

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

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In the Matter of Unlicensed Activity of:

**AMAZON WARRANTY ADMINISTRATORS
OF ARIZONA, LLC DBA AMAZON HOME
WARRANTY**

Respondent.

**No. 22A-054-INS
CONSENT ORDER**

The Arizona Department of Insurance and Financial Institutions (the “Department”) has received evidence that Amazon Warranty Administrators of Arizona, LLC dba Amazon Home Warranty (“AWA” or “Respondent”) has violated provisions of Arizona Revised Statutes (“A.R.S.”) Title 20. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent is an Arizona domiciled limited liability company.
2. The Department originally issued a service company permit to Respondent on March 22, 2019.
3. Respondent renewed its service company permit with the Department on May 5, 2020, effective January 1, 2020, through December 31, 2020.
4. Respondent also renewed its service company permit with the Department on December 16, 2020, effective January 1, 2021, through December 31, 2021.
5. On or about December 30, 2021, the Department received Respondent’s renewal application and payment of the renewal fee for the calendar year 2022.

1 6. During the renewal process, the Department determined that Respondent’s financial
2 statements reflected a negative equity position and initiated an inquiry with Respondent.

3 7. On or about January 14, 2022, the Department sent an email to Stephen Kiepke,
4 Respondent’s attorney, at skiepke@meenanlawfirm.com, requesting that Respondent provide a
5 written explanation, by March 31, 2022, as to the negative equity reflected in Respondent’s balance
6 sheets.

7 8. On or about February 4, 2022, the Department sent another email to Mr. Kiepke and
8 Kiersten Denny, at kdenny@meenanlawfirm.com, requesting a response to the Department’s January
9 14 communication.

10 9. On or about February 7, 2022, the Department received a response from Ms. Denny stating
11 that “[t]he company is working on a response to this request ... We expect to have a response to you
12 by the March 31, 2022 deadline.”

13 10. Respondent failed to provide a response to the Department’s January 14 request by March
14 31, 2022.

15 11. On or about April 4, 2022, the Department sent notification to Mr. Keipke via email,
16 advising him that Respondent’s “renewal application filing is deemed withdrawn.”

17 12. On or about April 5, 2022, the Department sent a Notice of Permit Expiration via email to
18 Respondent’s designated person of contact at marc@amazonwc.com informing that Respondent’s
19 service company permit expired on December 31, 2021.

20 13. On or about August 8, 2022, N.L. filed a complaint with the Department alleging that
21 Respondent refused to cover the replacement of her A/C unit, though the A/C unit should have been
22 covered.

23 14. The Department commenced an investigation into N.L.’s matter.

24 a) On or about September 8, 2022, the Department, via email correspondence sent to
25 dmendoza@ahwp.com, requested that Respondent provide complete records, a claim
26

1 file, and a response to N.L.’s complaint by September 29, 2022. Respondent failed to
2 respond.

3 b) On or about October 19, 2022, the Department sent a second email correspondence
4 to dmendoza@ahwp.com, kdenny@meenanlawfirm.com, and marc@amazonwc.com
5 requesting a response by November 1, 2022. Respondent provided a response on the
6 same date, October 19, 2022.

7 c) The records provided by Respondent confirm that the sale of a home warranty
8 contract to N.L. occurred on February 27, 2022, during the time Respondent’s permit
9 was expired.

10 d) Further, the Department’s investigation determined that Respondent continues to
11 advertise and provide quotes for service company contracts to Arizona consumers
12 through at least two (2) websites, 1 without currently holding an active permit to do so.

13 e) Respondent accepted a service contract application and provided a quote to the
14 Department’s investigator for an Arizona property via quote #331327. The investigator
15 received two follow-up solicitation emails from Respondent on that same date.

16 15. On October 31, 2022, the Department issued an Order to Cease and Desist (“Order”)
17 against Respondent requiring that Respondent “immediately cease and desist from offering or issuing
18 service contracts in Arizona without a permit” and to “furnish the Department with a complete listing
19 ... of all Arizona residents and business who have purchased service contracts sold by Respondent
20 and that Respondent reports to the Department all premiums collected or charged for policies sold
21 covering Arizona risks.”

22 16. On or about November 30, 2022, Respondent filed a Request for Hearing with the
23 Department.

24 17. On or about December 12, 2022, the Department held an informal settlement conference
25 (“ISC”) between the parties. Following the ISC, Respondent willingly disclosed that it sold one
26 hundred sixty-one (161) service contracts during the period Respondent’s service company permit was

1 expired. Further, Respondent confirmed that it has ceased marketing its services and accepting new
2 contracts in Arizona after it received the Department's Order and that Respondent will continue
3 process all claims arising under the sold service contracts.

4 **CONCLUSIONS OF LAW**

5 18. The Director has jurisdiction over this matter.

6 19. Respondent's conduct, as described above, constitutes the transaction of insurance in this
7 state, without complying with the applicable provisions of this title. A.R.S. § 20-107(A).

8 20. Respondent's conduct, as described above, constitutes a violation of Title 20 or any rule,
9 subpoena or order of the Director. A.R.S. § 20-295(A)(2).

10 21. Respondent's conduct, as described above, constitutes offering and issuing service
11 contracts without a permit. A.R.S. § 20-1095.01(A).

12 22. Respondent is not exempt from the permit requirement. A.R.S. § 20- 1095.02(A).

13 23. Service company contracts issued by Respondent are enforceable and valid contracts.
14 A.R.S. § 20-1095.05.

15 24. Grounds exist for the Director to revoke or suspend any permit issued to a service company
16 if the Director finds the service company has violated any provision of this article. A.R.S. § 20-
17 1095.09(2).

18 25. Grounds exist for the Director to order Respondent to cease and desist from offering and
19 issuing service contracts without a permit. A.R.S. § 20-1095.09(B).

20 26. Grounds exist, in addition to or instead of any suspension or revocation for the Director to
21 impose a civil penalty of not more than \$250.00 for each unintentional failure or violation up to an
22 aggregate civil penalty of \$2,500.00, or impose a civil penalty of not more than \$2,500.00 for each
23 intentional failure or violation, up to an aggregate civil penalty of \$15,000.00. A.R.S. § 20-295(F).

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ORDER

IT IS ORDERED

1. Respondent shall pay to the Department a civil money penalty in the amount of two thousand five hundred dollars (\$2,500) within thirty (30) days after it signs and agrees to the terms of this Order.

2. Respondent shall continue to investigate and pay all claims arising out of acts covered by Respondent’s service contracts issued to Arizona residents for so long as such claims may legally be brought against the contract holders.

3. Respondent shall not sell and issue any service contracts in Arizona without first obtaining a service company permit.

Effective this 1st day of May, 2023.

Barbara Richardson

Barbara D. Richardson, Director
Arizona Department of Insurance and Financial
Institutions

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CONSENT TO ORDER

1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

2. Respondent consents to the personal and subject matter jurisdiction of the Department in this matter, and voluntarily consents to the entry of this Order.

3. Respondent is aware of its right to an administrative hearing in this matter and hereby knowingly and voluntarily waives that right.

4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order knowingly and voluntarily.

5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter and does not preclude the Department from instituting other proceedings as may be appropriate now or in the future. Furthermore, and notwithstanding any language in this Consent Order, this Consent Order does not preclude in any way any other state agency or officer or political subdivision of this state from instituting proceedings, investigating claims, or taking legal action as may be appropriate now or in the future relating to this matter or other matters concerning Respondent, including but not limited to violations of Arizona’s Consumer Fraud Act.

6. Respondent acknowledges that, other than with respect to the Department, this Consent Order makes no representations, implied or otherwise, about the views or intended actions of any other state agency or officer or political subdivision of the state relating to this matter or other matters concerning Respondent.

7. Respondent waives all rights to seek an administrative or judicial review or otherwise to challenge or contest the validity of this Consent Order and its accompanying parts before any court of competent jurisdiction.

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8. Harry Bailey represents that he is the Chief Executive Officer of Respondent and, as such,
is authorized to sign the Consent to Assessment on behalf of Respondent.

DATED this 30th day of March, 2023.

By: Harry J. Bailey
Amazon Warranty Administrators of Arizona, LLC
dba Amazon Home Warranty
Harry Bailey, Chief Executive Officer

1 **ORIGINAL** of the foregoing filed
this 2nd day of May, 2023, in the office of:

2 Barbara D. Richardson, Director
3 Arizona Department of Insurance and Financial Institutions
4 Attn: Ana Starcevic, Paralegal
5 100 North 15th Avenue, Suite 261
6 Phoenix, AZ 85007-2630

7 **COPY** of the foregoing delivered/mailed same date, to:

8 Amazon Warranty Administrators of Arizona, LLC
9 dba Amazon Home Warranty
10 C/O Gallagher & Kennedy
11 Attn: Woodrow C. Thompson, Esq.
12 2575 E. Camelback Road, Suite 1100
13 Phoenix, Arizona 85016-9225
14 woody.thompson@gknet.com
15 Attorneys for Respondent

16 **COPY** of the foregoing delivered/mailed same date, to:

17 Deian Ousounov, Assistant Director
18 Gio Espinosa, Regulatory Legal Affairs Officer
19 Ana Starcevic, Paralegal Project Specialist
20 Catherine O'Neil, Consumer Legal Affairs Officer
21 Steven Fromholtz, Licensing Manager
22 Linda Lutz, Legal Assistant
23 Wendy Greenwood, Investigation Supervisor
24 Arizona Department of Insurance and Financial Institutions
25 100 North 15th Avenue, Suite 261
26 Phoenix, Arizona 85007-2630

Ana Starcevic