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OFFICE OF
INSURANCE COMMISSIONER

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OIC HEARINGS UNIT
PATRICIA D. PETERSEN
CHIEF PRESIDING OFFICER

IN THE MATTER OF

iCAN BENEFIT GROUP, LLC and iCAN
INSURANCE, LLC

Licensees.

ORDER NO. 13-0216

NOTICE OF REQUEST FOR HEARING
FOR IMPOSITION OF FINES

TO: iCan Benefit Group, LLC and iCan Insurance, LLC

C/O Eric P. Serna
Attorney at Law
Post Office Box 8254
Santa Fe, NM 87504-8254
Email: ericpserna@att.blackberry.net
sernalawfirm@gmail.com

The Washington State Office of the Insurance Commissioner ("OIC") has requested that a hearing be set in this matter by the OIC's Hearings Unit.

A. BASIS

1. iCan Benefit Group, LLC is a licensed insurance producer in Washington. It has an affiliate entity named iCan Insurance, LLC which is also a licensed Washington insurance producer. (Collectively, "iCan.")
2. In early December, 2012, OIC's Market Conduct Oversight division became aware of a television advertisement by iCan, offering insurance products with multiple carriers. OIC investigated to ensure that the licensee was appointed by all these carriers.
3. In response to OIC's inquiries, iCan stated that it does not do business in Washington, and does not even accept phone calls from Washington.

Website:

4. At the time OIC's investigation began, iCan had a website that appeared to offer Washingtonians numerous insurance products from twenty insurers. These included health, life, auto, and other products. The website referred to the 20+ insurers as iCan's "partners."
5. However, iCan was appointed with only 3 insurers in Washington.
6. There was no indication anywhere on the website that the products were not available in Washington. In fact, the website had a Washington-specific page (it appears to have had one for every state) which indicated that two health insurance policies were available in Washington: one major medical plan and one association plan. It gave no company names, thereby giving the impression that iCan itself was the insurer.
7. The major medical plan was very vaguely described on one page, but that page, also, did not give the name of an insurer. The association plan was called "My Choice." The website did not give the name of, or any information about, the association through which the coverage was available.
8. OIC staff submitted contact information through the website to request a quote, but received no response.
9. OIC reported its findings to iCan. On March 26, 2013, the Company reported that iCan had revamped its website to make it compliant.
10. Upon reviewing the website, OIC staff found that it still did not indicate that coverage was not available in Washington. It still contained a Washington-specific page with the words, "We are happy to offer the following programs in your state. Please click the tabs for full benefit descriptions and pricing." It still indicated that the "My Choice" plan was available in Washington. The page included a tab labeled "program details" for that plan, which brought up a .pdf about a plan called the HCCUA MyChoice Plan. That .pdf contained a long list of states in which the HCCUA MyChoice Plan is not available, but Washington was not one of those states. There is no company named "HCCUA" listed as an authorized insurer in Washington.
11. OIC staff then submitted their Washington contact information to the website. Within approximately 5 minutes, the staff member received a call from someone who identified himself

as “Eric” from iCan Benefit Group. See “telephone quotes” section below for details on that encounter.

12. OIC informed iCan that the website and the telephone encounter still did not appear to comply with Washington law. In very early June, 2013, iCan reported that all of the website issues identified by OIC had been corrected.

13. OIC checked the iCan website again, and found that changes had been made to make it compliant. A prominent statement that iCan plans are not available in Washington had been added. The website did still have a Washington-specific page (the Company stated that it wants to be able to provide coverage in Washington in the future). However, the page had been changed to simply state that no products are available in Washington, and invited consumers to leave their contact information in case such products became available in the future.

14. The website originally had logos for several insurance companies on it, suggesting that it had licensed agents in Washington appointed to sell all of those products. iCan did, and does, have licensed agents in Washington who are appointed with most, but it has no appointment or agents appointed to sell for one of these companies. However, the website corrections in April included a disclaimer that made it clear on this page that those products are not available in Washington.

Telephone Quotes

15. On February 21, 2013, an OIC staff member called iCan’s 1-800 number. The person who answered the phone requested the staffer’s contact information, including zip code and phone number (the staffer gave Washington numbers). The iCan representative then asked the best time to call back and said that a licensed agent would call back to tell the staffer her options. However, the staffer received no return call.

16. When informed of this, iCan stated that this experience was consistent with what the Company was doing at that time with Washington calls. The calls were answered by an answering service who took the information, which was then passed on to iCan. Because iCan does not do business in Washington, no one would respond.

17. On March 26, 2013, iCan wrote to OIC that “the Outside Call Center procedures and scripting have been changed so that callers from Washington are informed when they call in that iCan does not offer product(s) in their State. Similarly, consumers from Washington who call and leave contact information after hours or submit it online now receive a call back just for the purpose of explaining that iCan does not offer product(s) in the State.”

18. On April 15, 2013, OIC submitted a staffer’s Washington contact information to the website in order to verify these changes. Within approximately 5 minutes, the staffer received a call from someone who identified himself as “Eric” from iCan Benefit Group. “Eric” asked the staffer some basic health questions and also asked, “What city are you in?” The staffer told him she was in Olympia, Washington. He also asked for and was given the zip code for Olympia, Washington. He then said, “OK, nothing is coming up for me, I will call you back.” The staffer did not receive a call back.

19. “Eric” made no comment to indicate that there is no coverage available in Washington through iCan, which is what iCan had previously represented to OIC an iCan agent would tell a Washington caller.

20. The next day, another OIC staffer called iCan’s 1-800 number in order to verify the changes allegedly made to it. The staffer provided his name and contact information in Spokane, Washington. He simply did not receive a call back.

21. OIC provided the information about these latest telephone encounters to iCan. In very early June, 2013, the Company reported that all of the telephone issues had been fixed.

22. OIC then tried the 1-800 number several times in order to verify the changes. Each time OIC called, the phone would simply ring with no answer.

23. OIC reported that to the Company. iCan responded that it was rolling out the state-specific phone messages one state at a time, and had simply not gotten to Washington yet. OIC tried the number again on June 13, 2013, and found that the script had been put in place and was exactly as stated by the Company.

Sale of policy by unappointed Producer

24. iCan provided information that showed that one health policy had been sold to a Washington resident by the Company in 2010. The policy was sold by an agent who did not have an appointment with the carrier, nor had he been affiliated with iCan.

25. iCan admits that it had not filed a Notice of Affiliation for this producer. However, iCan subsequently provided information showing that both iCan and the insurer believed that the producer had, in fact, been appointed to the insurer.

26. At the time of the investigation, iCan had six Washington-licensed producers in its employ, only one of which was affiliated to iCan. Despite not doing business in Washington, iCan affiliated all of its Washington-licensed agents on January 30, 2013 to iCan Benefit Group, Inc.

Television Ads

27. Finally, the Company stated that all of its television ads are produced and run on a national basis. The Company reports that the ad seen by the OIC staffer probably ran during the very late or early hours (referred to as "remnant airtime," which are less expensive time slots). The Company stated that it did not have the ability to select the ad to run in any specific location or state, as it was placed by a media company that refers insurance inquiries to iCan. The ad is no longer used.

Offer of Discount Cards

28. At least one of iCan's television advertisements and iCan's website advertised free Humana prescription discount cards to anyone who would either call iCan or "like" iCan on Facebook.

29. The discount cards appear to have no maximum available discount.

B. PENALTIES AND RELIEF REQUESTED

The OIC seeks to impose a fine against the Companies, jointly and severally, in the total amount of \$5,000 for the following violations:

1. By knowingly making, publishing, or disseminating false, deceptive or misleading representations or advertising in the conduct of the business of insurance, iCan Benefit Group, LLC and iCan Insurance, LLC violated RCW 48.30.040.
2. By allowing individual producers to represent them or act on their behalf, but failing to ensure that they were affiliated with the entities, iCan Benefit Group, LLC and iCan Insurance, LLC violated WAC 284-17-473.
3. By offering free prescription discount cards with no maximum value, iCan offered a rebate in violation of RCW 48.30.140.
4. By offering free prescription discount cards with no maximum value, iCan offered an inducement in violation of RCW 48.30.150.

C. NOTICE OF HEARING

1. The Insurance Commissioner will convene a hearing at a date, location, and time to be determined, to consider the allegations above and the sanctions to be imposed upon iCan pursuant to RCW 48.17.560 and RCW 48.30.010(6). At the hearing, the OIC will present evidence showing that iCan violated the Insurance Code as summarized above and that the sanctions requested above are authorized under the law. iCan may cross-examine OIC witnesses and present any defenses, evidence, or arguments it may have in opposition.
2. The Insurance Commissioner's staff will participate in this matter through its designated representative, Andrea L. Philhower, P.O. Box 40255, Olympia, Washington, 98504-0255, AndreaP@oic.wa.gov, (360) 725-7063. The Insurance Commissioner has been informed that iCan is represented by attorney Eric Serna. Pursuant to RCW 34.05.428 and WAC 10-08-083, OIC requests that, should this information be or become inaccurate, the Company provide the Chief Presiding Officer and Ms. Philhower with written notification of the person who will

appear at all conferences and hearings, including the person's name, address, e-mail address, and telephone number.

DATED this 17th day of March, 2014.

A handwritten signature in cursive script that reads "Andrea L. Philhower". The signature is written in black ink and has a long, sweeping underline that extends to the right.

Andrea L. Philhower
Staff Attorney
Legal Affairs Division

CERTIFICATE OF MAILING

The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing NOTICE OF REQUEST FOR HEARING FOR IMPOSITION OF FINES on the following individuals via Hand Delivery, US Mail and e-mail at the below indicated addresses:

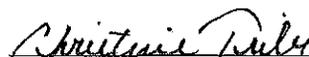
VIA Hand Delivery and Email

Hearings Unit
Patricia Petersen, Chief Hearing Officer
Office of Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98502
Email Hearings Unit

VIA US Mail and Email

C/O Eric P. Serna
Attorney at Law
Post Office Box 8254
Santa Fe, NM 87504-8254
Email: ericpserna@att.blackberry.net
sernalawfirm@gmail.com

SIGNED this 17th day of March, 2014, at Tumwater, Washington.


Christine Tribe