

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Enforcement Case No. 12-11497

American Medical and Life Insurance Company
NAIC #81418

AIM Health Plans, Inc.
Adroit Mutual Benefit LLC
All Aboard Benefits
Amacore Group, Inc., The (Agency ID No. 0088086)
Association of Independent Managers, The
Axis Financial Corporation
Bay Insurance Marketing
Benefit Solutions Group, The
Cinergy Health, Inc. 58092 dba Cinergy Health & Life, Inc. (Agency ID No. 0084728)
Command Financial Group
Corpsavers Insurance Agency, Inc. (Agency ID No. 0095361)
DeLuca, Louis
Direct Medical Network Solutions, Inc.
DiTrapani, Scott, (System ID No. 0484533)
FCHCN Insurance Agency, Inc. dba Hife-Health Insurance for Everyone
aka **FirstChoice Healthcare** (Agency ID No. 0088469)
Group Plan Administrators, Inc. (Agency ID No 0088273)
Homeland Healthcare Agency, Inc. fka The Adroit Group (Agency ID No. 0070363)
Insurance Brokers Network
Insurance Marketing Concepts, Inc.
Karns, Jr., Gary (System ID No. 0209262),
Lifeguard Benefit Services, Inc.
MedPath Agents, Inc.
MedPath Direct
National Better Living Association, Inc., The
National Insurance Network, Inc. (Agency ID No. 0015987)
Oxonia Insurance Agency (Agency ID No. 0068505)
PJP Health Agency, Inc. (Agency ID No. 0090145)
Premier Health Plans, Inc. (Agency ID No. 0093749)
Siewert, Timothy (System ID No. 00387724)

Respondents.

_____ /

Issued and entered
On March 23, 2012
By Annette E. Flood
Chief Deputy Commissioner

**ORDER TO CEASE AND DESIST
WITH STATEMENT OF FINDINGS
AND
OPPORTUNITY FOR HEARING**

Pursuant to Section 251 of the Michigan Insurance Code (Code), MCL 500.251, and after reviewing evidence of the conduct described in the attached Statement of Findings; and

WHEREAS, the Commissioner finds that immediate action is necessary and appropriate in the public interest for the protection of the public health, safety and welfare and consistent with the purposes fairly intended by public policy and provisions of the Code;

IT IS THEREFORE ORDERED that:

1. The Respondent(s) shall immediately **CEASE AND DESIST** from all activities in violation of the Code as described in the Statement of Findings.
2. A copy of this Order shall be immediately served upon Respondent(s). As to any Respondent, this Order shall be effective upon the date of service.
3. Respondent(s) will have 30 calendar days after the service of this Order to contest it by requesting a hearing. Within 10 calendar days after receiving the request, the hearing process shall commence. This Order shall remain in effect until further order of the Commissioner. Any request for a hearing should be addressed to the Office of Financial and Insurance Regulation, Attention: Tracy Janousek, Hearings Clerk, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-373-1224.
4. Any such hearing held shall address the following issues:
 - a) The facts set forth in the Statement of Findings.
 - b) The continuation of the Order to Cease and Desist.
5. If a hearing is requested, an administrative law judge from the Michigan Administrative Hearing System shall preside over any such hearing.
6. The Commissioner retains jurisdiction of the matters contained herein and the authority to issue such further Order(s) as shall be deemed just, necessary and appropriate.

7. A person who violates or otherwise fails to comply with an Order to Cease and Desist is subject to one or more of the following:
- a) Payment of a civil fine of not more than \$1,000 for each violation not to exceed an aggregate civil fine of \$30,000. However, if the person knew or reasonably should have known the conduct was in violation of the cease and desist order, the person shall be subject to a civil fine of not more than \$25,000 for each violation not to exceed an aggregate civil fine of \$250,000.
 - b) Suspension or revocation of the person's license or certificate of authority.
 - c) Complete restitution, in the form, amount, and within the period determined by the Commissioner, to all persons in Michigan damaged by the violation or failure to comply.



Annette E. Flood
Chief Deputy Commissioner

STATEMENT OF FINDINGS

COUNT I

1. American Medical and Life Insurance Company (AMLI or Respondent) is an insurer duly authorized, by a subsisting certificate of authority issued by the Office of Financial and Insurance Regulation (OFIR), to transact insurance in the State of Michigan, effective July 8, 2008. AMLI offers limited medical benefits in the State of Michigan. AMLI's place of business is located at 8 West 38th Street, Suite 1002, New York, New York 10018.
2. On June 22, 2006, AMLI entered into a managing general underwriting and administrative services agreement with Crosswalk Holdings Inc. (Crosswalk). According to the agreement, AMLI appointed Crosswalk as its principal agent and representative for the marketing of policies of insurance underwritten by AMLI. Crosswalk was owned, controlled and operated by Kevin Dunn and Richard Dunn.
3. CrossSummit Enterprises Inc. (CSE) is an active licensed non-resident producer agency in the State of Michigan with qualifications in Accident and Health, Casualty, Life, and Property. CSE's place of business is 100 Eagle Rock Ave., Ste. 121, East Hanover, New Jersey 07936-3149. Richard J. Dunn and Kevin Dunn are the chairman and President, respectively of CSE.
4. CSE subsequently assumed the responsibilities of Crosswalk. CSE was an unlicensed insurance producer in Michigan between January 1, 2007, and August 7, 2008. CSE became a licensed nonresident producer in the state of Michigan, effective August 8, 2008.
5. On May 22, 2009, OFIR received a complaint and a "Cancel for Cause" notification pursuant to MCL 500.1208b(1) concerning CSE's violations of the Michigan Insurance Code from _____ of AMLI. AMLI's complaint alleged CSE's involvement in multiple violations of the Insurance Code, including but not limited to using unlicensed and unappointed persons to sell insurance, selling unauthorized products, unauthorized settling of claims, failing to report individual insureds and premiums collected, and falsely reporting insurance certificates to AMLI.
6. However, according to OFIR's records, CSE had never been appointed as an agent of AMLI. While _____, CSE's Designated Responsible Licensed Producer, was appointed by AMLI between July 28, 2008, and September 1, 2008, _____ denies having any affiliation with the selling or administration of any Limited Medical Benefit Products or any other AMLI insurance products, directly for AMLI or indirectly through CSE.
7. Guarantee Trust Life Insurance Company ("GTL") is an insurer duly authorized, by a subsisting certificate of authority issued by OFIR, to transact insurance in the state of Michigan. GTL's statutory home office is located at 1275 Milwaukee Avenue, Glenview, IL 60025.

8. On February 8, 2008, AMLI entered into a program manager agreement with GTL. This "fronting carrier" agreement between AMLI and GTL served the purpose of providing CSE a product to sell in states where AMLI was not authorized to sell its insurance products. The GTL product was created to mirror AMLI's insurance products. CSE marketed policies in Michigan underwritten by AMLI's fronting carrier GTL.
9. According to records provided in 2010 by AMLI, CSE sold a total of 2,812 insurance certificates in Michigan between January 1, 2007, and August 15, 2009. Neither AMLI nor CSE could identify the individual producers who sold 838 of the insurance certificates sold in Michigan from January 1, 2007, to August 15, 2009.
10. According to records provided by GTL, CSE sold a total of 2,971 certificates in Michigan between January 1, 2008, and October 1, 2009. Neither GTL nor CSE could identify the individual producers that sold 708 of the insurance certificates sold in Michigan from January 1, 2008, to October 1, 2009.
11. According to records independently provided by CSE, AMLI and GTL, each company reported for the period between January 1, 2007, and August 7, 2008, a different number of insurance certificates sold in Michigan by CSE (380, 569 or 433, respectively), and the insurance policies were underwritten by either AMLI or GTL.
12. Based on information provided by AMLI and GTL in 2010, regarding insurance sold in Michigan, OFIR was able to identify 255 individuals who sold AMLI or GTL products in the state of Michigan. OFIR determined the following:
 - a. 21 were both licensed and appointed properly prior to selling in Michigan,
 - b. 40 were properly licensed in Michigan, but were not appointed by either AMLI or GTL,
 - c. 194 were neither licensed in Michigan, nor properly appointed by AMLI or GTL.
13. According to records provided by AMLI to OFIR in 2011, which included certificates sold as late as October 2011, AMLI continued to accept business from unknown and/or unlicensed individuals in the state of Michigan. A number of these individuals did not have an appointment with AMLI to sell its products.
14. Subsequent to the termination of its agreement with CSE in August 2008, AMLI entered into agreements (General Agent Administrative Services Agreements) with entities it refers to as "Program Managers." AMLI asserts that these entities and/or individuals were directly involved in the marketing and sales of AMLI products for a number of associations and their members. These entities and/or individuals included: Group Plan Administrators, Inc. (GPA), Louis DeLuca (DeLuca), Scott DiTrapani, Gary Karns, Jr. (Karns) and Oxonia Insurance Agency (Oxonia).
15. GPA is a licensed insurance producer in the state of Michigan, but has never held an appointment with AMLI to sell insurance products on behalf of AMLI. GPA was associated with the marketing of AMLI's products to the members of the National Congress of Employers (NCE).

16. DeLuca was never licensed in Michigan or appointed by AMLI. DeLuca was associated with the association known as the Association of Independent Managers (AIM, AIM Health Plans). DeLuca has had regulatory actions taken against him in several states including New York, Texas, California, Utah, and Nebraska, which included the issuances of Cease and Desist orders.
17. Karns is a licensed insurance producer in Michigan and is an appointed agent of AMLI. Karns was associated with the AIM, AIM Health Plans. Karns was suspended for compliance in his home state of Ohio. He has been the subject of regulatory actions in Oklahoma, Virginia and Utah. Utah revoked Karns's insurance producer license.
18. Oxonia is a licensed insurance agent in the State of Michigan. Oxonia has never held an appointment with AMLI to sell its products.
19. AIM is located at 20 Madison Avenue, Valhalla, New York 10595. At all relevant times, AIM was managed and operated by DeLuca and Karns. AIM is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
20. AIM, AIM Healthplans, Inc., DeLuca, and Karns packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to the Association for Independent Managers, under the name of AIM Healthplans.
21. Adroit Mutual Benefits LLC (ADMU), last known address is 400 Chisholm Place, Suite 106, Plano, Texas 75075 and maintains a website at: www.admubenefits.com. ADMU is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
22. ADMU packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to the Association for Independent Managers (AFIM fka AIM), under the name of Access Plans.
23. FCHCN Insurance Agency, Inc., dba Hife-Health Insurance For Everyone (FirstChoice Healthcare or FirstChoice), located at 333 W. Commercial Blvd., Suite 103, Fort Lauderdale, Florida 33309, is a Michigan licensed non-resident producer. However, FirstChoice is not appointed by AMLI to sell its insurance products.
24. FirstChoice packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to NCE, under the name of NCE Advantage.
25. As previously stated, GPA is a Michigan licensed non-resident producer located at 22 Carlisle Drive, Old Brookville, New York 11545. GPA is not appointed by AMLI to sell its insurance products.
26. Scott DiTripani and GPA packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to NCE, under the name of NCE Advantage.

27. The National Insurance Network, Inc. (NIN) is a Michigan licensed non-resident producer located at 7257 Bee Ridge Road, Sarasota, Florida 34241-5969. NIN, however, is not appointed by AMLI to sell its insurance products.
28. NIN packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to NCE, under the name of NCE Advantage.
29. The Insurance Brokers Network (IBN) is located at 1300 Virginia Drive, Suite 315, Fort Washington, PA 19034. IBN is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
30. IBN packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to NCE, under the name of NCE Advantage and CoreValue Medical Plans.
31. Cinergy Health Inc. 58092, dba Cinergy Health & Life, Inc. (Cinergy), is a Michigan licensed non-resident producer located at 10251 W. Oakland Park Blvd., Sunrise, Florida 33351. Cinergy, however, is not appointed by AMLI to sell its insurance products.
32. Cinergy packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to NCE, under the name of NCE Advantage.
33. PJP Health Agency, Inc. (PJP) is a Michigan licensed non-resident producer located at 3 Huntington Quad, Suite 400N, Melville, New York 11747. PJP, however, is not appointed by AMLI to sell its insurance products
34. PJP packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to NCE, under the name of NCE Advantage.
35. All Aboard Benefits is located at 6162 E. Mockingbird Lane, Suite 104, Dallas, Texas 75214. All Aboard Benefits is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
36. All Aboard Benefits packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to NCE, under the name of All Aboard Benefits.
37. Homeland Healthcare Agency, Inc. (Homeland), fka The Adroit Group, Inc., is a Michigan licensed non-resident producer located at 825 Market Street, Suite 300, Allen, Texas 75013. Homeland, however, is not appointed by AMLI to sell its insurance products.
38. Homeland packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to the North American Consumer Alliance (NACA) and the Affiliated Workers Association (AWA), under the name of Homeland HealthCare, Essential Access Plans and AWA Gap Plans.

39. Oxonia is a Michigan licensed non-resident producer located at 8487 W. Commercial Blvd., Tamarac, Florida 33351. As previously stated, Oxonia is not appointed by AMLI to sell its insurance products.
40. Command Financial Group (Command Financial) is located at 1735 Buford Highway, Suites 215 and 202, Cummings, Georgia 30041. Command Financial is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
41. Oxonia and Command Financial packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to the Consumer Health Choice Association (CHCA), under the name of SureHealth.
42. Oxonia also packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to CHCA, under the name of Intelicare Health.
43. Bay Insurance Marketing, located at 615 N. Jasmine Ave., #B, Tarpon Springs, Florida 34689, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
44. MedPath Direct, located at 101 Pilgrim Village Drive, Building 101, Suite 200, Cummings, Georgia, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
45. Bay Insurance Marketing, Command Financial, MedPath Direct and MedPathAgents, Inc., packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to CHCA, under the name of MedPath and Affordable Healthcare Plans.
46. Oxonia and Bay Insurance Marketing packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to the Consumer Assistance Services Association (“CASA”), under the name of Command Health Plans.
47. Direct Medical Network Solutions, Inc. (Direct Medical), located in Southlake, Texas, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
48. Lifeguard Benefit Services, Inc. (Lifeguard) located at 4929 W. Royal Lane, Irving, Texas 75063-2746, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products. Lifeguard is owned by The Amacore Group, Inc. (Amacore). Amacore is located at 485 N. Keller Road, Suite 450, Maitland, Florida 32751. Amacore is licensed in Michigan, but not appointed by AMLI to sell its insurance products.
49. Direct Medical, Command Financial, Lifeguard and Amacor, packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to CASA, under the name of DirectMed.
50. Premier Health Plans, Inc. (Premier) is a Michigan licensed non-resident producer located at 2950 West Cypress Creek Road, Suite 203, Fort Lauderdale, Florida 33309. Premier, however, is not appointed by AMLI to sell its insurance products.

51. Axis Financial Corporation (“Axis Financial”), located at 262 East Main Street, Rockaway, New Jersey 07866, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
52. Premier and Axis Financial packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to CASA, under the name of Premier Health Plans.
53. Insurance Marketing Concepts, Inc. (Insurance Marketing), located at 4782 W. Commercial Blvd., Tamarac, Florida 33319, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
54. IBN, Insurance Marketing, and Oxonia packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to CASA, under the name of Emed Options.
55. CorpSavers Insurance Agency, Inc. (CorpSavers) and Timothy Patrick Siewert are Michigan licensed non-resident producers. CorpSavers is located at 6470 E. Johns Crossing, Suite 170, Duluth, Georgia 30097. Neither CorpSavers nor Tim Siewert is appointed by AMLI to sell its insurance products.
56. The Benefit Solutions Group (Benefit Solutions), located at 3948 Legacy Drive, Suite 106, Box 379, Plano, Texas 75023-8300, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
57. The National Better Living Association, Inc. (NBLA), located at 5425 Peachtree Parkway, Norcross, Georgia 30092, is neither licensed in Michigan nor appointed by AMLI to sell its insurance products.
58. CorpSavers, Benefit Solutions, Timothy Patrick Siewert, and the NBLA (direct sell) packaged and marketed a group limited medical benefit health insurance plan in Michigan, issued by AMLI to the NBLA, under the name of NBLA Plans.
59. Based on the foregoing, AMLI allows unappointed agencies and other unlicensed, unappointed marketing entities (Program Managers) to sell its product in the state of Michigan.
60. According to the “AMLI Association Payment Remittance Grid Current” provided to OFIR by AMLI, AMLI has allowed unappointed and/or unlicensed entities to collect premiums, and remit premium net commissions to AMLI.
61. On October 25, 2011, OFIR requested that AMLI provide it with a list of its Michigan agents and agencies, as well as copies of the agent/agency contracts. On November 11, 2011, AMLI provided OFIR with contracts for all of the individual agents appointed in Michigan, but according to OFIR records, AMLI has never appointed an agency to market or sell its insurance products in Michigan.
62. In a letter from AMLI dated August 30, 2011, responding to a Michigan consumer complaint, AMLI stated that the complainant, L.E, was covered under a group limited benefit medical

insurance certificate underwritten by AMLI from November 1, 2009, through June 30, 2011. The group policyholder was NCE. The certificate holder, L.E, is not a member of NCE, but is a member of the National Association of Political Advocacy (NAPA). NAPA, according to AMLI, is an affiliate of NCE. NCE is, therefore, issuing certificates to non-members. AMLI is allowing the sale of its products to insureds who are not members of the associations that hold the group health policies.

63. On October 25, 2011, OFIR requested that AMLI provide a list of all associations that provide AMLI insurance products to its members. AMLI did not identify NAPA as an association that offers its products to its members. AMLI has not issued a group health policy to NAPA.
64. Section 1240(1) of the Code, MCL 500.1240(1), states, “An insurer or insurance producer shall not pay a commission, service fee, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in this state if that person is required to be licensed under this chapter and is not so licensed.”
65. Section 3601 of the Code, MCL 500.3601, states, “Group disability insurance is hereby declared to be that form of voluntary disability insurance covering not less than 5 employees or members, with or without their eligible dependents, written under a master policy issued to any governmental corporation, unit, agency, or department thereof, or to any corporation, copartnership, individual employer, or any association, upon application of any executive officer or trustee of such association having a constitution or bylaws, and formed in good faith for purposes other than that of obtaining insurance where officers, members, employees, or classes or departments thereof may be insured for their individual benefit.”
66. Section 460 of the Code, MCL 500.460, states that, “An insurer authorized to transact business in this state shall not write, place or cause to be written or placed, any policy or contract of insurance in this state, except through an agent duly licensed by the commissioner.”
67. Section 1208a(1) of the Code, MCL 500.1208a(1), states, “An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.”
68. Section 1208a(2) of the Code, MCL 500.1208a(2), states in pertinent part, “To appoint a producer as its agent, the appointing insurer shall file, in a format approved by the commissioner, a notice of appointment for the qualifications held by that insurance producer within 15 days from the date the agency contract is executed or the first insurance application is submitted.”
69. By engaging in the foregoing conduct, Respondents violated MCL 500.3601, MCL 500.1240(1), MCL 500.460, MCL 500.1208a(2).

COUNT II

70. During the period of January 1, 2008, and July 8, 2008, AMLI was the beneficiary of insurance business written in Michigan by its program managers, "downline marketers," and associations through its program manager agreement with GTL.
71. According to the reports received from AMLI, GTL and CSE, AMLI's group health insurance policies were being sold in Michigan prior to AMLI becoming an authorized insurer in Michigan on July 8, 2008.
72. Respondent AMLI knew or had reason to know that 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."
73. Respondent AMLI further knew or had reason to know that Section 402a of the Code, MCL 500.402a, states that, "In this state, the following transactions of insurance, whether effected by mail or otherwise, require a certificate of authority:
- (a) The issuance or delivery of insurance contracts to residents of this state.
 - (b) The solicitation of applications for insurance contracts from residents of this state.
 - (c) The collection of premiums, membership fees, assessments, or other consideration for insurance contracts from residents of this state.
 - (d) The doing or proposing to do any act in substance equivalent to subdivisions (a) to (c)."
74. By engaging in the foregoing conduct, Respondent AMLI violated MCL 500.402, and MCL 500.402a

COUNT III

75. On December 1, 2010, OFIR issued a data call to AMLI requiring that it submit all life, health and annuity insurance policy forms including applications, supplemental applications, certificates of insurance, and specifications or schedule pages that have been utilized by the company from January 1, 2005, through July 31, 2010. AMLI was required to submit this information for review to OFIR no later than April 1, 2011. AMLI did not submit any of the requested forms for review.
76. To date, AMLI continues to sell group disability insurance in Michigan that has not been filed and approved by the commissioner as required in Order 10-005-M.
77. Respondent AMLI knew or had reason to know that Section 3606(2) of the Code, MCL 500.3606(2), states that, "Except as otherwise provided in section 2236(8)(d), a group disability insurance policy shall not be issued or delivered in this state unless a copy of the form shall have been filed with the commissioner and approved by him or her."

78. Respondent AMLI further knew or had reason to know that Section 2242(1) of the Code, MCL 500.2242(1), states that, "Except as otherwise provided in section 2236(8)(d), a group disability policy shall not be issued or delivered in this state unless a copy of the form has been filed with the commissioner and approved by him or her."
79. Respondent AMLI further knew or had reason to know that Section 2236(1) of Code, MCL 500.2236(1), states that, "A basic insurance policy form or annuity contract form shall not be issued or delivered to any person in this state, and an insurance or annuity application form if a written application is required and is to be made a part of the policy or contract, a printed rider or indorsement form or form of renewal certificate, and a group certificate in connection with the policy or contract, shall not be issued or delivered to a person in this state, until a copy of the form is filed with the insurance bureau and approved by the commissioner as conforming with the requirements of this act and not inconsistent with the law. Failure of the commissioner to act within 30 days after submittal constitutes approval. All such forms, except policies of disability insurance as defined in section 3400, shall be plainly printed with type size not less than 8-point unless the commissioner determines that portions of such a form printed with type less than 8-point is not deceptive or misleading."
80. Respondent AMLI further knew or had reason to know that Section 3474 of the Code, MCL 500.3474, states that, "No policy of insurance against loss or expense from the sickness, or from the bodily injury or death from accident of the insured, nor any application, rider or endorsement to be used in connection therewith, shall be delivered or issued for delivery to any person in this state, until the classification of risks and any premium rates pertaining thereto have been filed with the department of insurance."
81. Respondent AMLI further knew or had reason to know that Section 438(3) of the Code, MCL 500.438(3), states that, "The commissioner may address inquiries to any insurer, in relation to the insurer's activities or conditions, or any matter connected with the insurer's transactions. An insurer so addressed shall promptly reply in writing to each inquiry by the commissioner."
82. Respondent AMLI further knew or had reason to know that Section 436 of the Code, MCL 500.436, states in pertinent part, "The commissioner may suspend, revoke, or limit the certificate of authority of an insurer if he or she determines that ... [t]he insurer fails to promptly comply with sections 222 or 438."
83. By engaging in the foregoing conduct, Respondent AMLI has violated MCL 500.3606(2), MCL 500.2242(1), MCL 500.2236(1), MCL 500.3474, and MCL 500.438(3).

COUNT IV

84. AMLI has entered into settlement agreements with at least 5 states for a variety of insurance law violations.
85. According to a 2009 Stipulation Agreement issued by the State of New York, AMLI violated New York insurance laws by engaging in the following conduct:

- a. Issuing a group health insurance policy to an association (NCE) that was not determined to be an association according to minimum standards.
 - b. Using unapproved insurance forms.
 - c. Using unlicensed producers.
 - d. Through its agent, Cinergy Health, Inc., using misleading advertisements, which:
 - i. Used deceptive words and phrases that mislead and deceive.
 - ii. Failed to properly disclose limitations.
 - iii. Failed to disclose benefit ratios.
 - iv. Failed to clearly identify the insurer.
 - v. Failed to maintain a record of advertisements.
86. The State of New York indefinitely suspended AMLI from writing limited medical benefit insurance in the State of New York, and required the company to pay a fine in the amount of \$700,000.
87. According to a 2010 Consent Order issued by the State of Maryland and pursuant to an investigation involving Cinergy Health and NCE, AMLI violated Maryland insurance laws by engaging in the following conduct:
- a. Issuing a group health policy to an association that was not approved by the commissioner of Maryland.
88. AMLI was fined \$125,000 and required to provide quarterly reports to the State showing evidence of progress concerning implementation and adherence to the New York required corrective action plan.
89. According to a 2010 Order issued by the State of Kentucky, AMLI violated Kentucky insurance laws by engaging in the following conduct:
- a. Advertising violations: "100% of thirty-one (31) company advertisements reviewed contained violations."
 - b. Using an unauthorized Third Party Administrator.
 - c. Failing to respond to complaints in a timely manner.
90. AMLI was fined \$171,000 and required to pay restitution pursuant to the 2010 Order issued by the State of Kentucky.
91. According to a 2011 Stipulation Agreement issued by the State of Utah, pursuant to an investigation involving the Association of Independent Managers, AMLI violated Utah insurance laws by engaging in the following conduct:
- a. Using a non-compliant insurance form, even after AMLI received an order prohibiting its use.
 - b. Using an unlicensed and unappointed MGA to market its policies (Insurance Resource Group).
 - c. Failure to provide conversion policies to Utah residents at the time of the cancellation of the non-compliant policy.

92. AMLI was fined \$25,000 and required to pay an additional \$25,000 for the cost of the investigation and restitution, pursuant to the 2011 Stipulation Agreement issued by the State of Utah.
93. According to a 2009 Stipulated Agreement and Order issued by the State of Alaska, pursuant to an investigation involving CHCA, Patriot Health Florida, Inc., Intelicare Health and Oxonia Insurance Group, AMLI was found to have violated Alaska insurance laws. The investigation resulted in the identification of fraudulent activities involving AIM, NCE and CHCA. The violations related to the following:
- a. Unauthorized sale of insurance in Alaska.
 - b. Use of non-compliant policies.
 - c. Failure to promptly pay claims.
 - d. Unfair or deceptive practices.
 - e. Use of unlicensed producers.
94. AMLI has also been subject to administrative actions in Nevada, Florida and Tennessee.
95. AMLI knew or had reason to know that section 436 of the Code, MCL 500.436, in pertinent part states:
- The commissioner may suspend, revoke, or limit the certificate of authority of an insurer if he or she determines that any of the following conditions exists:
- (b) The insurer's condition is such that it is no longer safe, reliable, or entitled to public confidence or is unsound, or the insurer is using financial methods and practices in the conduct of its business that render further transaction of insurance by the insurer in this state hazardous to policyholders, creditors, or the public.
 - (c) The insurer's certificate of authority to transact business in its state of domicile, or in the case of an alien insurer, in its state of entry, has been suspended or revoked.
 - (h) The insurer has violated any other provision of this act that provides for suspension or revocation of its certificate of authority.
96. Based on all of the abovementioned violations, Respondent AMLI has engaged in conduct that indicates that Respondent AMLI is not entitled to public confidence, and is using practices in the conduct of its business that render the further transaction of insurance hazardous to policyholders and the public, and that this action is necessary, appropriate, and in the public interest for the protection of the public health, safety and welfare, and consistent with the purposes fairly intended by public policy and provisions of the Code.
97. Based on the above mentioned violations, the above named Respondents have violated the Code by marketing and selling AMLI's insurance products prior to obtaining an appointment from AMLI and/or receiving a license pursuant to the Code to engage in such activity.