

PERRI ANN BABALIS #5658  
Assistant Attorney General  
SEAN D. REYES #7969  
Attorney General  
Attorneys for Utah Insurance Department  
160 East 300 South, Fifth Floor  
P.O. Box 140874  
Salt Lake City, UT 84114-0874  
Telephone (801) 366-0375  
Email: pbabalis@agutah.gov

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

**UTAH INSURANCE DEPARTMENT,**

Complainant,

vs.

**KORNERSTONE ADMINISTRATIVE  
SERVICES, LLC**

111 East Broadway, Suite 900  
Salt Lake City, UT 84111  
License # 14932

Respondent.

**STIPULATION  
AND ORDER**

**Docket No. 2017-084 PC  
Enforcement Case No. 3930**

**Lisa Watts Baskin  
Presiding Officer**

---

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 111 East Broadway, Suite 900, 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 §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.

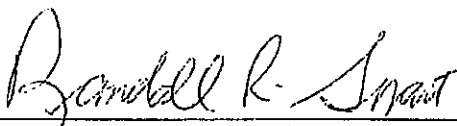
7. The issuance of the signed and adopted Order proposed below is solely for the purpose of disposing of the specific matter entitled herein.

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

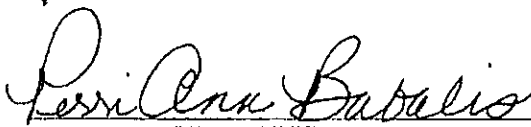
9. Respondent enters into this Stipulation voluntarily, knowingly, and free from any coercion of any kind.

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 25 day of SEPTEMBER, 2017.

  
\_\_\_\_\_  
RANDALL SMART on behalf of  
Kornerstone Administrative Services, LLC

Dated this 25<sup>th</sup> day of September, 2017.

  
\_\_\_\_\_  
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. In June 2016, Respondent was assessed a forfeiture in the amount of \$5,000.00 for selling Vehicle Protection Product Warranties (“VPP”) that were not filed with the Department.

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.

8. From October 1, 2015 through June 17, 2017, Respondent sold more than 16,000 contracts that included VPP. On or about July 19, 2017, the Department randomly sampled 40 of those contracts and found that 4 were out of compliance.

9. After further review, it was determined that 655 contracts of the 16,000 sold were out of compliance.

10. All of the 655 contracts have been replaced.

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. Respondent violated the above referenced statute when its agent used a form that had been disapproved by the Department.

3. 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:

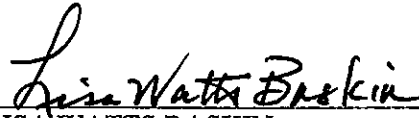
**ORDER**

**IT IS HEREBY ORDERED:**

1. Respondent, Kornerstone Administrative Services, LLC, is assessed a forfeiture in the amount of \$10,000.00. The forfeiture shall be paid to the Department within 30 days of the date of this Order.

DATED this 27<sup>th</sup> day of September, 2017.

TODD E. KISER  
Insurance Commissioner



LISA WATTS BASKIN  
Presiding Officer  
Utah Department of Insurance  
State Office Building, Room 3110  
Salt Lake City, UT 84114  
Telephone (801) 538-3800

**NOTIFICATION TO RESPONDENT**

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.