  
19 nonresident insurance producer license pursuant to ORS 744.074(1)(b).

20 20. Because the Director has reason to believe that Respondents have been  
21 engaged, are engaging, or are about to engage in violation of the Insurance Code, the  
22 Director may issue an order to Respondents to cease and desist pursuant to ORS  
23 731.252(1).

24 21. The Director may impose a civil penalty of up to \$10,000 *per violation* upon a  
25 person who violates a provision of the Insurance Code, under ORS 731.988(1).

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1 ORDERS

2 Now therefore, the Director issues the following Orders:

3 22. As authorized by ORS 731.252(1), the Director ORDERS Respondents to  
4 CEASE AND DESIST from violating any provision of the Insurance Code.

5 23. As authorized by ORS 744.074(1)(b), the Director SUSPENDS Zem's Oregon  
6 nonresident insurance producer license for THREE MONTHS for violating ORS 744.053  
7 and ORS 731.296.

8 24. As authorized by ORS 744.074(1)(b), the Director SUSPENDS SPIS's  
9 Oregon nonresident insurance producer license for THREE MONTHS for violating ORS  
10 744.053.

11 25. The foregoing suspensions shall begin on October 1, 2018 and conclude on  
12 January 1, 2019.

13 26. As authorized by ORS 731.988(1), the Director ORDERS that Respondents  
14 pay, jointly and severally, a CIVIL PENALTY totaling \$21,500 for violating ORS  
15 744.053 in 43 instances.

16 27. The Director hereby suspends payment of \$15,500 of the CIVIL PENALTY  
17 for a period of three years, provided Respondents:

18 A. Pay the remaining \$6,000 of the CIVIL PENALTY pursuant to the  
19 terms of this Order; and

20 B. Do not violate the Insurance Code within the three-year time period.

21 28. The CIVIL PENALTY assessed herein (\$6,000) is due and payable as  
22 follows:

23 A. \$2,000 at the time this Order is returned to the Division;

24 B. \$2,000 by November 1, 2018; and

25 C. \$2,000 by December 3, 2018.

26 29. The suspended CIVIL PENALTY (\$15,500) will be waived three years from

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1 the effective date of this Order, provided Respondents have complied with the foregoing  
2 Order terms. The Director reserves the right to immediately assess and collect the  
3 suspended civil penalty upon a determination that Respondents have violated any term of  
4 this Order.

5 30. This Order is binding upon Respondents' successors and assigns.

6 31. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that  
7 provision, the entry of this Order does not limit other remedies that are available to the  
8 Director under Oregon law.

9 SO ORDERED this 30<sup>th</sup> day of September, 2018.

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CAMERON C. SMITH, Director  
Department of Consumer and Business Services

/s/ Dorothy Bean  
Dorothy Bean, Chief of Enforcement  
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Kimberly M. Zem, state that I have read the foregoing Order and that I know and fully understand the contents hereof. I have been advised of my right to a hearing and of my right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code by me. I will fully comply with the terms and conditions stated herein.

Signature: /s/ Kimberly M. Zem

State of Washington

County of Clark

Signed or attested before me on this 19<sup>th</sup> day of September, 2018

by Kimberly M. Zem.

/s/ Deborah D. Hadley

Notary Public

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CONSENT TO ENTRY OF ORDER

I, Kimberly M. Zem, state that I am an officer of SPIS and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents hereof. I have been advised of SPIS’s right to a hearing and right to be represented by counsel in this matter. SPIS voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. SPIS understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code with the terms and conditions stated herein.

SPIS further assures the Director that neither SPIS nor its officers, directors, employees, or agents will effect insurance services in Oregon unless such activities are in full compliance with the Insurance Code. SPIS understands that this Consent Order is a public document.

Signature: /s/ Kimberly M. Zem

Position Held: President

State of Washington

County of Clark

Signed or attested before me on this 19<sup>th</sup> day of September, 2018

by Kimberly Zem.

/s/ Deborah D. Hadley

Notary Public

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