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INSURANCE DEPARTMENT
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ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:
: :
KEITH R. ARMBRECHT : 40 P.S. §§ 310.11(6), (7), (20), 310.95
10491 S.W. 16th Place : and 1171.5(a)(2)
Davie, FL 33324-7456 :
: Respondent. : Docket No. CO11-02-014

CONSENT ORDER

AND NOW, this *4th* day of *April*, *2011*, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that he has received proper notice of his rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following

Findings of Fact:

- (a) Respondent is Keith R. Armbricht, and maintains his address at 10491 S.W. 16th Place, Davie, FL 33324-7456.
- (b) At all relevant times herein, Respondent has held an individual non-resident producer license, number 528656, to conduct the business of insurance in Pennsylvania.
- (c) On April 30, 2009, a Pennsylvania consumer was enrolled into a health plan with the Association of Independent Managers (AIM), identifying Respondent as the agent of record.
- (d) The AIM literature received by the insurance applicant indicated enrollment is made by sending payment and application to the Association of Independent Managers located at 20 Madison Avenue, Valhalla, New York.
- (e) The Association of Independent Managers (AIM) is an unlicensed and non-bona fide entity which fails to hold a certificate of authority to engage in the business of health insurance in any state or territory of the United States of

America, nor licensed as a health discount program, or an insurance producer in the Commonwealth of Pennsylvania.

- (f) In order for an association to be bona fide under the United States Department of Labor's guidelines within the meaning of Section 3(5), it is supposed to be organized as a trade group or similar organization, not solely for the purpose of supplying health benefits. AIM was organized for the purpose of providing health insurance. Therefore, AIM has never been recognized as a bona fide group by the federal or state governments.
- (g) Respondent failed to exercise due diligence to determine if the Association of Independent Managers (AIM) was a bona fide association or group.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) 40 P.S. § 310.11(6) prohibits a licensee or an applicant from committing any unfair insurance practice or fraud.

- (c) Respondent's activities described above in paragraphs 3(c) through 3(g) violate 40 P.S. § 310.11(6).

- (d) 40 P.S. § 310.11(7) prohibits a licensee or an applicant from using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of doing business.

- (e) Respondent's activities described above in paragraphs 3(c) through 3(g) violate 40 P.S. § 310.11(7).

- (f) 40 P.S. § 310.11(20) prohibits a licensee from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the department that the licensee is worthy of licensure.

- (g) Respondent's activities described above in paragraphs 3(c) through 3(g) violate 40 P.S. § 310.11(20).

- (h) Respondent's violations of Sections 310.11(6), (7) and (20) are punishable by the following, under 40 P.S. § 310.91:

- (i) suspension, revocation or refusal to issue the license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.
- (i) 40 P.S. § 310.95 holds an insurance agent personally liable on all contracts of insurance made through any company not authorized to do business in this Commonwealth.
- (j) Respondent's activities described above in paragraphs 3(c) through 3(g) constitute transacting insurance business within this Commonwealth through a company not authorized to do business and violate 40 P.S. § 310.95.
- (k) Respondent's violation of 40 P.S. § 310.95 makes the insurance producer personally liable for all contracts issued through the unauthorized company.
- (l) 40 P.S. § 1171.5(a)(2) prohibits persons from making, issuing, publishing or circulating in any manner an advertisement, announcement or statement containing any representation or statement with respect to the business of insurance or with respect to any person in the conduct of his insurance business which is untrue, deceptive or misleading.

(m) Respondent's activities described above in paragraphs 3(c) through 3(g) violate 40 P.S. §1171.5(a)(2).

(n) Respondent's violations of 40 P. S. §1171.5(a)(2) are punishable by the following, under 40 P.S. §§1171.8, 1171.9, and 1171.11:

(i) an order requiring Respondent to cease and desist from engaging in such violation and/or, if such violation is a method of competition, act or practice defined in Section 5 of this Act, suspension or revocation of Respondent's license(s);

(ii) commencement of an action against Respondent for the following civil penalties:

(1) for each method of competition, act or practice defined in Section 5 and in violation of the Act which Respondent knew or reasonably should have known was such a violation, a penalty of not more than five thousand dollars (\$5,000.00) for each violation, not to exceed an aggregate penalty of fifty thousand dollars (\$50,000.00) in any six month period;

(2) for each method of competition, act or practice defined in Section 5 and in violation of this Act which Respondent did

not know nor reasonably should have known was such a violation, a penalty of not more than one thousand dollars (\$1,000.00) for each violation, not to exceed an aggregate penalty of ten thousand dollars (\$10,000.00) in any six month period;

- (3) for each violation of an Order issued by the Commissioner pursuant to Section 9 of the Act, while such Order is in effect, a penalty of not more than ten thousand dollars (\$10,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent's licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any complaint against Respondent is accurate and a statute or regulation has been violated. The Department's right to act under this section is limited to a period of five (5) years from the date of this Order.

(c) Respondent specifically waives his right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondent by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondent's written request.

(d) At the hearing referred to in paragraph 5(c) of this Order, Respondent shall have the burden of demonstrating that he is worthy of a license.

(e) In the event Respondent's licenses are suspended pursuant to paragraph 5(b) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that he is worthy of a license, Respondent's suspended licenses shall be revoked.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the

Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

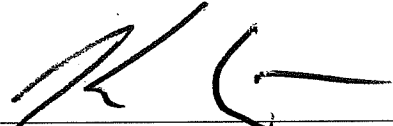
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law

contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY:



KEITH R. ARMBRECHT, Respondent



COMMONWEALTH OF PENNSYLVANIA

By: RONALD A. GALLAGHER, JR.
Deputy Insurance Commissioner