

FEB 14 2002

DEPT. OF INSURANCE
BY

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

In the Matter of:)
)
PHILIP BARRY ORTEZ, JR.,)
dba AMERICAN HEALTH BENEFITS, LTD.)
PHIL ORTEZ INSURANCE AGENCY, INC.)
 Respondents.)

No. 02A-035 - INS

CONSENT ORDER

The State of Arizona Department of Insurance ("Department") has received evidence that Philip Barry Ortez, dba American Health Benefits, Ltd. and Phil Ortez Insurance Agency, Inc. ("Respondents") violated provisions of Title 20, Arizona Revised Statutes. Respondents wish to resolve this matter without the commencement of formal proceedings, and admit the following Findings of Fact are true and consent to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Philip Barry Ortez, Jr., dba American Health Benefits, Ltd. is, and was at all material times licensed to transact accident/health and life insurance as an insurance producer, Arizona license number 86276, which license expires April 30, 2003.

2. Phil Ortez Insurance Agency, Inc. is, and was at all material times licensed to transact accident/health and life insurance as an insurance agency producer, Arizona license number 532069, which license expires July 31, 2003. Phillip Barry Ortez, Jr. is the President of Phil Ortez Insurance Agency, Inc..

3. During the month of October 2001, Respondents mailed 5000 health insurance advertisements to the post office box holders in Heber and Overgaard, Arizona. The advertisements stated that they were "Introducing Affordable Group Health Insurance for Retired, Self-Employed and

1 Families." The advertisement stated "this plan pays 100% of covered hospital and doctor charges up to
2 \$1,000,000". The advertisement listed numerous services that the plan would "pay in full" including
3 "hospital room (semi-private)," "surgical fees," "operating room," "x-ray photographs," "laboratory
4 services," and "doctor bills". The advertisement also stated that policyholders could "choose any
5 doctor" and that the plan was available "for all ages".

6 4. The advertisement did not identify the insurer providing the quoted benefits and did not
7 disclose any exceptions, restrictions or limitations.

8 5. Respondents, through their counsel, represented that the advertisement did not name a
9 particular company because they represented more than one company and they could not determine in
10 advance which policy and which company would meet the needs and wishes of the specific applicant.

11 **CONCLUSIONS OF LAW**

12 1. The Director has jurisdiction over this matter.

13 2. Respondents' conduct constitutes the failure to disclose exceptions, reductions and
14 limitations affecting the basic provisions of the policy, within the meaning of A.A.C. R20-6-201(C)(2).

15 3. Respondents' conduct constitutes the failure to identify the insurer, within the meaning
16 of A.A.C. R20-6-201(L).

17 4. Grounds exist for the Director to impose a civil penalty, order restitution and/or order
18 Respondents to cease and desist pursuant to A.R.S. §20-456.

19 **ORDER**

20 IT IS HEREBY ORDERED THAT:

21 1. Respondents and their agents and employees shall immediately cease and desist from
22 failing to disclose exceptions, reductions and limitations affecting the basic provisions of a policy and
23 from failing to identify the insurer.

1 2. Respondents shall pay a civil penalty of seven hundred and fifty dollars (\$750) to the
2 Director payable upon the entry of this Order for remission to the State Treasurer for deposit in the State
3 General Fund.

4 DATED AND EFFECTIVE this 13th day of February, 2002.



6
7 CHARLES R. COHEN
8 Director of Insurance

8 **CONSENT TO ORDER**

9 1. Respondents have reviewed the foregoing Findings of Fact, Conclusions of Law and
10 Order.

11 2. Respondents admit the jurisdiction of the Director of Insurance, State of Arizona, and
12 admit the foregoing Findings of Fact and consent to the entry of the foregoing Conclusions of Law and
13 Order.

14 3. Respondents are aware of their right to notice and a hearing at which they may be
15 represented by counsel, present evidence and examine witnesses. Respondents irrevocably waive their
16 right to such notice and hearing and to any court appeals relating to this Consent Order.

17 4. Respondents state that no promise of any kind or nature whatsoever, except as expressly
18 contained in this Consent Order, was made to them to induce them to enter into this Consent Order and
19 that they have entered into this Consent Order voluntarily.

20 5. Respondents acknowledge that the acceptance of this Consent Order by the Director is
21 solely to settle this matter against them and does not preclude any other agency, officer, or subdivision
22
23

1 of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

2 2/11/02
3 Date

Philip Barry Ortez, Jr.
Philip Barry Ortez, Jr.
dba American Health Benefits, Ltd.
License Number 86276

4
5 2/11/02
6 Date

Philip Ortez
Philip Ortez Insurance Agency, Inc.
License Number 532069

7 By Its _____

8
9 COPIES of the foregoing mailed/delivered
this 14th day of February, 2002, to:

10 Frederick F. Stannard
11 9898 East Larkspur Drive
12 P. O. Box 6348
13 Scottsdale, AZ 85261-6348
14 Attorney for Respondents

15 Combined Underwrites Insurance Company
16 P. O. Box 2503
17 Tyler, TX 75710

18 Continental General Insurance Company
19 8901 Indian Hills Drive
20 Omaha, NE 68114

21 United American Insurance Company
22 3700 S. Stonebridge Drive
23 P. O. Box 8080
McKinney, TX 75070

1 Sara M. Begley, Deputy Director
Gerrie L. Marks, Executive Assistant for Regulatory Affairs
2 Mary Butterfield, Assistant Director
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Curvey Walters Burton

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