

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

**American Trade Association, and
Serve America Assurance Ltd.,**

Enforcement Case No. 09-7518

Respondents.

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation (“OFIR”) pursuant to the Michigan Administrative Procedures Act of 1969, MCL 24.201 et seq., (“APA”) and the Michigan Insurance Code (“Code”), as amended, MCL 500.100 et seq., and the rules promulgated thereunder, allege that the following facts are true and correct as they relate to Respondent American Trade Association (“ATA”) and Respondent Serve America Assurance Limited (“SAA”).

FINDINGS OF FACT

1. ATA is an alleged non-profit association located at 400 Memorial Boulevard, Springfield, Tennessee 37172.
2. SAA is an alleged insurance company located at 412 Muhammadi House, 4th Floor, I.I. Chundrigar Road, PO Box 5626, Karachi, Pakistan.
3. In early March 2009, [REDACTED] a Michigan resident, received a facsimile flyer soliciting the sale of health insurance through ATA and SAA.

4. On March 20, 2009, [REDACTED] applied for health insurance and prescription drug coverage from ATA and SAA by calling the advertised toll-free phone number listed on the facsimile flyer.
5. Shortly thereafter, [REDACTED] was granted health insurance and prescription drug coverage from ATA and SAA in exchange for a \$323 monthly premium payment.
6. On March 20, 2009, [REDACTED] checking account was debited \$323 as premium payment to ATA.
7. Between March 20, 2009 and September 20, 2009, ATA continued to debit [REDACTED] checking account a \$323 monthly premium payment.
8. In April 2009, [REDACTED] incurred health care expenses and submitted claims for coverage of those expenses to ATA.
9. ATA and/or SAA failed to reimburse [REDACTED] for her health care expenses according to the terms of the policy.
10. To date, ATA and/or SAA have only paid \$50 toward the \$240 in health care expenses incurred by [REDACTED]
11. On or about September 20, 2009, [REDACTED] cancelled her health insurance and prescription drug coverage with ATA and SAA.
12. ATA performed acts in violation of the Code when it:
 - a. Operated in Michigan as an unlicensed insurance agency.
 - b. Marketed with an unlicensed insurance company, SAA, to offer Michigan residents Accident and Healthcare benefits.
 - c. Solicited and sold healthcare benefits to Michigan residents through the use of facsimile marketing, and its www.myatabenefits.com website.

- d. Issued and delivered contracts of insurance and certificates of insurance indicating insurance coverage by ATA.
 - e. Provided residents with false and misleading statements regarding its benefits and cancellation terms.
 - f. Unlawfully collected a minimum of \$2,261.00 in premium.
13. SAA performed acts in violation of the Code when it:
- a. Operated in Michigan as an unlicensed insurer.
 - b. Marketed with an unlicensed insurance agent, ATA, to offer Michigan residents Accident and Healthcare benefits.
 - c. Solicited and sold healthcare benefits to Michigan residents through the use of ATA's facsimile marketing, ATA's website, www.myatabenefits.com, and through its website, www.serveamericalltd.com.
 - d. Issued and delivered contracts of insurance and certificates of insurance indicating insurance coverage by ATA and/or SAA.
 - e. Provided residents with false and misleading statements regarding its benefits and cancellation terms.
 - f. Unlawfully collected a minimum of \$2,261.00 in premium monies from Michigan residents, through its unlicensed agent, ATA.

CONCLUSIONS OF LAW

WHEREAS, Section 402 of the Code, MCL 500.402, states that "no person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in this state

except as authorized by a subsisting certificate of authority granted to it by the commissioner pursuant to this code.”

WHEREAS, Section 1201a of the Code, MCL 500.1201(a), states that “[a] person shall not sell, solicit or negotiate insurance in this state for any line of insurance unless the person is licensed for the qualification in accordance with this chapter.”

WHEREAS, Section 251 of the Code, MCL 500.251, states that in the reasonable exercise of discretion, the Commissioner may issue an Order to Cease and Desist if the Commissioner finds any of the following:

- (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
- (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
- (c) A person is engaged in an act or practice in the business or insurance for which authority from or notification to the commissioner is required by this act and the person has not received authority or given notification.

WHEREAS, Respondent SAA sold, solicited, and conducted transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority in violation of MCL 500.251 and MCL 500.402.

WHEREAS, Respondent ATA acted as an insurance agent, solicitor, adjuster, or counselor without a license in violation of MCL 500.251.

WHEREAS, Respondent ATA sold, solicited or negotiated insurance in this state for any line of insurance without licensure for the qualification required under the Code in violation of MCL 500.1201(a).

WHEREAS, based upon the above-cited conduct, the Commissioner finds that protection of the public requires emergency action in the form of a Cease and Desist Order being entered against Respondents ATA and SAA.

ORDER

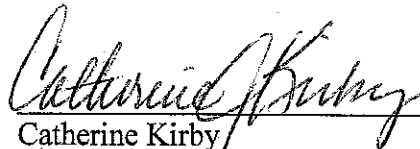
IT IS THEREFORE ORDERED, pursuant to Section 251 of the Code, MCL 500.251, that:

1. Respondents ATA and SAA and their officers, directors, agents and employees shall immediately Cease and Desist from soliciting or transacting any insurance business in the State of Michigan, including their insurance sales operations through www.myatabenefits.com and www.serveamericalltd.com.
2. A certified copy of this Order to Cease and Desist shall be served upon the Respondents forthwith.
3. An administrative hearing on this Order to Cease and Desist shall be promptly afforded to Respondents, if requested in writing, not later than 30 days after the effective date of this Order, unless the Respondents request a later date. Any request for a hearing should be addressed to OFIR, Attention: Hearings Coordinator, Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

4. At the hearing, the Commissioner shall determine if the Order to Cease and Desist should be continued or withdrawn. The Commissioner shall announce his decision within 30 days after conclusion of the hearing.
5. Pursuant to MCL 500.251, ATA and/or SAA's failure to comply with this Order to Cease and Desist may subject each and their corporate officers to "a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00."
6. The Commissioner specifically retains jurisdiction of the matters contained herein to issue such further orders as he may deem just, necessary or appropriate so as to assure compliance with the law and protect the public interest.

Date: December 14, 2009

OFFICE OF FINANCIAL AND
INSURANCE REGULATION



Catherine Kirby
Special Deputy Commissioner