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UTAH STATE  
INSURANCE DEPT

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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

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**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT:**

DAVID ALMA BROWN  
P.O. Box 1276  
Sandy, UT 84091  
License No. 347037

**STIPULATION AND ORDER**

Docket No. 2012-053 HL

Enf. Case No. 3069

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**STIPULATION**

1. Respondent David Alma Brown is a resident insurance producer in the State of Utah, holding license No. 347037.
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 his right to a hearing at which he may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived his 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 his rights set forth herein.

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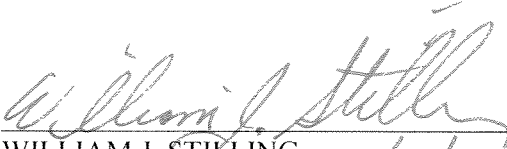
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6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 11<sup>th</sup> day of April, 2012.

APPROVED AS TO FORM:

  
WILLIAM J. STILLING  
Parsons Behle & Latimer  
Attorney for Respondent  
4/12/12

  
DAVID ALMA BROWN  
Respondent

  
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 May 24, 2011, Respondent placed a classified ad on KSL.com for inside sales representatives with United Health Alliance LLC (“UHA”) which was owned one-third by, and operated by, Respondent David Brown. UHA is not a licensed as an insurance agency or as a health care purchasing alliance in Utah and is not authorized to do an insurance business in or from within the State of Utah and is not authorized to use the term “Health Alliance” in its name.

2. On June 27, 2011, a meeting was held at the Utah Insurance Department to discuss why UHA was soliciting insurance without a license and why unlicensed individuals were being hired to work in a call center. According to Respondent Brown, he was aware that UHA was an unlicensed agency, but stated he did not sell any insurance to Utah residents. Respondent Brown brought to the meeting his business card and a script representing himself as President of United Health Alliance.

3. The operation of UHA was a call center set up by Respondent Brown. UHA received internet inquiries via a “UHA Health Plans” website, set up by the United States Contractors Trust (“USCT”). Respondent stated he had sold no policies in Utah. The UHA Health Plans website had a disclosure, “Not offered in the following states at this time: UT.” Respondent Brown is licensed in other states. UHA did receive \$50.00 - \$75.00 from USCT for enrolling members into the association.

4. UHA utilized the services of several people in the call center and shared commissions with these individuals who did not hold valid licenses as required by Utah statute.

5. Respondent cooperated in the investigation and has agreed to an administrative forfeiture in the amount of \$7,000.00 and probation for 12 months, including quarterly meetings with the Department during the probationary period.

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-23a-301 requires an insurance organization to be licensed as an agency if the organization acts as a producer, a limited line producer, a consultant, a managing general agency or a reinsurance intermediary.

2. Utah Code Ann. § 31A-23a-302 requires an agency to designate an individual that has a producer, limited line producer, customer service representative, consultant, managing general agent, or reinsurance intermediary license to act on the agency's behalf in order for the licensee to do business for the agency in this state; and a licensed agency shall designate and report to the commissioner the name of the designated licensed individual who has authority to act on behalf of the agency in all matters pertaining to compliance with the insurance statutes and any orders of the commissioner.

3. Utah Code Ann. § 31A-23a-103(c) states that 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 that the other does not have a license as required by law.

4. By not obtaining an agency license for United Health Alliance LLC or designating a

licensed producer to the agency, Respondents were in violation of Utah Code Ann. §§ 31A-23a-102 and 103.

5. By utilizing unlicensed individuals in the call center Respondents violated Utah Code Ann. § 31A-23a-103.

6. An administrative forfeiture in the amount of \$7,000.00 and probation for a period of 12 months is appropriate under the circumstances.

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. Respondents David Alma Brown is assessed an administrative forfeiture in the amount of \$7,000.00. The forfeiture shall be paid to the Department within 30 days from the date of this Order.

2. Respondent's insurance license is placed on probation for a period of 12 months beginning with the date of this Order. The terms of probation are that Respondent shall pay the administrative forfeiture assessed herein in a timely manner; Respondent shall have quarterly meetings with department personnel to review his marketing and other insurance activities; and Respondent shall no further violation of the Utah Insurance Code, Department Rules, or any order of the Commissioner.

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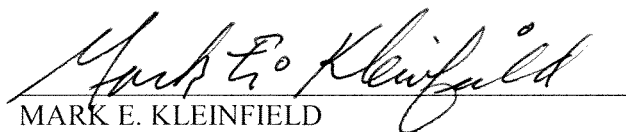
**NOTIFICATION**

You are hereby notified that a failure to obey an Order of Commissioner may subject you to further penalties, including forfeitures of up to \$2,500 per violation and the suspension or revocation of your license and the filing of an action in district court, which may impose forfeitures of up to \$10,000 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 11<sup>th</sup> day of April, 2012.

NEAL T. GOOCH  
Insurance Commissioner

  
MARK E. KLEINFELD  
Administrative Law Judge  
Utah Insurance Department  
State Office Building Room 3110  
Salt Lake City, UT 84114  
Telephone 801-538-3800