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

In the Matter of: ARENDS INSURANCE AGENCY, INC., a Domestic Business Corporation, and CHRIS J. ARENDS, an Individual, Respondents.	Case No. INS-19-0083 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTY, ORDER TO PLACE ON PROBATION, AND CONSENT TO ENTRY OF ORDER

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 ("Insurance Code"), has conducted an investigation into the activities of Arends Insurance Agency, Inc. ("AIA") and Chris J. Arends ("Arends") (collectively, "Respondents") and determined that Respondents engaged in violations of the Insurance Code.

Respondents, without admitting or denying the Director's findings of fact or conclusions of law, 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. AIA has held an Oregon resident insurance producer license ("License") since March 10, 1990. AIA's national producer number ("NPN") is 12446058.

2. Arends has held a License since October 3, 2001. Arends' NPN is 6240747.

3. At all relevant times, Arends has been AIA's president and sole officer. At all relevant times, Respondents have been each other's Designated Responsible Licensed

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Producer.

4. On or around September 1, 2013, Respondents entered into an appointment agreement with Farmers Insurance ("Farmers") whereby they sold insurance policies on Farmers' behalf.

5. From on or around November 14, 2013 through on or around February 23, 2018, Arends, acting on AIA's behalf, misidentified individuals from at least 40 Oregon households as "Never Licensed" or "Non-Drivers" on the households' automobile insurance policies. This resulted in the inaccurate removal of otherwise eligible individuals from the households' insurance premium calculations.

6. In at least seven of these Oregon households, Respondents also submitted inaccurate statements in connection with applications for new insurance policies. Respondents earned commissions on these Oregon Applications.

7. On or around September 11, 2018, Farmers terminated Respondents' appointment.[1]

CONCLUSIONS OF LAW

The Director CONCLUDES that:

8. By misidentifying individuals from at least 40 Oregon households as "Never Licensed" or "Non-Drivers" on the households' automobile insurance policies, and submitting inaccurate statements in connection with applications for new insurance policies, Respondents caused Farmers to issue insurance contracts with inaccurate policy information, and the Director may place their Licenses on probation under ORS 744.074(1)(b).

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

[1] Farmers claimed this decision was contractually justified, but Respondents disagreed.

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10. The Director may impose a civil penalty of up to $1,000 per violation upon any insurance producer who violates a provision of the Insurance Code, under ORS 731.988(1).

ORDERS

Now therefore, the Director issues the following Orders:

11. As authorized by ORS 731.252(1), the Director hereby ORDERS Respondents to CEASE AND DESIST from violating ORS 744.074(1)(b).

12. As authorized by ORS 744.074, the Director hereby ORDERS that Respondents' Licenses be placed on PROBATION for TWO YEARS, pursuant to ORS 744.074(1)(b).

13. The foregoing PROBATION shall begin on the date this Order is executed. During the probationary period, Respondents shall abide by the following terms:

A. Obey all federal, state, and local laws;

B. Comply with all terms of this Order;

C. Notify the Director within fourteen days if there is a change in Respondents' appointment or employer;

D. Arends shall complete eight hours (four classes) of continuing education in ethics. All classes shall be completed during the probationary period. Proof of completion shall be submitted to the Division at 350 Winter Street NE, Room 410, Salem, OR 97301 or DFR.ReportEnforcement@oregon.gov. This continuing education requirement shall be in addition to any ethics-based coursework required to maintain Arends' License;

E. During the probationary period, Respondents shall provide the Division with monthly reports which identify:

(1) The insurance they sold that month;

(2) The people to whom they sold the insurance; and

(3) The commissions they received pursuant to such sales;

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F. Respondents shall submit copies of the foregoing reports to DFR.ReportEnforcement@oregon.gov, or a document sharing service agreed to by the parties, according to the following schedule:

(1) Every month for the first twelve months of the probationary period; and

(2) Once a quarter for the second twelve months of the probationary period; and

G. Respondents shall submit the reports for the applicable period by the first business day of each applicable month.

14. Should Respondents comply with the foregoing terms, their term of PROBATION shall conclude two years from the date this Order is executed.

15. As authorized by ORS 731.988(1), the Director ORDERS that Respondents pay, jointly and severally, a CIVIL PENALTY totaling $10,000 for violating ORS 744.074(1)(b).

16. The Director hereby suspends payment of $8,000 of the CIVIL PENALTY for a period of three years, provided Respondents:

A. Pay the remaining $2,000 of the CIVIL PENALTY pursuant to the terms of this Order;

B. Comply with all terms of this Order; and

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

17. The suspended CIVIL PENALTY ($8,000) will be waived three years from the effective date of this Order, provided Respondents have complied with the foregoing Order terms. The Director reserves the right to immediately assess and collect the suspended civil penalty upon a determination that Respondents have violated any term of this Order.

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

SO ORDERED this 28th day of May, 2020.

ANDREW R. STOLFI, Acting 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, Chris Arends, 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 neither admit nor deny the Director's findings of fact or conclusions of law but 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/ Chris Arends

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I, Chris Arends, state that I am an officer of AIA 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 AIA's right to a hearing and right to be represented by counsel in this matter. AIA neither admits nor denies the Director's findings of fact or conclusions of law but 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. AIA 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.

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

Signature: /s/ Chris Arends

Position Held: President

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