

NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER OF
INSURANCE
DOCKET # 1643

IN THE MATTER OF CPR-ASO, LLC,)
TRUE BENEFITS ADMINISTRATORS,)
LLC, VIRTUAL BENEFITS GROUP,)
LLC, JOHN E. OLIVER, LOIS OLIVER,)
JEFF HUTSON and LISA ANN)
WILLIAMS)
)

ORDER AND FINAL AGENCY
DECISION

THIS CAUSE was heard on April 17, 2013, by the undersigned hearing officer, designated by the Commissioner of Insurance pursuant to N.C.G.S. § 58-2-55, pursuant to a notice of hearing that was duly issued and served on respondents CPR-ASO, LLC, True Benefits Administrators, LLC, Virtual Benefits Group, LLC, John E. Oliver, Lois Oliver and Lisa Ann Williams.

Before the start of the hearing, the Department voluntarily dismissed the allegations against respondent Jeff Hutson, who had not been served with the notice of hearing at that time.

The North Carolina Department of Insurance (hereinafter "Department") was present, represented by the Consumer Services Division. The Department was represented by Assistant Attorney General Robert D. Croom.

Respondent Lisa Ann Williams was present and represented herself.

Respondents CPR-ASO, LLC, True Benefits Administrators, LLC, Virtual Benefits Group, LLC, John E. Oliver and Lois Oliver failed to appear after being duly served with the notice of hearing.

At the hearing, Robert Harvell, the Chief Examiner of Unlicensed Plan Investigations with the Department was called to testify for the Department and respondent Lisa Ann Williams testified on her own behalf.

The Department offered into evidence Administrative Exhibits A1 through A8 and Hearing exhibits 1 through 13, and said documents were admitted into evidence.

Respondent Lisa Ann Williams offered no exhibits into evidence.

After careful consideration of the evidence and arguments presented, and based on the record as a whole, the undersigned Hearing Officer hereby makes the following Findings of Fact and Conclusions of Law:

Findings of Fact

1. Respondent CPR-ASO, LLC (hereinafter "CPR-ASO") is a limited liability company organized under the laws of the State of Texas.
2. Respondent John E. Oliver (hereinafter "John Oliver") is a citizen and resident of the State of Texas.
3. John Oliver is President of CPR-ASO.
4. Respondent Virtual Benefits Group, LLC, also known as VBG, (hereinafter "VBG") is a limited liability company organized under the laws of the State of Texas.
5. Respondent Lisa Ann Williams (hereinafter "Williams") is a citizen and resident of the State of Texas.
6. Williams is Managing Director of VBG.
7. On or about November, 2010, Jeff Hutson (hereinafter "Hutson") was employed with VBG.
8. Respondent True Benefits Administrators, LLC (hereinafter "TBA") is a limited liability company organized under the laws of the State of Texas.
9. Respondent Lois Oliver (hereinafter "Lois Oliver") is a citizen and resident of the State of Texas.
10. Lois Oliver is an employee of TBA.
11. CPR-ASO offered a health benefit plan (hereinafter "the CPR-ASO health benefit plan") to North Carolina consumers.

12. The CPR-ASO health benefit plan was created in September 2010.
13. The CPR-ASO health benefit plan was not authorized or approved by the Department.
14. CPR-ASO and VBG marketed the CPR-ASO health benefit plan as a partially self-funded insurance plan covered by Title I of ERISA.
15. The CPR-ASO health benefit plan was marketed to North Carolina consumers through the American Association of Christian Counselors (hereinafter "AACC").
16. The CPR-ASO health benefit plan was available to individual AACC members or employers.
17. VBG and TBA perform sales and administrative duties on behalf of CPR-ASO.
18. As Managing Director of VBG, Williams was the agent of record for all CPR-ASO health plan options since September 2010 and that her responsibilities as agent of record included providing assistance with plans and utilization information, enrollment assistance, group meetings and presentations, and organizing benefit education for CPR-ASO and members at all locations.
19. VBG was responsible for enrolling members in the CPR-ASO health benefit plan.
20. Beginning on June 1, 2011, TBA was the claims paying third party administrator for the CPR-ASO health benefit plan.
21. TBA received premium payments and processed claims for the CPR-ASO health benefit plan.
22. On December 1, 2010, CPR-ASO entered into an administrative services agreement with The El Rophe Center, Inc. (hereinafter "El Rophe Center") a corporation with a principal place of business in Waxhaw, North Carolina, and subsequently enrolled several El Rophe Center employees under the unauthorized CPR-ASO health benefit plan.
23. John Oliver signed the agreement with the El Rophe Center on behalf of CPR-ASO.

24. The enrollment of the El Rophe Center employees to the CPR-ASO health benefit plan was done by Hutson through VBG.

25. Hutson acted as VBG's agent for The El Rophe Center and was to be provided any and all information required to handle the El Rophe Center's accounts (including, but not limited to, processing of applications, negotiation of renewals and plan changes, billing reconciliation, assistance with claims issues, etc.), and was to have any commissions or fees payable assigned to him.

26. Hutson was paid a fee for members he enrolled in the CPR-ASO health benefit plan.

27. As an employee of TBA, Lois Oliver communicated with North Carolina consumers employed with the El Rophe Center regarding coverage under the CPR-ASO health benefit plan.

28. In January and February 2011, CPR-ASO exhausted its reserves for paying claims and could not timely pay all claims submitted to it for payment.

29. Employees of the El Rophe Center made payable claims under the CPR-ASO health benefit plan that remained unpaid for an extensive period of time.

30. Beginning on April 1, 2012, CPR-ASO stopped offering the CPR-ASO health benefit plan and switched plan members to a group policy issued by Aetna Life Insurance Company (hereinafter "Aetna").

31. Thomas and Julie Morris, who reside in Buncombe County, North Carolina, were enrolled in the CPR-ASO health benefit plan beginning in January 2012. Ms. Morris was a member of the AACC.

32. On April 11, 2012 Thomas and Julie Morris were notified that the company that was handling their insurance was being purchased by Aetna Life Insurance Company (hereinafter "Aetna") and that their premium would increase by approximately \$400 a month.

33. On April 26, 2012, the El Rophe Center was notified by CPR-ASO that based on its specific elections, it was dropped from the CPR-ASO health benefit plan and made active with Aetna.

34. On or about April 2012, CPR-ASO's website began indicating to members and marketing the CPR-ASO health benefit plan as being underwritten and insured by Aetna.

35. CPR-ASO, VBG, TBA, John Oliver, Lois Oliver and Williams are not licensed by the Department to transact insurance business in the State of North Carolina.

36. Ten (10) CPR-ASO health benefit plan policies were issued to North Carolina consumers.

37. A total of fifteen (15) North Carolina consumers were enrolled in the CPR-ASO health benefit plan.

38. One hundred eighty-six (186) claims were filed by North Carolina Consumers with the CPR-ASO health benefits plan.

39. The billed amount of North Carolina consumer claims to CPR-ASO was \$73,937.34.

40. The repriced amount of North Carolina consumer claims to CPR-ASO was \$59,436.68.

41. Of the \$73,937.34 of billed North Carolina consumer claims, the amount actually paid by CPR-ASO was \$15,613.14.

Based on the foregoing Findings of Fact, the Hearing Officer makes the following:

Conclusions of Law

1. This matter is properly before the Commissioner. The Commissioner has jurisdiction over the parties and the subject matter pursuant to N.C.G.S. §§ 58-28-13, 58-28-20, 150B-38, 150B-40, 11 NCAC 1.0401 et seq. and other applicable statutes and regulations.

2. Pursuant to N.C.G.S. § 58-1-10, “[a] contract of insurance is an agreement by which the insurer is bound to pay money or its equivalent or to do some act of value to the insured upon, and as an indemnity or reimbursement for the destruction, loss, or injury of something in which the other party has an interest.”

3. The CPR-ASO health benefit plan that was offered, sold and serviced by CPR-ASO, TBA, VBG, John Oliver, Lois Oliver and Williams prior to the issuance of Aetna coverage was a contract of insurance pursuant to N.C.G.S. § 58-1-10.

4. Through the CPR-ASO health benefit plan, CPR-ASO provided coverage to North Carolina consumers for medical, surgical and other health expenses.

5. N.C.G.S. § 58-49-5 states:

Notwithstanding any other provision of law, and except as provided in this Article, any person that provides coverage in this State for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses, whether the coverage is by direct payment, reimbursement, or otherwise, shall be presumed to be subject to the jurisdiction of the Commissioner, unless the person shows that while providing the services it is subject to the exclusive jurisdiction of another agency or subdivision of this State or of the federal government.

6. Pursuant to N.C.G.S. § 58-49-10:

A person may show that it is subject to the exclusive jurisdiction of another agency or subdivision of this State or the federal government, by providing to the Commissioner the appropriate certificate, license, or other document issued by the other governmental agency that permits or qualifies it to provide those services. If no documentation is issued by that other agency, the person may provide a certification by an official of that agency that states that the person is under the exclusive jurisdiction of that agency.

7. Pursuant to N.C.G.S. § 58-49-20, any person unable to show that it is subject to the exclusive jurisdiction of another agency or subdivision of this State or the federal government, shall be subject to all appropriate provisions of North Carolina General Statutes, Chapter 58 regarding the conduct of its business.

8. CPR-ASO has not shown that it is subject to the exclusive jurisdiction of another agency or subdivision of this State or the federal government and is subject to all appropriate provisions of North Carolina General Statutes, Chapter 58.

9. Offering, selling and servicing the CPR-ASO health benefit plan to citizens of the State of North Carolina, including marketing the CPR-ASO health plan, enrolling members, handling premium payments and processing and paying claims is transacting insurance business in the State of North Carolina.

10. CPR-ASO violated N.C.G.S. §§ 58-28-5 and 58-28-13 which prohibit any company from entering into a contract of insurance as an insurer or to transact insurance business in this State as set forth in N.C.G.S. § 58-28-12, without a license.

11. TBA, VBG, John Oliver, Lois Oliver and Williams violated N.C.G.S. §§ 58-28-5 and 58-28-13 which prohibits any person from transacting insurance business as set forth in N.C.G.S. § 58-28-12 or in this State directly or indirectly act as an agent for, or otherwise represent or aid on behalf of another, a nonadmitted insurer in the solicitation, negotiation, procurement, or effectuation of insurance, or renewals of insurance; forwarding of applications; delivery of policies or contracts; inspection of risks, fixing of rates; investigation or adjustment of claims or losses; collections or forwarding of premiums; or in any other manner represent or assist the insurer in transacting insurance business.

12. The evidence presented at the hearing, in the form of testimony and the exhibits introduced, is sufficient to support the entry of an order fining the Respondents and ordering them to cease and desist from violating N.C.G.S. § 58-28-5.

13. CPR-ASO, TBA, VBG, John Oliver, Lois Oliver and Williams should be ordered to pay monetary penalties pursuant to N.C.G.S. §§ 58-28-13 and 58-28-14 for transacting unauthorized and unlicensed insurance business in this State.

14. As it relates to CPR-ASO, in determining an appropriate penalties, the Hearing Officer has considered the factors listed in N.C.G.S. § 58-28-14 and finds the factors relevant to the determination of monetary penalties against CPR-ASO include the following:

- a. There were 15 North Carolina consumers enrolled in the CPR-ASO health benefit plan;
- b. There were 10 CPR-ASO health benefit plan policies issued to North Carolina consumers;
- c. North Carolina consumers were harmed in that CPR-ASO only paid \$15,613.14 of the \$73,937.34 billed claims from North Carolina consumers.
- d. North Carolina Consumers were harmed in that some claims remained unpaid for an extensive period of time.

15. Pursuant to N.C.G.S. § 58-28-13(c), a person who represents or aids a nonadmitted insurer in violation of the section is subject to penalties and restitution as set forth in this section.

16. As it relates to VBG, in determining appropriate penalties, the Hearing Officer has considered the factors listed in N.C.G.S. § 58-28-14 and finds that the factors relevant to the determination of monetary penalties against VBG include the following:

- a. There were 15 North Carolina consumers who were enrolled in the CPR-ASO health benefit plan by VBG;
- b. There were 10 CPR-ASO health benefit plan policies issued to North Carolina consumers;
- c. North Carolina consumers were harmed in that CPR-ASO only paid \$15,613.14 of the \$73,937.34 billed claims from North Carolina consumers.
- d. The CPR-ASO health plan was marketed by VBG on its website.

17. As it relates to TBA, in determining appropriate penalties, the Hearing Officer has considered the factors listed in N.C.G.S. § 58-28-14 and finds that the factors relevant to the determination of monetary penalties against TBA include the following:

- a. There were 15 North Carolina consumers who were enrolled in the CPR-ASO health benefit plan serviced by VBG;
- b. There were 10 CPR-ASO health benefit plan policies issued to North Carolina consumers;
- c. North Carolina consumers were harmed in that CPR-ASO only paid \$15,613.14 of the \$73,937.34 billed claims from North Carolina consumers.
- d. North Carolina Consumers were harmed in that some claims remained unpaid for an extensive period of time.

18. John Oliver, individually, as President of CPR-ASO, is responsible for the actions of CPR-ASO as set forth herein and the conclusions regarding the determination of factors listed in N.C.G.S. § 58-28-14 for CPR-ASO in paragraph 14 are incorporated by reference. The Hearing Officer has considered these factors and finds them relevant to the determination of monetary penalties for John Oliver.

19. Lisa Williams, individually, as Managing Director of VBG, is responsible for the actions of VBG as set forth herein and the conclusions regarding the determination of factors listed in N.C.G.S. § 58-28-14 for VBG in paragraph 16 are incorporated by reference. The Hearing Officer has considered these factors and finds them relevant to the determination of monetary penalties for Lisa Williams.

20. As it relates to Lois Oliver, in determining appropriate penalties, the Hearing Officer has considered the factors listed in N.C.G.S. § 58-28-14 and finds the following factors relevant to the determination of monetary penalties against Lois Oliver:

- a. There were 15 North Carolina consumers who were enrolled in the CPR-ASO health benefit plan serviced by VBG;

b. There were 10 CPR-ASO health benefit plan policies issued to North Carolina consumers;

c. North Carolina consumers were harmed in that CPR-ASO only paid \$15,613.14 of the \$73,937.34 billed claims from North Carolina consumers.

d. As an employee of TBA, Lois Oliver corresponded with North Carolina Consumers regarding claims and other matters related to the CPR-ASO health benefit plan.

Based on the foregoing Findings of Fact and Conclusions of Law, the Hearing Officer enters the following:

Order

It is hereby ordered that:

1. CPR-ASO, TBA, VBG, John Oliver, Lois Oliver and Williams shall immediately, with the exception of any affirmative acts required by this Order, cease and desist from soliciting, marketing, issuing, administering and conducting all insurance business in this State, within the meaning of the North Carolina Statutes relating to insurance in this State.

2. CPR-ASO, TBA, VBG, John Oliver, Lois Oliver and Williams shall appropriately process, pay and otherwise fully service all valid claims on all contracts issued to North Carolina consumers.

3. CPR-ASO is hereby penalized in the amount of \$12,000.00 for violating the provisions of N.C.G.S. § 58-28-13.

4. VBG is hereby penalized in the amount of \$1,000.00 for violating the provisions of N.C.G.S. § 58-28-13.

5. TBA is hereby penalized in the amount of \$1,000.00 for violating the provisions of N.C.G.S. § 58-28-13.

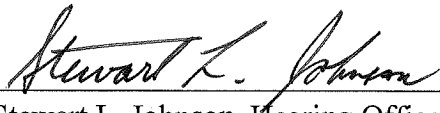
6. John Oliver is hereby penalized in the amount of \$1,000.00 for violating the provisions of N.C.G.S. § 58-28-13.

7. Lisa Ann Williams is hereby penalized in the amount of \$500.00 for violating the provisions of N.C.G.S. § 58-28-13.

8. Lois Oliver is hereby penalized in the amount of \$100.00 for violating the provisions of N.C.G.S. § 58-28-13.

9. The respondents shall pay the monetary penalties within 60 days of receipt of this Order. The checks for the payment of these civil penalties shall be made payable to the "North Carolina Department of Insurance." These civil penalties shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of the public schools.

This the 20th day of August, 2013.



Stewart L. Johnson, Hearing Officer
N.C. Department of Insurance
1201 Mail Service Center
Raleigh, NC 27699-1201

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served a copy of the foregoing ORDER AND FINAL AGENCY DECISION by mailing a copy of the same via U.S. mail, in a first class postage prepaid envelope addressed as follows:

CPR-ASO, LLC
3535 Firewheel Drive, Suite A
Flower Mound, Texas 75028

Lois Oliver
3535 Firewheel Drive, Suite A
Flower Mound, Texas 75028

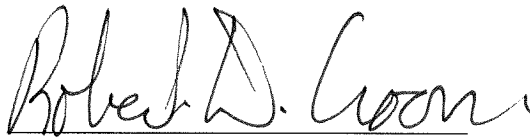
True Benefits Administrators, LLC
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John E. Oliver
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Virtual Benefits Group, LLC
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Lisa Ann Williams
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This the 21st day of August, 2013.



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