BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

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ALTOONA ... OFFICE

IN RE:	:	VIOLATIONS:
	:	
JOSEPH A. CALABRETTA 849 Nightlight Drive York, PA 17402	:	40 P.S. §§ 310.11(20), 310.41a, 310.44 and 310.95
	:	
Respondent.	:	Docket No. CO10-06-013

CONSENT ORDER

AND NOW, this 30th day of July, 2010, 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.

3. Without admitting the allegations of fact and conclusions of law contained herein, Respondent specifically denies that he violated any law or regulation of the Commonwealth.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following Findings of Fact:

(a) Respondent is Joseph A. Calabretta, and maintains his address at 849 Nightlight Drive, York, PA 17402.

(b) Respondent has an active resident producer license #390275 that expires on April 30, 2011.

(c) Louis DeLuca is an owner and principal of AIM Health Plans and Insurance Resource Group (IRG), 20 Madison Avenue, Valhalla, NY (unlicensed as an administrator); and Integrated Insurance Marketing, Inc. (unlicensed), 1618 Boettle Road, Uniontown, OH and 1106 Smith Ridge Road, New Canaan, CT.

(d) Mr. DeLuca created and marketed the following association plans for the purpose of soliciting health insurance: Association of Independent Managers (AIM), CEO Clubs, Inc., National Association of Business Leadership, and the

Dominion Access Association, through its health plans AIM Health Plans, a/k/a AIM Guaranteed Health Insurance.

(e) On January 1, 2007, AIM, domiciled in New York, was issued a master policy for Group Limited Benefits Accident and Sickness Health Insurance through American Medical and Life Insurance Company, an admitted carrier in Pennsylvania, through policy number 50006, with an anniversary date of January 1st of each year.

(f) On April 1, 2009, Nova Casualty Company, an admitted carrier in Pennsylvania, issued a master policy for Group Limited Benefits Accident and Sickness Health Insurance, through policy number: CSE-AH-5000001-0, with an anniversary date of April 1st of each year to the Association for Independent Managers (AIM) (a/k/a AIM Health Plans) through Louis DeLuca (a/k/a Louis Richard DeLuca, III), an individual with addresses in the states of New York (20 Madison Avenue, Valhalla, NY); Ohio (33465 South Arlington Road, Apt. 154, Akron, Ohio); and Connecticut (permanent residence: 1106 Smith Ridge Road, New Canaan, CT 06840-2332).

(g) In connection with the inquiry of AIM Health Plans by the New York Department of Insurance, Nova Casualty decided to temporarily suspend the sales, solicitation and issuance of the product on a national basis as of July 24, 2009.

(h) AIM, AIM Health Plans, Inc. and IRG, through their associate agents and/or producers, continued to market the Nova Limited Health Benefit Plan after the July 24, 2009 date, and the policies were switched to other "insurance" entities: Beema-Pakistan Company Limited, Beema Insurance Company-Pakistan, Beema Insurance Company, Beema-Pakistan, Ltd, Serve America Assurance, Ltd., and Phoenix Insurance Company.

(i) In early 2010, Pennsylvania consumers were informed that AIM and/or AIM Health Plans, Inc., had made arrangements with Star UK/Phoenix Insurance Company to cover their medical bills.

(j) None of the entities listed in 4(h) or 4(i) possess a Certificate of Authority to conduct the business of insurance in Pennsylvania except The Phoenix Insurance Company.

(k) On January 26, 2010, Travelers, parent company of The Phoenix Insurance Company, prepared an Affidavit of Non-existence of Business Records for The Phoenix Insurance Company, indicating that no group policies were ever issued, and no premiums were ever received, by Phoenix on behalf of the groups represented by AIM or AIM Health Plans.

(l) Between November 1, 2008 and December 1, 2009, on twenty (20) alleged contracts for health coverage, Respondent directly and/or indirectly sold these association plans to Pennsylvania consumers, and knew or should have known that these associations did not hold a Certificate of Authority to engage in the business of insurance in any state or territory of the United States.

(m) Between November 1, 2008 and December 1, 2009, Respondent directly received compensation from IRG, an unlicensed administrator, for policies sold by sub-producers to Pennsylvania consumers.

CONCLUSIONS OF LAW

5. 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(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.

(c) Respondent's activities described above in paragraphs 4(h) through 4(m) violate 40 P.S. § 310.11(20).

(d) 40 P.S. §310.41a, prohibits doing business with unlicensed persons, and states any insurance entity or licensee accepting applications or orders for insurance from any person, or securing any insurance business that was sold, solicited or negotiated by any person acting without an insurance producer license shall be subject to civil penalty of no more than $5,000 per violation.

(e) Respondent's activities described above in paragraphs 4(h) through 4(m) violate 40 P.S. § 310.41a.

(f) 40 P.S. §310.44 prohibits soliciting for nonexistent entity, and prohibits any person from, directly or indirectly, offer to sell, solicit or negotiate contracts, certificates, agreements, binders or applications for insurance, surety or indemnity in this Commonwealth for or on behalf of a fictitious, nonexistent, dissolved, inactive, liquidated, liquidating or bankrupt insurance entity.

(g) Respondent's activities described above in paragraphs 4(h) through 4(m) violate 40 P.S. § 310.41a.

(h) 40 P.S. §310.95 provides for personal liability of an insurance producer for an unauthorized entity, and states that an insurance producer shall be personally

liable on all contracts of insurance or suretyship unlawfully made by or through the producer, directly or indirectly, for or on behalf of any insurance entity which is not authorized to do business in this Commonwealth.

(i) Respondent's activities described above in paragraphs 4(h) through 4(m) violate 40 P.S. § 310.95.

(j) Respondent's violations of Sections 310.11(20), 310.41a and 310.44 are punishable by the following, under 40 P.S. § 310.91:

(i) suspension, revocation or refusal to issue the certificate of qualification or 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.

ORDER

6. 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 will assist to the best of his ability the Pennsylvania Insurance Department, and any other governmental entity, conducting any investigation and prosecution of any licensed or unlicensed entity performing the business of insurance including, but not limited to, any public adjuster, insurance producer, company, etc., their employees and officers, including but not limited to testifying as a witness relative to any of the aforesaid entities, their employees and officers in any civil or administrative action involving same.

(c) Respondent's certificates and licenses may be immediately suspended by the Department following its investigation and determination that (ii) any other terms of this Order have not been complied with, or (iii) 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.

(d) 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.

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

(f) In the event Respondent's certificates and licenses are suspended pursuant to paragraph 5(c) 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 certificates and licenses shall be revoked.

7. 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.

8. 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.

9. 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.

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

11. 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.

12. 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: Joseph A. Calabretta
JOSEPH A. CALABRETTA, Respondent

COMMONWEALTH OF PENNSYLVANIA
By: RONALD A. GALLAGHER, Jr.
Deputy Insurance Commissioner