

MAR 09 2006

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

NEBRASKA DEPARTMENT
OF INSURANCE

IN THE MATTER OF THE)	SUMMARY ORDER TO
UNAUTHORIZED INSURANCE)	CEASE AND DESIST
ACTIVITIES OF DRIVERS CHOICE,)	AND
LLC, PARTNERSHIP ALLIANCES,)	NOTICE OF RIGHTS
INC., PARTNERSHIP ALLIANCES)	
GROUP, and RICHARD KIRKLIN and)	CAUSE NO.: I-68
LISE STANFORD, FINANCIAL ONE,)	
LLC., and PHILIP A. PARIMORE,)	
AMERICAN PUBLIC INSURANCE)	
COMPANY, CONSUMER HEALTH)	
SOLUTIONS, LLC., a/k/a CHS a/k/a CHS)	
ADMIN, LLC, n/k/a NEW SOURCE)	
BENEFITS and JACK H. HAWKINS and)	
WILLIAM WORTHY, III, and BETTY)	
HUTCHINS and JOLLENE PRIESTER.)	

The Department of Insurance (herein the "Department"), by and through its Director, L. Tim Wagner, upon Petition for Cease and Desist filed by Department counsel, Christine Neighbors, hereby orders Drivers Choice, LLC, Partnership Alliances, Inc., Partnership Alliances Group, and Richard Kirklin and Lise Stanford, Financial One, LLC, and Philip A. Parimore, American Public Life Insurance Company, Consumer Health Solutions, LLC, a/k/a/ CHS a/k/a CHS Admin, LLC, n/k/a New Source Benefits, LLC, and Jack H. Hawkins and William Worthy, III, and Betty Hutchins and Jollene Priester (collectively "Respondents"), to immediately CEASE AND DESIST issuing, making, providing, selling or offering, either directly or indirectly, insurance benefits in the State of Nebraska which are not insured by an insurer licensed to transact insurance in this state. Specifically, pursuant to *Neb. Rev. Stat. §44-2002*, NOTICE IS HEREBY GIVEN:

Attached hereto and incorporated herein by reference are the following Affidavits constituting an investigation by the Department of Insurance into the insurance activities of Respondents that are offered in support of, and as a reasonable basis for, the relief requested herein:

1. That the Director of Insurance is charged with enforcement of the insurance laws of the State of Nebraska. See, *Neb. Rev. Stat. §44-101 et seq.*, including unauthorized activities of insurers;
2. That *Neb. Rev. Stat. §44-2002(2)* defines an insurer to include all corporations, associations, partnerships, and individuals engaged as principals in the business of insurance;

3. That *Neb. Rev. Stat.* §44-303 provides that an insurer must obtain a certificate of authority before transacting the business of insurance in the State of Nebraska;
4. That *Neb. Rev. Stat.* §44-7604 prohibits a multiple employer welfare arrangement (MEWA) from offering to an employer that is domiciled in this state . . . a health benefit plan unless the health benefit plan is a fully insured benefit plan or unless the MEWA obtains and maintains a certificate of registration from the Director pursuant to the Multiple Employer Welfare Arrangement Act.
5. That *Neb. Rev. Stat.* §44-5802(6) defines a third party administrator to mean a person who directly or indirectly solicits or effects coverage of, underwrites, collects charges or premiums from, or adjusts or settles claims on residents of this state . . . in connection with life insurance, sickness and accident insurance, . . . ;
6. That *Neb. Rev. Stat.* §44-5812 provides that no person shall act as, offer to act as, or hold himself or herself out to be a third party administrator in this state without a valid certificate of authority as a third party administrator issued by the Director of Insurance;
7. That *Neb. Rev. Stat.* §44-201(4) defines sickness and accident insurance to mean insurance against loss or expense resulting from the sickness of the insured, from bodily injury or death of the insured by accident, or both, and every insurance pertaining thereto;
8. That the Unauthorized Insurers Act, *Neb. Rev. Stat.* §44-2001 *et seq.*, provides that “[i]t shall be unlawful for any insurer to transact insurance business in this state, as set forth in subsection (2) of this section without a certificate of authority from the director.” Subsection (2) provides that “[t]he following acts in this state effected by mail or otherwise by or on behalf of an unauthorized insurer shall constitute the transaction of an insurance business in this state . . . :
 - (a) The making of or proposing to make, as an insurer, an insurance contract;
 - (b) The making of or proposing to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;
 - (c) The taking or receiving of any application for insurance;

- (d) The receiving or collection of any premium, commission, membership fees, assessments, dues, or other consideration for any insurance or any part thereof;
 - (e) The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;
 - (f) Directly or indirectly acting as an agent for or otherwise representing or aiding on behalf of another any person or insurer in the solicitation, negotiation, procurement, or effectuation of insurance or renewals thereof or in the dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts, or inspection of risks, a fixing of rates or investigation or adjustment of claims or losses or in the transaction of matters subsequent to effectuation of the contract and arising out of it, or in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located, or to be performed in this state. This subsection shall not operate to prohibit full-time salaried employees of a corporate insured from acting in the capacity of an insurance manager or buyer in placing insurance on behalf of such employer;
 - (g) The transaction of any kind of insurance business specifically recognized as transacting an insurance business within the meaning of the statutes relating to insurance; or
 - (h) The transacting or proposing to transact any insurance business in substance equivalent to any of the provisions of subdivisions (a) through (g) of this subsection in a manner designed to evade the provisions of the statutes”;
8. That the Respondents are not licensed as insurers, MEWAs, third party administrators, or producers in the State of Nebraska;
9. That following a Department investigation into this matter as a result of complaints received from Mark Hungerford and Dorothy Chase on or about October 13, 2005 and October 11, 2005 respectively, the Department of Insurance has reasonable cause to believe that Respondents are engaged, either directly or on behalf of an unauthorized insurer, in the business of transacting insurance in the state without a license, in particular, are violating and has violated *Neb. Rev. Stat. §44-2002(a), (c) – (h)* as follows:
- (a) In July 2004, Respondent Lise Stanford, through Respondent Drivers Choice, sold health insurance to Nebraska resident, Mark Hungerford (“Hungerford”). Neither Respondent Lise

Stanford nor Drivers Choice is a licensed insurance producer in the State of Nebraska. During the time Hungerford participated in the insurance plan, he paid approximately \$3,003.00 in premium.

- (b) On or about October 1, 2004, Consumer Health Solutions, LLC, a/k/a CHS a/k/a CHS Admin, LLC, n/k/a New Source Benefits (collectively "Respondents CHS") sold health insurance coverage to Nebraska residents Scott and Dorothy Chase ("Chase"). Respondents CHS is not licensed as an insurance producers.
- (c) During the time period of September 11, 2004 to July 2005, Hungerford incurred medical expenses in the amount of \$24,882.46. Said medical bills were submitted to Respondents CHS for payment. Hungerford received denial letters although treatment was preapproved. No one other than Hungerford has made payment on the medical bills. Respondents CHS is not licensed as a third party administrator in the State of Nebraska.
- (d) Respondents CHS is licensed as an insurance agency in Nebraska as of May 31, 2005, with designated agents of Betty Hutchins and Jollene Priester, President Jack H. Hawkins and a William Worthy III referenced in Department documentation.
- (e) During the time period of October 1, 2004 to March 31, 2005, Chase incurred medical expenses in the amount of \$7,063.47. Said medical bills were submitted to Respondents CHS for payment. A payment made to a medical provider by Respondents CHS was returned "insufficient funds." To date, the medical bills remain unpaid.
- (f) Respondents CHS referred Hungerford to an entity named Financial One as the entity responsible for payment of his medical bills. When contacted, Financial One referred the Department to Partnership Alliances Group and Richard Kirklin.
- (g) On or about October 2, 2004, Phil A. Parimore, President of Financial One, sent a letter to Chase referencing the Financial One/Drivers Choice health plan, which included disability coverage and life insurance. The letter did not provide the name of the insurer underwriting the disability coverage or life insurance.

- (h) In March 2005, Partnership Alliances Group informed Hungerford and Chase of changes to the health insurance coverage. Partnership Alliances Group is not a licensed insurance producer, an authorized MEWA, or an authorized insurer.
 - (i) From July 1, 2004 to March 31, 2005, the health insurance program sold by Respondents was a self-funded plan marketed to self-employed over the road truck drivers. This plan was an unauthorized MEWA.
 - (j) On or about April 1, 2005, Drivers Choice and Partnership Alliances Group attempted to insure the program through Fairmont Insurance Company. The Department was unable to verify whether Fairmont Insurance Company had issued a policy insuring the program. Fairmont Insurance Company is authorized to engage in the business of insurance in Nebraska.
 - (k) As of January 2006, Respondents, with the exception of Financial One and Phil Parimore, continue to market health insurance to Nebraska residents through an insurer named American Public Insurance Company. Respondents CHS is now known as National Insurance Source (NIS) with the previous address and phone number of Respondents CHS.
 - (l) American Public Insurance Company, the underwriter for the health insurance program, received its certificate of authority to engage in business in Nebraska on February 10, 2006.
10. That the aforementioned acts described in Paragraph 9 are unlawful and constitute violations of the Unauthorized Insurers Act, the Multiple Employer Welfare Arrangements Act, and the Third Party Administrator Act, and fall within the purview of the Department's authority to exercise powers authorized by law including the issuance of a summary order to cease and desist such activities pursuant to *Neb. Rev. Stat. §44-2003(2)*;
11. That the Unauthorized Insurers Act, *Neb. Rev. Stat. §44-2002(3)(a)* provides that "[t]he failure of an insurer transacting insurance business in this state to obtain a certificate of authority shall not impair the validity of any act or contract of such insurer and shall not prevent such insurer from defending any action at law or suit in equity in any court of this state, but no insurer transacting insurance business in this state without a certificate of authority shall be permitted to maintain an action in any court of this state to enforce any right, claim, or demand arising out of the transaction of such business until such insurer shall have obtained a certificate of authority;

12. And, finally, that *Neb. Rev. Stat.* §44-2002(3)(b) provides that “[i]n the event of failure of any such unauthorized insurer to pay any claim or loss within the provisions of any insurance contract, any person who assisted or in any manner aided directly or indirectly in the procurement of such insurance contract *shall be liable* to the insured for the full amount of the claim or loss in the manner provided by the provisions of such insurance contract.” (Emphasis added).

WHEREFORE, pursuant to the Nebraska Insurance Code, specifically *Neb. Rev. Stat.* §44-2003(2), §44-5812, §44-4045, and §44-7604, I, L. Tim Wagner, do hereby find that the continued transaction of insurance by Respondents without a Certificate of Authority, appropriate multiple employer welfare arrangements registration, appropriate third party administrator certificate of authority or appropriate producers license issued by the Department of Insurance, are violations of the Nebraska Insurance Code and, as such, constitute an immediate danger to the public welfare by placing the public in grave harm so as to necessitate this immediate issuance of an Order.

ACCORDINGLY, IT IS THEREFORE CONSIDERED, ORDERED AND ADJUDGED that Respondents, with the exception of American Public Insurance Company, shall immediately CEASE AND DESIST from transacting the business of insurance in this State including acting or holding themselves out as insurers exempt from regulation in this State, multiple employer welfare arrangements, third party administrators, or insurance producers, either directly or indirectly, whether under Respondents’ own names or any other name whatsoever used by any Respondent individually.

IT IS ORDERED that Respondents, with the exception of American Public Insurance Company, shall forthwith notify each and every Nebraska resident of the cessation of all insurance business because Respondents are unlicensed, that no additional premium funds or consideration will be accepted by Respondents from said Nebraska residents and that all Nebraska residents will receive a full refund of premium on or before April 31, 2006.

IT IS FURTHER ORDERED that written verification of the aforementioned notice shall be provided to the Department of Insurance within 10 days of the issuance of this Order. Included with this verification of notice shall be a copy of the names and addresses of all those notified by Respondents.

IT IS FURTHER ORDERED that Respondents shall add a disclaimer to any and all websites advertising Respondents products or services that said products and services “are not available in the State of Nebraska.”

IT IS FURTHER ORDERED the Respondents shall provide a listing of all websites and copies of the disclaimer for each site within 10 days of the issuance of this Order.

NOTICE OF RIGHTS

A hearing on this matter may be requested in writing within ten (10) business days after receipt of this Order as authorized under *Neb. Rev. Stat. §44-2003(2)*. If a hearing is requested, the Director shall schedule a hearing within ten (10) business days after receipt of the request.

Dated this 14th day of March 2006.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE,



L. TIM WAGNER
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing SUMMARY ORDER TO CEASE AND DESIST was served upon Respondents by certified mail, return receipt requested, on this 14th day of March, 2006, to the following:

Drivers Choice, LLC
154 Ridge Trail Dr.
Sedona, AZ 86351

Partnership Alliances, Inc.
Lise Stanford
10976 Forest Lane Cove
Eads, TN 38028

Partnership Alliances Group
Richard Kirklin and Lise Stanford
7400 Metro Blvd., Suite 315
Edina, MN 55439

Financial One, LLC
Philip A. Parimore
376 Perkins Road Ext., Suite 202
Memphis, TN 38117

American Public Insurance Company
2305 Lakeland Dr.
Flowood, MS 39232

Consumer Health Solutions, LLC
P.O. Box 6305
Spartanburg, SC 29304

CHS
P.O. Box 3257
Spartanburg, SC 29304

CHS Admin, LLC
William Worthy III
333 South Pine Street
Spartanburg, SC 29302

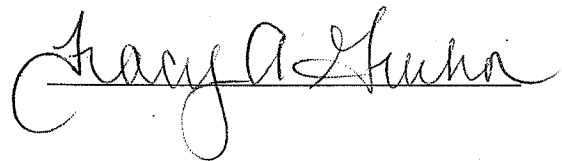
New Source Benefits, LLC
William Worthy III and
Jack H. Hawkins, Managing Member
333 South Pine Street
Spartanburg, SC 29302

New Source Benefits, LLC
William Worthy III and
Jack H. Hawkins, Managing Member
P.O. Box 6305
Spartanburg, SC 29304

Betty Hutchins
New Source Benefits, LLC
333 South Pine Street
Spartanburg, SC 29302

Jollene Priester
New Source Benefits, LLC
333 South Pine Street
Spartanburg, SC 29302

Jollene Priester
14 Woodwind Dr.
Spartanburg, SC 29302

A handwritten signature in cursive script, reading "Gary A. Luhn". The signature is written in black ink and is positioned in the lower right quadrant of the page.