



FILED

APR 18 2008

OFFICE OF  
INSURANCE REGULATION  
Dictated by: ME

OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 89707-07-CO

MEGA LIFE AND HEALTH INSURANCE COMPANY

Life and Health Market Investigation

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**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between MEGA LIFE AND HEALTH INSURANCE COMPANY (hereinafter referred to as "MEGA") and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of, and parties to, this proceeding.
2. MEGA is a foreign insurer authorized to transact insurance business in Florida, and is subject to the jurisdiction of the OFFICE pursuant to the Florida Insurance Code.
3. The OFFICE has conducted an investigation of MEGA pursuant to Section 624.318, Florida Statutes. As a result of such investigation, the OFFICE has determined that MEGA shall be held liable for the harm caused by one of its agents, David Gerald Smith pursuant to Section 626.451(3), Florida Statutes, which states in pertinent part that: "[b]y authorizing the effectuation of an appointment of an agent...the appointing entity is thereby

certifying to the department that it is willing to be bound by the acts of the agent...within the scope of the licensee's employment or appointment."

4. David Gerald Smith misrepresented to at least five Florida consumers the benefits of the insurance coverage they purchased. A total of five Florida consumers suffered an approximate loss of \$86,047.73 in unpaid medical bills as a result of purchasing an insurance product they believed to be major medical insurance coverage. Additionally, these consumers were left with less than suitable insurance coverage.<sup>1</sup>

5. MEGA has already compensated Consumer D for losses sustained as a result of Mr. Smith's actions, and MEGA has received a release from Consumer D. The total approximate loss remaining with Consumers A, B, C, and E is \$19,699.68, based on a comparison with covered costs pursuant to major medical insurance coverage.

6. MEGA expressly waives a hearing in this matter and the making of findings of fact and conclusions of law by the OFFICE and all further and other proceedings herein to which the parties may be entitled by law or rules of the OFFICE. MEGA hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now or in the future available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

7. MEGA agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful order of the OFFICE, and shall subject MEGA to such administrative action as the OFFICE may deem appropriate.

8. MEGA agrees that upon the execution of this Consent Order, it shall be subject to the following terms and conditions:

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<sup>1</sup> For the purpose of this Consent Order, the five Florida consumers will be referred to as Consumers A, B, C, D, and E.

(a) MEGA shall pay administrative costs of three thousand dollars (\$3,000.00) within thirty (30) days of the execution of this Consent Order;

(b) MEGA shall within thirty (30) days of execution of this Consent Order provide documentation, certified by an officer of the company to be true and correct, that MEGA has reimbursed the unpaid medical expenses of Consumers A, B, C, and E, who suffered economic losses because of David Gerald Smith's actions;

(c) MEGA shall within thirty (30) days of execution of this Consent Order provide the OFFICE with a report documenting the implementation of procedures to ensure that all Florida licensed agents appointed by MEGA are fully trained and knowledgeable about MEGA's product lines, including but not limited to benefits, limitations, and exclusions;

(d) MEGA agrees that should it become aware of additional consumers harmed by David Gerald Smith's actions, MEGA will handle the matter(s) in the same manner described in Paragraph 8(b) of this Consent Order;

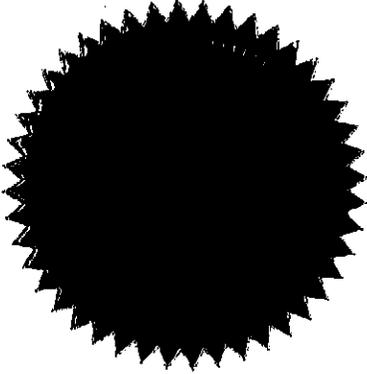
(e) MEGA is hereby placed on notice of the requirements of the above-referenced sections of law and agrees that any future violations of these sections by MEGA may subject MEGA to appropriate penalties.

9. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

10. THEREFORE, the agreement between MEGA and the OFFICE, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 18<sup>th</sup> day of APRIL, 2007.



\_\_\_\_\_  
Kevin M. McCarty  
Commissioner  
Office of Insurance Regulation

By execution hereof MEGA LIFE AND HEALTH INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents, pursuant to Section 624.310, Florida Statutes, that he/she has the authority to bind MEGA LIFE AND HEALTH INSURANCE COMPANY to the terms and conditions of this Consent Order.

MEGA LIFE AND HEALTH INSURANCE COMPANY

By: \_\_\_\_\_

[Corporate Seal]

Name: Michael A. Colliflora  
(Please type or print)

Title: Executive Vice President

Date: April 4, 2008

STATE OF Texas

COUNTY OF Tarrant

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of April, 2008,

by Michael A. Colliflora as Executive Vice President  
(Name of person) (type of authority...e.g. officer, trustee attorney in fact)

for Mega Life and Health Insurance Company  
(Company name)

\_\_\_\_\_  
(Signature of notary)

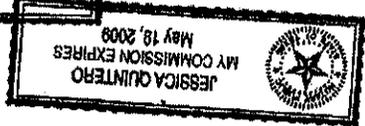
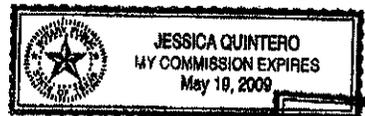
Jessica Quintero  
(Print, Type, or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of identification produced \_\_\_\_\_

My Commission Expires: May 19, 2009

[NOTARIAL SEAL]



**COPIES FURNISHED TO:**

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