STATE OF ARIZONA

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DEPARTMENT OF INSURANCE

DEPT OF HISURANCE No. 20A-013-INS BY 45 02/06/2020

AUTO ASSURANCE GROUP INC.

In the Matter of:

ORDER TO CEASE AND DESIST

Respondent.

The State of Arizona Department of Insurance ("Department") has received evidence that Respondent unlawfully offered or issued service contracts in the State of Arizona and engaged in unfair trade practices. Accordingly, the Director of Insurance of the State of Arizona (the "Director") makes the following Findings of Fact and Conclusions of Law and enters the following Order pursuant to A.R.S. § 20-1095.09(B).

FINDINGS OF FACT

- 1. Auto Assurance Group Inc. ("AAG"), is an Arkansas for-profit corporation¹, filing no. 811140818, incorporated on or about August 4, 2017. AAG's current status is listed as "[in] good standing." Arkansas's Secretary of State website identifies Justin Franklin as AAG's incorporator/organizer and its registered agent.
- 2. The Respondent's only known business address is: 635 Love Road, Alma, Arkansas, 72921. AAG's mailing address, as listed on its service contract, is P.O. Box 1181, Fort Smith, Arkansas 72902. AAG's email address, as listed on its website, is customerservice@autoassurancegroupinc.com.

¹ Per the Arizona Corporation Commission's ("ACC") website/public database, Respondent is not organized as a foreign-domiciled corporation and has not submitted an "Application for Authority to Transact Business or Conduct Affairs in Arizona." In addition, Respondent has not registered its name as a trade name with the Arizona Secretary of State.

3. The Respondent's website, https://www.autoassurancegroupinc.com/, is currently active as of January 24, 2020.

Consumer Complaint

- 4. On or about January 13, 2020, Heather Stradling ("Stradling") filed a complaint with the Department via its online portal alleging that AAG misrepresented to her that she was purchasing an automobile insurance policy. However, Stradling subsequently discovered she purchased a vehicle service / maintenance contract, not an insurance policy when the Arizona Motor Vehicle Division notified her that she had no insurance coverage on her vehicle.
- 5. On November 29, 2019, Stradling used her JPMorgan Chase-issued Visa card to make an initial payment to AAG in the amount of \$181.00. Stradling used her Discover card to make one (1) subsequent payment to AAG in the amount of \$148.00. Chase and Discover later reversed the charges.
- 6. On November 29, 2019, AAG issued to Stradling a "transaction record" (receipt), authorization no. 004514, to confirm the initial payment of \$181.00. In addition, AAG issued to Stradling a "Vehicle Service Contract I.D. Card" which reflected her name and residential address in Mesa, Arizona.
- 7. A search of the Department's licensing database reflected the following: AAG is not a business entity that is licensed as an insurance producer; AAG is not a registered trade name (DBA); and, AAG is not a permitted service company.
- 8. On January 21, 2020, the Department notified AAG of the Arizona complaint via an email sent to their customer service email address. Rick Stevenson, a Customer Service Department Supervisor, called the Department in response to the email and subsequently sent an emailed written response regarding the complaint.

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9. In his written response, Mr. Stevenson stated in part, "AAG, Inc. is not registered with the State of Arizona because we are primarily a local provider of VSC's² and only affiliated with Arkansas. It appears this issue [with an Arizona consumer] is a mistake. Based upon this information we will further train our staff on the protocols for potential customers."

CONCLUSIONS OF LAW

- 1. The Director has jurisdiction over this matter.
- 2. Respondent's conduct, as alleged above, constitutes offering or issuing a service contract without being issued a permit by the Director, within the meaning of A.R.S. § 20-1095.01(A).
- 3. Respondent is not exempt from the permitting requirement, within the meaning of A.R.S. § 20-1095.02.
- 4. Any service contract issued in violation of Title 20, Chapter 4, Article 11, is an enforceable and valid contract unless invalidated for other reasons per A.R.S. § 20-1095.05.
- 5. Grounds exist for the Director to order Respondent to cease and desist engaging in the violation or doing any act in furtherance of the violation of Title 20, Chapter 4, Article 11, pursuant to A.R.S. § 20-1095.09(B).

² VSC stands for "vehicle service contract."

ORDER 1 IT IS HEREBY ORDERED THAT: 2 1. Respondent shall immediately cease and desist from unlawfully offering or issuing 3 service contracts in the State of Arizona. 4 2. This Order shall become effective immediately and shall remain in full force and 5 effect until otherwise stayed, modified, vacated or set aside. 6 7 NOTICE OF OPPORTUNITY FOR HEARING 8 Pursuant to Title 20 of the Arizona Revised Statutes, Respondent is hereby notified that 9 may request a hearing pursuant to A.R.S. § 20-161 to contest the order to cease and desist. Such a request must be in writing and received at the following address within thirty (30) days 10 from the date hereof: 11 Arizona Department of Insurance 12 100 N. 15th Ave., Ste-261 Phoenix, AZ 85007-2630 13 ATTN: Director's Office 14 Upon receipt of a timely written request for hearing, the Director will issue an order setting 15 the time and place of the hearing. ___ day of Februar , 2020. 16 DATED AND EFFECTIVE this 17 18 KEITH A. SCHRAAD 19 Director of the Arizona Department of Insurance 20 COPY of the foregoing mailed and emailed 21 this 1114 day of 1200 day, 2020, to: 22 Auto Assurance Group, Inc. P.O. Box 1181 23 Fort Smith, AR 72902-1181 Respondent 24

1	Justin Franklin, President C/O Auto Assurance Group, Inc.
2	634 Love Rd. Alma, AR 72921-8058
3	Registered Agent for Respondent Auto Assurance Group, Inc.
4	
5	customerservice@autoassurancegroupinc.com Respondent
6	COPY of the foregoing delivered, same date, to:
7	Mary E. Kosinski, Regulatory Legal Affairs Officer Catherine M. O'Neil, Consumer Legal Affairs Officer
8	Ana Starcevic, Paralegal Project Specialist Steven Fromholtz, Licensing Division Manager
9	Wendy Greenwood, Investigations Supervisor Cary W. Cook, Chief Financial Compliance Officer
10	Erica A. Bowsher, Financial Affairs Insurance Analyst
11	Arizona Department of Insurance 100 N. 15 th Ave., Ste-261 Phoenix, Arizona 85007-2630
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14	Francine Juarez
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