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**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH**

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**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT**

ARMED FORCES INSURANCE AGENCY  
INC.

550 Eisenhower Road  
Leavenworth, KS 66048-1190  
License # 103584

**STIPULATION AND ORDER**

Docket No. 2013-023 PC

Enf. Case No. 3258

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**STIPULATION**

1. Respondent, Armed Forces Insurance Agency Inc., is a non-resident insurance producer licensed in the State of Utah, License No. 103584.
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 neither admits nor denies 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 25 day of February, 2013.

  
ARMED FORCES INSURANCE AGENCY INC.  
Jeffrey C. Miner  
MORGAN, MINNOCK, RICE & JAMES  
Attorneys for Armed Forces Insurance Agency Inc.

  
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. Respondent Armed Forces Insurance Agency Inc. is a non-resident insurance producer organization licensed in the State of Utah, License No. 103584.

2. On December 4, 2012, a Utah resident received a letter from Respondent, which was a solicitation for an insurance quote. This letter was brought to the attention of a Department market conduct examiner. The letter contained the following language: "Take command of your insurance with a no-obligation quote today. Call 800-322-0599 or visit us online at [www.afi.org/pizza](http://www.afi.org/pizza) to get a quote, and we'll give you a free \$10.00 Pizza Hut gift card to share with your family."

3. It was unclear to the Department examiner the identity of the sender of the letter because a SIRCON check revealed another entity with the same address, "Armed Forces Insurance Exchange, Property & Casualty Insurer." The examiner telephoned the 800 number listed on the advertisement and spoke with a licensed non-resident producer who was affiliated with Armed Forces Insurance Agency Inc., Armed Forces Insurance Exchange, and other carriers.

4. The solicitation letter was not clear as to whether it was from the agency, the insurer, or another unlicensed agency.

5. During the above referenced telephone conversation, the producer explained to the examiner that the only way to obtain the \$10.00 gift card was to receive a quote for insurance.

6. Thereafter, the examiner sent a letter to Armed Forces Insurance Inc. citing to Utah

Code Ann. § 31A-23a-402.5 and requesting an explanation.

7. The Respondent ceased sending the mailer to Utah residents when the investigation began, and on Wednesday January 30, 2013, Respondent agreed to a forfeiture of \$1,000.00.

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

### CONCLUSIONS OF LAW

#### Relevant Statutes

1. Utah Code Annotated Section 31A-23a 402.5 states in part:

(1)(a) Except as provided in Subsection (2), a licensee under this title, or an officer or employee of a licensee, may not induce a person to enter into, continue, or terminate an insurance contract by offering a benefit that is not:

(i) Specified in the insurance contract: or

(ii) directly related to the insurance contract.

(4) Items not prohibited by Subsection (1) include a licensee, or an officer or employee of a licensee, either directly or through a third party:

(a) engaging in a usual kind of social courtesy if receipt of the social courtesy is not conditioned on the purchase of a particular insurance product;

(6) A de minimis gift or meal not to exceed \$25 for each individual receiving the gift or meal is presumed to be a social courtesy not conditioned on the purchase of a particular insurance product for purposes of Subsection (4)(a).

2. Utah Admin. Code R. 590-154.3 provides a definition of “social courtesy.”

(6) “Social courtesy” means a respectful act or expression of generosity that is not connected with the sale or retention of an insurance product, the fair market value of which is less than or equal to \$25.00.

3. Utah Code Ann. § 31A-23a-102 provides a definition of “solicit” as follows:

- (13) "Solicit" means:
- (a) attempting to sell insurance;
  - (b) asking or urging a person to apply for:
    - (i) a particular kind of insurance; and
    - (ii) insurance from a particular insurance company
  - (c) advertising insurance, including advertising for the purpose of obtaining leads for the sale of insurance

4. Utah Code Ann. § 31A-23a-402 addresses false or misleading communication:

- (1)(a)(i) Any of the following may not make or cause to be made any communication that contains false or misleading information, relating to an insurance product or contract, any insurer, or any licensee under this title, including information that is false or misleading because it is incomplete:
- (A) use any business name, slogan, emblem, or related device that is misleading or likely to cause the insurer or other licensee to be mistake for another insurer or other licensee already in business; . .

5. Respondent violated Sections 31A-23a-402.5 and 31A-23a-402 by requiring a quote for insurance in order for the solicitation recipient to receive the \$10.00 gift card, and because the solicitation was not clear and complete regarding the identity of the sender.

6. An administrative forfeiture in the amount of \$1,000.00 is appropriate in this matter.

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:**

Respondent, Armed Forces Insurance Agency Inc., is assessed a forfeiture of \$1,000.00 to be paid to the Department within 30 days of issuance of this Order.

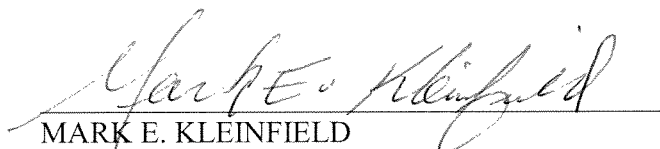
**NOTIFICATION**

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeiture of up to \$5,000 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 6<sup>th</sup> day of March, 2013.

TODD E KISER, Commissioner  
UTAH INSURANCE DEPARTMENT



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

CERTIFICATE OF MAILING

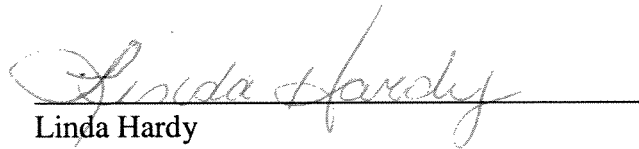
I do hereby certify that on this date I mailed, by regular mail postage prepaid, a true and correct copy of the attached:

STIPULATION  
&  
ORDER

To the following:

Armed Forces Insurance Agency, Inc.  
Attn: Jeff Miner  
550 Eisenhower Road  
Leavenworth, KS66048-1190

DATED this 6<sup>th</sup> day March, 2013



Linda Hardy  
Market Conduct  
Utah Department of Insurance  
State Office Building, Room 3110  
Salt Lake City, UT 84114-6901  
801-538-3860

**UTAH  
Invoice - Original**

Printed Date: March 06, 2013  
Invoice Date: March 06, 2013  
Balance Due: \$1,000.00  
Due Date: April 05, 2013  
Invoice ID: 624880  
Payor ID: 12776

ARMED FORCES INSURANCE AGENCY INC  
550 EISENHOWER RD  
LEAVENWORTH KS 66048

<b>Item Description</b>	<b>Amount</b>
3/6/2013 Monetary Penalty Agency	\$1,000.00
E-Case 3258 Docket # 2013-023 PC	
	<hr/>
<b>Original Amount Due</b>	<b>\$1,000.00</b>
	<hr/>
<b>Payments Received</b>	
	<b>Balance Due</b>

**UTAH  
Invoice - Original**

Invoice Date: March 06, 2013  
Balance Due: \$1,000.00  
Due Date: April 05, 2013  
Invoice ID: 624880  
Payor ID: 12776  
Payor Name: ARMED FORCES  
INSURANCE  
AGENCY INC

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department  
3110 State Office Building  
Salt Lake City, UT 84114-6901