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

**UTAH INSURANCE DEPARTMENT,**

Complainant,

vs.

**KORNERSTONE ADMINISTRATIVE  
SERVICES, LLC**

405 South Main St., Suite 1200  
Salt Lake City, UT 84111  
License # 14932

Respondent.

**STIPULATION  
AND ORDER**

**Docket No. 2016-083 PC  
Enforcement Case No. 3796**

Judge Gregory Soderberg  
Administrative Law Judge

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The Utah Insurance Department (“Department”), by and through its attorney, Perri Ann Babalis, Assistant Attorney General, and Kornerstone Administrative Services, LLC (“Respondent”), by and through its attorney, Randall Smart, hereby stipulate and agree as follows:

## STIPULATION

1. Respondent, Kornerstone Administrative Services, LLC, is a service contract provider, holding license number 14932. Respondent's mailing address is 405 South Main Street, Suite 1200, Salt Lake City, Utah 84111.

2. The Department has jurisdiction over the parties and subject matter of this Stipulation.

3. Respondent acknowledges notice of agency action pursuant to Utah Code § 63G-4-201; acknowledges that this Stipulation and Order is an informal proceeding pursuant to Utah Code Section 63G-4-202; and irrevocably waives the right to any hearing, review or appeal concerning this matter.

4. Respondent is represented by legal counsel with regards to this Stipulation, or has waived the right to review this Stipulation with counsel.

5. This signed Stipulation, along with any Findings of Fact and Conclusions of Law, shall not be subject to any reconsideration, renegotiation, modification, hearing or agency review or appeal.

6. The Findings of Fact and Conclusions of Law presented below are accepted by the parties.


7. The issuance of the signed and adopted Order proposed below is solely for the purpose of disposing of the specific matter entitled herein.

8. The only promises, agreements and understandings that the parties have regarding this matter are contained in this Stipulation.


9. Respondent enters into this Stipulation voluntarily, knowingly, and free from any coercion of any kind.

10. The person signing this Stipulation on behalf of the named party hereby affirms that he is authorized to sign and bind the party.

Dated this 4 day of AUGUST, 2016,

  
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RANDALL SMART on behalf of  
KORNERSTONE ADMINISTRATIVE SERVICES, LLC

Dated this 4<sup>th</sup> day of August, 2016.

  
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PERRI ANN BABALIS  
Utah Assistant Attorney General for the  
Utah Insurance Department

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

**FINDINGS OF FACT**

1. Respondent sells a vehicle protection product. Prior to May 12, 2015, there was no regulation for the selling of this product.

2. On May 12, 2015, H.B. 24 (2015 General Session) went into effect and required

Vehicle Protection Product Warranties (VPP) to be a regulated product by the Utah Insurance Department. H.B. 24 made significant changes to Utah Code Ann. §§ 31A-6a-103 and 104.

3. On or about July 8, 2015, Respondent was notified by its attorney that H.B. 24 had been enacted and would go into effect on October 1, 2015.

4. On September 2, 2015, Respondent submitted its filing for VPP to the Department. The filing was denied on September 29, 2015, due to noncompliant language.

5. On or about September 29, 2015, during discussions with the Department with regards to form filings and the Department's objections thereto, Respondent learned that H.B. 24 went into effect on May 12, 2015, not October 1, 2015, as Respondent had thought.

6. On October 2, 2015, the Department approved Respondent's VPP form effective September 30, 2015.

7. From May 12, 2015 through September 30, 2015, Respondent was out of compliance with regards to over 6,300 etch/VTR contracts or VPP.

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-6a-103 states that a vehicle protection product warranty may not be issued, sold or offered for sale unless the provider registers with the Department. Registration includes providing the Department with a copy of the vehicle protection product warranty 30 days prior to use.

2. Utah Code Ann § 31A-6a-104(2)(b) provides that a vehicle protection product

warrant must include statements in substantially the following form:

"Coverage afforded under this contract is not guaranteed by the Property and Casualty Guaranty Association."

3. Respondent violated the above referenced statutes when it failed to include proper disclosures in its contracts.

4. The proposed administrative forfeiture 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. Respondent, Komerstone Administrative Services, LLC, is assessed a forfeiture in the amount of \$5,000.00. The forfeiture shall be paid to the Department within 30 days of the date of this Order.

DATED this 8th day of August, 2016.

TODD E. KISER  
Insurance Commissioner

/s/ Brett J. Barratt

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~~GREGORY SODERBERG~~  
BRETT J. BARRATT  
Administrative Law Judge  
Utah Department of Insurance  
State Office Building, Room 3110  
Salt Lake City, UT 84114  
Telephone (801) 530-3804

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeitures 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.