

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-21-0041

ROBERT Y. PARK AND
OMEGA FAMILY SERVICES, LLC,
d/b/a PRIME INSURANCE
SOLUTIONS AND d/b/a LYFGRO
INSURANCE SOLUTIONS,

FINAL ORDER TO CEASE AND
DESIST AND FINAL ORDER
ASSESSING CIVIL PENALTIES,
ENTERED BY DEFAULT

Respondents.

On February 24, 2022, the Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), by and through the Division of Financial Regulation (“Division”), served an Order to Cease and Desist and Proposed Order to Assess Civil Penalties (“Notice”) on Robert Y. Park (“Park”) and Omega Family Services, LLC, (“Omega Family Services”) doing business as both Prime Insurance Solutions (“Prime”) and Lyfgro Insurance Solutions (“Lyfgro”) (together with Park, “Respondents”).

The Notice offered Respondents an opportunity for a hearing if requested within 20 days of service of the Notice. The Notice further informed Respondents that if a hearing was not conducted because Respondents did not timely request a hearing or otherwise defaulted, then the designated portion of the Division’s file and all materials submitted by Respondents in this case would automatically become part of the contested case record for the purpose of proving a prima facie case.

The Director did not receive from Respondents a request for a hearing and did not conduct a hearing.

BACKGROUND

In October 2020, the Division received a complaint from a California consumer

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1 regarding the sudden termination of a certain health insurance product known as
2 “PregnancyCare” that was offered and sold by Omega Family Services, of which Park was
3 a Manager and Member. PregnancyCare purported to cover medical expenses for women
4 who serve as surrogate mothers (“gestational carriers”) for people who were unable to have
5 children (“intended parents”). The PregnancyCare plan was primarily marketed through
6 surrogacy agencies, which help arrange surrogacy agreements between gestational carriers
7 and intended parents.

8 Park and other employees of Omega Family Services promoted PregnancyCare to
9 those in surrogacy agencies and to potential customers as a cost-effective plan through
10 which intended parents could ensure adequate medical coverage for gestational carriers.
11 Respondents held out this product as an attractive alternative to traditional health insurance
12 plans, which often limit or exclude benefits for surrogate pregnancies. Respondents were
13 never authorized to transact insurance business in Oregon nor did the Division ever approve
14 PregnancyCare for sale in Oregon. Dozens of Oregonians paid millions of dollars in
15 premiums for the PregnancyCare product, which ultimately did not provide the coverage
16 Respondents promised. At least 38 Oregonians have outstanding unpaid claims totaling
17 nearly \$700,000.

18 FINDINGS OF FACT

19 The Director FINDS that:

20 1. On July 18, 2013, Respondent Park became licensed in California as an
21 Accident and Health insurance producer and a Life-Only insurance producer. Park’s
22 California insurance producer license number is 0144325. Park’s California insurance
23 producer licenses expired on July 31, 2021, and those licenses remain inactive as of the
24 date of this Notice Order. Park’s National Association of Insurance Commissioners
25 (“NAIC”) National Producer Number (“NPN”) is 17012956.

26 2. At no time has Park held an Oregon insurance producer license or otherwise



1 been licensed to transact insurance in Oregon.

2 3. On April 29, 2016, Omega Family Services, LLC (“Omega Family Services”)
3 filed Articles of Organization and registered with the California Secretary of State as a
4 limited liability company. Those Articles of Organization identified Park as the agent for
5 service of process. On May 31, 2016, Park subsequently filed a Statement of Information
6 with the California Secretary of State and identified himself and Frederick Gaston
7 (“Gaston”) as members or managers of Omega Family Services. On June 24, 2016, Omega
8 Family Services filed Articles of Incorporation with the California Secretary of State and
9 identified Park as a Manager of Omega Family Services and also designated him as the
10 agent for service of process.

11 4. At all relevant times Park was a control person of Omega Family Services and
12 directed its business activities.

13 5. On July 12, 2016, Omega Family Services, doing business as Lyfgro Insurance
14 Solutions (“Lyfgro”), became licensed in California as an Accident and Health insurance
15 producer and a Life-Only insurance producer. Those California insurance producer licenses
16 expire on July 31, 2022, but they are active as of the date of this Notice Order. The
17 California Department of Insurance indicates that Omega Family Services must use the
18 name “Lyfgro Insurance Solutions,” its doing-business-as name, for all insurance business
19 conducted in California.

20 6. At no relevant time has Omega Family Services or Lyfgro Insurance Solutions
21 been licensed as a business entity insurance producer, held a certificate of authority, or
22 otherwise been authorized to transact insurance in Oregon.

23 7. No later than 2017, Respondents began to promote an insurance product called
24 PregnancyCare. Respondents held out PregnancyCare to those in surrogacy agencies and
25 to potential customers as a cost-effective plan through which intended parents could ensure
26 adequate medical coverage for gestational carriers, making this product an attractive



1 alternative to traditional health insurance plans, which often limit or exclude benefits for
2 surrogate pregnancies.

3 8. As part of these efforts, in or around January 2017, Park met with executives of
4 the Northwest Surrogacy Center (“NWSC”), a surrogacy agency with offices in Oregon,
5 California, and Washington. Park sent the following emails to various directors and
6 executives at NWSC:

7 A. On March 29, 2017, Park emailed the Executive Director of NWSC. In that
8 email, which contained the subject line “Re: Individual Insurance for Surrogates and
9 newborns in Oregon,” Park stated: “We are currently licensed in the state of Oregon.”
10 Park indicated that Omega Family Services did not yet have a relationship with an
11 Oregon insurance producer, but that they had “many options,” were seeking a “local
12 broker/agent in Oregon,” and that he was looking forward to working with NWSC.
13 Park also wrote in that email that Omega Family Services was “fully capable of taking
14 care of all insurance needs for California based surrogates, newborns and their Intended
15 Parents.”

16 B. On July 17, 2017, Park emailed the Director of NWSC and stated that
17 Respondents “are actively moving forward with a product that will specifically cover
18 surrogacy in all states,” and provided some details about the product.

19 C. On August 4, 2017, Park emailed three executives at NWSC and wrote “As
20 of this week we are a go for the establishment of the Insurance Policy we discussed.”

21 D. On November 1, 2018, Park emailed the Executive Director of NWSC again
22 and wrote: “I am very pleased to let you know that our product is on the street and
23 enrollments are coming in from all across the country.”

24 9. Meanwhile, on or about September 11, 2017, Omega Family Services, by and
25 through Park, entered into a Captive Services Agreement (the “Captive Services
26 Agreement”) with Ambassador Captive Solutions (“Ambassador”). Pursuant to the terms



1 of that agreement, Ambassador agreed to perform various services for Omega Family
2 Services, including an analysis of the viability of Omega Family Services using a captive
3 insurer and generating various projections, analyses, and models about implementing a
4 captive insurance program.¹ Park signed the Captive Services Agreement on behalf of
5 Omega Family Services. As described more fully below, several insurance companies
6 subsequently filed a lawsuit against Ambassador and others in which the companies alleged
7 that the defendants engaged in schemes to issue counterfeit insurance policies and to
8 defraud the public, including the PregnancyCare policies issued by Omega Family
9 Services.

10 10. On October 16, 2017, Articles of Organization for the Omega Risk
11 Management LLC (“Omega Risk Management”) entity were filed with the California
12 Secretary of State. The Articles of Organization identified Park as the agent for service of
13 process. A Statement of Information filed the following day identified Park as a manager
14 or member of Omega Risk Management as well as its founder.

15 11. At some point thereafter, Omega Insurance Company, Segregated Portfolio
16 (“Omega Insurance Company”) was established as a new segregated portfolio within the
17 structure of Performance Insurance Company, Segregated Portfolio Company
18 (“Performance Insurance Company SPC”).² Omega Risk Management – of which Park is
19 the founder – is the sole shareholder of Omega Insurance Company.

20 12. On December 4, 2017, Omega Family Services filed a fictitious business name
21 statement with San Diego County Recorder/County Clerk to register the fictitious business

22 _____
23 ¹ Captive reinsurance programs are complex multi-party arrangements under which an insurance broker or
24 other company forms and owns a captive reinsurance company, and that “captive” company is then
25 responsible for paying some or all of the losses on policies sold by the broker or company. The broker or
26 company engages a licensed insurance carrier that can issue the insurance policies, which the captive
reinsures. Oregon requires captive insurers to be formed or hold a certificate of authority to transact insurance
in Oregon. See ORS 735.150(7), ORS 735.158(2).

² A segregated portfolio company (“SPC”) is a corporate structure used in the Cayman Islands. An SPC may
create distinct sub-companies (segregated portfolios, or “SPs”) underneath it such that the assets and
liabilities of those SPs are separate from both the SPC and other SPs under that SPC.



1 name (“FBN”) Prime Insurance Solutions (“Prime”). Later, on October 16, 2019, Omega
2 Family Services filed another fictitious business name statement with San Diego County
3 Recorder/County Clerk to register Lyfgro as a new FBN to replace Prime.

4 13. On January 24, 2018, an executive of NWSC emailed an employee and agent
5 of Omega Family Services, hereinafter referred to as AR, and asked: “Who regulates
6 [PregnancyCare]” and “What would happen if the underwriters (Omega) go out of business
7 while a surrogate is still pregnant?” AR responded: “Pregnancy Care is backed by an
8 insurance carrier who is regulated by the individual Depts. of Insurance for each state” and
9 “If the carrier becomes insolvent, Pregnancy Care is fully re-insured; all policies will
10 remain in force and backed up until completion.”

11 14. A Plan Document and Summary Plan Description (“SPD”) dated June 1, 2018,
12 sets forth the provisions of the PregnancyCare plan. That SPD identifies Omega Insurance
13 Company as the sponsor of the plan and Park as the Managing Director and Plan
14 Administrator/Named Fiduciary. Park signed those documents as the “Managing Director”
15 on March 9, 2018.

16 15. Following the execution of the foregoing SPD, in or about the fall of 2018,
17 Omega Family Services began offering and selling its PregnancyCare plan in Oregon.

18 16. At no time was the PregnancyCare product ever filed with or approved by the
19 Division for sale in Oregon.

20 17. An undated flyer touts PregnancyCare as a health insurance plan designed for
21 surrogacy for use across the country offering year-round enrollment, all-inclusive
22 premium, and flexibility and security. The flyer claims an affiliation with AXA Insurance
23 Company (“AXA”), a properly licensed insurance company, and directs interested persons
24 to contact Prime. Park distributed this flyer in order to promote PregnancyCare, including
25 in or about the end of 2018 and/or the beginning of 2019.

26 18. On December 13, 2018, Omega Family Services employee AR sent an email



1 explaining the PregnancyCare plan and highlighted its benefits to a person who appears to
2 have been a potential Oregon customer. AR also copied an employee of NWSC. In that
3 email, AR wrote: “Prime Insurance Solutions is the exclusive broker of PregnancyCare.
4 Omega is the issuer of the policy. PregnancyCare is a product of AXA. AXA is an admitted
5 carrier in all 50 states and the product is licensed and insured by them.” AR further wrote
6 that she understood “your concern for the ‘risk’ involved with utilizing a new product. Our
7 perspective is there is no risk since this is a fully licensed and insured (and re-insured)
8 product. The plan would not be available if it hadn’t met all compliance regulations for
9 each state.”

10 19. On June 12, 2019, AR received an email from another NWSC employee who
11 was seeking further information about PregnancyCare, including specific information as to
12 whether PregnancyCare was reinsured by another insurance company. In her response
13 email sent that same day, AR wrote: “PregnancyCare is licensed and insured by AXA and
14 fully reinsured. At the primary insurance level (with the issuing carrier, Omega Insurance
15 Company, and the licensed carrier, AXA) each member is insured to \$100,000. If any one
16 member exceeded that, the reinsurance would kick in, and that would cover the member.”

17 20. By the end of 2019, Respondents ceased claiming to be affiliated with AXA
18 and instead claimed to be affiliated with State National Insurance Company, Inc. (“State
19 National”), a different licensed insurance company. An SPD dated January 1, 2020
20 identifies State National as its “Licensed Authority” and claims State National is the
21 “Admitted license holder for all states where PregnancyCare is offered.”

22 21. A “Quota Share Reinsurance Agreement” dated October 1, 2019 was
23 purportedly entered into between Omega Insurance Company, State National, and an
24 insurance agency called ePremium Insurance Agency (“ePremium”). This agreement was
25 purportedly executed by an executive vice president of State National and the Director of
26 ePremium. Under the terms of the agreement, Omega Insurance Company would have



1 reinsured 100% of State National’s liability under certain insurance policies issued by
2 ePremium. If valid, the Quota Share Reinsurance Agreement could establish State National
3 as the “issuing carrier” of Omega Insurance Company and, by extension, the
4 PregnancyCare plan. As described below, State National denies entering into this
5 agreement and claims any signature of its employee was forged, invalid, and not binding.

6 22. On February 17, 2020, after Omega Family Services filed a new FBN statement
7 with San Diego County in October 2019, Prime publicly announced its name change from
8 Prime to Lyfgro. That announcement indicated the company had launched PregnancyCare,
9 which it claimed was open for consumer enrollment.

10 23. In 2019 and 2020, Omega Family Services, under its Prime and Lyfgro FBNs,
11 sent invoices to NWSC for PregnancyCare “enrollment fees.” Such fees were charged
12 and/or collected on multiple occasions, including on August 6, 2019, and June 26, 2020, in
13 the amount of \$500 each.

14 24. On May 11, 2020, the Lexington Insurance Company, a subsidiary of American
15 International Group, Inc. (“AIG”), filed a lawsuit in the United States District Court for the
16 Western District of Kentucky, Louisville Division, against Ambassador, the entity
17 identified above in Paragraph 9 that entered into the Captive Services Agreement with
18 Omega Family Services to analyze the feasibility of implementing a captive insurance
19 program (the “Kentucky Litigation”).³ The lawsuit also named Ambassador’s founder
20 Brandon White (“White”) and other defendants and alleged that the defendants engaged in
21 schemes to issue counterfeit insurance policies and defraud the public. The allegations
22 include claims that the defendants in that case forged signatures of an AIG executive. The
23 Amended Complaint filed in the Kentucky Litigation identifies seven separate fraudulent
24 schemes to issue various counterfeit insurance policies, including the surrogacy insurance
25 issued by Omega Family Insurance at issue in this Notice Order.

26 ³ Case number 3:20-cv-00330-BJB-LLK.



1 25. On August 19, 2020, State National filed a motion to intervene in the Kentucky
2 Litigation. As part of that motion to intervene, State National maintains that it never entered
3 into the foregoing Quota Share Reinsurance Agreement with Omega Insurance Company
4 and ePremium, that the company did not authorize anyone to agree to the terms set forth in
5 the document, that the purported signature of its executive vice president is forged, and
6 therefore that the agreement was never in force. On September 17, 2020, the court granted
7 State National’s motion to intervene.

8 26. On September 11, 2020, State National issued a notification to Omega Family
9 Services that various purported agreements, policies, and certificates pertaining to State
10 National contained forgeries and were inoperative, and State National referenced the
11 Kentucky Litigation. State National specifically identified the Omega Family Services
12 surrogacy insurance program (PregnancyCare), stated that any agreements pertaining to
13 that program were counterfeit and not authorized by State National, and directed Omega
14 Family Services to cease representing that any such agreements were lawful or enforceable.

15 27. Park and/or other employees of Omega Family Services maintained a public-
16 facing Facebook page at www.facebook.com/PregnancyCareInsurance (the
17 “PregnancyCare Facebook page”). That page was created on December 19, 2018 and was
18 updated through at least December 7, 2020.

19 28. On October 9, 2020, Omega Insurance Company issued a statement claiming it
20 no longer had a licensed carrier and therefore “All existing PregnancyCare policies will be
21 cancelled effective October 31, 2020.” The statement directed all communications to
22 Omega Insurance Company and indicated that additional information would be released
23 on the PregnancyCare Facebook page.

24 29. On the following day, October 10, 2020, a letter printed on “Omega Insurance”
25 letterhead was mailed to customers informing them of a “loss of coverage” of
26 PregnancyCare effective October 31, 2020. The letter stated “Any and all service claims



1 prior to this date will continue to be processed. All service claims after this date will be
2 denied.” The letter was signed by “Member Services” of “Omega Insurance Company”
3 and included an email address of members@pregnancyinsurance.com and a mailing
4 address in San Diego, California.

5 30. On October 13, 2020, the District Court in the Kentucky Litigation issued a
6 Consent Order to Maintain the Status Quo (the “Kentucky Litigation Consent Order”).
7 Among other provisions, that order required that “Defendants, their agents, employees,
8 officers, attorneys, successors, assigns and all persons in active concert or participation
9 with any of them shall not represent to anyone that State National issued any insurance
10 policies or insurance certificates, or is responsible for any loss, with respect to the...Omega
11 [Family Services PregnancyCare] Program....”

12 31. On November 9, 2020, in apparent defiance of the foregoing Kentucky
13 Litigation Consent Order, Respondents posted on the PregnancyCare Facebook page a
14 statement providing the “latest update” about PregnancyCare. The post stated, among other
15 things, that “PregnancyCare was licensed through a nationally admitted carrier called State
16 National,” and that “it is our position that State National is liable for and will pay these
17 claims.” The message continued: “Litigation will commence against both State National
18 and all related parties in our supporting structure to force them to pay these claims and
19 refund any unconsumed premiums.”

20 32. On November 10, 2020, Omega Insurance Company sent an email containing
21 the same message as the previous day’s Facebook post to participating surrogacy centers.
22 The email originated from the email account info@omegainsurance.com.

23 33. On November 13, 2020, State National sent a second letter to Omega Family
24 Services underscoring the ongoing violations of the cease and desist letter it sent previously
25 on September 11, 2020, as well as the Kentucky Litigation Consent Order. State National
26 cited the November 9 Facebook post and again demanded that Omega Family Services



1 cease and desist from representing that State National was affiliated with the
2 PregnancyCare plan and that Omega Family Services comply with the Kentucky Litigation
3 Consent Order.

4 34. On November 20, 2020, State National sent a similar letter to cease and desist
5 to Performance Insurance Company SPC based on the foregoing statements contained in
6 the Facebook post. State National noted that “Omega’s statements are deemed to be made
7 by Performance, as Performance and Omega SP are collectively a ‘single legal entity’” and
8 demanded Performance cease and desist from representing that State National was
9 affiliated with the PregnancyCare plan and that Performance comply with the Kentucky
10 Litigation Consent Order.

11 35. Email correspondence between counsel for State National and Performance
12 Insurance Company SPC as well as Park indicates that Park was notified on November 20
13 and 24, 2020, of the foregoing letter to cease and desist. That correspondence further
14 indicates that Park agreed but failed to remove the offending Facebook post.

15 36. On December 23, 2020, Omega Family Services filed for bankruptcy protection
16 in the Southern District of California. That bankruptcy case was closed on October 6, 2021,
17 after the trustee issued a Report of No Distribution due to the debtor having no funds.

18 37. On April 2, 2021, Omega Risk Management (which LLC Park founded) filed
19 for bankruptcy protection in the Southern District of California. As of the date of this
20 Notice Order, this bankruptcy is still open, but the petition claims that the company has
21 just over \$2,000 in assets and nearly \$225,000 in liabilities.

22 38. A website, pregnancycareinsurance.com (the “PregnancyCare Website”), was
23 purportedly operated by Omega Insurance Company and was publicly available until at
24 least November 2021. The PregnancyCare website identified Omega Insurance Company
25 as “the issuing company and the innovative creator of PregnancyCare” and stated that
26 Prime Insurance Solutions “is the exclusive insurance broker marketing and selling

1 PregnancyCare.” The PregnancyCare website also included the logo of AXA, next to
2 which was the following statement: “AXA is a multinational insurance firm founded in
3 1816 with over 200 years of experience in the insurance industry. PregnancyCare is a
4 licensed product of AXA. Ownership of this plan means you are protected by one of the
5 world’s best, rated #1 in customer satisfaction for three years in a row by J.D.Power.”

6 *The Division’s Investigation*

7 39. On October 21, 2020, a California consumer filed a complaint with the Division
8 regarding PregnancyCare. That complainant indicated that Omega Family Services was
9 canceling the PregnancyCare policy without warning, which resulted in the loss of
10 premiums paid and unreimbursed and uncovered medical expenses. The Division
11 subsequently opened an investigation into Respondents.

12 40. On November 3, 2020, as part of the Division’s investigation, a Division
13 Investigator sent an inquiry to Park regarding the sale of PregnancyCare. That inquiry,
14 which the Division mailed by certified and first-class mail, included 12 separate items
15 requiring a response from Park and indicated a response was due by December 3, 2020.

16 41. On November 23, 2020, Respondents’ counsel⁴ responded to the Division’s
17 Investigator to request additional time to respond. The Division agreed to an extension
18 through January 8, 2021.

19 42. Meanwhile, as part of a parallel investigation, on November 10, 2020, a
20 Division Market Analyst issued an inquiry directed to Park and Gaston, who was another
21 member or manager of Omega Family Services and an attorney. On December 10, having
22 received no response that inquiry, the Market Analyst contacted Respondents’ counsel to
23 request a response by January 8, 2021. That inquiry included 15 separate items calling for
24 a response.

25 43. Respondents requested at least two additional extensions to respond to the two

26 _____
⁴ Counsel indicated his law firm was retained to represent “Omega Insurance Company.”





1 foregoing inquiries, initially until January 27, 2021, and then again until February 5, 2021.
2 The Division granted each of those requests.

3 44. On February 5, 2021, Respondents' counsel provided an answer to some of the
4 questions that the Division's Market Analyst posed, but failed to respond to the inquiries
5 from the Division's Investigator or to provide previously requested documents. As part of
6 their response, Respondents wrote of their relationship with AXA: "ORM [Omega Risk
7 Management] has no direct relationship with AXA. AXA was the original fronting carrier
8 for OIC SP [Omega Insurance Company]." Another question asked Respondents about
9 their relationship to ePremium, to which Respondents replied: "OIC SP was part of a multi-
10 company deal where ePremium provided the license from State National to Performance
11 Insurance Company SPC and its respective SPs. Of which OIC SP is one of. OIC SP by
12 virtue of the licensing agreement was authorized to sell insurance policies in the US as an
13 admitted carrier." These statements were made well after the Kentucky Litigation Consent
14 Order was issued, after State National sent its two letters to cease and desist, and after
15 Respondents were otherwise on notice that serious questions were raised regarding the
16 validity of any purported agreements with AXA and State National.

17 45. On February 8, 2021, the Division requested the missing information by close
18 of business. Respondents' counsel stated that Park "no longer has control of much of
19 Omega's records" and that he would attempt to obtain it and provide it to the Division that
20 week.

21 46. On March 8, 2021, the Division's Market Analyst sent a follow-up inquiry to
22 Respondents' counsel regarding PregnancyCare sales in Oregon consisting of 25 separate
23 items calling for a response. The Division requested a response by March 22, 2021.

24 47. On March 22, 2021, Respondents' counsel emailed the Division and provided
25 several vendor contracts. No response to the March 8 inquiry was provided, but
26 Respondents requested another extension.

1 48. As part of its investigation, the Division learned that approximately 60 Oregon
2 consumers paid more than \$2 million in premium payments for PregnancyCare over a two-
3 year period. The investigation further identified 38 of those Oregon consumers who had
4 total unpaid claims of approximately \$691,726.93 under their PregnancyCare policies.

5 **CONCLUSIONS OF LAW**

6 The Director CONCLUDES that:

7 49. Under ORS 731.102, “insurance” means a contract whereby one undertakes to
8 indemnify another person or pay or allow a specified or ascertainable amount or benefit
9 upon determinable risk contingencies.

10 50. The PregnancyCare plan constitutes “insurance” under ORS 731.102.

11 51. Under ORS 731.104, “insurance producer” means a person required to be
12 licensed under the laws of this state to sell, solicit, or negotiate insurance.

13 52. Under ORS 731.116, “person” means an individual or a business entity.

14 53. Both Respondents are “persons” under ORS 731.116.

15 54. Both Respondents are “insurance producers” under ORS 731.104 since they
16 were required to be licensed to sell, solicit, or negotiate insurance in Oregon.

17 55. Under ORS 744.053, a person may not sell, solicit, or negotiate insurance in
18 this state for any class or classes of insurance unless the person is licensed as an insurance
19 producer for that class or those classes in accordance with ORS 744.052 to 744.089.

20 56. Respondents sold, solicited, or negotiated in Oregon by: exchanging
21 PregnancyCare for money; receiving and collecting premiums, enrollment fees, or other
22 consideration for PregnancyCare; making or proposing to make a contract for
23 PregnancyCare; issuing and delivering policies of PregnancyCare; attempting to sell
24 PregnancyCare and asking or urging surrogacy centers and individuals to apply for
25 PregnancyCare; conferring directly with surrogacy centers and prospective purchasers of
26 PregnancyCare concerning the purported benefits, terms, and conditions of that product;

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1 and disseminating information as to coverage or rates about PregnancyCare and otherwise
2 advertising PregnancyCare.

3 57. By selling, soliciting, or negotiating PregnancyCare without being licensed as
4 insurance producers, both Respondents violated ORS 744.053.

5 58. Under ORS 731.146, “transact insurance” includes one or more of the
6 following acts effected by mail or otherwise: (a) Making or proposing to make an insurance
7 contract...(c) Receiving or collecting any premium, commission, membership fee,
8 assessment, due or other consideration for any insurance or any part thereof; (d) Issuing or
9 delivering policies of insurance; (e) Directly or indirectly acting as an insurance producer
10 for, or otherwise representing or aiding on behalf of another, any person in the solicitation,
11 negotiation, procurement or effectuation of insurance or renewals thereof, the
12 dissemination of information as to coverage or rates... or in any other manner representing
13 or assisting a person with respect to insurance; (f) Advertising locally or circularizing
14 therein without regard for the source of such circularization, whenever such advertising or
15 circularization is for the purpose of solicitation of insurance business; (g) Doing any other
16 kind of business specifically recognized as constituting the doing of an insurance business
17 within the meaning of the Insurance Code... or (i) Doing or proposing to do any insurance
18 business in substance equivalent to any of paragraphs (a) to (h) of this subsection in a
19 manner designed to evade the provisions of the Insurance Code.

20 59. Respondents “transacted insurance” under ORS 731.146 by, among other
21 activities: making or proposing to make a contract for PregnancyCare; receiving and
22 collecting premiums, enrollment fees, or other consideration for PregnancyCare; issuing
23 and delivering policies of PregnancyCare; soliciting, negotiating, procuring, or effecting
24 PregnancyCare, and disseminating information as to coverage or rates about the same;
25 advertising PregnancyCare; and otherwise doing the business of an insurance business
26 within the meaning of the Insurance Code and doing insurance business in a manner

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1 designed to evade the provisions of the Insurance Code.

2 60. Under ORS 746.310(1), no person shall in this state directly or indirectly with
3 respect to domestic risks act as insurance producer for or otherwise transact insurance for
4 any insurer not then authorized to transact such insurance in this state.

5 61. By acting as insurance producers and by otherwise transacting insurance for
6 Omega Family Services and its related entities without Omega Family Services having a
7 certificate of authority or otherwise being authorized to transact insurance in Oregon, both
8 Respondents violated ORS 746.310(1).

9 62. Under ORS 746.310(2), in the event of failure of any unauthorized insurer to
10 pay any claim or loss within the provisions of such insurance policy, any insurance
11 producer who assisted or in any manner aided in the procurement of such insurance policy
12 knowing it to be procured through an unauthorized insurer shall be liable to the insured for
13 the full amount of the claim or loss.

14 63. By assisting or aiding in the procurement of the PregnancyCare policy, knowing
15 it to be procured through an unauthorized insurer, both Respondents violated ORS
16 746.310(2).

17 64. Under ORS 746.110, no person shall make, publish, disseminate, circulate, or
18 place before the public, or cause, directly or indirectly, to be made, published,
19 disseminated, circulated, or placed before the public, in a newspaper, magazine or other
20 publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio
21 or television station, or in any other way, an advertisement, announcement or statement
22 containing any assertion, representation or statement with respect to the business of
23 insurance or with respect to any person in the conduct of the insurance business, which is
24 untrue, deceptive or misleading.

25 65. Park, individually and on behalf of Omega Family Services, made the following
26 untrue, deceptive, or misleading statements in the conduct of the insurance business:

1 writing in a March 29, 2017 email “We are currently licensed in the state of Oregon” when
2 neither Respondent was so licensed; circulating documents, including Summary Plan
3 Descriptions and advertisements, that stated or implied that PregnancyCare was approved
4 for sale in Oregon and that it was indemnified by, contractually related to, or otherwise
5 affiliated with AXA or State National; and maintaining and publishing materials on the
6 PregnancyCare Facebook page, including those stating that PregnancyCare was licensed,
7 that it had a relationship with AXA or State National, and that those insurers are responsible
8 for paying PregnancyCare claims. Therefore, Park violated ORS 746.110.

9 66. In addition, Park and Omega Family Services, by and through Park and its
10 employees, made the following untrue, deceptive, or misleading statements in the conduct
11 of the insurance business: all of those statements contained in the preceding paragraph;
12 statements contained in various emails sent by Omega Family Services employee AR,
13 including her statements that PregnancyCare is “backed by an insurance carrier who is
14 regulated by the individual Depts. of Insurance for each state,” that PregnancyCare is a
15 “fully re-insured” plan, that “PregnancyCare is a product of AXA. AXA is an and admitted
16 carrier in all 50 states and the product is licensed and insured by them,” that “Our
17 perspective is there is no risk since this is a fully licensed and insured (and re-insured)
18 product. The plan would not be available if it hadn’t met all compliance regulations for
19 each state,” and that “PregnancyCare is licensed and insured by AXA and fully reinsured.
20 At the primary insurance level (with the issuing carrier, Omega Insurance Company, and
21 the licensed carrier, AXA) each member is insured to \$100,000. If any one member
22 exceeded that, the reinsurance would kick in, and that would cover the member”; and
23 statements contained on the PregnancyCare Facebook website, the PregnancyCare website,
24 and various marketing materials stating or implying that PregnancyCare had contractual
25 relationships with AXA and State National, including statements that those insurers
26 provided coverage or protection to PregnancyCare customers. Therefore, both

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1 Respondents violated ORS 746.110.

2 67. Under ORS 731.354, no person shall act as an insurer and no insurer shall
3 directly or indirectly transact insurance in this state except as authorized by a subsisting
4 certificate of authority issued to the insurer by the Director.

5 68. By transacting insurance in this state without holding a certificate of authority
6 issued by the Director, Omega Family Services violated ORS 731.354.

7 69. Under ORS 744.091, an insurance producer may charge a commission, service
8 fee, or a combination of the two when transacting certain categories of insurance, only if
9 the insurer or insurance producer has a written agreement with the prospective insured prior
10 to the binding or issuance of an insurance policy. The Director may establish by rule
11 minimum conditions for written agreements entered into under this subsection.

12 70. Under OAR 836-071-0260(1), When an insurance producer or any affiliate of
13 the insurance producer receives any compensation authorized under ORS 735.455, 744.091
14 or 744.093 from a prospective insured for transacting insurance, neither the insurance
15 producer nor the affiliate may accept or receive any compensation from an insurer or other
16 third party for the placement of insurance for the prospective insured unless the insurance
17 producer, prior to the prospective insured's purchase of insurance, has:

- 18 (a) Obtained the prospective insured's documented acknowledgment that the
19 compensation will be received by the insurance producer or affiliate;
- 20 (b) Disclosed the amount of compensation from the insurer or other third party for
21 the placement. If the amount of compensation is not known at the time of
22 disclosure, the insurance producer shall disclose the specific method for calculating
23 the compensation and, if possible, a reasonable estimate of the amount; and
- 24 (c) Disclosed the nature of the work that the insurance producer or affiliate will
25 perform on behalf of the prospective insured.

26 71. By charging and collecting "enrollment fees" from surrogacy agencies without



1 having complied with the disclosure requirements under OAR 836-071-0260(1), Omega
2 Family Services violated ORS 744.091.

3 72. Under ORS 731.296, the Director may address any proper inquiries to any
4 insurer, licensee, or its officers in relation to its activities or condition or any other matter
5 connected with its transactions. Any such person so addressed shall promptly and truthfully
6 reply to such inquiries using the form of communication requested by the director.

7 73. Respondents violated ORS 731.296 by failing to promptly and truthfully
8 respond to the Director's inquiries, including those issued by a Division Investigator on
9 November 13, 2020, and those issued by a Division Market Analyst on November 30 and
10 December 30, 2020, and March 8, 2021. By failing to respond to those inquiries promptly
11 and truthfully, Respondents violated ORS 731.296.

12 74. Under ORS 731.252(1), whenever the Director has reason to believe that any
13 person has been engaged or is engaging or is about to engage in any violation of the
14 Insurance Code, the Director may issue an order, directed to such person, to discontinue or
15 desist from such violation or threatened violation.

16 75. Because the Director has reason to believe that Respondents have violated the
17 Insurance Code, including ORS 744.053, ORS 746.310(1) and (2), ORS 746.110, ORS
18 731.354, ORS 744.091, ORS 731.296 the Director may issue an order directed to
19 Respondents to discontinue or desist from that violation under ORS 731.252(1).

20 76. Under ORS 731.988(1), a person that violates any provision of the Insurance
21 Code, or any lawful rule of the Director, shall forfeit and pay to the General Fund of the
22 State Treasury a civil penalty in an amount determined by the Director that does not exceed
23 \$10,000 for each offense. The civil penalty for individual insurance producers, adjusters,
24 or insurance consultants may not exceed \$1,000 for each offense. Each violation is a
25 separate offense.

26 77. Respondents are subject to civil penalties under ORS 731.988(1) for the

1 foregoing violations of the Insurance Code.

2 **ORDERS**

3 The Director ISSUES the following ORDERS:

4 *Order to Cease and Desist*

5 78. Pursuant to the authority of ORS 731.252(1), the Director hereby orders
6 Respondents to CEASE AND DESIST from violating ORS 744.053, ORS 746.310(1) and
7 (2), ORS 746.110, ORS 731.354, ORS 744.091, ORS 731.296.

8 *Order Assessing Civil Penalties*

9 79. Pursuant to the authority of ORS 731.988(1), the Director hereby ORDERS an
10 assessment of CIVIL PENALTIES against Respondents as follows:

11 A. Park is assessed \$5,000 for violating ORS 744.053, ORS 746.310(1) and
12 (2), ORS 746.110, ORS 731.296; and

13 B. Omega Family Services is assessed \$70,000 for violating ORS 744.053,
14 ORS 746.310(1) and (2), ORS 746.110, ORS 731.354, ORS 744.091, ORS 731.296.

15
16 SO ORDERED this 4th day of April, 2022.

17 ANDREW R. STOLFI, Director
18 Department of Consumer and Business Services

19
20
21 /s/ Dorothy Bean
22 Dorothy Bean, Chief of Enforcement
23 Division of Financial Regulation
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NOTICE OF RIGHT TO JUDICIAL APPEAL

You are entitled to judicial review of this order in accordance with ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date this order is served.

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