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DEC 28 2011  
UTAH STATE  
INSURANCE DEPT.

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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

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<p><b>COMPLAINANT:</b></p> <p>UTAH INSURANCE DEPARTMENT</p> <p><b>RESPONDENT:</b></p> <p>DENTIST DIRECT LLC 75 South 500 West #200 Bountiful, UT 84010 License #247045 (TPA) License #103945 (Producer)</p>	<p><b>STIPULATION AND ORDER</b></p> <p>Docket No. 2012-003 HL</p> <p>Enf. Case No. 3034</p>
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**STIPULATION**

1. Respondent, Dentist Direct LLC, is a resident third party administrator and insurance producer holding license numbers 247045 and 103945 respectively.
2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:
  - a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;
  - b. Respondent admits the Findings of Fact and Conclusions made therefrom;

- c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and
- d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 23 day of December, 2011.



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DENTIST DIRECT LLC  
Pete Peterson, President & CEO



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UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon  
Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

### **FINDINGS OF FACT**

1. On or about February 3, 2011, the Utah Insurance Department initiated an investigation into and audit of Respondent Dentist Direct LLC, a licensed Utah resident third party administrator and producer holding license numbers 247045 and 103945 respectively.

2. During the course of the investigation, the Department was in contact with Respondent's insurer National Guardian Life Insurance Company. The Department learned that National Guardian Life Insurance Company conducted an on-site review of Dentist Direct, LLC which focused on the time period January 2010 through April 2011.

3. On or about July 1, 2011, National Guardian Life provided to the Department a copy of its review findings. A portion of the review covered claims adjudication and indicated that from a sample of 132 claims, the average payment time was 53 days.

4. On August 10, 2011, the market conduct examiner (MCE) requested from National Guardian Life a list of the claims which were used as the sample during its review of Respondent. On August 22, 2011, the MCE received the list. The data provided to the MCE indicated that of the 132 claims listed, 122 were paid beyond the 30 day period allowed by Utah statute for payment of claims.

5. During the audit of Respondent, the Department also requested a list of Respondent's staff, both licensed and unlicensed. The Respondent provided names of three individuals who it identified as administrative staff. On or about June 1, 2011, the MCE requested a description of

the job duties of the three individuals. Respondent provided a list of duties which included client/service relations, quote processing, billing and determination of eligibility. At that time, these three individuals were not licensed Customer Service Representatives.

5. Respondent has subsequently put new procedures and computer systems in place to ensure that claims will be timely adjudicated now and in the future. Respondent's three administrative staff members have subsequently been licensed as customer service representatives.

6. Respondent Dentist Direct LLC agrees to an administrative forfeiture in the total amount of \$14,000 and to the imposition of probation for a period of 12 months.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

#### **CONCLUSIONS OF LAW**

1. Utah Code Ann. § 31A-26-301.6 (3) (a) states:

- (3) (a) Except as provided in Subsection (4), within 30 days of the day on which the insurer receives a written claim, an insurer shall:
- (i) pay the claim; or
  - (ii) deny the claim and provided a written explanation for the denial.

2. Respondent violated the above provision by failing to adjudicate 122 claims within 30 days of receipt.

3. Utah Code Ann. § 31A-23a-103 states in part:

- (1) (a) Unless exempted from the licensing requirement under Section 31A-23a-201 or 31A-23a-207, a person may not perform, offer to perform, or advertise any service as a producer, limited line producer, customer service representative, consultant, managing general agent, or reinsurance intermediary in Utah, without a valid individual or agency license issued under this chapter.

(b) A valid license includes at least one license type and one line of authority pertaining to that license type.

(c) A person may not utilize the services of another as a producer, limited line producer, customer service representative, consultant, managing general agent, or reinsurance intermediary if that person knows or should know that the other does not have a license as required by law.

4. Respondent violated the above provision when it utilized three unlicensed individuals as Customer Service Representatives.

5. An administrative forfeiture in the amount of \$14,000 and probation for a period of 12 months is appropriate under the circumstances of this case.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

#### ORDER

IT IS HEREBY ORDERED:

1. Respondent Dentist Direct LLC is assessed an administrative forfeiture in the amount of \$14,000. The forfeiture shall be paid to the Utah Insurance Department withing 30 days of issuance of this Order.

2. The licenses of Respondent Dentist Direct LLC are placed on probation for a period of 12 months commencing with the date this Order is issued. The terms of probation are that Respondent shall pay the forfeiture assessed herein in a timely manner and shall have no further violations of the Insurance Code, Department Rules, or any order of the Commissioner.

**NOTIFICATION**

Respondent is hereby notified that failure to abide by the terms of this Order may subject you to further penalties, including additional forfeitures of up to \$5,000.00 per violation and the suspension or revocation of your license, and the filing of an action to enforce this Order in the District Court, which may impose penalties of up to \$10,000.00 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them

DATED this 4 day of January, <sup>2012</sup>~~2011~~.

NEAL T. GOOCH  
Insurance Commissioner



MARK E. KLEINFELD  
Administrative Law Judge  
Utah Insurance Department  
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