

as a contract whereby one undertakes to indemnify another or pay or allow a specified or ascertainable amount or benefit upon determinable risk contingencies.

Since at least 6/29/04, Global Healings has operated an internet website at <http://www.hehas.org>. On the website, Global Healings offers to sell memberships in several purportedly cooperative groups of members in consideration for payment of an annual fee. Global Healings describes each group of members as a “a collective body of like-minded beings that have come together to help one another in their time of need.” Global Healings refers to certain benefits of being a member in each group as a program or “bond.” Global Healings offers four specific bonds and one comprehensive bond that are relevant to this proceeding. The specific bonds are called the Auto Bond, Benefit for Life Bond, Health Bond, and Home Equity Bond. The comprehensive bond is called the Community Financial Bond. The comprehensive bond includes all of the specific bonds, and purportedly “covers it all in today’s lifestyles for auto, health, dental, home, student/education, life benefits, and an extra bonus...the fifth element.” The bonds were “formed for the purpose of offering their members **Financial Responsibility** necessary in these several united States of America and internationally.” (Emphasis and capitalization in original). The bonds purportedly allow a member to “eliminate” their traditional policies of automobile, life, major medical and dental, and home insurance. The amount of the annual fee for each bond depends on the type of bond purchased. For example the fee for the Auto Bond is \$300 per year per member for up to three vehicles, and \$75 for each additional family member or vehicle. The fee for the Health Bond is \$300 per year per family member. The fee for the Home Equity Bond is \$300 per “legal description” valued up to \$500,000, and an additional \$300 per each additional increase in value of up to \$500,000 or another “home or land.” The fee for the Community Financial Bond is unknown. If a member of a group needs financial assistance, then the member files a “claim” with Global Healings. However, Global Healings is not required to provide such assistance unless the group has a minimum number of members. The minimum number of members for the Auto Bond is 1,000. The minimum number of members for the Benefit for Life

Bond is 30,000. The minimum number of members for the Health Bond is 5,000. The minimum number of members for the Home Equity Bond is 5,000. The minimum number of members for the Community Financial Bond is unknown. If a group has the minimum number of members, then Global Healings bills the members for their proportionate share of the amount of assistance to be provided. It is unknown why Global Healings charges an annual fee when Global Healings bills the members for their proportionate share of the amount of assistance to be provided. Also, it is unknown what happens if some or all of the assisting members do not pay the billed amount. Thus, it appears that Global Healings not only creates the memberships, decides the terms of the memberships, and offers the memberships to the public, it also decides who is eligible to receive assistance, decides how much to bill the members, bills the members, collects the funds, and distributes the assistance.

On the website, Global Healings does not indicate that it offers to sell memberships to persons residing in only certain jurisdictions. Therefore, Global Healings' solicitations are directed to persons residing in all jurisdictions including Oregon.

Global Healings has sold memberships to many persons residing in other states, *with at least one of those persons residing in Oregon*. Global Healings has received claims for assistance, and billed members for their proportionate share of the total of the claims.

According to Global Healings on its website at hehas.org/incident, as of February 2005, the Auto Bond group had 1,201 members, the members had filed claims for assistance totaling \$33,636.69, and the proportionate share for each member was \$28.00.

Relative to the one known member in Oregon, on or about 11/23/04, an automobile collided into the back end of another automobile while the later automobile was stopped for a red light at a traffic intersection in Milwaukie, Oregon. The first automobile may have been owed by a person referred to herein as Mr. P of Milwaukie, Oregon. The second automobile was owned by a person

referred to herein as Mr. C of Oregon City, Oregon. The first driver represented to the second driver that the first driver was insured or protected by the Auto Bond, number TAB02812004BFK, issued or provided to Mr. P by Global Healings. The second driver's insurer assigned a claim number of 37-3648-441, and paid for the second driver's property damages in the amount of \$3,090.88. On 11/29/04, the second driver's insurer called Global Healings about the damage and Global Healings told the insurer that the first driver "had full coverage and the Reverend [Joseph-Michael Gardinier] would review and reimburse" the insurer. Global Healings assigned a claim number of 2004-11-23TAB. On 2/7/05, the second driver's insurer requested Global Healings to reimburse the insurer. However, Global Healings denied the request purportedly because some unidentified law passed in 1933 allowed Global Healings to "write off" the complete amount of the claim and not reimburse the second driver's insurer. The second driver's insurer is in the process of collecting from the first driver the amount the insurer paid for the second driver's property damages.

Based on the foregoing, the director has reason to believe that Global Healings has been and is proposing to make insurance contracts because it has been and is offering to sell memberships in Global Healings for a fee, and a membership purports to provide certain benefits, and the benefits purport to indemnify or pay an ascertainable amount or benefit to members upon the occurrence of uncertain adverse circumstances like traditional policies of automobile, life, major medical and dental, and home insurance. Although it is uncertain whether Global Healings can actually provide the benefits because of how it funds the benefits, it appears that Global Healings has nevertheless assumed the obligation to provide the benefits. The director also has reason to believe that Global Healings has proposed to make, has made, and is continuing to propose to make, insurance contracts in this state or relative to risks located in this state by offering to sell the memberships via the internet to persons residing in Oregon.

Order

Pursuant to ORS 731.252, Global Healings shall immediately cease and desist from violating ORS 731.354 by offering to sell and selling to persons residing in Oregon memberships that purport to provide the benefits referred to as the Auto Bond, Benefit for Life Bond, Health Bond, Home Equity bond and the Community Financial Bond, or in any other manner transacting insurance as an insurer in Oregon, without being licensed in Oregon as an insurer.

Notice of Right to a Hearing and Judicial Review

The party has the right to a hearing pursuant to ORS 731.252. A party may request a hearing by sending a written request to the Insurance Division. A party may send the request to the Insurance Division by delivering it to the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailing it to PO Box 14480, Salem, OR 97309-0405, or faxing it to 503-378-4351; or e-mailing it to mitchel.d.curzon@state.or.us. The Insurance Division must *receive* the request within *20 days* from the date this notice was *sent* to the party.

If the Insurance Division receives from or on behalf of a party a written request for a hearing by the due date described above, then the Insurance Division will refer the request to the Office of Administrative Healings (OAH). OAH will schedule the hearing and notify the party of the date and location of the hearing and other related information. OAH will conduct the hearing in accordance with the Oregon Administrative Procedures Act, ORS Chapter 183; and related rules, Oregon Administrative Rules (OAR) 137-05-0501 *et seq.* A party that is a corporation, partnership, limited liability company, unincorporated association, trust, or government agency must be represented at a hearing by an attorney licensed in Oregon except as otherwise provided by law. Subsequently, OAH will issue a proposed order, and the director will issue a final order. However, this order will remain in effect if and until a final order is issued terminating this order.

If the Insurance Division does not receive from or on behalf of a party a written request for a hearing by the due date, then this order will become final automatically pursuant to ORS 731.252 and no further order will be issued.

If the Insurance Division receives from or on behalf of a party a written request for a hearing by the due date described above but the party withdraws the request, notifies the Insurance Division or OAH that the party will not appear at a hearing, or does not appear at a scheduled hearing, then the director will issue a final order by default pursuant to ORS 731.252, 183.415(6) and OAR 137-003-670(3).

If this order becomes final automatically or the director issues a final order by default, then the record of this proceeding to date, including the designated portion of the Insurance Division's file on the party, automatically become part of the contested case record. The party may request the Oregon Court of Appeals to review this order pursuant to ORS 183.480 and 183.482 by filing a written petition for judicial review with the court within 60 calendar days after the date this order became final.

Dated May 5, 2005

/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services

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