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

In the Matter of:	Case No. INS-21-0017
RICHARD W. PETERSON, Respondent.	ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTY, VOLUNTARY SURRENDER OF LICENSE AND CONSENT TO ENTRY OF ORDER THIS IS A FINAL 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 insurance related activities of Richard W. Peterson ("Respondent") regarding violations of the Insurance Code.

Respondent wishes to resolve and settle this matter with the Director and the Director concludes that the goal to protect the public is served with the issuance of this Consent Order.

Now therefore, as evidenced by the signatures subscribed in this Order, Respondent hereby consents to entry of this Order upon the Director's Findings of Facts and Conclusions of Law.

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Respondent has been licensed as an Oregon resident insurance producer since November 18, 1994. Respondent's NAIC national producer number is 6249197.

2. Respondent was appointed with Farmers Insurance Group of Companies ("Farmers")[1] on November 18, 1994 to sell property and casualty insurance and life insurance products in Oregon pursuant to the terms of an Agent Appointment Agreement.

3. In September 2019, Farmers' Field Underwriting identified 16 insured households, including his own, where Respondent wrote new policies without collecting the earned premiums owed on previously cancelled policies. As a result, Farmers' Internal Audit opened an investigation ("Farmers' Investigation").

4. Farmers' Investigation determined that, between January 2011 and October 2019, Respondent issued 135 new auto and home policies for 16 different insureds without collecting the earned premiums on the previously cancelled policies.[2] Farmers' Investigation calculated that the known financial impact to Farmers was $186,022.[3]

5. On September 14, 2020, Respondent's appointments with Farmers were terminated for cause.

6. After Respondent was terminated, one of Respondent's insureds, Oregon domestic limited liability company hereinafter referred to as "A.I.," provided documentation to Farmers evidencing that it had submitted a premium payment to Respondent for which Respondent did not remit to Farmers. A.I. provided documentation of a check payable to Rich Peterson Insurance dated February 5, 2020 in the amount of $1,242. The check was deposited into Respondent's bank account, but never remitted to

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[1] Respondent's appointments included Farmers New World Life Insurance Company, Farmers Insurance Exchange, Fire Insurance Exchange, Mid-Century Insurance Company, Truck Insurance Exchange, Farmers Insurance Company of Oregon, Foremost Insurance Company, and Coast National Insurance Company.

[2] In accordance with Farmers' published policies, rules and manuals, Respondent was required to collect earned premiums owed on a cancelled policy prior to issuing a new policy.

[3] Known financial impact represents the following: (1) $61,825 in unpaid earned premium, including $5,492 on Respondent's personal policies. Most of this premium had already been written off by Farmers at the time of the Investigation. (2) $49,825 in new business commissions received by Respondent. Farmers had recovered $37,152 in commissions at the time of Farmers' Investigation, and Farmers reported to a Division of Financial Regulation (the "Division") investigator that the remaining commissions were recovered at the time the respective policies were cancelled for non-payment of premium. (3) $74,372 in claims payments on rewritten policies. Without the actions of Respondent to rewrite those policies, Farmers estimated that some or all of these losses would not have been incurred.

Farmers. Farmers credited $1,242 to A.I.'s account in order to keep the insurance policy current.[4]

CONCLUSIONS OF LAW

The Director CONCLUDES that:

7. 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 to discontinue or desist from such violation or threatened violation.

8. 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.

9. Respondent used fraudulent, coercive or dishonest practices by issuing new auto and home policies without collecting the earned premiums on the previously cancelled policies as described in Paragraph four above.

10. Pursuant to ORS 746.100, no person shall make 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 insurance producer.

11. Respondent made false or fraudulent statements on applications for insurance by submitting applications for new auto and home policies when earned premiums were owed on prior policies as described in Paragraph four above.

[4] This represents a $1,242 loss to Farmers that, at the time of this Order, is still owed by Respondent to Farmers.

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12. Pursuant to ORS 746.120, no person shall willfully collect any sum as premium or charge for insurance which is not then provided, or is not in due course to be provided subject to acceptance of the risk by the insurer, under an insurance policy issued by an insurer in conformity to the Insurance Code.

13. Respondent violated ORS 746.120 by collecting a premium payment for insurance which was not then provided as described in Paragraph six above.

14. Pursuant to ORS 731.988(1) the Director may impose a civil penalty of up to $1,000 per violation upon any individual that violates any provision of the Insurance Code or any lawful rule or final order of the Director.

ORDERS

Now therefore, the Director issues the following ORDERS:

15. As authorized by ORS 731.252(1), the Director ORDERS Respondent to CEASE AND DESIST from violating ORS 744.074(1)(h), ORS 746.100, and ORS 746.120.

16. Based upon the foregoing and as authorized by ORS 731.988(1), the Director ORDERS that Respondent pay CIVIL PENALTIES of $28,000 as follows:

A. A CIVIL PENALTY of $100 per occurrence for 135 violations of ORS 744.074(1)(h).

B. A CIVIL PENALTY of $100 per occurrence for 135 violations of ORS 746.100.

C. A CIVIL PENALTY of $1,000 for violating ORS 746.120.

17. The Director SUSPENDS the collection of the $28,000 CIVIL PENALTIES assessed above provided that Respondent complies with the following:

A. Respondent remits $1,242 to Farmers for the owed funds described in Paragraph six above. Respondent will submit proof to the Division

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(DFR.ReportEnforcement@oregon.gov) that the $1,242 has been refunded to Farmers within 30 days from the date this Order is executed.

B. Respondent surrenders his resident insurance producer license effective the date of this Order.

C. Respondent agrees to never apply for any license authorized by ORS Chapter 744, ORS Chapter 86A, or ORS Chapter 59; 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, ORS Chapter 86A, or ORS Chapter 59. Respondent may however own an interest in a publicly traded insurance or financial services company not to exceed 1%.

D. If Respondent applies for any license authorized by ORS Chapter 744, ORS Chapter 86A, or ORS Chapter 59; or obtains any equity interest in, becomes an officer or director of, or becomes employed by or contracted with, any person that is issued any license authorized by ORS Chapter 744, ORS Chapter 86A, or ORS Chapter 59, the CIVIL PENALTIES assessed above become immediately due and payable.

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 20th day of July, 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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CONSENT TO ENTRY OF ORDER

I, Richard W. Peterson, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; that I have been advised of my right to a hearing, and that I have been advised of my right to be represented by counsel in this matter; that 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; that 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; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ Richard W. Peterson

Signature

State of Oregon

County of Clackamas

Signed or attested before me on this 13th day of July, 2021 by Richard W. Peterson.

/s/ Kyle Scot Gallagher

Notary Public

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