

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:)
)
PAUL A. GRANZIER)
)
Maine License No. PRN167463)
National Producer No. 1825585)
)
Docket No. INS-13-203)
)

NOTICE OF HEARING

On September 11, 2013, pursuant to 24-A M.R.S. §§ 229 through 236 and § 1417, the Superintendent of Insurance will conduct a public hearing to consider the allegations in the Petition for Enforcement filed by Bureau Staff, dated June 25, 2013, against Paul A. Granzier (the Respondent). The purpose of the hearing is to decide whether the Respondent violated 24-A M.R.S. §§ 1420-K(1)(H), 2152, 2152-B, 2153 and 2154 as alleged in the Petition, or other applicable laws, and if Respondent is found to be in violation, to decide the remedy to be imposed. A copy of the Petition is attached.

The hearing will commence at 1:00 p.m. and will take place at the Bureau of Insurance at 76 Northern Avenue, Gardiner, Maine. The hearing will be held in accordance with the provisions of the Maine Administrative Procedure Act, 5 M.R.S. §§ 9051 through 9064 and Maine Bureau of Insurance Rules, Chapter 350. You may be represented by an attorney. You may call witnesses to testify on your behalf and may cross-examine any witnesses who testify against you. All testimony will be taken under oath and the hearing will be recorded. You may present written evidence and may make oral or written arguments at hearing. Applications for intervention pursuant to 5 M.R.S. § 9054 will be accepted up to the commencement of the hearing.

While this matter is pending before the Superintendent, Bureau Staff and the Respondent shall not communicate with me or anyone I may appoint to assist me on this matter except in accordance with 5 M.R.S. § 9055.

Information obtained during the hearing may be used in subsequent legal proceedings. Failure to appear at the hearing may result in a disposition by default, which may be set aside only if good cause is demonstrated to the satisfaction of the Superintendent.

Bureau Staff and the Respondent shall exchange exhibits and witness lists at least two weeks before the hearing. Copies of the witness lists must be provided to the Superintendent. Motions and correspondence relating to this proceeding shall be filed with the Superintendent at the following address, with a copy to all parties or their counsel of record:

c/o Elena Crowley
Maine Bureau of Insurance
34 State House Station
Augusta, Maine 04333-0034

or by e-mail at elena.i.crowley@maine.gov

The Department of Professional and Financial Regulation does not discriminate on the basis of disability. Persons who need any sort of assistance or accommodation for effective participation in this hearing should make their needs known to the hearing officer sufficiently in advance of the hearing that appropriate arrangements can be made.

July 15, 2013


ERIC CIOPPA
SUPERINTENDENT OF INSURANCE

STATE OF MAINE
BUREAU OF INSURANCE

IN RE:

PAUL A. GRANZIER

Maine License No. PRN167463

National Producer No. 1825585

PETITION FOR ENFORCEMENT

Docket No. INS-13-203

The Staff of the Maine Bureau of Insurance (“Bureau Staff”) hereby petitions the Superintendent of Insurance for initiation of an adjudicatory proceeding to consider revocation of Paul A. Granzier’s non-resident insurance producer license and other appropriate sanctions for alleged violations of the Maine Insurance Code arising from Mr. Granzier’s marketing and sale of dental insurance coverage to residents of Maine nursing homes.

JURISDICTION

1. The Maine Insurance Code regulates individuals who transact insurance in the State of Maine. The Superintendent of Insurance is charged under 24-A M.R.S. § 211 with enforcing the provisions of the Maine Insurance Code.

2. Pursuant to 10 M.R.S. § 8003(5) and 24-A M.R.S. §§ 12-A and 215, the Superintendent may take enforcement action against any person who violates any provision of Title 24-A. The Superintendent may issue a warning, censure, or reprimand to a licensee, may suspend, revoke or refuse to renew the license of a licensee, may impose conditions of probation on the licensee, may levy a civil penalty, or may take any combination of such actions, for violating any insurance laws. 24-A M.R.S. §§ 12-A, 1417 & 1420-K.

FACTS ALLEGED

3. Paul A. Granzier has been licensed in Maine as a non-resident insurance producer since June 26, 2009. He was first licensed in his resident state of Ohio as a producer with Property and Casualty authority on June 4, 1991 and with Life, Accident and Health authority on August 10, 2004. His Maine nonresident producer license number is PRN167463. His National Insurance Producer Registry number is 1825585.

4. Mr. Granzier is also the President of Dental 2U, a limited liability company incorporated in Ohio on April 17, 2009.

5. Dental 2U markets itself as a company that facilitates the provision of dental services to nursing home residents by bringing dentists into nursing homes to provide services. Participating nursing home residents are enrolled in dental insurance coverage offered by Madison National Life Insurance (“Madison Life”), which Mr. Granzier sells on commission.

6. In August, 2009, Mr. Granzier began promoting the Dental 2U program to Maine nursing home administrators.

7. In the course of promoting the program, Mr. Granzier provided a pamphlet to Maine nursing home administrators, intended for distribution to residents and their families, stating that Dental 2U had “contracted with a leading national mobile dental company to deploy dentists to visit the facility regularly.”

8. At this time, Mr. Granzier was having discussions with a mobile dental company called ReachOut Healthcare America (“ReachOut”), but did not have a contract with ReachOut to deploy dentists to visit facilities in Maine or anywhere else.

9. The pamphlet also described the Dental 2U program as providing dental coverage at “no cost to the Medicaid resident or the nursing home.” In fact, residents receiving Medicaid were responsible for paying the premium for the dental coverage; Medicaid then allowed the cost of that premium to be credited toward the resident’s monthly payment to the nursing home. Residents were also responsible for any costs they might incur for dental services in excess of policy limits.

10. The Dental 2U pamphlet further stated that residents participating in the program would receive “an individual dental insurance policy.” In fact, the coverage sold by Mr. Granzier through Dental 2U was not an individual policy but was through a group policy issued by Madison Life to an association called “Communicating for America.” According to the policy, and as required by Maine law, only association members were eligible for the coverage. Mr. Granzier took no steps to ensure that residents purchasing the insurance were members of the association.

11. The pamphlet did not disclose that one of its purposes was insurance sales solicitation or that Dental 2U was run by an insurance producer.

12. In the fall of 2009, based upon Mr. Granzier’s representations, some Maine nursing home administrators sent letters to their residents encouraging them to enroll in the Dental 2U program. The administrators then helped interested residents with the enrollment process.

13. In December 2009, without a commitment from ReachOut to provide services, Mr. Granzier had a third-party administrator begin billing the enrolled nursing home residents for the dental coverage effective January 1, 2010. Enrolled residents

began receiving monthly bills for \$93. Since Mr. Granzier had marketed Dental 2U as having no cost, many residents failed to pay these bills.

14. In February, 2010, ReachOut informed Mr. Granzier that there were not enough paying enrollees in Dental 2U to allow ReachOut to provide services in Maine. Mr. Granzier then secured an agreement with Tooth Protectors, Inc. to provide the services. Tooth Protectors, however, employed only dental hygienists and had no dentists on staff that could visit the nursing homes, as Mr. Granzier had promised.

15. Tooth Protectors offered hygienist services in the participating nursing homes for several months. Tooth Protectors eventually grew dissatisfied with the arrangement and, in October 2010, withdrew from the program.

16. Despite numerous promises from Mr. Granzier that arrangements had been made to have dentists visit the nursing homes, this never occurred.

17. At least two Dental 2U enrollees in Maine nursing homes received bills for dental services that were not covered by Madison Life.

18. In October 2010, a nursing home administrator filed a complaint with the Bureau of Insurance about the Dental 2U program, complaining specifically about the failure to provide dentists to visit the nursing homes as promised by Mr. Granzier.

19. As a result of the complaint investigation by the Bureau, Madison Life reimbursed all Maine policyholders of the dental insurance policy sold by Mr. Granzier for all premiums they paid minus any claims paid by the insurer.

20. By July 2011, no policyholders remained enrolled in the Dental 2U program in Maine.

21. Mr. Granzier sold Madison Life dental coverage to approximately 230 Maine nursing home residents as part of the Dental2U program. Throughout the period that Mr. Granzier sold this coverage in Maine, he was not an appointed agent of Madison Life.

ALLEGED VIOLATIONS

I

Incompetence and Untrustworthiness (Failure to Provide Promised Services)

22. Pursuant to 24-A M.R.S.A. § 1420-K(1)(H) the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating

incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.

23. By marketing dental insurance to Maine nursing home residents as part of a service to bring dentists into the nursing homes to provide on-site services, and then failing to arrange for such services, Mr. Granizer demonstrated incompetence and untrustworthiness in violation of 24-A M.R.S. § 1420-K(1)(H).

II

Incompetence, Untrustworthiness and Financial Irresponsibility (Billing Coverage Before Securing Promised Benefits)

24. Pursuant to 24-A M.R.S.A. § 1420-K(1)(H) the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.

25. By causing Maine nursing home residents to be billed for insurance coverage marketed to them as a service to bring dentists into nursing homes to provide on-site services without first obtaining a commitment from a dental provider to actually provide such services, Mr. Granizer demonstrated incompetence, untrustworthiness and financial irresponsibility in violation of 24-A M.R.S. § 1420-K(1)(H).

III

Incompetence and Untrustworthiness (Selling Coverage to Ineligible Individuals)

26. Pursuant to 24-A M.R.S.A. § 1420-K(1)(H) the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.

27. By selling insurance coverage through an association group policy to individuals who were not members of the association, and thus not eligible for the coverage, Mr. Granzier violated § 1420-K(1)(H).

28. Each sale by Mr. Granzier constitutes a separate violation of § 1420-K(1)(H) for which sanctions may be imposed.

IV
False Marketing
(Existence of a Contract with a Dental Provider)

29. Pursuant to 24-A M.R.S. § 2154 no person shall make, publish, circulate or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated or placed before the public in the form of a pamphlet or in any other way a statement containing any assertion, representation or statement with respect to the business of insurance in a manner that is untrue, deceptive or misleading.

30. Pursuant to 24-A M.R.S.A. § 1420-K(1)(H) the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.

31. By circulating a pamphlet to Maine nursing home administrators and residents falsely and misleadingly stating that Dental 2U "contracted with a leading national mobile dental company to deploy dentists to visit the facility regularly," Mr. Granizer violated 24-A M.R.S. §§ 1420-K(1)(H) & 2154.

V
False Marketing
(Coverage Was "No Cost")

32. Pursuant to 24-A M.R.S. § 2153 no person shall make, issue, circulate, or cause to be made, issued or circulated any statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby.

33. Pursuant to 24-A M.R.S. § 2154 no person shall make, publish, circulate or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated or placed before the public in the form of a pamphlet or in any other way a statement containing any assertion, representation or statement with respect to the business of insurance in a manner that is untrue, deceptive or misleading.

34. Pursuant to 24-A M.R.S.A. § 1420-K(1)(H) the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.

35. By circulating a pamphlet to Maine nursing home administrators and residents falsely and misleadingly stating that the dental care provided through the Dental 2U program was at no cost to enrollees receiving Medicaid, Mr. Granizer violated 24-A M.R.S. §§ 1420-K(1)(H), 2153, & 2154.

VI
False Marketing
(Coverage Was an "Individual Policy")

36. Pursuant to 24-A M.R.S. § 2153 no person shall make, issue, circulate, or cause to be made, issued or circulated any statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby.

37. Pursuant to 24-A M.R.S. § 2154 no person shall make, publish, circulate or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated or placed before the public in the form of a pamphlet or in any other way a statement containing any assertion, representation or statement with respect to the business of insurance in a manner that is untrue, deceptive or misleading.

38. Pursuant to 24-A M.R.S.A. § 1420-K(1)(H) the Superintendent may place on probation, suspend, revoke or refuse to issue or renew an insurance producer's license or may levy a civil penalty in accordance with section 12-A, or take any combination of such actions, for using fraudulent, coercive or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this State or elsewhere.

39. By circulating a pamphlet to Maine nursing home administrators and residents falsely and misleadingly stating that the Madison Life dental coverage was an "individual policy," Mr. Granzier violated 24-A M.R.S. §§ 1420-K(1)(H), 2153, & 2154.

VII
Cold Lead Advertising

40. Title 24-A M.R.S. § 2152 prohibits any person from engaging in any practice defined by Chapter 23 of the Insurance Code as an unfair trade practice.

41. Title 24-A M.R.S. § 2152-B defines as an unfair trade practice the selling, solicitation, or negotiation of health insurance in Maine through the use of cold lead advertising. "Cold lead advertising" is defined as making use directly or indirectly of a method of marketing that fails to disclose in a conspicuous manner that a purpose of the marketing is insurance sales solicitation and that contact will be made by an insurance producer or insurance company.

42. By providing a pamphlet to Maine nursing home administrators and residents that did not disclose in a conspicuous manner that a purpose of the marketing

was insurance sales solicitation and that contact will be made by an insurance producer or insurance company, Mr. Granzier violated 24-A M.R.S. §§ 2152 and 2152-B.

VIII
Failure to Obtain Appointment

43. Title 24-A M.R.S. § 1420-M provides that an insurance producer may not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer.

44. By acting as an agent of Madison Life in the sale of Madison Life dental coverage to approximately 230 persons without becoming an appointed agent of Madison Life, Mr. Granzier violated § 1420-M.

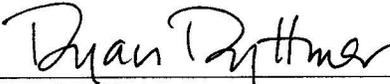
45. Each sale of coverage by Mr. Granzier constitutes a separate violation of § 1420-M for which sanctions may be imposed.

REQUESTED ACTION

The Staff of the Bureau of Insurance requests that the Superintendent, in his official capacity as administrator of the Bureau of Insurance, initiate an adjudicatory proceeding in this matter to determine, after a hearing, whether Mr. Granzier has committed the alleged violations and, if so, whether to impose appropriate disciplinary sanctions pursuant to 10 M.R.S. § 8003(5)(A-1) and 24-A M.R.S. §§12-A, including revocation of his producer license and civil penalties of up to \$1,500 per violation.

Dated this 25th day of June, 2013 at Gardiner, Maine.

Respectfully submitted,



Dyan M. Dyttmer
Staff Attorney
Maine Bureau of Insurance



Paul R. LePage
GOVERNOR

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Eric A. Cioj
SUPERINTENDENT

SENT CERTIFIED AND REGULAR MAIL

June 25, 2013

Paul Granzier
29605 Washington Way
Westlake, OH 44145-6401

RE: Petition- Docket No. INS-13-203

Dear Mr. Granzier:

Enclosed you will find a copy of Bureau of Insurance Staff's June 25, 2013 Petition for Enforcement requesting that the Superintendent of Insurance commence an adjudicatory proceeding to consider whether you have engaged in conduct justifying the imposition of disciplinary action against your licensure by the Bureau. It is not necessary that you respond to the Petition at this time. If the Superintendent grants Staff's request, the Superintendent will provide you additional information about the process, including a Notice of Hearing.

All communications regarding this matter must be with Assistant Attorney General Jonathan Bolton, who represents Bureau staff. You can contact Mr. Bolton by mail addressed to him at the Office of Attorney General, 6 State House Station, Augusta, Maine 04333; by telephone at (207) 626-8873; or by email at Jonathan.Bolton@maine.gov.

Sincerely,

Dyan M. Dyttmer
Enforcement Attorney
Maine Bureau of Insurance

cc: Timothy N. Schott, Deputy Superintendent, BOI
Jonathan Bolton, AAG
Mark Randlett, AAG
Robert Wake, General Counsel, BOI
Thomas Record, Senior Staff Attorney, BOI
Pamela Stutch, Staff Attorney, BOI





Paul R. LePage
GOVERNOR

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Eric A. Cioppa
SUPERINTENDENT

HAND-DELIVERED

June 25, 2013

Eric A Cioppa, Superintendent
Maine Bureau of Insurance
34 State House Station
Augusta, ME 04333-0034

RE: Petition for Enforcement against Paul Granzier
Docket No. INS-13-203

Dear Superintendent Cioppa:

Enclosed please find a copy of Bureau of Insurance Staff's June 25, 2013 Petition for Enforcement requesting that you commence an adjudicatory proceeding to consider whether producer Paul Granzier has engaged in conduct justifying the imposition of disciplinary action against his licensure by the Bureau. Assistant Attorney General Jonathan Bolton represents Bureau staff in this matter.

Thank you for your consideration of this Petition.

Sincerely,

Dyan M. Dyttmer
Enforcement Attorney
Maine Bureau of Insurance

cc: Timothy N. Schott, Deputy Superintendent, BOI
Jonathan Bolton, AAG
Mark Randlett, AAG
Robert Wake, General Counsel, BOL
Thomas Record, Senior Staff Attorney, BOI
Pamela Stutch, Staff Attorney, BOI

