

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

MAY 11 2011

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN D. DOAK, Insurance Commissioner,)
)

Petitioner)
)

v.)

Case No. 11-0131-DIS

RURAL HEALTH PLANS INITIATIVE,)
a licensed nonresident producer firm and)
GERALD R. RISING, JR., a licensed)
nonresident producer,)
)

Respondents.)
)

FINAL ADMINISTRATIVE ORDER

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, by and through his attorney, Julie Meaders and alleges and states as follows:

JURISDICTION AND AUTHORITY

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.

2. Respondent Rural Health Plans Initiative ("RHPI") is licensed by the State of Oklahoma as a nonresident insurance producer firm holding license number 10000472. Its address of record is 9000 E. Nichols Avenue, Suite 125, Centennial, Colorado 80112-3512.

3. Respondent Gerald R. Rising, Jr is licensed by the State of Oklahoma as a nonresident producer holding license number 40001710. His address of record is 7670 E. Phillips Circle, Englewood, Colorado 80112.

4. The Insurance Commissioner may place on probation, censure, suspend, revoke or refuse to issue or renew a license issued pursuant to the Producer Licensing Act and/or may levy a civil penalty of \$100.00 to \$1,000.00 for each violation of the Producer Licensing Act. 36 O.S. § 1435.13(A).

5. If the Insurance Commissioner finds that the public health, safety or welfare imperatively requires emergency action, and incorporates a finding to the effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other action. 75 O.S. §§ 314(C)(2), 314,1, OAC 365:1-7-9(a).

FINDINGS OF FACT

1. Kelly Detweiler, an employee of the Heart and Vascular Center in Lawton, Oklahoma, complained to the Consumer Assistance/Claims Division of the Oklahoma Insurance Department on November 8, 2010. Ms Detweiler stated that she contacted RHPI numerous times in 2009 and 2010 after RHPI failed to pay health insurance claims on three patients.

2. Martha Hall, a life & health analyst in the Consumer Assistance Division was assigned to Detweiler's complaint. Hall sent a letter of inquiry to RHPI on November 10, 2010. 36 O.S. § 1250.4(B) of the Oklahoma Insurance Code requires insurers, producers and third party administrators to provide an adequate explanation within thirty days of the date of the letter. No response was received.

3. Hall thereafter sent a second letter on December 10, 2010 notifying RHPI

that it was in violation of statute but allowing for a response before she forwarded the complaint to the Legal Department. No response was received.

4. Investigation into the matter revealed that the Colorado Division of Insurance issued a notice on November 19, 2010 after it received inquiries and complaints from businesses and individuals regarding RHPI. RHPI had notified the Colorado Department that it would not be paying pending unpaid claims, had closed its door and was filing for bankruptcy.

5. The Colorado notice stated that the health plan offered through RHPI was not insurance nor was it regulated by the State Division of Insurance. The health plan was an employer self-funded plan. RHPI sold its service as an administrator to manage employer self-funded plans that were exempt from state laws. The Division stated that RHPI was operating as a third party administrator for employer plans, or ERISA, governed under the jurisdiction of the U.S. Department of Labor.

6. However, investigation revealed that RHPI was licensed as a resident agency holding Colorado license 353736 effective through June 1, 2012. The Oklahoma Department of Insurance contacted the Colorado Division of Insurance to inquire as to why the State of Colorado had not taken action against the resident license. The only response received was that the Colorado Department did not have jurisdiction and that the U.S. Department of Labor was in charge of any disciplinary action.

7. Investigation further revealed that the U.S. Department of Labor was investigating the matter in February 2011. Private litigation had also been instituted against Rural Health Plans and its founder, Gerald Rising, alleging negligence and fraud. While RHPI may not be a “true insurance plan”, it is licensed as a nonresident agency in

Oklahoma. Further, its founder, Gerald R. Rising, Jr., is licensed as a nonresident insurance producer in Oklahoma.

CONCLUSIONS OF LAW

Respondents have violated 36 O.S. § 1435.13(A)(2) by violating Oklahoma insurance law 36 O.S. § 1250.4(B); Respondents have violated 36 O.S. § 1435.13(A)(8); by using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business.

ORDER

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the **Administrative Order of Suspension Instanter** entered in this matter on April 1, 2011 is a **FINAL ADMINISTRATIVE ORDER**, that no hearing was requested and Respondents' licenses are hereby **REVOKED**.

WITNESS My Hand and Official Seal this 10th day of May, 2011.





PAUL WILKENING
DEPUTY INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing Final Administrative Order was mailed by certified mail with postage prepaid and return receipt requested on this 17th day of May, 2011, to:

Rural Health Plans Initiative
9000 E. Nichols Avenue, Suite 125
Centennial, CO 80112-3512

CERTIFIED MAIL NO: 7008 1830 0003 9411 7392

Gerald R. Rising, Jr.
7670 E. Phillips Circle
Englewood, CO 80112

CERTIFIED MAIL NO: 7008 1830 0003 9411 7408

and that notification was sent to:

NAIC/RIRS

and that a copy was mailed to:

all Appointing Insurers

and that a copy was delivered to:

Leah Scoles
Licensing Division

Lydia Shirley
Consumer Assistance Division



Julie Meaders

