

LAWRENCE G. WASDEN
Attorney General

JUDY L. GEIER, ISB No. 6559
Lead Deputy Attorney General
State of Idaho
Department of Insurance
700 W. State Street
P.O. Box 83720
Boise, Idaho 83720-0043
Telephone No. (208) 334-4204
Facsimile No. (208) 334-4298
judy.geier@doi.idaho.gov

FILED JM
JAN 20 2017
Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

BENEFITS EXCHANGE NORTHWEST, LLC ,
an Idaho Limited Liability Company,

Respondent.

Docket No. 18-3249-16

**STIPULATION FOR ENTRY OF
FINAL ORDER and FINAL ORDER**

The parties herein, namely the Idaho Department of Insurance (“**Department**”) and BENEFITS EXCHANGE NORTHWEST, LLC (“**BEN**”), an Idaho limited liability company, do hereby enter into this Stipulation for Entry of Final Order (“**Stipulation**”) to resolve certain matters at issue between them and do hereby stipulate and agree as follows:

1. That the Director of the Idaho Department of Insurance has jurisdiction over this matter pursuant to title 41, Idaho Code.
2. That BEN is an Idaho limited liability company administering COBRA benefits and services to its clients in the state of Idaho.
3. That in 2015, BEN applied for a Third Party Administrator license pursuant to the internal requirements of an insurance vendor BEN worked with.

4. That BEN was denied a Third Party Administrator (“TPA”) license on September 24, 2015, for failing to meet the requirements of Idaho Code § 41-911.

5. That the denial of BEN’s application for TPA license was affirmed via administrative Hearing Officer’s Findings of Fact, Conclusions of Law and Preliminary Order, Docket No. 18-3096-15, which became final on December 22, 2015.

6. That BEN is not currently licensed by the Department as a TPA and, with the exception of Producer License No. 458379 issued September 9, 2013, BEN holds no other license or registration issued by the Department pursuant to title 41, Idaho Code.

7. That on or about May 2, 2016, BEN submitted to the Department an application for registration as a TPA pursuant to Idaho Code § 41-910.

8. That Idaho Code § 41-910 requires any “person who directly or indirectly underwrites, collects charges or premiums from or adjusts or settles claims on residents of this state in connection with life, annuity or health coverage provided by a self-funded plan not regulated under title 41, Idaho Code,” to register with the Department.

9. That, following review, the Department informed BEN on or about October 13, 2016, that BEN’s application for TPA registration was inappropriate because BEN’s insurance activities in Idaho were not limited to administering COBRA services for “self-funded plan[s] not regulated under title 41, Idaho Code”, e.g., ERISA plans, but also include administering COBRA services for employers who provide employee benefits under insurance plans as well as some self-funded plans that are otherwise subject to regulation under Idaho’s Insurance Code. As such, BEN is required to obtain a TPA license to continue with such insurance activities.

10. That, in lieu of commencing an enforcement action against BEN for operating as a TPA without proper licensure, the Department and BEN agree as follows:

(a) Pursuant to the Department’s penalty authority found in Idaho Code § 41-

117, BEN agrees to pay to an administrative amount of five thousand dollars (\$5,000). Two thousand five hundred dollars (\$2,500) of such sum shall be paid to the Department within five (5) days of issuance of the Final Order approving this Stipulation. The remaining two thousand five hundred dollars (\$2,500) shall be suspended upon the conditions set forth in subsections (b) through (j) below.

(b) BEN shall submit to the Department a full and complete application for an Idaho TPA license, including all related documents and information required by title 41, chapter 9, Idaho Code, within twenty (20) days of the date of entry of the Final Order approving this Stipulation. The complete application shall evidence the financial soundness required pursuant to Idaho Code § 41-911.

(c) BEN may be granted a hardship exemption from the requirement that it accompany its application with audited financial statements within the 20-day deadline stated in Subsection (b) above; PROVIDED that BEN submits its application within the 20-day deadline accompanied by unaudited financial statements prepared in accordance with GAAP standards and in a format that complies with the requirements of Idaho Code § 41-911(2)(e) and accompanied by a surety bond in the amount of not less than twenty thousand dollars (\$20,000).

(d) The Department will review such application within ten (10) days of submission and make a determination whether to approve or deny such application.

(e) In the event the Department approves BEN's application, the Department shall issue BEN a Temporary TPA License.

(f) In the event the Department denies BEN's application, either on its merits or due to BEN's failure to pay the administrative amount set forth in subsection (a) above or BEN fails to comply with any of the terms of Subsections (a) through (c), the Department will, in addition to the denial, issue an order requiring BEN to cease and desist from operating as a TPA

in Idaho and to transfer all TPA business to a TPA properly licensed by the Department. Said order shall impose the full amount of five thousand dollars (\$5,000) for operating without a license, which will become immediately due and payable. The Department shall thereafter retain the surety bond submitted by BEN until BEN submits documentary evidence that affirms that BEN has transferred all of its TPA business to a TPA properly licensed by the Department.

(g) No later than July 1, 2017, BEN shall submit to the Department, in accordance with Idaho Code § 41-911(2)(d), fully audited financial statements with an Unqualified Auditor's Opinion. The Department will review and accept, if compliant with Idaho Code, such audited financial statements and Unqualified Auditor's Opinion within sixty (60) days of submission.

(h) In the event that BEN's audited financial statements and Unqualified Auditor's Opinion are accepted, the Department shall remove the temporary designation on the TPA license issued to BEN. The remaining administrative amount of two thousand five hundred dollars (\$2,500) imposed herein shall be waived, and the Department shall return to BEN within ten (10) business days the surety bond posted in the amount of not less than twenty thousand dollars (\$20,000).

(i) In the event BEN fails to submit the audited financial statements with Unqualified Auditor's Opinion by July 1, 2017, or in the event that the Department declines to accept BEN's audited financial statements, the Department shall revoke BEN's temporary TPA license without further notice or hearing and issue a Final Order requiring BEN to cease and desist from operating as a TPA in Idaho and to transfer all TPA business to a TPA properly licensed by the Department. Said Final Order shall impose the full administrative amount of five thousand dollars (\$5,000) for operating without a license, which shall be immediately due and payable. The Department shall thereafter retain the surety bond submitted by BEN until BEN submits

documentary evidence that affirms that BEN has transferred all of its TPA business to a TPA properly licensed by the Department.

(j) As a material term to this Stipulation and in agreeing to the terms particularly specified in Subsections (f) and (i) above, BEN knowingly and voluntarily waives all rights it would otherwise have to dispute such orders, including but not limited to the rights afforded by Idaho Code § 41-232A, which provides for: the right to a hearing; the right to be represented at a hearing by counsel chosen and retained by BEN; the right to present a defense, oral and documentary evidence and to cross-examine witnesses at such hearing and the right to seek judicial review or appeal of either the order denying the temporary TPA license or the order revoking the temporary TPA license.

11. BEN acknowledges that it has had the opportunity to consult with counsel concerning this Stipulation. BEN waives its right to notice and hearing at which it may be represented by counsel, present evidence and examine witnesses. BEN waives its right to submit this matter for review by a court of competent jurisdiction.

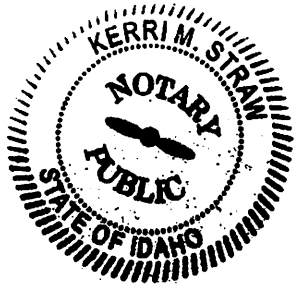
12. The parties agree that the terms of this Stipulation are appropriate and proper under the circumstances referenced herein, and that they have entered into this Stipulation knowingly, voluntarily and with full knowledge of any rights they may be waiving thereby.

13. The parties hereby waive the right to seek reconsideration and judicial review of this Stipulation or the violations of the Idaho Code referenced herein.

14. This Stipulation is subject to approval by the Director or the Director's designee, and shall become effective and binding upon the Department and BEN upon such approval. Should the Director decline to approve this Stipulation, the Department and BEN shall retain all of their rights, claims and/or defenses, and any factual and/or legal admissions made by BEN herein shall be withdrawn.

15. This Stipulation for Entry of Final Order and Final Order embodies the entire agreement between the Department and BEN, and there are no agreements, understandings, representations or warranties that are not expressly set forth herein.

AGREED THIS 18 day of January, 2017.



BENEFITS EXCHANGE NORTHWEST, LLC

[Handwritten signature]

By: CHRISTOPHER C KEIM
Its: VP OF OPERATIONS

STATE OF IDAHO)
County of Kootenai) ss.

On this 18 day of January, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared Christopher Keim, known or identified to me (or proved to me on the oath of), to be the manager or a member of the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.

WITNESS MY HAND and official seal hereto affixed the day, month and year in this certificate first above written.

[Handwritten signature: Kerrin M. Strain]
Notary Public in and for the
State of Idaho
Residing at Spout Lake
My commission expires: 6/7/22

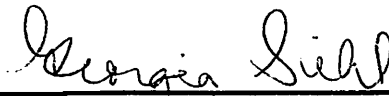
Approved as to Form:

SMITH + MALEK ATTORNEYS

By: Ji H. Li
153 #9130, of the Firm
Attorneys for Benefits Exchange Northwest, LLC

AGREED THIS 19th day of January, 2017.

IDAHO DEPARTMENT OF INSURANCE

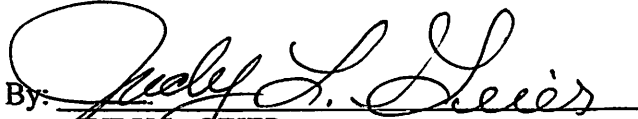


By: GEORGIA SIEHL, CPA, CFE

Its: Company Activities Bureau Chief, Chief Examiner

Approved as to Form:

OFFICE OF THE ATTORNEY GENERAL
STATE OF IDAHO



By:

JUDY L. GEIER,

Deputy Attorney General

Attorney for the Idaho Department of Insurance

FINAL ORDER

IT IS HEREBY ORDERED,

a. That all the provisions stated the preceding Stipulation for Entry of Final Order (the "Stipulation") are approved and adopted in full as if set forth herein notwithstanding any exception of said terms stated in this Final Order.

b. That Benefits Exchange Northwest, LLC ("BEN") shall fully comply with the terms and conditions of the parties' Stipulation, including all performance deadlines and terms stated therein.

c. That pursuant to the Department's penalty authority found in Idaho Code § 41-117, BEN is assessed an administrative amount of five thousand dollars (\$5,000) for operating as a TPA without proper licensure. That two thousand five hundred dollars (\$2,500) of said amount is due and payable within no later than five (5) business days of issuance of this Final Order, and the remaining two thousand five hundred dollars (\$2,500) shall be suspended in accordance with the terms and conditions of the parties' Stipulation

d. That BEN is granted a hardship exemption from accompanying its application for a Third Party Administer ("TPA") license with audited financial statements subject to BEN's compliance with the terms and conditions of the parties' Stipulation.

g. That BEN shall submit to the Department by no later than July 1, 2017, fully audited financial statements with an Unqualified Auditor's Opinion, prepared in accordance with Idaho Code § 41-911(2)(d).

DATED this 17 day of January, 2017.

STATE OF IDAHO
DEPARTMENT OF INSURANCE


DEAN CAMERON, DIRECTOR

CERTIFICATE OF SERVICE

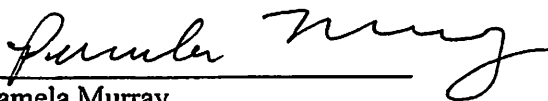
I HEREBY CERTIFY that on this 20th day of January, 2017, I caused a true and correct fully-executed copy of the foregoing STIPULATION FOR ENTRY OF FINAL ORDER and FINAL ORDER to be served on the following by the designated means:

Jillian Caires
Smith + Malek
601 E. Front Ave., Ste. 304
Coeur d'Alene, ID 83814
*Attorneys for Benefits Exchange Northwest,
LLC*

- first class mail
- certified mail
- hand delivery
- via facsimile

Judy L. Geier
Deputy Attorney General
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043

- first class mail
- certified mail
- hand delivery
- via facsimile



Pamela Murray