

FILED

APR 14 2006

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

**NEBRASKA DEPARTMENT
OF INSURANCE**

IN THE MATTER OF THE)
UNAUTHORIZED INSURANCE)
ACTIVITIES OF NATIONALWAY)
HEALTHCARE ASSOCIATION (NHA),)
a/k/a NATIONWIDE BENEFITS)
ASSOCIATION, HEALTHONE, INC.,)
and WES LONG, THE INTEQ GROUP,)
INC., and ANDREW FISK.)

CONSENT ORDER

CAUSE NO.: I-67

Apr 24, 2006 ACCT# 8521 \$5,000.00
NO-INVOICE 338326 TRAN# 159343
NATIONALWAY HEALTHCARE ASSOCIATION
CHECK# 26201

The Nebraska Department of Insurance ("Department"), by and through its attorney, Christine Neighbors, and Nationalway Healthcare Association (NHA) a/k/a Nationwide Benefits Association, ("Respondent NHA"), hereby enter into this Consent Order to resolve all issues with regard to the above captioned matter and mutually stipulate and agree as follows:

JURISDICTION

1. The Department is the duly designated agency to exercise jurisdiction and control over the transaction of insurance business in Nebraska pursuant to *Neb. Rev. Stat. §44-101 et seq.*

2. The Department is the duly designated agency to exercise jurisdiction and control over entities that engage in the transaction of an insurance business in Nebraska without obtaining a certificate of authority from the Department pursuant to the

Unauthorized Insurer Act, *Neb. Rev. Stat. §44-2001 et seq.*

May 16, 2006 ACCT# 8521 \$5,000.00
NO-INVOICE 338326 TRAN# 160052
NATIONALWAY HEALTHCARE ASSOCIATION
CHECK# 26202

STIPULATIONS OF FACT

1. The Department initiated this proceeding by filing a Petition for Cease and Desist styled In the Matter of The Unauthorized Insurance Activities of Nationalway Healthcare Association (NHA), a/k/a Nationwide Benefits Association, Healthone, Inc

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NEBRASKA DEPARTMENT
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and Wes Long, The Inteq Group, Inc., and Andrew Fisk, ("named Respondents"), Cause No.: I-67, on January 31, 2006.

2. On the same date of January 31, 2006, the Director of Insurance issued a Summary Order to Cease and Desist and Notice of Rights in Cause No.: I-67.

3. A copy of the Petition for Cease and Desist and the Summary Order to Cease and Desist and Notice of Rights was served upon Respondent NHA on February 6, 2006, by certified mail, return receipt requested.

4. The Summary Order included the following findings by the Director verbatim:

- (a) In October 2004, Respondent NHA and its affiliate, Respondent HealthOne, Inc., sold a "benefits package" to Nebraska residents, Mary Jane and James Redler, as insurance for Medicare supplemental benefits. From October 2004 to February 2005, the Redlers paid \$735.00 in premium. Neither Respondent NHA nor Respondent HealthOne, Inc., is a licensed insurer in the State of Nebraska.
- (b) During the time period of October 2004 to February 2005, the Redlers incurred prescription expenses that were submitted to Respondent NHA and/or Respondent HealthOne, Inc., for payment. Respondent HealthOne, Inc., as "Subscriber" contracted with Respondent The Inteq Group, Inc., ("Respondent Inteq") to administer the prescription program, process and pay claims, approve or disapprove claims, and maintain provider listings. Respondent Inteq is not licensed as a third party administrator in the State of Nebraska.
- (c) As part of this program, Respondent NHA pooled funds of insureds and was to forward funds to Respondent Inteq to make claim payments.
- (d) No payments were made to or on behalf of the Redlers although claims were submitted.
- (e) On or about December 15, 2004, Respondent NHA and/or Respondent HealthOne, Inc., terminated the agreement with Respondent Inteq and attempted to replace its insurance

program with a product underwritten by Companion Life Insurance Company.

- (f) Although Companion Life Insurance Company is authorized to engage in the business of insurance in Nebraska, its coverage did not extend to Nebraska residents.
- (g) Respondent NHA offered critical illness coverage in the insurance package and represented to the Department, through a copy of a certificate of insurance, that the coverage was in effect. According to the insurer, Central United Life Insurance Company, the policy was cancelled one month after inception and is no longer in effect.

5. The Summary Order also required the named Respondents to immediately Cease and Desist from transacting the business of insurance in Nebraska including acting or holding themselves out as insurers exempt from regulation in this State, third party administrators, or insurance producers, either directly or indirectly. The named Respondents were also to notify participating Nebraska residents of the cessation of business in Nebraska, provide the Department with the names of all Nebraska residents, add a disclaimer to websites advertising products stating the products "are not available in the State of Nebraska" within ten days of the issuance of the Summary Order.

6. On or about February 16, 2006, Respondent NHA filed a Motion to Quash Summary Order to Cease and Desist and requested that a hearing be scheduled to reconsider the merits of this matter. Respondent NHA disputes the findings in the Director's Summary Order.

7. On February 21, 2006, a Notice of Hearing was issued with a hearing date of March 3, 2006; however, the parties agreed the hearing should be continued until a date later to be determined. An Order Continuing Hearing was issued February 21, 2006.

8. Since the Summary Order was issued, Respondent NHA has produced information requested by providing the names of Nebraska participants and confirmed, in writing, that all claims and/or savings were paid appropriately.

9. On or about January 25, 2006, the Department's Life and Health Division approved Companion Life Insurance Company's filing for use in Nebraska. As of that date, the Nebraska participants were enrolled in a fully insured plan offered through Companion Life Insurance Company.

10. Respondent NHA had been informed of and had invoked its right to a public hearing. Respondent NHA now waives that right and enters into this Consent Order freely and voluntarily. Respondent NHA understands and acknowledges that by waiving its right to a public hearing, Respondent NHA also waives its right to confrontation of witnesses, production of evidence, and judicial review.

11. Respondent NHA neither admits or denies the allegations contained in the Petition for Cease and Desist nor the findings contained in the Summary Order and restated in this Consent Order above; however, to resolve this matter Respondent NHA enters into this Consent Order.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent NHA that Respondent NHA shall pay an administrative fine of \$10,000 in the following manner: \$5,000 due on or before April 15, 2006 and \$5,000 due on or before May 15, 2006.

It is further ordered that Respondent NHA will pay any additional claims submitted by Nebraska residents incurred before the plan was fully insured.

The Nebraska Department of Insurance will retain jurisdiction of this matter for the purpose of enabling the Respondent NHA or the Department to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his or her signature below.

Christine M. Neighbors
Christine M. Neighbors, Counsel
Nebraska Department of Insurance
941 "O" Street, Suite 400
Lincoln, NE 68508
(402) 471-2201

Dated: 4/13/06

[Signature]
For Respondent Nationalway
Healthcare Association (NHA) a/k/a
Nationwide Benefits Association
Title: President

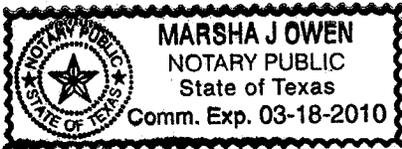
Dated: APRIL 6, 2006

GEORGE R. KATOSIC & ASSOCIATES
BY: Wayne H. Lawler Jr.
Attorney for Respondent NHA of counsel

Dated: APRIL 10, 2006

State of Texas)
County of DALLAS) ss.

On this 10th day of APRIL, 2006, KENNETH FABREGAS, PRESIDENT appeared before me and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.



[Signature]
Notary Public

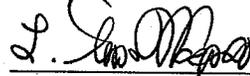
CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance applicable only to Respondents Nationalway Healthcare Association (NHA), a/k/a Nationwide Benefits Association, in Cause No.:

HEALTHONE, INC. AND Wes LONG

I-67, In the Matter of the Unauthorized Insurance Activities of Nationalway Healthcare Association (NHA), a/k/a Nationwide Benefits Association, HealthOne, Inc., and Wes Long, The Inteq Group, Inc., and Andrew Fisk.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



L. TIM WAGNER
Director of Insurance

Dated: 4/14/06

CERTIFICATE OF SERVICE

I hereby certified that a copy of the foregoing was served upon Respondent NHA by mailing an executed copy to Respondent through Respondent's representative, Wayne De Lawler, Jr., George R. Katosic & Associates, 300 North Coit Road, Suite 350, Richardson, TX 75080 by certified mail, return receipt requested, on this 24th day of April, 2006.

