

3. "Fraudulent insurance act" includes the following acts or omissions committed by a person knowingly and with intent to defraud:
- a. Presenting, causing to be presented, or preparing with knowledge or belief that it will be presented to or by an insurer, reinsurer, insurance producer, or any agent thereof, false or misleading information as part of, in support of, or concerning a fact material to one or more of the following:
 - (1) An application for the issuance or renewal of an insurance policy or reinsurance contract;
 - ...
 - (4) Premiums paid on an insurance policy or reinsurance contract;
 - (5) Payments made in accordance with the terms of an insurance policy or reinsurance contract;
 - ...
 - d. Theft by deception or otherwise, or embezzlement, abstracting, purloining, or conversion of moneys, funds, premiums, credits, or other property of an insurer, reinsurer, or person engaged in the business of insurance.

3. N.D.C.C. § 26.1-02.1-02.1 states, in part:

26.1-02.1-02.1. Fraudulent insurance acts, interference, and participation of convicted felons prohibited.

- 1. A person may not commit a fraudulent insurance act.

4. N.D.C.C. § 26.1-25-15 states:

26.1-26-15. License requirement - Character. An applicant for any license under this chapter must be deemed by the commissioner to be competent, trustworthy, financially responsible, and of good personal and business reputation.

5. N.D.C.C. § 26.1-26-42 states, in part:

26.1-26-42. License suspension, revocation, or refusal - Grounds. The commissioner may suspend, revoke, place on probation, or refuse to continue or refuse to issue any license issued under this chapter if, after notice to the licensee and hearing, the commissioner finds as to the licensee any of the following conditions:

...

6. In the conduct of affairs under the license, the licensee has used fraudulent, coercive, or dishonest practices, or has shown oneself to be incompetent, untrustworthy, or financially irresponsible.

...

9. The licensee has forged another's name to an application for insurance.

...

10. An improper withholding of, misappropriating of, or converting to one's own use any moneys belonging to policyholders, insurers, beneficiaries, or others received in the course of one's insurance business.

6. The Commissioner has information that demonstrates Respondent has knowingly and intentionally engaged in fraudulent, deceitful and dishonest practices against Combined Insurance Company of America ("Combined"). An investigation by Combined disclosed that four applications for insurance, submitted by the Respondent, contained false information and were prepared for fictitious applicants. Respondent received \$1,300 in sales incentive bonuses, which he would not have otherwise

received, for submitting the falsified applications. Respondent's conduct of submitting falsified insurance applications and receiving money that he was not owed constitutes a violation of N.D.C.C. §§ 26.1-02.1-02.1, 26.1-26-15, and 26.1-26-42(6), (9) and (10).

7. On or about August 19, 2010, Respondent submitted to Combined a completed insurance application for a David Rathburn.

8. On or about August 21, 2010, Respondent submitted to Combined a completed insurance application for a Daniel Stark.

9. On or about September 2, 2010, Respondent submitted to Combined a completed insurance application for a Steve Sherman.

10. On or about September 10, 2010, Respondent submitted to Combined a completed insurance application for a Cammie Martin.

11. Combined provided the Department with documents regarding Combined's investigation of Respondent's submission of insurance applications for David Rathburn, Daniel Stark, Steve Sherman and Cammie Martin.

12. Combined's investigation materials demonstrated that Respondent's submission of policies for David Rathburn, Daniel Stark, Steve Sherman and Cammie Martin were falsified. Combined's investigation concluded that applicant information on the four applications such as the applicants' names, addresses, phone numbers and banking information did not correspond to the people living at the addresses or answering the phone at the numbers provided.

13. As a result of the submission of falsified insurance applications, Respondent received sales incentive bonuses for which he would not have otherwise qualified from Combined totaling \$1,300.

14. On or about October 8, 2010, Combined terminated Respondent's insurance appointment for cause.

15. Respondent's submission of falsified insurance applications is fraudulent as defined by N.D.C.C. § 26.1-02.1-01(3).

16. Respondent's submission of falsified applications for the purpose of receiving sales incentive bonuses is a violation of N.D.C.C. §§ 26.1-02.1-02.1 and 26.1-26-42(10).

17. Respondent's conduct is contrary to the character and conditional license requirement of N.D.C.C. § 26.1-26-15.

18. Respondent's commission of fraudulent and dishonest practices by submitting falsified insurance applications to Combined is in violation of N.D.C.C. § 26.1-26-42(6) and he has shown himself to be untrustworthy.

19. Respondent's signing another's name to an application for insurance is a violation of N.D.C.C. § 26.1-26-42(9).

20. Respondent's conduct is sufficient for insurance license revocation under N.D.C.C. §§ 26.1-02.1-02.1, 26.1-26-15, and 26.1-26-42(6), (9) and (10).

21. Respondent acknowledges that at the time of signing the Consent to Entry of Order, he was aware of or had been advised of his rights to a hearing in this matter, to consult an attorney, to present argument to the Commissioner, to appeal from any adverse determination after a hearing, and Respondent expressly waives those rights.

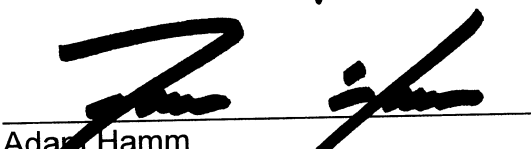
22. Respondent has agreed to informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

23. For purposes of resolving this matter, without further administrative proceedings, Michael Krebs and the Commissioner have agreed to enter into the following order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent's resident insurance agent license is hereby **REVOKED** effective upon the Commissioner's execution of this Order.
2. No administrative fine or other civil penalty is imposed.
3. The use of this Consent Order for competitive purposes by an insurance agent or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 5th day of May, 2011.



Adam Hamm
Insurance Commissioner
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, **Michael Krebs**, states that he has read the foregoing Consent Order, that he knows and fully understands its contents and effect; that he has been advised of his right to a hearing in this matter, his right to be represented by legal counsel, his right to present evidence and arguments to the Commissioner, and his right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he waives those rights in their entirety, and consents to entry

of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties and there are no other promises or agreements, either expressed or implied.

DATED this 29th day of April, 2011.

Mike Krebs
Michael Krebs

Subscribed and sworn to before me
this 29th day of April, 2011.

Jacqueline Thorson
Notary Public

My commission expires: Feb. 10, 2017

