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

In the Matter of: KIM KHUYEN HOANG, Respondent.	Case No. INS-21-0018 ORDER TO CEASE AND DESIST, AND FINAL ORDERS REVOKING LICENSE AND IMPOSING CIVIL PENALTIES, ENTERED BY DEFAULT

On July 1, 2021, the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting by and through the Division of Financial Regulation ("Division"), served an Order to Cease and Desist, and Proposed Orders Revoking License and Imposing Civil Penalties, and Notice of Right to an Administrative Hearing ("Notice") on Kim Khuyen Hoang ("Respondent").

The Notice offered Respondent an opportunity for a hearing if requested within 60 days of the Notice. The Notice further informed Respondent that if a hearing were not conducted because Respondent did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file and all materials submitted by Respondent in this case would automatically become part of the contested case record for the purpose of proving a prima facie case.

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

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

Now, therefore, after considering the relevant portions of the Division's file relating to this matter, the Director finds and orders as follows.

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FINDINGS OF FACT

The Director FINDS that:

1. Respondent has been licensed as an Oregon resident Insurance Producer since March 22, 2004. Respondent's NAIC national producer number is 6264967.

2. On July 2, 2020, Respondent was terminated from her appointment as an agent of Farmer's Insurance ("Farmers").

3. The Termination of Appointment letter stated that Respondent:

> "[A]dmitted that her agency misrepresented the marital status of several customers and their children to reduce the premium owed for their policies in an effort to save and attract business."

4. Based on this information, the Division began its own investigation. As part of that investigation, the Division obtained a copy of Farmers' internal investigation. This included a document written by Respondent and submitted to Farmers' investigator addressing the allegations against her.

5. Respondent admitted to Farmers' investigator four instances where she had falsely listed the adult children of a policyholder as married when the individual in question was, in fact, single.

6. With regard to the first instance, identified for purposes of this Order as Policy# *7908, Respondent stated:

> "I issued auto policy on 2/16/2014 and listed [daughter] as marital (sic) and I knew making this change would lower their premium. There is no spouse to list in the house because she isn't actually married. * * * On renewal of 2/16/2019, the premium went up and the insured was complaining premium too high, so I changed [daughter] to marital status to lower their premium."

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7. With regard to the second instance, identified for purposes of this Order as Policy# *0994, Respondent stated:

> "They switched their auto insurance to other carrier due to rate increased [sic], and a few months later they came back * * * I reissued a new Policy# *0994 to them on 11-10-2015, and listed their son and daughter with marital status (even though they don't have spouses to be listed in the house because they actually are not married)—I hope lower premium will bring them back to Farmers because I don't want to lose all 4 landlords, 1 homeowner, and a real estate commercial policy."

8. With regard to the third instance, identified for purposes of this Order as Policy# *0016, Respondent stated:

> "Insured wants to know if there is a way to lower their premium. I rewrote to smart plan auto and changed his son, * * * marital status to lower the premium. I knew making this change would lower their premium. There is no spouse to list in the house because [he] isn't actually married."

9. With regard to the fourth instance, identified for purposes of this Order as Policy# *1416, Respondent stated:

> "[Policyholder] came to my office and saying that the premium kept increasing every renewal. I took a look at her policy and notice that she has a rate cap. Therefore, I tried to help her lowering her premium by changing [Daughter] * * * to married status."

10. The Division's investigator provided Respondent an opportunity to explain these transactions in writing. However, Respondent's explanations were contradictory.

11. Respondent initially responded to the Division's request to explain the transactions as follows:

> "Sometimes errors and mistake [sic] happened in doing business and sometimes customers misrepresent themselves and I didn't monetarily benefit from it."

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12. When the Division's investigator pointed out that this explanation did not match the explanations given by Respondent to Farmers' investigator, Respondent stated that she had made a mistake. However, when asked by the Division to explain why she had changed the marital status of the policyholder's adult children, Respondent's only response was that Respondent did not believe the change would have an effect on the policyholders' premiums.

13. On January 1, 2021, Respondent surrendered her property and casualty lines of authority, while retaining her health insurance line of authority.

CONCLUSIONS OF LAW

The Director CONCLUDES the following:

14. ORS 746.100 forbids any person from making "a false or fraudulent statement or representation on or relative to an application for insurance."

15. Respondent violated ORS 746.100 in four instances by deliberately misrepresenting the marital status of the adult children of the policyholders in question for purposes of securing reduced premiums for those policyholders.

16. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged, or is engaging, or is about to engage in any violation of the Insurance Code, the Director may issue an order directing the person to discontinue or desist from such violation or threatened violation.

17. Pursuant to ORS 744.074(1)(h), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "Using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere."

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18. Pursuant to ORS 744.074(1)(b), the Director may place a licensee on probation or suspend, revoke or refuse to issue or renew an insurance producer license and may take other actions authorized by the Insurance Code in lieu thereof or in addition thereto, for "violating any insurance laws."

19. Pursuant to ORS 731.988, the Division may impose Civil Penalties in the amount of $1,000 per violation of the Insurance Code against any individual insurance producer, adjuster, or insurance consultant.

ORDERS

The Director issues the following Orders:

Cease and Desist

20. As authorized by ORS 731.252(1), the Director ORDERS Respondent to CEASE AND DESIST from violating ORS 746.100.

Revocation of License

21. Pursuant to ORS 744.074(1)(b) and (h), the Director REVOKES Respondent's Oregon Insurance Producer License.

Civil Penalties

22. Pursuant to ORS 731.988(1), the Director imposes CIVIL PENALTIES against Respondent in the amount of $2,000 for violating ORS 746.100 in four instances by deliberately misrepresenting the marital status of the adult children of the policyholders.

23. 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.

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NOTICE OF RIGHT TO JUDICIAL APPEAL

Judicial review of final orders in contested cases is governed by ORS 183.482. Respondent may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date this order is served.

SO ORDERED this 9th day of September, 2021.

Andrew R. Stolfi, Director
Department of Consumer and Business Services

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

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