

**STATE OF MAINE
BUREAU OF INSURANCE**

IN RE:)
)
VERILEADS, LLC d/b/a YOUR)
COVERAGE MATTERS)
) **CONSENT AGREEMENT**
Maine License No.: AGR163228)
NAIC Code: 13043360)
) Docket No. INS-10-246
JARROD J. MAXFIELD)
)
Maine License No.: PRR163227)
NAIC Code: 13043165)

This document is a Consent Agreement authorized by Title 10 M.R.S. § 8003(5), entered into among Verileads, LLC d/b/a Your Coverage Matters; Jarrod J. Maxfield; the Superintendent of the Maine Bureau of Insurance; and the Maine Office of the Attorney General. Its purpose is to resolve, in lieu of an adjudicatory proceeding, violations and alleged violations of the Insurance Code for which the Superintendent may impose discipline pursuant to Title 24-A M.R.S. §1417(1) and §1420-K(l)(A).

The Superintendent of Insurance is the official charged with administering and enforcing Maine's insurance laws and regulations, and the Bureau of Insurance is the administrative agency with such jurisdiction. The Superintendent has jurisdiction over this matter pursuant to the Insurance Code generally, Title 24-A Maine Revised Statutes, in particular, 24-A M.R.S. §§ 12-A, 211, and 229, as well as other provisions.

STATEMENT OF FACTS

1. Verileads, LLC is a limited liability company organized under the laws of Delaware and is registered as a foreign limited liability company in Maine under charter number 20090389FC. Verileads has also registered "Your Coverage Matters" as an assumed name of the company. Verileads was originally organized under the name "Necessary Technology, LLC," but changed its name to "Verileads, LLC" and filed that name change with the Maine Secretary of State on January 29, 2010, and with the Bureau of Insurance ("BOI") on April 6, 2010. Mr. Maxfield is the sole shareholder of Verileads.
2. On February 6, 2009, Mr. Maxfield became licensed in Maine as a resident insurance producer, license number PRR163227.
3. On February 6, 2009, Verileads became licensed by BOI as a resident producer agency, license number AGR163228, with a principal place of business at 533 Forest Avenue in Portland, Maine. Verileads's NAIC producer number is 13043360. Mr. Maxfield was designated as the responsible individual for Verileads.

4. On October 7, 2009, Verileads obtained from BOI a license to operate a branch office at 644 Main Street in Saco, Maine, license number BRR170707.
5. By August 27, 2009, Verileads had commenced operation of a telephonic call center at its Portland and later at its Saco location. Call center employees placed and received calls for the purpose of soliciting insurance to individuals located in Maine and other states. Verileads operated these call centers until approximately October 2010, when it ceased operation.
6. Verileads solicited several different insurance products, primarily a product called "Essential Health." Essential Health is coverage under a group accident insurance policy issued by National Union Fire Insurance Company of Pittsburgh, Pa. ("NUFIC"), which holds Maine certificate of authority number PCF527, coupled with a medical discount network plan offered by Patriot Health Florida, Inc. The Essential Health policy sold by Verileads was issued by NUFIC to Group Insurance Trust of Delaware. Essential Health offers fixed indemnity payments for certain types of covered health care services, such as doctors' visits or emergency room treatment. It is not major medical insurance.
7. While in operation, Verileads made or received hundreds of thousands of calls to or from consumers throughout the country in an effort to solicit insurance, and took applications from approximately 5,200 consumers throughout the United States, including 16 Maine residents.
8. Verileads and Mr. Maxfield permitted approximately 69 Verileads employees who did not hold Maine producer licenses to solicit Essential Health and other insurance products throughout the country. Verileads paid commissions to some of these unlicensed employees who successfully solicited applications for insurance. These commissions totaled approximately \$74,000.
9. In order to allow applications to be processed by NUFIC, Verileads would record all applications as having been taken by one of its licensed producers, even if the application was in fact taken by an unlicensed employee. As a result of this practice, of the approximately 5,000 Essential Health applications taken by Verileads over a two-year period, over 3,200 were recorded as having been taken by a single producer.
10. Starting in February 2010, Verileads would have licensed producers "close" on the applications taken by unlicensed employees. The "closing" producer would speak to the consumer after the consumer agreed to purchase the product and provided payment information to the unlicensed sales employee. The producer would conclude the application process by reading from a script of disclosures about the product and answering any additional questions posed by the consumer. The issuance of the policy would then be handled by the insurance carrier. The solicitation of the consumer, however, was typically handled almost entirely by the unlicensed employee. Shortly before ceasing operation, Verileads moved to a "two tier" solicitation process, in which all Tier 1 agents held a Maine license, and the Tier 2 agent held both a Maine license and a license in the jurisdiction in which the customer resided.
11. By September 2010, Verileads had required all of its sales employees to obtain Maine licenses.
12. In marketing Essential Health and other products, Verileads, through some of its producers and unlicensed employees:
 - a. failed to affirmatively disclose in some situations the limitations to the coverage offered by Essential Health, including that "family" policies provided

substantially reduced benefits to the insured's spouse (50% reduced) and dependents (80% reduced), and that pre-existing conditions were excluded from indemnity coverage.

- b. failed to affirmatively correct misperceptions that Essential Health is major medical insurance or an appropriate substitute for consumers seeking major medical coverage;
 - c. refused to allow customers to review policy documents-sometimes providing false explanations for its refusal-unless the customer first purchased coverage, instead asking the customer to visit the Essential Health website, and/or review the policy after receiving the purchased policy in the mail, subject to a 30-day "free look" period;
 - d. calculated hypothetical savings for consumers under Essential Health based on the highest possible discount rate (60%) available in the discount plan without disclosing that the discount may be as low as 5%.
13. While in operation, Verileads failed to maintain at its physical location records of the policy numbers or expiration date of the insurance applications it took that led to the issuance of policies by the carrier.

CONCLUSIONS OF LAW

Based on the foregoing, the Superintendent concludes that:

- a. Maxfield's conduct constituted violations of:

24-A M.R.S. § 1413(3), requiring the responsible person of a business entity to ensure that every individual acting in the name of the business entity does not act beyond the scope of the individual's license; and

- b. Verileads' conduct constituted violations of :

(1) 24-A M.R.S. 1420-K(1)(L), prohibiting a producer from knowingly accepting insurance business from an individual who is not licensed;

(2) 24-A M.R.S. § 1420-L, prohibiting payment of commissions to a person for selling, soliciting or negotiating insurance in this State if that person is required to be licensed and is not so licensed;

(3) 24-A M.R.S. §§ 2153 & 2154, prohibiting, *inter alia*, misrepresentations and misleading and deceptive statements in the business of insurance;

(4) 24-A M.R.S. 1447(1), requiring business entities to maintain at the business entity's place of business complete records of transactions under the license.

COVENANTS

In lieu of conducting a hearing, Jarrod Maxfield, Verileads LLC, the Maine Superintendent of Insurance, and the Maine Office of the Attorney General agree to the following:

1. This Consent Agreement is entered into in accordance with 10 M.R.S. § 8003(5)(B). This Consent Agreement is enforceable by an action in the Superior Court.
2. This Consent Agreement is not subject to appeal. Mr. Maxfield and Verileads each waive any further hearings or appeals regarding the matters that are the subject of this Consent Agreement.
3. Mr. Maxfield agrees that, as a disciplinary sanction, he shall surrender his Maine producer license, PRR163227.
4. Mr. Maxfield agrees, as a disciplinary sanction, to the imposition of a civil penalty of \$20,000.00, payable to "Treasurer, State of Maine."
5. Mr. Maxfield shall pay the civil penalty in 24 installments of \$833.33. The first installment shall be due immediately upon execution of this consent agreement, and remaining installments shall be due by the first day of each month until the entire civil penalty is paid.
6. Mr. Maxfield agrees that he will provide testimony as lawfully requested in any BOI investigation of NUFIC, Verileads' marketing partners, or individual Verileads agents relating to the subject matter of this action.
7. Verileads agrees that, as a disciplinary sanction, its Maine producer license, AGR163228, is revoked.
8. Verileads agrees, as a disciplinary sanction, to the imposition of a civil penalty of \$100,000.00, payable to "Treasurer, State of Maine."
9. Mr. Maxfield and Verileads understand and acknowledge that this Agreement will constitute a public record within the meaning of 1 M.R.S. § 402, and will be available for public inspection and copying as provided for by 1 M.R.S. § 408, and will be reported to the NAIC "RIRS" database.
10. In consideration of the licensees' execution of and compliance with the terms of this Consent Agreement, the Superintendent of Insurance, BOI, and Office of the Attorney General agree to forgo pursuing against Verileads or Mr. Maxfield any further disciplinary measures or other civil or administrative sanctions available under the Maine Insurance Code that relate to the conduct alleged in the Petition for Enforcement and described in this Consent Agreement, other than those agreed to herein. The Superintendent, BOI, and the Office of Attorney General further agree that, in enforcing this agreement, they will not seek to hold Mr. Maxfield liable for any civil penalty amount beyond that described in paragraphs 4 and 5.
11. In the case of a violation of this Agreement, the parties may pursue any available legal remedy to enforce the Agreement in a court of competent jurisdiction.
12. Nothing in this Agreement shall affect the rights or interests of any person who is not a party to this Agreement.

JARROD J. MAXFIELD

Dated: __5/16__, 2011

Jarrold J. Maxfield

VERILEADS, LLC D/B/A YOUR COVERAGE MATTERS

Dated: __5/16__, 2011

VERILEADS, LLC

By:

Jarrold J. Maxfield
President and CEO

THE MAINE SUPERINTENDENT OF INSURANCE

Dated: __May 19__, 2011

Mila Kofman, Superintendent

FOR THE OFFICE OF THE ATTORNEY GENERAL

Dated: __May 18__, 2011

Jonathan R. Bolton
Assistant Attorney General