

**FINAL ORDER**  
**Effective: 7-9-10**

**BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS**

In the Matter of	)	
National Association of Business Leadership	)	Docket No. 4160-EO
	)	
National Association of Business Leaders	)	4161-EO
	)	
CEO Clubs Benefits	)	4162-EO
	)	
Consolidated Medical Services	)	4163-EO
	)	
Alliance Health Advisors	)	4164-EO
	)	
Joe Benedetto	)	4165-EO
	)	
Arnold Katz	)	4166-EO
	)	

**EMERGENCY CEASE AND DESIST ORDER**

(Pursuant to K.S.A. 2006 Supp. 40-2,125 and K.S.A. 77-501 *et. seq.*)

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 2006 Supp. 40-2,125, K.S.A. 2006 Supp. 40-2404, K.S.A Supp. 2006 40-2406, K.S.A 2006 Supp. 2006 40-2407, K.S.A. 40-4905 and in accordance with the Kansas Administrative Procedure Act (as amended), K.S.A. 77-501 *et. seq.*

I, Sandy Praeger, the duly elected, qualified and acting Commissioner of Insurance of the State of Kansas, hereby orders the entity and the individuals named above and their officers, directors, trustees, agents, employees, and affiliates (“Respondents”) to immediately cease and desist from doing the business of insurance in the State of Kansas and disseminating deceptive and misleading advertisements to Kansas residents.

**Findings of Fact**

The Commissioner finds the following facts:

1. National Association of Business Leadership and/or National Association of Business Leaders (hereinafter referred to as NABL) has its address listed as 100 Eagle Rock Ave., Hanover, NJ 07936.
2. NABL has not been granted a certificate of authority or license to conduct the business of insurance in the state of Kansas.
3. NABL is not and has not registered with the Kansas Secretary of State to do business in Kansas.
4. There appears not to be any reason for the formation of NABL but for the purpose of selling health insurance.
5. Arnold Katz, 731 South Highway 101, Suite 2G, Solana Beach, CA 92075, is not licensed by the Kansas Insurance Department (hereinafter referred to as KID) as an agent or to transact the business of insurance in the state of Kansas.
6. Arnold Katz is engaged in the business of marketing, sales and distribution of health insurance products in the state of Kansas by and through NABL.
7. CEO Club Benefits has its address listed as 100 Eagle Rock Ave., Hanover, NJ 07936.
8. CEO Club Benefits is not been granted a certificate of authority or licensed to sell or conduct the business of insurance in the State of Kansas.
9. Consolidated Medical Services has its address listed as 9090 S. Ridgeline Blvd., Suite 155, Highlands Ranch, CO 80129. Joe Benedetto is listed as its principal.
10. Consolidated Medical Services has not been granted a certificate of authority and is not licensed to conduct the business of insurance in the State of Kansas.

11. Joe Benedetto is a licensed by the KID to as an agent or to transact the business of insurance in the State of Kansas. His license number is 11514192 and was issued on October 14, 2009.
12. Alliance Health Advisors has its address listed as 6830 LaJolla Blvd., #205, LaJolla, CA 92037.
13. Alliance Health Advisors has not been granted a certificate of authority and is not licensed to conduct the business of insurance in the State of Kansas.
14. NABL, Alliance Health Advisors, CEO Club Benefits and Consolidated Medical Services are engaged in the business of marketing, sales and distribution of health insurance products in the state of Kansas.
15. On February 18, 2010 KID received a complaint from Kansas resident M.K. M.K. states that she was sold a medical insurance plan and extended drug coverage through “Ben” with Alliance Health Advisors at phone number 866-949-0720 ext. 223 with coverage beginning February 1, 2010. Funds were taken from her bank account on January 13, 2010 in the amount of \$117.95 and on January 14, 2010 in the amount of \$374.95. M.K. was issued an insurance policy from NABL with identification number 299244452.
16. On March 11, 2010 Jennifer Sourk, KID’s consumer assistance representative, sent a letter to inquiry to NABL regarding M.K.’s complaint. To date, NABL has failed to respond.
17. On February 18, 2010 KID received a complaint from Kansas resident J.K. J.K. states that he was sold a medical insurance plan and extended drug coverage through “Ben Constant” at phone number 866-949-0720. J.K. states the he was sold something different than the written information that he received in the mail. J.K. states that he was

told verbally that there would only be a \$25 co-pay that he would be responsible for a doctor visit. But when he received the written information, it stated that the insurance would pay \$25 per doctor visit. J.K. was issued an insurance policy from NABL with identification number 299244452.

18. On March 11, 2010 Jennifer Sourk, KID's consumer assistance representative, sent a letter to inquiry to NABL regarding J.K.'s complaint. To date, NABL has failed to respond.
19. On February 17, 2010 KID received an inquiry from Kansas resident K.O. K.O. requested KID to "check to see if insurance is real." With his inquiry, K.O. included several documents including identification cards with his member ID as 875336354. The "Limited Benefits Schedule" provided to K.O. stated that the product was underwritten by Phoenix Insurance Company.
20. On February 18, 2010 Kelly Welch, KID's consumer assistance representative, sent Phoenix Insurance Company a letter of inquiry about K.O.'s complaint. On March 12, 2010, Phoenix Insurance Company confirmed that they do not have any involvement with the activity described in K.O.'s complaint.
21. On March 24, 2010 KID received a complaint from Kansas resident S.Z. She stated that she purchased a health insurance plan through Consolidated Medical Services at phone number 888-312-3439. She stated that she was told that it would cost \$203.85 per month. A few days after she enrolled, a charge of \$428.80 was on her credit card.
22. On March 25, 2010 Jennifer Sourk, KID's consumer assistance representative, sent a letter of inquiry to Consolidated Medical Services regarding S.Z.'s complaint. On April 12, 2010 Consolidated Medical Services, by and through its principal Joe Benedetto,

explained that there was an enrollment fee that was charged to her credit card. Further they explained that S.Z. purchased a limited benefit plan from the NABL.

23. On June 4, 2010 KID received a follow-up response from Consolidated Medical Services explaining that they did not sell a discount health plan but had sold benefits to a membership which included insured limited benefits. Joe Benedetto indicated that Arnie Kratz was his contact at the NABL.
24. On May 13, 2010 KID received a complaint from Kansas resident K.B. K.B. states that she purchased a health insurance product from Alliance Health Advisors at phone number 866-949-0720. She was issued a member ID #624978649 with NABL. She was told her premium would be \$274.95 for the first month and \$154.95 a month thereafter.
25. K.B. attempted to get information regarding a mammogram she was due to have in March 2010. K.B. called the phone number given on her identification card and let a message as instructed. She states that she left approximately three or four messages with no return phone call. In May 2010, she called again and discovered that the phone number was disconnected.
26. On May 20, 2010, Jennifer Sourk, KID's consumer assistance representative, sent a letter of inquiry to NABL regarding the complaint filed by K.B.. To date, NABL has not responded specifically to K.B.'s complaint.
27. Jennifer Sourk, KID staff attorney, sent a Nelson letter to NABL on May 20, 2010. NABL responded, by and through its attorney Thomas J. Force, on June 1, 2010. NABL acknowledges that the sale of insurance products to residents in Kansas was never authorized by the state of Kansas. NABL states that it was its understanding that Arnold

Katz sold the insurance products. Further, NABL claims that Arnold Katz was never authorized to sell such products.

**Applicable Law**

28. K.S.A. 40-214 which states, in pertinent part:  
It shall be unlawful for any person, company, corporation or fraternal benefit society to transact the business of insurance, indemnity or suretyship, or do any act toward transacting such business, unless such person, company, corporation or fraternal benefit society shall have been duly authorized under the laws of this state to transact such business and shall have received proper written authority from the commissioner of insurance in conformity with the provisions of the laws of this state relative to insurance, indemnity and suretyship, and further, it shall be unlawful for any insurance company to effect contracts of insurance in this state on the life or person of residents of this state or on property located in this state except through persons duly licensed and certified in accordance with the insurance laws of this state and subject to the provisions of K.S.A. 40-245 and amendments thereto.
29. K.S.A. 40-216, which states, in pertinent part:  
(a) (1) No insurance company shall hereafter transact business in this state until certified copies of its charter and amendments thereto shall have been filed with and approved by the commissioner of insurance. A copy of the bylaws and amendments thereto of insurance companies organized under the laws of this state shall also be filed with and approved by the commissioner of insurance. The commissioner may also require the filing of such other documents and papers as are necessary to determine compliance with the laws of this state.
30. K.S.A. 40-2404, which states, in pertinent parts:  
The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:  
(1) Making, issuing, circulating or causing to be made, issued or circulated, any estimate, illustration, circular, statement, sales presentation, omission or comparison which:  
    (a) misrepresents the benefits, advantages, conditions or terms of any insurance policy.  
(12) Any violation of any of the provisions of K.S.A. 40-216, 40-276a, 40-2,155 or 40-1515 and amendments thereto.
31. K.S.A. 40-2209 states, in pertinent part:  
(f) Group accident and health insurance may be offered to a group under the following basis:  
    (5) A policy issued to an association which has been organized and is maintained for the purposes other than that of obtaining insurance . . .

32. K.S.A. 40-4905 which states, in pertinent part:  
(a) ...it shall be unlawful for any person to sell, solicit or negotiate any insurance within this state unless such person has been issued a license as an insurance agent in accordance with this act.
33. K.S.A. 40-2702 which states, in pertinent part:  
(a) As used in this act, unless the context otherwise requires, the term "insurer" means and includes all corporations, companies, associations, societies, fraternal benefit societies, mutual nonprofit hospital service and nonprofit medical service companies, partnerships and persons engaged as principals in the business of insurance of the kinds enumerated in articles 4, 5, 6, 7, 11, 18, 19, 19a, 19b, 19c, 22, 32 and 38 of chapter 40 of the Kansas Statutes Annotated, and any amendments thereto, insofar as the business of insurance of the kinds enumerated in such articles relate to life and accident or sickness. Whenever in this section there is reference to an act effected or committed by mail, the venue of such act shall be at the point where the matter transmitted by mail is delivered and takes effect.

It shall be unlawful for any insurer to transact insurance business in this state, as set forth in subsection (b) of this section, without a certificate of authority from the commissioner of insurance.

(b) Any of the following acts in this state effected by mail or otherwise by or on behalf of an unauthorized insurer is deemed to constitute the transaction of an insurance business in this state:

- (1) The making of or proposing to make, as an insurer, an insurance contract;
- (2) the taking or receiving of any application for insurance;
- (3) the receiving or collection of any premium, commission, membership fees, assessments, dues or other consideration for any insurance or any part thereof;
- (4) the issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;
- (5) directly or indirectly acting as an agent for or otherwise representing or aiding on behalf of another any person or insurer in the solicitation, negotiation, procurement or effectuation of insurance or renewals thereof or in the dissemination of information as to coverage or rates, or forwarding of applications or delivery of policies or contracts or investigation or adjustment of claims or losses or in the transaction of matters subsequent to effectuation of the contract and rising out of it or in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident in this state. Nothing herein shall be construed to prohibit full-time salaried employees of a corporate insured from acting in the capacity of an insurance manager or buyer in placing insurance in behalf of such employer;
- (6) the transaction of any kind of insurance business specifically recognized as transacting an insurance business within the meaning of the statutes relating to insurance; or

(7) the transacting of or proposing to transact any insurance business, in substance equivalent to any of the foregoing, in a manner designed to evade the provisions of this act.

### **Conclusion of Law**

34. The Commissioner has jurisdiction over Respondents as well as the subject matter of the proceeding, and such proceeding is held in the public interest.
35. The Commissioner finds that Respondents unlawfully offered insurance to Kansas residents when they are not licensed to conduct the business of insurance in the state of Kansas a violation K.S.A. 40-214.
36. The Commissioner finds the Respondents unlawfully sold, solicited or negotiated insurance without having filed the proper charter and bylaws, a violation of K.S.A. 40-216.
37. The Commissioner finds the Respondents unlawfully issued and circulated insurance applications and policies which misrepresented the conditions of the insurance policy in violation of K.S.A. 40-2404(1)(a).
38. The Commissioner finds the Respondents unlawfully sold, solicited or negotiated a group health insurance through an association that was organized for the sole purpose of selling insurance in violation of K.S.A. 40-2209(f)(5).
39. The Commissioner finds the Respondents unlawfully sold, solicited or negotiated insurance within this state without being issued a license, a violation of K.S.A. 40-4905.
40. The Commissioner finds the Respondents unlawfully transacted the business of insurance without a certificate of authority in violation of K.S.A. 40-2702.
41. In consideration of the above, and pursuant to K.S.A. 40-2,125 and K.S.A. 77-536 the Commissioner of Insurance finds that such solicitations by NATIONAL ASSOCIATION



OF BUSINESS LEADERSHIP, NATIONAL ASSOCIATION OF BUSINESS LEADERS, CEO CLUBS BENEFITS, CONSOLIDATED MEDICAL SERVICES, ALLIANCE HEALTH ADVISORES, JOE BENEDETTO AND ARNOLD KRATZ, constitutes an immediate danger to the public health, safety and welfare of Kansas residents. If NATIONAL ASSOCIATION OF BUSINESS LEADERSHIP, NATIONAL ASSOCIATION OF BUSINESS LEADERS, CEO CLUBS BENEFITS, CONSOLIDATED MEDICAL SERVICES, ALLIANCE HEALTH ADVISORES, JOE BENEDETTO AND ARNOLD KRATZ by whatever means and through whatever affiliated parties, are allowed to continue the unauthorized and unlicensed transaction of insurance in Kansas, and to deny just claims made by Kansas residents, those statutory violations which place the public health, safety or welfare in danger are likely to be repeated. Thus, the Commissioner must take emergency action against NATIONAL ASSOCIATION OF BUSINESS LEADERSHIP, NATIONAL ASSOCIATION OF BUSINESS LEADERS, CEO CLUBS BENEFITS, CONSOLIDATED MEDICAL SERVICES, ALLIANCE HEALTH ADVISORES, JOE BENEDETTO AND ARNOLD KRATZ to protect the public interest.

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:**

1. That **NATIONAL ASSOCIATION OF BUSINESS LEADERSHIP, NATIONAL ASSOCIATION OF BUSINESS LEADERS, CEO CLUBS BENEFITS, CONSOLIDATED MEDICAL SERVICES, ALLIANCE HEALTH ADVISORES, JOE BENEDETTO AND ARNOLD KRATZ**, as well as their officers, directors, employees, managers, members, partners, investors, affiliates, associates, agents and all other persons with actual knowledge of this Order, regardless of relation to or corporate

or other form are, all **HEREBY ORDERED** to **IMMEDIATELY CEASE AND DESIST** from the further transaction of insurance in Kansas, by whatever means and through whatever parties.

**NOTICE AND OPPORTUNITY FOR HEARING**

Respondents, within fifteen (15) days of service of this Emergency Cease and Desist Order, may file with the Kansas Insurance Department a written request for hearing on this Summary Order, as provided by K.S.A. 77-542. In the event a hearing is requested, such request should be directed to:

John W. Campbell, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

Any costs incurred as a result of conducting any administrative hearing shall be assessed against the agent/agency who is the subject of the hearing as provided by K.S.A. 40-4909(f). Costs shall include witness fees, mileage allowances, any costs associated with reproduction of documents which become part of the hearing record, and the expense of making a record of the hearing.

If a hearing is not requested, this Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period for requesting a hearing. The Final Order will constitute final agency action in the matter.

In the event the Petitioner files a petition for judicial review, the agency officer designated pursuant to K.S.A. 77-613(e) to receive service of a petition for judicial review on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> St.  
Topeka, Kansas 66612

**IT IS SO ORDERED THIS 21st DAY OF JUNE, 2010, IN THE CITY OF TOPEKA,  
COUNTY OF SHAWNEE, STATE OF KANSAS.**



\_\_\_\_\_/s/ Sandy Praeger\_\_\_\_\_  
Sandy Praeger  
Commissioner of Insurance

BY:

\_\_\_\_\_/s/ John W. Campbell\_\_\_\_\_  
John W. Campbell  
General Counsel

**Certificate of Service**

The undersigned hereby certifies that above and foregoing Emergency Cease and Desist Order was served via the United States Postal Service, first-class postage prepaid, on this 21st day of June, 2010, addressed to the following:

Thomas J. Force  
2 West Main St., Suite 2  
Bayshore, NY 11706

National Association of Business Leadership  
100 Eagle Rock Ave.  
Hanover, NJ 07936

National Association of Business Leadership  
9444 Waples St., Suite 330  
San Diego, CA 92121

Arnold Katz  
731 South Highway 101, Suite 2G  
Solana Beach, CA 92075

CEO Clubs Benefits  
100 Eagle Rock Ave.  
Hanover, NJ 07936

Consolidated Medical Services  
9090 S. Ridgeline Blvd., Suite 155  
Highlands Ranch, CO 80129

Joe Benedetto  
9090 S. Ridgeline Blvd., Suite 155  
Highlands Ranch, CO 80129

Alliance Health Advisors  
6830 LaJolla Blvd., #205  
LaJolla, CA 92037

/s/ Jennifer R. Sourk  
Jennifer R. Sourk  
Staff Attorney