

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Salvasen Health Holdings, LLC
a/k/a Salvasen Health
Unauthorized

Enforcement Case No. 22-16842

Respondent.
_____ /

Issued and entered
on July 12, 2022
by Anita G. Fox
Director

**ORDER TO CEASE AND DESIST WITH STATEMENT OF FINDINGS
AND NOTICE OF 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 Director of the Department of Insurance and Financial Services 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. Respondent 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 and shall be effective upon the date of service.
3. Respondent 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 Director. Any request for a hearing should be addressed to the Department of Insurance and Financial Services, Attention: Randie Swinson, Hearings Coordinator, P.O. Box 30220, Lansing, MI 48909-7720 or faxed to 517-284-8851.
4. If Respondent requests the hearing, the following issues will be addressed therein:
 - a. The facts set forth in the Statement of Findings.

- b. The continuation of the Order to Cease and Desist.
 - c. Restitution to be paid by the Respondent.
5. If a hearing is requested, an administrative law judge from the Michigan Office of Administrative Hearings and Rules shall preside over any such hearing.
 6. The Director retains jurisdiction of the matters contained herein and the authority to issue such further Orders as shall be deemed just, necessary, and appropriate.
 7. Pursuant to Sections 251(6) and 251(7) of the Code, MCL 500.251(6) and (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 \$1,000.00 for each violation not to exceed an aggregate civil fine of \$30,000.00. 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 \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00.
 - b. Suspension or revocation of the person's license or certificate of authority, if any.
 - c. Complete restitution, in the form, amount, and within the period determined by the Director, to all persons in Michigan damaged by the violation or failure to comply.
 - d. An order requiring reimbursement of reasonable attorney fees incurred by the Department in a judicial action necessary to enforce this cease and desist order.



Anita G. Fox, Director

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STATEMENT OF FINDINGS

1. Pursuant to Section 251(1) of the Code, MCL 500.251(1), the Director is empowered to issue a cease and desist order upon finding 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 of 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.
 - (d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare. MCL 500.251(1).
2. "Person" as used in the Code includes not only individuals, but also an insurer, company, association, organization and any other legal entity. MCL 500.114; MCL 500.2003.
3. Under Section 402 of the Code, MCL 500.402, it is a violation for an individual or legal entity to act as an insurer and, also, for an insurer to issue a policy or otherwise transact insurance in Michigan without a certificate of authority granted by the Director.
4. "Insurer" is defined in the Code to include "an individual, corporation, association, partnership...or any other legal entity engaged in or attempting to engage in the business of making insurance or surety contracts." MCL 500.106(b).

5. Section 402a of the Code, MCL 500.402a, identifies several activities for which a certificate of authority is required. This includes issuing or delivering insurance contracts to Michigan residents, soliciting applications for insurance contracts from Michigan residents, collecting premiums, memberships, fees, assessments, or other consideration for insurance contracts from Michigan residents, and doing or proposing any act of substantial equivalence thereto. Section 402a is explicit that these activities require a certificate of authority regardless of whether they are conducted via mail or otherwise.
6. Section 2006 of the Code, MCL 500.2006, requires that a person timely pay the benefits provided under the terms of its insurance contract or policy. Undisputed, untimely paid claims are subject to an additional twelve percent (12%) interest and failure to comply with this section constitutes an unfair trade practice.
7. To the extent Salvasen Health Holdings, LLC a/k/a Salvasen Health (Respondent) may be considered a health plan governed by subsections (8) to (14) of Section 2006, MCL 500.2006 (8)-(14), it was obligated to pay a clean claim within forty-five (45) days and any claims paid after this period is subject to twelve percent (12%) interest per annum. See MCL 500.2006(8)(a).
8. Section 2007 of the Code, MCL 500.2007, includes making, publishing, disseminating, circulating or placing before the public—whether directly or indirectly—an advertisement, announcement, or statement with any untrue, deceptive or misleading statement regarding the business of insurance in the definition of unfair or deceptive acts or practices in the business of insurance.
9. Respondent is a legal entity, which purports to engage in the business of insurance. It was formed on-or-around May 2, 2021, as a domestic limited liability company in Texas. It operates a website, <https://salvasen.com/home2/>, through which it advertises offering a number of health insurance plans, including a Health Indemnity Plan (HIP), GAP Insurance, and 24-Hour Accident and Limited Benefit Medical Insurance Plan. The website is accessible to Michigan residents and, as of the date of DIFS' investigation, lacks any disclaimer alerting potential insureds that Respondent lacked a certificate of authority to issue plans in Michigan.
10. Respondent does not have a certificate of authority authorizing it to serve as an insurer within this state, as required by MCL 500.402. Nor have its business practices, financials, policies or forms been approved by DIFS or, to DIFS' knowledge, by another state. To the contrary, on-or-around April 26, 2022, Respondent's home state of Texas took disciplinary action against Respondent for conducting business in the state of Texas without licensure. See Texas Commissioner of Insurance Order No. 2022-7308, available at <https://www.tdi.texas.gov/commissioner/disciplinary-orders/documents/20227308.pdf>.
11. Four (4) Michigan residents filed complaints with DIFS' Office of Consumer Services alleging that they paid money in exchange for what they believed was a valid, comprehensive health insurance policy offered by Respondent or an affiliated entity.
12. The first consumer complaint was received on-or-around June 29, 2021, from G.L., a Michigan resident, who alleged that he was sold a limited benefit medical plan upon auspices that it was a major medical "Obamacare" plan. G.L. received a membership card that identified "Salvasen Health"

as the insurer. By the time that G.L. was able to review the policy documentation, the thirty (30) day period for cancelling the policy had passed. G.L. was unable to obtain a refund of any of the Six Hundred Seventy-Seven Dollars (\$677.00) that he paid toward membership in the Respondent's health plan.

13. On-or-about August 31, 2021, DIFS received a second complaint from another Michigan resident, J.L. J.L. reported purchasing the Secure Care health plan administered by Respondent on-or-around February 9, 2021. The policy became effective February 15, 2021. After an invoice for a doctor's visit on-or-around February 25, 2021, went unpaid, J.L. was reportedly unable to contact Respondent at the telephone number or email address on file. J.L. reported to DIFS that he paid One Hundred Ninety-One Dollars (\$191.00) to the healthcare provider and then, the healthcare provider notified him that it received payment of One Hundred Forty-Seven Dollars (\$147.00) from Respondent.
14. A similar report was made by a third consumer, A.J., who filed a complaint with DIFS on-or-around June 3, 2022. A.J. stated that his healthcare provider sent a claim to Respondent, and it went unpaid. A.J. purportedly attempted to contact Respondent. The only person who responded was an online representative, who gave A.J. a different address for claims processing. A.J. sent the claim to this address but did not receive a response. His healthcare provider's bill apparently remained unpaid.
15. Finally, on-or-around May 12, 2022, T.G. presented DIFS' staff with a picture of a membership card that she received from Respondent. The card was nearly identical to that presented by G.L. except that it had T.G.'s name on it, claimed an "Effective" date of February 1, 2021, and included a member number ending in 3278. T.G. presented a medical bill for medical services provided on July 22, 2021, totaling nearly Thirteen Thousand Dollars (\$13,000.00) that, apparently, went unpaid.
16. DIFS' staff reached out to Respondent for information regarding business practices, representations to Michigan residents, and the consumer complaints. Respondent acknowledged that it was not an authorized insurer in Michigan and that it had not received an opinion from the United States Department of Labor recognizing it as an employer-funded health plan and, therefore, exempt from state health care regulation pursuant to the federal Employment Retirement Income Security Act of 1974.
17. Yet, Respondent reported that Two Thousand Twenty-Two (2,022) Michigan residents purchased one (1) of forty-two (42) health insurance plans administered by Respondent between June 14, 2020, and November 15, 2021. The premiums collected in connection with these plans totaled Six Hundred Nineteen Thousand, Eighty-Three Dollars and Eighty-Three Cents (\$619,083.83).
18. Respondent also reported that, as of February 14, 2022, two hundred fifty-five (255) Michigan residents held a membership in a plan sold by Respondent.
19. DIFS received printed advertisement(s) for Respondent's health plans made available to G.L., a Michigan resident. While the advertisement states its "provisions, benefits, exclusions or limitations ... may vary by state[,]" there is no mention that Respondent is not an authorized health plan in Michigan or that it is unavailable to Michigan residents under law.
20. Respondent knew, or should have known, that Section 402 of the Code, MCL 500.402, prohibits any legal entity from issuing a policy to Michigan residents or transacting insurance within this state

without first obtaining a certificate of authority. Respondent also knew, or should have known, that Section 402a of the Code, MCL 500.402a, includes the issuance of a certificate of insurance, the solicitation of applications for insurance contracts, and the collection of premiums, among other things, as activities for which a certificate of insurance is required. As explained above, Respondent violated these sections of the Code by carrying out such activities with Michigan residents within the state of Michigan without a certificate of authority.

21. Respondent knew or should have known that Section 2006 of the Code, MCL 500.2006, unequivocally states that a "person must pay on a timely basis to its insured, a person directly entitled to benefits under its insured's insurance contract," or pay twelve percent (12%) interest on such claim. This remains true even if Respondent could have been considered a health plan governed by subsections (8) through (14) of this provision of the Code. See MCL 500.2006(8)-(14). As explained above, Respondent failed to timely pay claims on behalf of Michigan residents which were covered by the contract or policy that Respondent presented to such residents and, in so doing, committed an unfair trade practice as defined in Michigan law.
22. Respondent knew, or should have known, that Section 2007 of the Code, MCL 500.2007, includes the direct or indirect publishing of a statement in an advertisement, pamphlet, or statement with any untrue, deceptive, or misleading statement regarding the business of insurance in the definition of unfair or deceptive act or practices in the business of insurance. As explained, Respondent either directly or indirectly published advertisements, pamphlets or statements containing misleading statements that resulted in thousands of Michigan residents purchasing what they believed to be a valid health insurance policy when, in fact, Respondent was not authorized to offer such policy in Michigan. In so doing, Respondent committed unfair or deceptive acts or practices in the business of insurance as defined in Michigan law.
23. Section 2038 of the Code, MCL 500.2038, prescribes the penalty in the event a legal entity, like Respondent, has been found to have engaged in unfair or deceptive acts or practices prohibited by Section 2001 to 2051 of the Code, MCL 500.2001-500.2051. Such penalty includes a final cease-and-desist order, an order requiring refund of any overcharges, as well as payment of a monetary penalty in a maximum amount of Five Thousand Dollars (\$5,000.00).
24. Section 150 of the Code, MCL 500.150, prescribes a penalty for violation of the Code for which a specific penalty is not provided. In addition to a final cease-and-desist order, the maximum penalty available under Section 150 of the Code is Five Thousand Dollars (\$5,000.00) per violation in the event a person knew or reasonably should have known that he or she was in violation of the Code.