

JUL 17 2024

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

FILED

IN THE MATTER OF THE DENIAL OF	)	
APPLICATION FOR LICENSE FOR	)	FINDINGS OF FACT, CONCLUSIONS
CYRUS JAFFREY	)	OF LAW, RECOMMENDED ORDER
	)	AND ORDER
	)	
	)	CAUSE NO. A-2374

This matter came on for hearing on May 7, 2024, before Cheryl Wolff, a hearing officer duly appointed by the Director of the Nebraska Department of Insurance. The Nebraska Department of Insurance (“Department”) was represented by its counsel, Michael W. Anderson. Cyrus Jaffrey (“Applicant”) was represented by his counsel, Michael L. Storey. The proceedings were recorded by Shelly Storie, a licensed Notary Public. The parties offered a joint stipulation of facts as a preliminary matter, which was accepted into the record. The Applicant then offered Exhibit 1, which was received without objection. The Respondent offered Exhibits 2 and 3 at the hearing, which were received without objection. After the conclusion of evidence, the matter was taken under advisement. The hearing officer makes the following Findings of Fact, Conclusions of Law, and Recommended Order.

FINDINGS OF FACT

1. The Department is the agency of the State of Nebraska charged with licensing insurance producers.
2. On March 11, 2024, the Department received an application from the Applicant requesting licensure as a resident insurance producer in the State of Nebraska. Within the Uniform Application for Individual Producer License (“Application”), Applicant answered question 2 in the

affirmative indicating that he had been a party to an administrative proceeding regarding any professional or occupational license or registration. (Exhibit 2, Attachment 1).

3. Applicant submitted additional information regarding the denied renewal of Applicant's Nebraska resident insurance producer license on July 9, 2020. The Department had denied renewal pursuant to Neb. Rev. Stat. §44-4059(1)(b) Violating any insurance law or violating any rule, regulation, subpoena, or order of the director or of another state's insurance commissioner or director;... (e) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;... (g) Having admitted or been found to have committed any insurance unfair trade practice, any unfair claims settlement practice, or fraud; and (h) for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere. Applicant had then requested a hearing on the denial, but the hearing request was subsequently withdrawn, and no hearing was held on the denial of Applicant's renewal. (Exhibit 2, Attachments 2 and 3).

4. On or about March 15, 2024, the Department denied Applicant's most recent application for licensure pursuant to Neb. Rev. Stat. § 44-4059(1)(b), (e), (g), and (h). (Exhibit 2, Attachment 4).

5. On or about April 10, 2024, Applicant's counsel submitted a timely request for a hearing to appeal the denial. (Exhibit 2, Attachment 5).

6. On or about April 17, 2024, Applicant was served with a Notice of Hearing by certified and regular mail to his address at 213 S HWS Cleveland Blvd., Elkhorn, NE 68134. (Exhibit 3, Attachment 1).

7. Applicant and his counsel, Michael L Storey, appeared before the Department at an administrative hearing on May 7, 2024, at approximately 1:00 p.m.

8. At the administrative hearing, held on May 7, 2024, the Applicant testified that he wished to obtain his resident producer license. The Applicant stressed that he recognized his past mistakes in using practices involving misrepresentations concerning insurance coverage related to homeowner's policies including submitting multiple quotes to obtain a particular price point for a lender. He has since reflected on these actions and taken affirmative steps to increase supervision, compliance, and training at the Cyrus Jaffrey Insurance Group ("CJIG"). These steps include hiring a compliance officer, creating checklists for use with clients, adopting compliance policies and procedures, conducting regular training, and holding regular meetings, and conducting internal audits. (Testimony of Applicant and Exhibit 1, Attachments 6).

9. Applicant was responsive to the Department's 2021 investigation into whether the Applicant was engaged in any way soliciting insurance without a license. (Exhibit 1, Attachments 7 and 8).

10. Applicant has worked as the CEO, founder, and president of various insurance entities performing executive, managerial, and administrative functions but has not receive any commissions from the sale of insurance since the denial of his license renewal. (Exhibit 1, Attachment 7).

#### CONCLUSIONS OF LAW

1. The Department has broad jurisdiction, control, and discretion over the licensing of insurance producers in the State of Nebraska pursuant to Neb. Rev. Stat. §§ 44-101.01 and 44-4047 to 40-4069.

2. The Department has personal jurisdiction over Applicant.

3. Pursuant to Neb. Rev. Stat. §§44-4059(1)(b) Violating any insurance law or violating any rule, regulation, subpoena, or order of the director or of another state's insurance

commissioner or director;... (e) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;... (g) Having admitted or been found to have committed any insurance unfair trade practice, any unfair claims settlement practice, or fraud; and (h) for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

4. If the director does not renew or denies an application for a license, the director shall notify the applicant or licensee and advise, in writing, the applicant or licensee of the reason for the denial or nonrenewal of the applicant's or licensee's license. The applicant or licensee may make written demand upon the director within thirty days for a hearing before the director to determine the reasonableness of the director's action. The hearing shall be held within thirty days and shall be held pursuant to the Administrative Procedure Act, pursuant to Neb. Rev. Stat. §40-4059(2).

#### DISCUSSION

Applicant's intentional misrepresenting the terms of an insurance contract or application for insurance and use of fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state constitutes a sufficient statutory basis to deny his license renewal application as a Nebraska resident insurance producer. However, such denial is discretionary, not mandatory. The purpose of the license renewal denial hearing is to determine the reasonableness of the denial. In the context of a proper denial, the hearing gives an applicant the opportunity, and the burden, to show why a license should be granted.

The Applicant testified to provide context for his past actions and to take responsibility for his past mistakes. He also explained numerous steps he has taken at the companies where he has held an

executive role over the last four years to increase training, education, and compliance at these companies. As noted in the findings of fact, these steps include hiring a compliance officer, revising policies and procedures, conducting additional training, and performing internal audits. With these increased activities, it appears that substantial steps to adequately supervise and train employees and to ensure compliance with the insurance laws and regulations has been implemented.

The weight of the evidence presented by the Applicant sufficiently supports a finding that the denial of the Applicant's request for license may be overturned without endangering any Nebraska citizens.

RECOMMENDED ORDER

Based on the Findings of Fact and Conclusions of Law made herein, it is recommended that the initial decision to deny Applicant's licensure request be OVERTURNED, and that Applicant's request for licensure as a resident insurance producer is granted.

Dated this 17<sup>th</sup> day of July, 2024.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

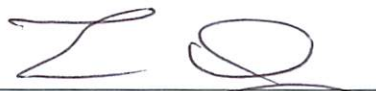
  
Cheryl Wolff, #22990  
Hearing Officer

CERTIFICATE OF ADOPTION

I have reviewed the foregoing Findings of Fact, Conclusions of Law, and Recommended Order and hereby certify that the Recommended Order is adopted as the official and final Order of this Department in the matter of the Denial of Application for License Renewal for Cyrus Jaffrey, Cause No. A-2374.

Dated this 17<sup>th</sup> day of July, 2024.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

  
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Eric Dunning  
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Findings of Fact, Conclusions of Law, Recommended Order, and Order was served upon the Petitioner by mailing a copy to him at 213 S HWS Cleveland Blvd., Elkhorn, NE 68134, via regular U.S. mail on this 17<sup>th</sup> day of July, 2024.

  
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