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**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF:

HEALTH INSURANCE INNOVATIONS,
INC.; HEALTH PLAN
INTERMEDIARIES, LLC; HEALTH
PLAN INTERMEDIARIES HOLDINGS,
LLC; HEALTHPOCKET, INC.;
INSURANCE CENTER FOR
EXCELLENCE, LCC; HCC LIFE
INSURANCE COMPANY; HCC
MEDICAL INSURANCE SERVICES,
LLC; STARR INDEMNITY &
LIABILITY COMPANY; USHEALTH
GROUP; NATIONAL FOUNDATION
LIFE INSURANCE COMPANY;
UNIFIED LIFE INSURANCE
COMPANY; COVERAGE ONE
INSURANCE GROUP, LLC; DAVID H.
ETTINGER; BETH ETTINGER; KARL
BECKER; EHEALTH INSURANCE
SERVICES, INC.; HEALTH BENEFITS
ONE, LCC; MATTHEW E. SPIEWAK;
NATIONS INSURANCE SOLUTIONS;
DANIELLE BRETTI; QUICK QUOTE
US LLC; MICHAEL S. HILF; TERRY M.
ALVARADO; MICHAEL K.
BORCHERS; PEDRO J. COLON;
BENJAMIN MAHLER; TERESA M.

CASE NO. INS-2015-348

**NOTICE OF PROPOSED AGENCY
ACTION AND OPPORTUNITY FOR
HEARING**

NEWMAN; JORGE SAAVEDRA;
SAMATHA M. SCHEIBNER; MICHAEL
C. TOBIAS; WESTERN HERITAGE
INSURANCE MARKETING GROUP;
and LISA D. GONZALES;

Respondents.

PLEASE TAKE NOTICE:

Staff of the Office of the Montana State Auditor, Commissioner of Securities and Insurance (CSI), pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101 et seq. (the Code), is proposing that the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner) take disciplinary action against the following for violations of the Code:

- Health Insurance Innovations, Inc.
- Health Plan Intermediaries, LLC
- Health Plan Intermediaries Holdings, LLC
- Healthpocket, Inc.
- Insurance Center for Excellence, LLC
- HCC Life Insurance Company
- HCC Medical Insurance Services, LLC
- Starr Indemnity & Liability Company
- USHealth Group, Inc.
- National Foundation Life Insurance Company
- Unified Life Insurance Company
- Coverage One Insurance Group, LLC, David H. Ettinger, Beth Ettinger, and Karl Becker
- Ehealth Insurance Services, Inc.
- Health Benefits One LLC and Matthew E. Spiewak

- Nations Insurance Solutions and Danielle Bretti
- Quick Quote US and Michael S. Hilf
- Individual insurance producers: Terry M. Alvarado, Michael K. Borchers, Pedro J. Colon, Benjamin Mahler, Teresa M. Newman, Jorge Saavedra, Samantha M. Scheibner, and Michael C. Tobias
- Western Heritage Insurance Marketing Group, and Lisa Gonzales

The Commissioner has authority to take such action under the provisions of §§ 33-1-311, 33-1-317, 33-1-318, 33-2-119, 33-17-1001, 33-18-102, 33-18-201, 33-18-202, 33-18-203, 33-18-212, and 33-18-1003.

REASONS FOR ACTION

There is reasonable cause to believe that the following facts will be proven true and justify disciplinary action against Respondents, including restitution to insurance consumers, statutory fines, cease and desist orders, and license suspensions or revocations.

ALLEGATIONS OF FACT

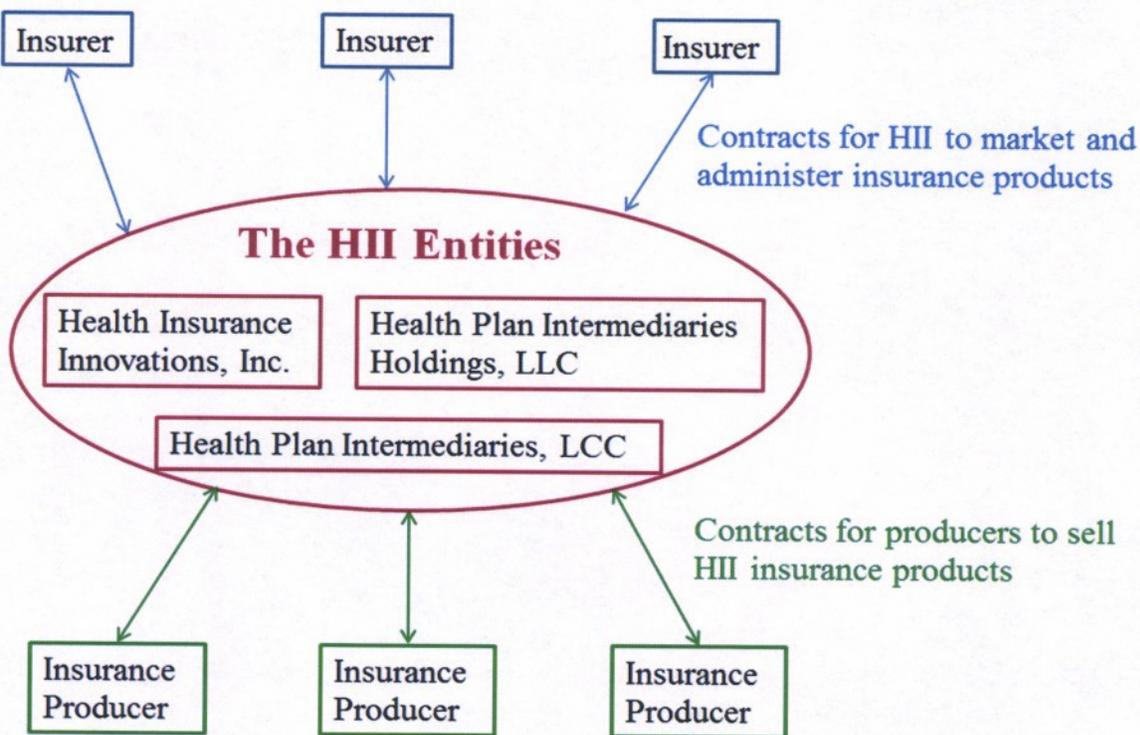
1. Respondents are involved in the sale, administration, or underwriting of short term medical policies and excepted benefit policies to Montana insurance consumers.
2. The short term medical policies typically last six months, and do not qualify as “minimal essential coverage” under the Affordable Care Act, meaning individuals with these insurance policies will still pay a tax penalty for not having health insurance.
3. While short term medical insurance may benefit some individuals in special or unique situations, thousands of Montanan insurance consumers have been sold these policies every year since at least 2012. These policies are routinely sold through misinformation and deception at

the point of sale by individuals not properly licensed or appointed in Montana to conduct this insurance business.

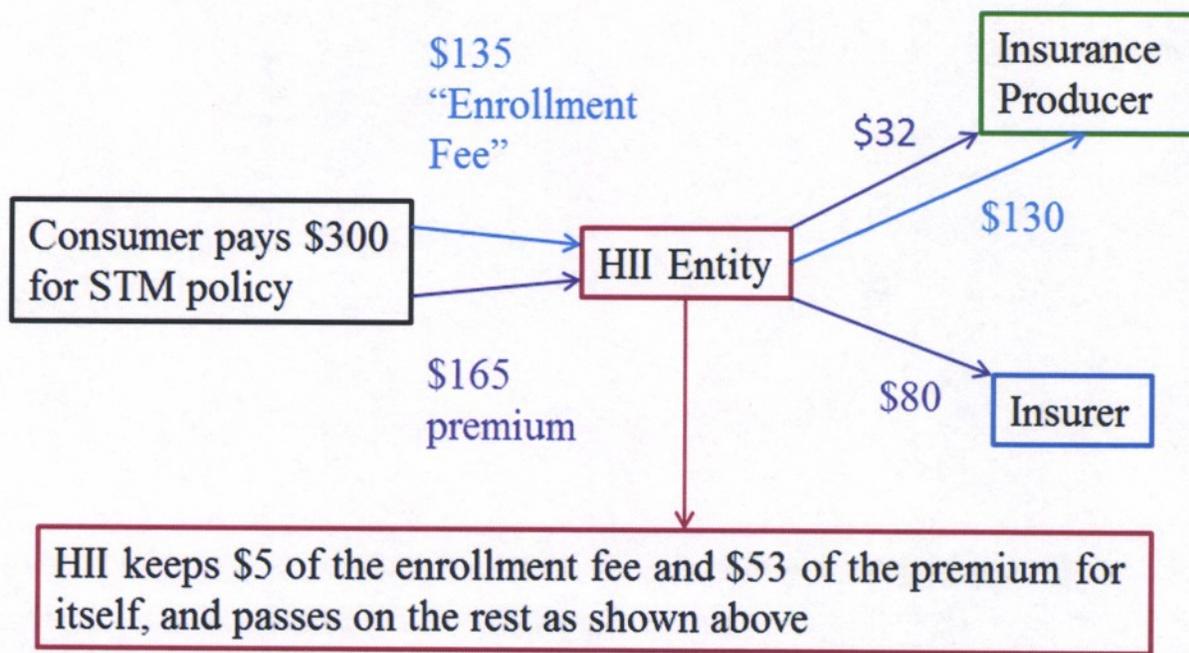
4. These policies typically have multiple exclusions, including an exclusion for preexisting conditions. Even setting aside the claims that properly fall under an exclusion, valid claims from Montana insurance consumers are routinely denied under these policies.

HII Scheme

5. The HII entities, identified below, solicited insurers to underwrite short term medical and excepted benefit policies, and then organized an extensive operation of insurance producers to sell those policies. Typically, the insurance producers will have only one person licensed to sell insurance, but will employ numerous sales representatives in a call center-style operation to actually sell the insurance products to Montana consumers. The contractual relationships are described in the following graphic:



6. When a Montana consumer purchases an insurance product from a call center insurance producer affiliated with the HII entities, they will pay the producer a start-up or enrollment fee that is included with the policy premium. Typically, the insurance premium is paid to the HII entities, which then operate as the plan administrator and divide the premium among the various entities involved. A hypothetical example of such a premium payment, and roughly how the money is divided, is shown in the following graphic:



7. In the example above, the consumer would pay the \$135 enrollment fee at the start of the policy, and then pay the \$165 monthly premium until the policy was terminated. Since the short term medical policies at issue typically last only six months, consumers who wish to continue their insurance coverage must pay the additional enrollment fee every 6 months.

8. By front-loading a large payment to the insurance producer, the HII entities ensure that the insurance producers will be highly motivated to sell these products. At best, this scheme

creates the incentive for high-pressure sales tactics. At worst, the unlicensed individuals selling these policies are induced to misrepresent the policy terms in order to complete a sale.

HII Entities

9. Health Insurance Innovations, Inc. (HII), is a Delaware corporation that incorporated in 2012. It registered with the Montana Secretary of State's office in November of 2015. Health Insurance Innovations operates the websites www.hiiquote.com and www.agilehealthinsurance.com. HII is not licensed as a business entity insurance producer. Michael W. Kosloske was the founder of HII, and currently serves as Chief of Product Innovation and Executive Chairman. Michael D. Hershberger has been in executive positions with HII since 2011, and is currently the Chief Financial Officer.

10. In May of 2011, HII entered into an agreement with Med Sense Guaranteed Association (Med Sense) and USHealth Group, Inc., to provide "various administrative services," "certain marketing control services," and "certain discounts and benefits" to Med Sense. Insurance companies under USHealth Group, including National Foundation Life Insurance Company, provided short term medical insurance to Med Sense members. In the 2011 agreement, HII promised to provide collection and disbursement of monthly dues from each Med Sense member.

11. Health Plan Intermediaries, LLC, is a Florida limited liability company that was formed in 2003. Health Plan Intermediaries, LLC, doing business as Health Insurance Innovations, obtained a license as a business entity insurance producer in Montana on June 18, 2012. The original founders/managers of Health Plan Intermediaries, LLC, were Michael W. Kosloske and Michael D. Hershberger. Health Plan Intermediaries, LLC, dba Health Insurance Innovations, has never been appointed by HCC Life Insurance Company, Starr Indemnity and Casualty Company, USHealth Group, or National Foundation Life Insurance Company.

12. In June of 2011, Health Plan Intermediaries, LLC, entered into an agreement with Starr Indemnity & Liability Company to provide “production, underwriting, servicing, and administration” of Starr Indemnity & Liability Company’s short term medical insurance.

13. Health Plan Intermediaries Holdings, LLC, is a Delaware limited liability company that was formed in 2012. Health Plan Intermediaries Holdings, LLC, has been licensed as a business entity insurance producer in Montana since July 18, 2012. The original founders/managers of Health Plan Intermediaries, LLC, were Michael W. Kosloske and Michael D. Hershberger.

14. In July of 2013, Health Plan Intermediaries Holdings, LLC, entered into an agreement with HCC Medical Insurance Services where Health Plan Intermediaries Holdings, LLC, doing business as “HII,” called itself the “Administrator” and agreed to provide “administrative services” for short term medical insurance, including “premium collection, accounting and distribution,” and “eligibility and enrollment verification.”

15. Healthpocket, Inc., is a Delaware corporation that was formed in 2012, and is apparently a subsidiary of HII. The HII website www.agilehealthinsurance.com calls Healthpocket a “sister site,” and co-founder and CEO Bruce Telkamp was the Chief Operating Officer of HII until May of 2015, and is currently the Chief Executive Officer of Consumer Division at HII. The phone number to reach a licensed insurance agent on www.healthpocket.com goes to a call center managed by Michael Tobias, an individual insurance producer detailed below.

16. Insurance Center for Excellence, LLC, is a Delaware limited liability company organized in 2012. Health Plan Intermediaries, LLC, was the managing member, and Michael Tobias was the original manager of this company. Michael Kosloske is currently the chief executive officer and managing member, and Michael Hershberger is the chief financial officer and manager. The Insurance Center for Excellence, LLC, operates the website:

<http://www.ebenenroll.com/index.cfm?id=100373>. From this website, it appears that Insurance Center for Excellence, LLC, sells dental insurance to Montanans, with Michael Tobias as the individual insurance producer involved in those transactions. Insurance Center for Excellence, LLC, has never been licensed as a business entity insurance producer in Montana.

17. Health Insurance Innovations, Inc., Health Plan Intermediaries, LLC, Health Plan Intermediaries Holdings, LLC, Healthpocket, Inc., and Insurance Center for Excellence, LLC, are collectively called “the HII entities” throughout this Notice.

18. On information and belief, the HII entities and the individuals behind these entities are the masterminds behind the short term medical policies at issue. The HII entities solicit insurers to underwrite short term medical and other excepted benefit policies, coordinate and train insurance producers who sell these policies, and act as the administrator for these policies by collecting and distributing premium. The website www.hiiquote.com states that: “At Health Insurance Innovations (HII), we develop affordable, high-quality health insurance and ancillary plan bundles through partnerships with best-in-class carriers.” It goes on to state that HII created a “virtual administrator” and “cloud-based platform” for its licensed insurance agents to “complete unlimited, simultaneous sales...in minutes, not hours or days.”

19. Between January 1, 2012, and April 20, 2015, insurance producers working for, or on behalf of, the HII entities enrolled thousands of Montanans in short term medical plans, and HII received at least \$449,000 in administrative fees and another \$54,800 in premium during this time frame. The HII entities continue to provide short term medical insurance and excepted benefits to Montanans.

20. None of the HII entities have ever been certified as administrators in Montana, or have requested or received waiver of the certification requirement.

Insurance Companies (Insurers)

21. HCC Life Insurance Company (HCC) underwrites “HealthMed,” “Med Select Plus,” and “Advantage Med Select” short term medical insurance, which was sold and administered by the HII entities and their affiliated insurance producers to Montanans.

22. HCC Medical Insurance Services, LLC, has been licensed as a business entity insurance producer in Montana since May 21, 2007. As detailed above, HCC Medical Insurance Services, LLC, entered into an agreement with Health Plan Intermediaries Holdings, LLC, dba HII, for the HII entities to sell and administer HCC’s short term medical insurance.

23. Between January 1, 2012, and April 20, 2015, HCC received at least \$480,000 in premium from its insurance policies sold through the HII entities and their affiliated insurance producers in Montana.

24. Starr Indemnity & Liability Company (Starr) underwrites “Med Plus STM,” “Med Plus Care,” “Med Plus Extra,” and “Essential STM Plan,” short term medical insurance, which was sold and administered by the HII entities and their affiliated insurance producers to Montanans.

25. As detailed above, Starr entered into an agreement with Health Plan Intermediaries, LLC, to facilitate the sale and administration of Starr’s short term medical policies in Montana. Between January 1, 2012, and April 20, 2015, Starr received at least \$515,000 in premium from its insurance policies sold through the HII entities and their affiliated insurance producers in Montana.

26. USHealth Group, Inc. (USHealth), is the parent company of Freedom Life Insurance Company and National Foundation Life Insurance Company (NFL). Those insurers underwrite “Freedom Limited Medical,” “Freedom Access,” and “Freedom Critical Illness” insurance, which was bundled together with the Med Sense association and sold and administered by the HII entities

and their affiliated insurance producers to Montanans. In most states those policies were underwritten by Freedom Life Insurance Company, but in Montana they were underwritten by NFL.

27. As detailed above, USHealth entered into an agreement with Med Sense and HII, where USHealth would provide insurance policies to Med Sense members administered by HII. Between January 1, 2012, and April 20, 2015, USHealth and NFL received at least \$30,000 in premium from their insurance policies sold through the HII entities and their affiliated insurance producers in Montana.

28. Unified Life Insurance Company underwrites “Premier STM,” a short term medical insurance plan sold by the HII entities and their affiliated insurance producers to Montanans. It also appears that Unified Life Insurance Company has assumed the insurance policies previously issued by NFL.

HII-Affiliated Insurance Producers

29. Coverage One Insurance Group, LLC (Coverage One), has been a licensed business entity insurance producer since December 29, 2011. According to CSI records, the only licensed individual insurance producer associated with Coverage One is David Ettinger. However, at least two other individual insurance producers—Beth Ettinger and Karl Becker—also sold insurance working for Coverage One.

30. Coverage One entered into a Managing General Agent Agreement with HII, allowing Coverage One to “promote and effect sales of products available through HII.” Coverage One has never been appointed by HCC, Starr, or NFL.

31. Between January 1, 2012, and April 20, 2015, individual producer David Ettinger was listed as the insurance agent on at least 234 HII-administered insurance policies to Montanans, and collected at least \$51,000 in commission. David Ettinger started selling HCC insurance

policies to Montanans on or before July 9, 2013, but was not appointed by HCC until October 21, 2014. Similarly, David Ettinger started selling USHealth/NFL policies on or before August 16, 2012, and has never been appointed by NFL.

32. Between January 1, 2012, and April 20, 2015, individual producer Beth Ettinger was listed as the insurance agent on at least 57 HII-administered insurance policies to Montanans, and collected at least \$13,000 in commission. Beth Ettinger started selling HCC insurance policies to Montanans on or before August 6, 2013, but was not appointed by HCC until October 23, 2014. Similarly, Beth Ettinger started selling USHealth/NFL policies on or before June 2, 2013, but was not appointed by NFL until June 9, 2014.

33. Between January 1, 2012, and April 20, 2015, individual producer Karl Becker was listed as the insurance agent on at least 46 HII-administered insurance policies to Montanans, and collected at least \$7,800 in commission. Karl Becker started selling HCC insurance policies to Montanans on or before November 23, 2013, but was not appointed by HCC until October 29, 2014. Similarly, Karl Becker started selling USHealth/NFL policies on or before November 23, 2013, but was not appointed by NFL until June 11, 2014.

34. Ehealth Insurance Services, Inc. (Ehealth), has been a licensed business entity insurance producer since September 16, 2004. Between January 1, 2012, and April 20, 2015, Ehealth was listed as the insurance agent on at least 211 HII-administered insurance policies to Montanans, and collected at least \$19,400 in commission. Ehealth started selling Starr short term medical policies to Montanans on or before January 1, 2012, but was not appointed by Starr until May 17, 2013.

35. Health Benefits One, LLC, first became a licensed business entity insurance producer in Montana on February 19, 2014. However, associated individual insurance producer

Matthew Spiewak started selling HII-administered insurance products to Montanans on or before September 17, 2013. Health Benefits One, LLC, has never been appointed by HCC, Starr, or NFL.

36. Between January 1, 2012, and April 20, 2015, individual producer Matthew Spiewak was listed as the insurance agent on at least 54 HII-administered insurance policies to Montanans, and collected at least \$11,700 in commission. Matthew Spiewak started selling HCC insurance policies to Montanans on or before September 17, 2013, but was not appointed by HCC until March 11, 2015. Similarly, Matthew Spiewak started selling USHealth/NFL policies on or before September 10, 2013, but has never been appointed by NFL.

37. Quick Quote US, LLC, obtained a business entity insurance producer license in Montana on November 19, 2015. However, Quick Quote US, LLC, has been listed as an authorized seller of HII policies since at least February of 2014, and associated individual insurance producer Michael Hilf started selling HII-administered insurance products to Montanans on or before April 26, 2012. Quick Quote US, LLC, has never been appointed by HCC, Starr, or NFL.

38. Between January 1, 2012, and April 20, 2015, individual producer Michael Hilf was listed as the insurance agent on at least 80 HII-administered insurance policies to Montanans, and collected at least \$18,000 in commission. Michael Hilf started selling HCC insurance policies to Montanans on or before July 26, 2013, but was not appointed by HCC until February 5, 2015. Similarly, Michael Hilf started selling Starr policies on or before October 19, 2012, and USHealth/NFL policies on or before April 26, 2012, but has never been appointed by Starr or NFL.

39. Nations Insurance Solutions, LLC, dba Nations Health Solutions obtained a business entity insurance producer license in Montana on February 2, 2015. However, Nations Insurance Solutions, LLC, has been listed as an authorized seller of HII policies since at least February of 2014, and associated individual insurance producer Danielle Bretti started selling HII-administered

insurance products to Montanans on or before November 1, 2012. Nations Insurance Solutions, LLC, has never been appointed by HCC, Starr, or NFL.

40. Danielle Bretti has been a licensed individual insurance producer in Montana since September 25, 2012. Between January 1, 2012, and April 20, 2015, individual producer Danielle Bretti was listed as the insurance agent on at least 71 HII-administered insurance policies to Montanans, and collected at least \$15,000 in commission. Danielle Bretti started selling HCC insurance policies to Montanans on or before August 1, 2013, but was not appointed by HCC until March 16, 2015. Similarly, Danielle Bretti started selling Starr policies on or before November 16, 2012, and USHealth/NFL policies on or before November 1, 2012, but has never been appointed by Starr or NFL.

41. Terry M. Alvarado first became a licensed individual insurance producer in Montana on May 2, 2012. However, Terry M. Alvarado was listed as the insurance producer on policies sold in Montana on or before January 5, 2012. Between January 1, 2012, and April 20, 2015, Terry M. Alvarado was listed as the insurance agent on at least 134 HII-administered insurance policies to Montanans, and collected at least \$24,000 in commission. Terry M. Alvarado started selling HCC policies on or before July 9, 2013, and Starr policies on or before January 5, 2012, but has never been appointed by HCC or Starr.

42. Michael K. Borchers has been a licensed individual insurance producer in Montana since April 27, 2010. Between January 1, 2012, and April 20, 2015, Michael K. Borchers was listed as the insurance agent on at least 268 HII-administered insurance policies to Montanans, and collected at least \$48,000 in commission. Michael K. Borchers started selling HCC policies on or before February 4, 2014, but was not appointed by HCC until March 3, 2015. Finally, Michael K.

Borchers started selling USHealth/NFL policies on or before April 13, 2013, but was never appointed by NFL.

43. Pedro J. Colon has been a licensed individual insurance producer in Montana since November 18, 2008. Between January 1, 2012, and April 20, 2015, Pedro J. Colon was listed as the insurance agent on at least 160 HII-administered insurance policies to Montanans, and collected at least \$34,000 in commission. Pedro J. Colon started selling HCC policies on or before July 9, 2013, but was not appointed by HCC until October 24, 2014. Similarly, Pedro J. Colon started selling Starr policies on or before January 3, 2012, but was not appointed by Starr until April 19, 2013. Finally, Pedro J. Colon started selling USHealth/NFL policies on or before June 22, 2012, but was never appointed by NFL.

44. Benjamin Mahler has been a licensed individual insurance producer in Montana since January 1, 2013. Between January 1, 2012, and April 20, 2015, Benjamin Mahler was listed as the insurance agent on at least 44 HII-administered insurance policies to Montanans, and collected at least \$10,000 in commission. Benjamin Mahler started selling HCC policies in Montana on or before July 26, 2013, but was not appointed by HCC until April 28, 2015. Finally, Benjamin Mahler started selling Starr policies on or before February 25, 2013, but has never been appointed by Starr.

45. Teresa M. Newman has been a licensed individual insurance producer in Montana since June 12, 2012. Between January 1, 2012, and April 20, 2015, Teresa M. Newman was listed as the insurance agent on at least 88 HII-administered insurance policies to Montanans, and collected at least \$19,000 in commission. Teresa M. Newman started selling HCC policies in Montana on or before January 23, 2014, but was not appointed by HCC until March 24, 2015.

Finally, Teresa M. Newman started selling Starr policies on or before June 27, 2012, but has never been appointed by Starr.

46. Jorge Saavedra was a licensed individual insurance producer in Montana from June 1, 2010, through February 29, 2016. Between January 1, 2012, and April 20, 2015, Jorge Saavedra was listed as the insurance agent on at least 98 HII-administered insurance policies to Montanans, and collected at least \$14,000 in commission. Jorge Saavedra started selling HCC policies in Montana on or before October 28, 2013, but was not appointed by HCC until May 15, 2015. Finally, Jorge Saavedra started selling USHealth/NFL policies on or before October 28, 2013, but has never been appointed by NFL.

47. Samantha M. Scheibner has been a licensed individual insurance producer in Montana since December 2, 2013. Between January 1, 2012, and April 20, 2015, Samantha M. Scheibner was listed as the insurance agent on at least 78 HII-administered insurance policies to Montanans, and collected at least \$16,000 in commission. Samantha M. Scheibner started selling HCC policies in Montana on or before December 31, 2013, but was not appointed by HCC until October 29, 2014.

48. Michael C. Tobias has been a licensed individual insurance producer in Montana since January 8, 2007. Michael C. Tobias is the listed contact for Insurance Academy, an entity identified as authorized to solicit and enroll insurance consumers on behalf of HII. The Insurance Academy has never been licensed as an insurance producer in Montana. In addition, Michael C. Tobias was a senior vice president of HII.

49. Between January 1, 2012, and April 20, 2015, Michael C. Tobias was listed as the insurance agent on at least 60 HII-administered insurance policies to Montanans, and collected at least \$8,500 in commission. Michael C. Tobias started selling HCC policies in Montana on or

before August 16, 2013, but was not appointed by HCC until October 23, 2014. Finally, Michael C. Tobias started selling USHealth/NFL policies on or before September 12, 2012 but has never been appointed by NFL.

Western Heritage Marketing Group Insurance Producers

50. Separate from the HII entities and their affiliated producers, Western Heritage Insurance Marketing Group (Western Heritage) is a Montana business entity insurance producer that has also sold many HCC short term medical policies to Montanans. Producers with Western Heritage first started selling HCC short term medical policies on or before April of 2014; however, neither Western Heritage nor the individual insurance producers affiliated with Western Heritage were appointed by HCC until January and February of 2016.

51. Lisa D. Gonzales has been a licensed individual insurance producer in Montana since April 15, 2009. Lisa D. Gonzales works for Western Heritage, and sold numerous HCC short term medical policies in 2014 and 2015 to Montanans without informing the consumer that the plan did not meet ACA minimum standards and did not cover pre-existing conditions. In addition, Lisa D. Gonzales frequently sold excepted benefits such as accidental death or critical illness policies along with major medical policies, in order to receive a higher commission. Lisa D. Gonzales was not appointed by HCC until February 29, 2016.

Montana Consumer Complaints

52. The CSI has received at least seven complaints from insurance consumers about these short term medical policies. From those complaints, the CSI conducted an investigation and interviewed each complainant, as well as an additional 13 Montana consumers who were enrolled in one of the short term medical policies at issue. From those interviews, the CSI learned that:

a. Most of the Montana consumers were not aware that the short term medical policies did not meet ACA minimum standards, and that they would have to pay a penalty on their taxes.

b. Most of the Montana consumers were not aware that the short term medical policies did not cover preexisting conditions, which for many was the only reason they wanted an insurance policy.

c. Those Montana consumers who submitted claims all had their claims denied by the insurer, which was typically HCC.

d. Those Montana consumers who enrolled through the HII entities initially started looking for insurance online. All of the consumers believed that they entered their contact information on the government-sponsored ACA website. After they entered that information, all of the consumers received numerous telephone calls from people trying to sell them various insurance products.

e. Those Montana consumers who enrolled through the HII entities all talked to multiple individuals at call centers who were not licensed insurance producers, and who sold them the short term medical insurance. Most of the Montana consumers wrote down or remembered who they spoke to, and not one remembered speaking to the licensed insurance producer on record for that policy.

f. Those Montana consumers who enrolled in an association (typically Med Sense) along with the short term medical insurance and excepted benefits through the HII entities did not know that they were a member of a separate association, or that the initial fee they were charged included items that were not insurance.

ALLEGATIONS OF LAW

1. The State Auditor is the Commissioner of Insurance (Commissioner). § 2-15-1903.
2. The Office of the Montana State Auditor, Commissioner of Securities and Insurance (CSI), is under the control and supervision of the Commissioner. §§ 2-15-1902 and 33-1-301.
3. The Commissioner shall administer the CSI to protect insurance consumers. § 33-1-311(3).
4. The Commissioner and the CSI have jurisdiction over this matter. § 33-1-311.
5. A “person” is an individual, insurer, company, association, organization, partnership, business trust, corporation, or any other legal entity. § 33-1-202(3).
6. A person may not sell, solicit, or negotiate insurance, or otherwise act as an insurance producer, in Montana unless licensed as an insurance producer by the CSI. § 33-17-201(1).
7. Respondents Health Benefits One, LLC, Quick Quotes US, LLC, Nations Insurance Solutions, LLC, and Terry M. Alvarado sold, solicited, or negotiated insurance to Montana insurance consumers without being properly licensed beforehand.
8. An insurance producer may not claim to be a representative, an authorized producer, or an appointed producer of an insurer, or use any other term implying a contractual relationship with an insurer, unless the insurance producer is appointed by that insurer with the CSI. § 33-17-236(1).
9. The following Respondents violated § 33-17-236(1) by stating or implying to Montana consumers that they were authorized to sell insurance products from insurers without being properly appointed: Health Plan Intermediaries, LLC; Health Plan Intermediaries Holdings, LLC; Coverage One; David Ettinger; Beth Ettinger; Karl Becker; Ehealth; Health Benefits One, LLC; Matthew Spiewak; Quick Quote US, LLC; Michael Hilf; Nations Insurance Solutions, LLC;

Danielle Bretti; Terry M. Alvarado; Michael K. Borchers; Pedro J. Colon; Benjamin Mahler; Teresa M. Newman; Jorge Saavedra; Samantha M. Scheibner; Michael C. Tobias; Western Heritage; and Lisa D. Gonzales.

10. An insurer must file a written appointment with the CSI within 15 days of executing an agency contract with an insurance producer. § 33-17-136(2).

11. Respondent insurers HCC, Starr, and NFL violated § 33-17-236(2) multiple times by not properly appointing Respondent insurance producers listed in Conclusion of Law ¶ 9, above.

12. An “administrator” is a person who collects charges or premiums from residents of Montana in connection with life, disability, property, or casualty insurance or who adjusts or settles claims on these coverages. § 33-17-102(3)(a).

13. A person may not act as, or represent to the public that, the person is an administrator in Montana unless the person holds a certificate of registration as an administrator from the CSI. § 33-17-603(1).

14. The Commissioner may waive the certification requirement for a person who meets the criteria listed. § 33-17-604.

15. Respondent HII entities violated § 33-17-603 by acting as, and holding themselves out as, administrators for each Respondent insurer without being certified by the CSI or receiving a waiver or certification from the CSI.

16. No person shall engage in any unfair method of competition defined in Title 33, Chapter 18, or any unfair or deceptive practice in the business of insurance in Montana. § 33-18-102.

17. It is an unfair practice to, with such frequency as to indicate a general business practice:

- a. Misrepresent pertinent facts or insurance policy provisions relating to coverages at issue, § 33-18-201(1);
- b. Fail to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies, § 33-18-201(2);
- c. Refuse to pay claims without conducting a reasonable investigation based upon all available information, § 33-18-201(4); or
- d. Neglect to attempt in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear, § 33-18-201(6).

18. “General business practice” means multiple violations by the same company in different cases. Admin. R. Mont. 6.6.1701.

19. Respondent insurance producers violated § 33-18-201(1) by misrepresenting pertinent facts or policy provisions of short term medical policies sold to Montanans.

20. Respondent insurers violated §§ 33-18-201(2), (4), and (6) in their claim handling practices for the short term medical insurance policies at issue.

21. A person may not make, issue, or circulate any estimate, illustration, circular, sales presentation, omission, comparison, or statement which misrepresents the benefits, advantages, conditions, or terms of any insurance policy. § 33-18-202(1).

22. Respondent insurance producers violated § 33-18-202(1) by making statements and omissions which misrepresented the terms of short term medical insurance to Montanans.

23. A person may not willfully collect any sum as a premium or charge for insurance any sum in excess of the premium or charge applicable to the insurance policy. § 33-18-212.

24. The HII entities violated § 33-18-212 by collecting fees in excess of insurance policy premium from Montanans who thought they were only paying premium for insurance.

25. If the Commissioner believes that any person engaged in the insurance business is engaging in this state in any method of competition or in any act or practice in the conduct of the business that is not defined in this chapter, but that the method of competition is unfair or that the act or practice is unfair or deceptive, and that a proceeding by the Commissioner in respect to the act or practice would be in the public interest, the Commissioner shall, after a hearing of which notice of the hearing and of the charges against the person are given to the person, make a written report of the findings of fact relative to the charges and serve a copy of the report upon the person and any intervenor at the hearing. § 33-18-1003(1).

26. The Respondent HII entities and their affiliated producers have violated § 33-18-1003 by creating, operating, or knowingly profiting from:

- a. The Code violations alleged in this Notice; and
- b. The sale of short term medical insurance or excepted benefits by persons not licensed as insurance producers, who misrepresented the terms of the insurance policies at the time of sale.

27. The Respondent Insurers have violated § 33-18-1003 by creating, operating, or knowingly profiting from:

- a. The Code violations alleged in this Notice; and
- b. The sale of their short term medical insurance or excepted benefits policies by persons not licensed as insurance producers, who misrepresented the terms of the insurance policies at the time of sale.

28. The Commissioner may impose a fine not to exceed \$25,000 on an insurer for each violation of the Insurance Code. § 33-1-317.

29. The Commissioner may issue a cease and desist order for any act or practice found after a hearing to have violated the Insurance Code. § 33-1-318.

30. The Commissioner may suspend or revoke an insurer's certificate of authority if, after a hearing, the Commissioner finds that the insurer has violated any provision of the Code other than those for which suspension or revocation is mandatory. § 33-2-119(1)(a).

31. The Commissioner shall suspend or revoke an insurer's certificate of authority if the Commissioner finds that the insurer is using methods or practices in the conduct of its business that render its further transaction of insurance in Montana injurious or hazardous to its policyholders or the public, or an insurer—with such frequency as to indicate its general business practice in Montana—has without just cause refused to pay a proper claim arising under its policies. § 33-2-119(2)(a), (d).

32. The Commissioner may suspend or revoke an insurance producer license for any person who has:

a. Engaged in an act or practice for which issuance of the license could have been refused, § 33-17-1001(1)(a);

b. Violated or failed to comply with a provision of the Insurance Code, § 33-17-1001(1)(c);

c. In the conduct of the affairs under the license, used fraudulent, coercive, or dishonest practices, § 33-17-1001(1)(f);

d. Been incompetent, untrustworthy, financially irresponsible, or a source of injury and loss to the public, § 33-17-1001(1)(f);

- e. Misrepresented the terms of an actual or proposed insurance contract, § 33-17-1001(1)(g);
- f. Been found guilty of an unfair trade practice or fraud prohibited by Title 33, chapter 18, § 33-17-1001(1)(h); or
- g. Knowingly accepted insurance business from a person who is not licensed, § 33-17-1001(1)(l).

RELIEF REQUESTED

For violating provisions of the Code, the CSI seeks the following relief:

1. Impose administrative fines against each Respondent not to exceed \$25,000 per violation, or \$5,000 per violation for each Respondent insurance producer, pursuant to § 33-1-317;
2. Issue a cease and desist order to enjoin each Respondent's violations of the Code, pursuant to § 33-1-318;
3. Suspend or revoke each Respondent insurer's relevant certificate of authority, pursuant to § 33-2-119;
4. Suspend or revoke each Respondent insurance producer's license, pursuant to § 33-17-1001; and
5. Any other relief deemed just and proper.

STATEMENT OF RIGHTS

You are each entitled to a hearing and to respond to this Notice of Proposed Agency Action and to present evidence and arguments on all issues involved in this case. You may have a formal hearing before a hearing examiner appointed by the Commissioner as provided in the Montana Administrative Procedure Act. Mont. Code Ann. § 2-4-601 et seq.

You have a right to be represented by an attorney at any and all stages of this proceeding. If you wish to contest the allegations herein, you must make a written request for a hearing within 21 days of receipt of this notice to:

Michael A. Kakuk
Office of the Montana State Auditor,
Commissioner of Securities and Insurance
840 Helena Avenue
Helena, MT 59601

Your written notice must clearly indicate whether you request a hearing, or whether you waive formal proceedings and, if so, what informal proceedings you prefer for handling this case. Pursuant to § 2-4-603(2), you may not request to proceed informally if the action could result in suspension, revocation, or any other adverse action against a professional license. If you request a hearing, you will be given notice of the date, time, and place of the hearing.

Should you request a hearing, you have the right to be accompanied, represented and advised by an attorney. If the attorney you choose has not been admitted to the practice of law in the state of Montana, she or he must comply with the Montana State Bar requirements for appearing *pro hac vice*, *Application of American Smelting and Refining, Co.*, 164 Mont. 139, 520 P.2d 103 (1973), and *Mont. Supreme Court Comm'n on the Unauthorized Practice of Law v. O'Neil*, 2006 MT 284, 334 Mont. 311, 147 P.3d 200 (2006).

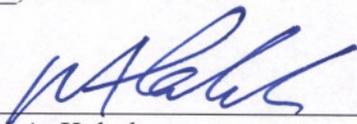
CONTACT WITH THE COMMISSIONER'S OFFICE

If you have questions, or wish to discuss this matter, please contact Michael A. Kakuk, Office of the Montana State Auditor, Commissioner of Securities and Insurance, 840 Helena Ave, Helena, MT 59601, (406) 444-2040. If you are represented by an attorney, please make any contacts with this office through your attorney.

POSSIBILITY OF DEFAULT

Failure to give written notice of your demand for a formal hearing or for informal procedure within 21 days will result in the entry of a default order imposing any sanctions available under Montana law without any additional notice to you pursuant to Mont. Admin. R. 6.6.101 and the Attorney General's Model Rule 10, Mont. Admin. R. 1.3.214.

DATED this 9th day of May, 2016.



Michael A. Kakuk
Attorney for the CSI

CERTIFICATE OF SERVICE

This is to certify that a true and accurate copy of the foregoing document was sent by certified, first class U.S. Mail, postage paid, this 12 day of May, 2016, to the following:

Health Insurance Innovations, Inc.
c/o Corporation Service Company
201 Hays Street
Tallahassee, FL 32301

Health Plan Intermediaries, LLC
15438 N. Florida Ave., Suite 201
Tampa, FL 33613

Health Plan Intermediaries Holdings, LLC
213 W. Chapman Rd.
Lutz, FL 33548

Healthpocket, Inc.
15438 N. Florida Ave., Suite 101
Tampa, FL 33613

Insurance Center for Excellence, LLC
c/o Corporation Service Company
1201 Hays Street
Tallahassee, FL 32301-2525

HCC Life Insurance Company
225 Townpark Dr. NW, Suite 350
Kennesaw, GA 30144

HCC Medical Insurance Services, LLC
251 North Illinois Street, Suite 600
Indianapolis, IN 46204

Starr Indemnity & Liability Company
8401 N. Central Expressway, Suite #890
Dallas, TX 75225

USHEALTH Group
801 Cherry Street, Unit 33
Fort Worth, TX 76102

National Foundation Life Insurance Company
3100 Burnett Plaza
801 Cherry Street, Unit 33
Fort Worth, TX 76102

Unified Life Insurance Company
c/o Frank M. Neidig
PO Box 25326
Overland Park, KS 66213

Coverage One Insurance Group, LLC
6601 NW 14 Street, Suite #11
Plantation, FL 33313

David H. Ettinger
Coverage One Insurance Group, LLC
6601 NW 14th Street, Suite #11
Plantation, FL 33313-4579

Beth Ettinger
Coverage One Insurance Group, LLC
6601 NW 14th Street, Suite #11
Plantation, FL 33313-4579

Karl Becker
Coverage One Insurance Group, LLC
6601 NW 14th Street, Suite #11
Plantation, FL 33313-4579

EHealth Insurance Services, Inc.
11919 Foundation Place, Suite 100
Gold River, CA 95670

Health Benefits One, LLC
3325 S. University Dr., Suite 210
Davie, FL 33328

Danielle Bretti
4770 Bucida Rd.
Boynton Beach, FL 3343

Quick Quote US LLC
700 West Hillsboro Blvd.
Building 1, Suite 105
Deerfield Beach, FL 33441

Michael S. Hilf
700 West Hillsboro Blvd.
Building 1, Suite 105
Deerfield Beach, FL 33441-1612

Terry M. Alvarado
PO Box 934942
Margate, FL 33093-4942

Michael K. Borchers
6600 NW 16th Street, Suite 1
Plantation, FL 33313-4554

Pedro J. Colon
40 SE 5th Street, Suite 406
Boca Raton, FL 33432-6003

Benjamin Mahler
20905 Avenel Run
Boca Raton, FL 33428

Teresa M. Newman
8900 NW 26th Street
Sunrise, FL 33322-2817

Jorge Saavedra
6600 NW 16th Street, Suite 1
Plantation, FL 33313-4554

Samantha M. Scheibner
4735 NW 113th Terrace
Sunrise, FL 33323

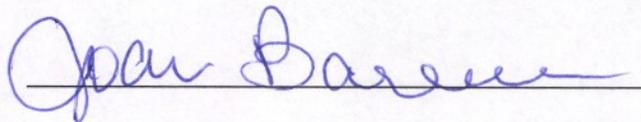
Michael C. Tobias
791 Park of Commerce Blvd., Suite 201
Boca Raton, FL 33487-3632

Matthew E. Spiewak
2 Oak Blvd., Suite 100
Hollywood, FL 33020

Nations Insurance Solutions, LLC
20725 NE 16 Avenue, Suite A-24
Miami, FL 33179

Western Heritage Insurance Marketing Group
PO Box 1750
Great Falls, MT 59401

Liza D. Gonzales
1105 5th Avenue NW
Great Falls, MT 59404



Juan Barera