

DEC 27 2012

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

STATE OF NEBRASKA)
DEPARTMENT OF INSURANCE,)
))
PETITIONER,)
))
VS.)
))
AMERICAN ASSOCIATION FOR)
MEDICAL BENEFITS,)
))
RESPONDENT.)

CONSENT ORDER
CAUSE NO. C-1988

In order to resolve this matter, the Nebraska Department of Insurance (“Department”), by and through its attorney, Joel F. Green, and American Association for Medical Benefits (“Respondent”), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to NEB. REV. STATS. §§ 44-101.01 and 44-8301 et seq. (Reissue 2004). Said jurisdiction and control have been present at all times material hereto.

2. Respondent is a Texas domiciled entity authorized to conduct business in Nebraska as a discount medical plan organization.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. American Association for Medical Benefits, Cause Number C-1988 on December 14, 2012. A copy of the petition was served upon the Respondent’s registered business address, 4704 Highway 377 S., Ft. Worth, TX 76116, for service of process by

certified mail, return receipt requested. A copy of the petition was also served upon the Respondent's mailing address, P.O. Box 100877, Ft. Worth, TX 76185, for service of process by regular United States mail.

2. Respondent allegedly violated NEB. REV. STAT. § 44-8312 by failing to provide notice to the Department of a change to Respondent's name no less than thirty days before such change occurred as set forth as follows:

- a. On January 21, 2010, the name of Respondent's discount medical plan organization was changed from National Benefit Advisory Association to American Association for Medical Benefits.
- b. Notice of Respondent's change in name was not provided to the Department until April 30, 2010, more than ninety days after such change occurred.

3. Respondent allegedly violated NEB. REV. STAT. § 44-8313(1) by failing to file an annual report with the Department within three months after the end of a fiscal year setting forth the names and addresses of all persons responsible for the conduct of Respondent's affairs as set forth as follows:

- a. On November 19, 2009, George Katosic ("Katosic") was elected to Respondent's board of directors and began serving as president of Respondent's discount medical plan organization.
- b. On November 1, 2011, Robert Theisen, Jr. ("Theisen") was elected to Respondent's board of directors and began serving as treasurer of Respondent's discount medical plan organization.
- c. On May 11, 2011, Robin L. Nelson ("Nelson") was elected to Respondent's board of directors and began serving as Respondent's organizational secretary.
- d. Katosic, Theisen and Nelson did not appear on Respondent's initial application for a certificate of registration as persons responsible for the conduct of Respondent's organizational affairs.
- e. Notice of the change to Respondent's officers and directors was provided to the Department by Respondent on July 26, 2012, as part of the renewal process for Respondent's certificate of registration as a discount medical plan organization.
- f. Prior to July 26, 2012, Respondent did not notify the Department of the change in Respondent's officers and directors and did not file an annual report with the

Department within three months after the end of each fiscal year setting forth the names and residence addresses of Katosic, Theisen and Nelson.

4. Respondent allegedly violated NEB. REV. STAT. § 44-8306(1) by failing to maintain a certificate of registration from the Department to operate as a discount medical plan organization before transacting the business of a discount medical plan organization as set forth as follows:

- a. On May 1, 2011, Respondent renewed a certificate of registration issued by the Department authorizing Respondent to conduct business in the State of Nebraska as a discount medical plan organization.
- b. On April 30, 2012, the certificate of registration issued to Respondent by the Department expired as a result of Respondent's failure to file with the Department, at least ninety days before the expiration date of the certificate of registration, a renewal application form and renewal fee.
- c. On or about June 14, 2012, Respondent submitted to the Department a \$300 renewal fee to extend Respondent's certificate of registration as a discount medical plan organization.
- d. On or about July 17, 2012, Holly Blanchard ("Blanchard"), Administrator of the Nebraska Department of Insurance Life and Health Division, submitted a letter to Respondent at its registered business address requesting information relating to Respondent renewal application for the certificate of registration.
- e. On or about July 26, 2012, Robert Merrill ("Merrill") replied to Blanchard's July 17, 2012 letter on behalf of Respondent. In his letter, Merrill confirmed that at least four individuals residing in the State of Nebraska were members of Respondent's discount medical plan organization between April 20, 2012, and July 24, 2012.
- f. The member accounts referenced by Respondent were active during the time Respondent's certificate of registration as a discount medical plan organization was expired.

5. Respondent was informed of its right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving the right to a public hearing, Respondent also waives the right to confrontation of witnesses, production of evidence, and judicial review.

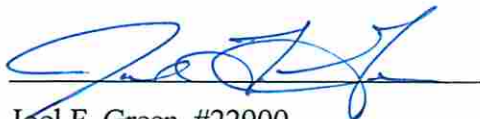
6. Respondent admits the allegations stated in Paragraphs 2, 3 and 4.

CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes a violation of NEB. REV. STAT. §§ 44-8306(1), 44-8312 and 44-8313 and is subject to disciplinary action pursuant to NEB. REV. STAT. §§ 44-8313(3)(a) and 44-8314(2).

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by Respondent, American Association for Medical Benefits, that Respondent shall pay an administrative fine in the amount of one thousand five hundred dollars (\$1,500), due within 30 days after the Director of Insurance or his designee approves and signs this consent order. If Respondent fails to pay the amount required as specified under this consent order, additional administrative action shall be taken by the Petitioner, which may include revocation of Respondent's Nebraska certificate of registration. In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his/her signature below.



Joel F. Green, #22900
Attorney for Petitioner
941 O Street, Suite 400
Lincoln, NE 68508
(402) 471-2201

12/27/12
Date

American Association for Medical Benefits

American Association for Medical Benefits
Respondent

By: Robert J. Green

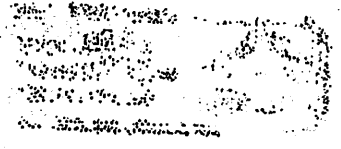
12/19/12
Date

MAINTENANCE - 11/10/10

Work done on the roof of the building...
The roof was inspected and found to be in good condition...
No repairs were necessary at this time.

REPAIRS - 11/10/10

Work done on the interior of the building...
The interior was inspected and found to be in good condition...
No repairs were necessary at this time.



Work done on the exterior of the building...
The exterior was inspected and found to be in good condition...
No repairs were necessary at this time.

Work done on the foundation of the building...
The foundation was inspected and found to be in good condition...
No repairs were necessary at this time.

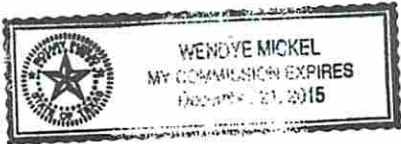
Work done on the plumbing of the building...
The plumbing was inspected and found to be in good condition...
No repairs were necessary at this time.

Work done on the electrical of the building...
The electrical was inspected and found to be in good condition...
No repairs were necessary at this time.

State of TEXAS)
County of TARRANT) ss.
)

On this 20 day of December, 2012, an authorized representative of American Association for Medical Benefits personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.

Wendye Mickel
Notary Public



CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. American Association for Medical Benefits, Cause No. C-1988.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Bruce R. Ramge
BRUCE R. RAMGE
Director of Insurance

12-27-2012
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent, by mailing a copy to Respondent's registered business address of 4704 Highway 377 S., Ft. Worth, TX 76116, by certified mail, return receipt requested, and by mailing a copy to Respondent's registered mailing address of P.O. Box 100877, Ft. Worth, TX 76185 by regular United States mail on this 27th day of December, 2012.

RECEIVED

DEC 26 2012

**NEBRASKA DEPARTMENT
OF INSURANCE**