MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER

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FILED

FEB -4 2008

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

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| **In the Matter of** | ) | |
| | ) | |
| **DAYSPRING MANAGEMENT, LLC; PREMIER CLUB BENEFIT TRUST; PREMIER CLUB SERVICES, INC.; R.J. WILSON & ASSOCIATES, LTD.; MEDICAL BENEFITS ADMINISTRATORS OF MD, INC.; CUSTOM RAIL EMPLOYER WELFARE TRUST, ARCHERY & BOW HUNTING INDUSTRY BENEFIT TRUST; IGA GROUP EMPLOYEE BENEFIT TRUST, and BRANDSOURCE BENEFIT TRUST** | ) | **NO. D06-377** |
| **Unauthorized Entities, and** | ) | **STIPULATION AND ORDER** |
| | ) | |
| **RONALD JACK WILSON, ET AL.,** | ) | |
| | ) | |
| **Principals.** | ) | |

## STIPULATION

Pursuant to RCW 34.05.060 and WAC 10.08.230(2)(b), the Office of Insurance Commissioner ("OIC"), by and through its undersigned counsel, Charles Brown Esq., and **DAYSPRING MANAGEMENT, LLC (DaySpring), PREMIER CLUB BENEFIT TRUST (the Trust), PREMIER CLUB SERVICES, INC. (Premier Club), R.J. WILSON & ASSOCIATES, LTD. (RJW), MEDICAL BENEFITS ADMINISTRATORS OF MD, INC. (MBA) RONALD JACK WILSON (Wilson), CUSTOM RAIL EMPLOYER WELFARE TRUST, ARCHERY & BOW HUNTING INDUSTRY BENEFIT TRUST, IGA GROUP EMPLOYEE BENEFIT TRUST, BRANDSOURCE BENEFIT TRUST ("Respondents"),**


Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

by and through their undersigned representatives, hereby stipulate and agree to resolve this matter as follows:

1. On January 18, 2007, the Washington State Insurance Commissioner issued Order to Cease and Desist No. D 06-377 ordering Dayspring Management, LLC, Premier Club Benefits, Premier Club Services, RJ Wilson and Associates, Ltd, Medical Benefits Administrators of Maryland, Inc., and Ronald J. Wilson to cease the unauthorized transaction of insurance and the unauthorized sale of health insurance policies to small employers in the State of Washington. The OIC alleged that the Respondents violated one or more of RCW 48.05.080, RCW 48.15.020, RCW 46.17.060, and RCW 45.125.020 in connection with the offering or sale to employers in the State of Washington of employee welfare benefit plan(s). The OIC contended that Respondents have not submitted to OIC any appropriate certificate, license, or other document issued by another agency of this state, any subdivision thereof, or the federal government permitting or qualifying Respondents to provide such coverage in this state and that Respondents violated RCW 48.03.010 and RCW 48.30.040 by representing that the employer welfare benefit plan was being legally offered under the laws of the State of Washington or exempt from such laws.

2. Pursuant to RCW 48.04.010, Respondents objected to the OIC's order and requested an administrative hearing, claiming that the health plan at issue is a multiple employer welfare arrangement plan which is fully insured under the statutory provisions of ERISA and therefore exempt from obtaining a certificate of authority under the Washington Insurance Code. The respondents contended that the insurance policies in question were issued in the District of Columbia and were placed with the respective trusts in the District of Columbia or the State of Illinois in compliance with applicable laws of the District of Columbia or the State of Illinois,

that Respondents relied upon legal opinions issued from reputable law firms knowledgeable in ERISA matters and a Settlement Agreement between similar welfare arrangements and the Illinois Department of Insurance ("Illinois DOI") in which the Illinois DOI deemed a similar plan to be fully insured as defined under 29 U.S.C. 1144(b)(6), and that the Respondents acted on the basis that the application of certain state laws was pre-empted by ERISA.

3. Discovery revealed that four additional, related, and similarly insured MEWAs were also providing health coverage in Washington. These additional MEWAs, the Custom Rail Employer Welfare Trust, Archery & Bow Hunting Industry Benefit Trust, IGA Group Employee Benefit Trust, and Brandsource Benefit Trust were added as additional respondents.

4. The parties filed cross motions for summary judgment which were denied. By Order on Reconsideration of Order Denying Commissioner's Motion for Partial Summary Judgment entered September 27, 2007, the Commissioner's Motion for Partial Summary Judgment affirming the Order to Cease and Desist order was then granted.

5. In order to resolve the pending proceeding and avoid further costs and expenses in connection with future hearings and appeals, the parties have agreed to fully settle this matter as follows:

5a. Respondents have ceased efforts to enroll Washington employers in the multiple employer welfare arrangements sponsored, administered or otherwise serviced by Respondents (the "Plans").

5b. Respondents will not in the future attempt to enroll Washington employers in the multiple employer welfare arrangements sponsored, administered or otherwise serviced by Respondents. However, Respondents reserve the right to seek determinations from the Department of Labor with respect to the Plans operated, sponsored or serviced by Respondents,

as the same may be modified from time to time, that the benefits payable under the Plans are guaranteed as required for "fully-insured" plans under Section 514 of ERISA and this Settlement Agreement shall not preclude the use of such determinations should the Plans seek, in compliance with this Settlement Agreement, to enroll Washington based employers in the future. In the event Respondents obtain a determination from the Department of Labor which Respondents believe qualifies Respondents to provide such coverage, Respondents will provide such determination to the Office of Insurance Commissioner before commencing to provide such coverage to Washington employers or enrollees.

5c. If Federal or State law is hereafter amended, Respondents reserve the right to modify the Plans to comply with such laws and to seek, in compliance with this Stipulation to enroll Washington based employers in the future.

5d. To resolve this matter and without admitting or denying OIC's contentions set forth above and without admitting any intentional, willful or negligent wrongdoing, the Respondents agree to give notice of cancellation to participants in the Plans to terminate participation of all existing Washington employers enrolled in the Plans on or before 90 days prior to the next occurring anniversary date of such employers' participation in the Plans.

5e. The Respondents agree that they will not enroll any Washington based employer in any Plan or any similar plan sponsored, administered or otherwise serviced by Respondents in the future without prior written notice to OIC.

5f. The parties understand and agree that this Stipulation and agreed Order are intended to fully resolve the issues arising out of the OIC's entry of the Order to Cease No. D 06-377, Respondents' Demand for Hearing, and the OIC's Notice of Intent to Impose Civil Penalties upon Respondents. The Respondents acknowledge that the *OIC* retains unfettered authority to

enforce this Stipulation and Agreed order and that this settlement does not provide or afford any immunity for violations not relating to the underlying matters, conduct or facts of this proceeding and the OIC acknowledges that this settlement resolves all alleged violations relating to the underlying matters, conduct or facts of this proceeding.

6. Nothing contained in this settlement shall prevent Respondents from asserting any rights it may have arising out of subsequent conduct or orders of the Commissioner.

7. Nothing contained in this settlement shall prevent OIC from asserting any rights it may have arising out of subsequent conduct of Respondents, or orders of the Commissioner.

8. Respondents agree that this *Settlement Agreement* is binding on all employee welfare arrangements administered by or affiliated in any way with the Respondents.

9. The parties agree that the subjoined Order may be entered forthwith and without further notice.

DATED this 19th day of November, 2007.

OFFICE OF INSURANCE COMMISSIONER

Charles Brown

Charles Brown, Esquire

BA3/368792.02

DATED this 5th day of January, 2008.

**DAYSPRING MANAGEMENT, LLC**

BY: Ronald J. Wilson
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

**PREMIER CLUB BENEFIT TRUST**

BY: James B. Singerling
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

**PREMIER CLUB SERVICES, INC.**

BY: James B. Singerling
(Print Name)

BY: _____, Pres.
(Signature)

TITLE: Authorized Representative

**R.J. WILSON & ASSOCIATES, LTD.**

BY: Ronald J. Wilson
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

BA3/368792.02

**MEDICAL BENEFITS ADMINISTRATORS OF MD, INC.**

BY: Ronald J. Wilson
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

_____
**RONALD JACK WILSON**

**CUSTOM RAIL EMPLOYER WELFARE TRUST**

BY: Ronald J. Wilson
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

**ARCHERY & BOW HUNTING INDUSTRY BENEFIT TRUST**

BY: Ronald J. Wilson
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

IGA GROUP EMPLOYEE BENEFIT TRUST

BY: Ronald J. Wilson
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

BRANDSOURCE BENEFIT TRUST

BY: Ronald J. Wilson
(Print Name)

BY: _____
(Signature)

TITLE: Authorized Representative

**ORDER**

This matter having come on before the undersigned chief Hearing Officer of the State of Washington Office of Insurance Commissioner pursuant to the foregoing Stipulation and the Chief Hearing Officer having reviewed said Stipulation and deeming herself fully advised in the premises, NOW THEREFORE,

IT IS HEREBY ORDERED pursuant to RCW 35.05.461 and the foregoing Stipulation as follows:

1. Respondents shall comply with the terms and conditions of the foregoing stipulation.

2. The Chief Hearing Officer of the Office of the Insurance commissioner has continuing authority to enforce this Stipulation and Order and to resolve disputes arising there from.

3. OIC Docket Number D-06-377 is hereby closed and dismissed as settled.

SIGNED AND ENTERED THIS 4th day of ~~November, 2007.~~ February, 2008.

PATRICIA D. PETERESEN
Chief Hearing Officer
Office of Insurance Commissioner

Presented by:

Charles D. Brown
OIC Staff Attorney

Approved for Entry/Notice of
Presentation Waived:
s/ TJ Parker / by Charles Brown
per telephone authority
Timothy J. Parker,
Of Counsel for Respondents

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to Timothy Parker, Charles Brown, Carol Sureau, James Odiorne, John Hamje, Mike Kreidler, Mike Watson, Edward Wender, and Daniel Zollner. DATED this 5th day of February, 2008.

WENDY GALLOWAY

BA3/368792.02