

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of:

**FREEDOM NATIONAL INSURANCE  
SERVICES, INC.**

(National Producer No. 3225338)

**Respondent.**

No. 22A- 001 -INS

**CONSENT ORDER**

The Arizona Department of Insurance and Financial Institutions (“Department”) has received evidence that **Freedom National Insurance Services, Inc.** (“Freedom” or “Respondent”) violated provisions of Title 20 of the Arizona Revised Statutes (“A.R.S.”). 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. Freedom currently holds an Arizona insurance producer license, NPN number 3225338. Freedom’s business address of record is 8855 Research Drive, Irvine, CA 92618 and mailing address of record is PO Box 7820, Newport Beach, CA 92658. Freedom’s designated responsible licensed producer is Bijan Abdi, whose email address of record is [bijan@Freedomgeneral.com](mailto:bijan@Freedomgeneral.com).

2. On June 18, 2021, and later on July 29, 2021 Farmers Insurance Group (“Farmers”) sent a letter notifying the Department that Freedom submitted private passenger auto filings to

1 the Department, as well as sold policies to Arizona consumers that were purportedly underwritten  
2 by 21st Century Premier Insurance Company (“21st Century”).<sup>1</sup> 21st Century explained that it  
3 never authorized Freedom to make form or rate filings on its behalf or issue policies claiming to  
4 be underwritten by 21st Century. 21st Century confirmed that it never received any premiums  
5 in connection with those policies.

6 3. On September 23, 2021, the Department sent Freedom a request for records  
7 production, which Freedom responded to on October 8, 2021. At no time prior to the  
8 Department’s September 23, 2021 letter did Freedom contact the Department regarding this  
9 matter.

10 4. The Department has reviewed Freedom’s responses and records. The documents  
11 provided by Freedom show that:

- 12 i. On or about December 1, 2020, Freedom entered into a Program Administration  
13 Agreement (“Agreement”) with Motion Auto, LLC (“Motion Auto”) under which  
14 Motion Auto designated Freedom as its general agent and purported to authorize  
15 Freedom to solicit and bind private passenger automobile insurance policies under  
16 Motion Auto’s “Horizon” Arizona automobile insurance program.
- 17 ii. On January 4, 2021, Motion Auto made personal automobile insurance policy form  
18 and rate and rule filings with the Arizona Department of Insurance and Financial  
19 Institutions purportedly on behalf of 21st Century Premier Insurance Company  
20 (“21st Century”) to be used for the Horizon program.

---

21  
22 <sup>1</sup> 21st Century is a company within the Farmers Insurance Group.

- 1           iii. On June 18, 2021, counsel for 21st Century notified Freedom that it does not have  
2           the authority or permission to either issue policies or make regulatory filings on  
3           behalf of 21st Century. 21st Century specifically demanded that Freedom  
4           immediately cease and desist from issuing any unauthorized policies on behalf of  
5           21st Century. 21st Century directed Freedom to immediately send notices to any  
6           person currently holding such policy disclosing that Freedom had no authority to  
7           issue such policies and requested from Freedom to immediately withdraw any form  
8           or rate filings it submitted to state regulators representing 21st Century as the  
9           insurer for any policies sold by Freedom.
- 10          iv. On August 23, 2021, counsel for Motion Auto sent a letter to Freedom purporting  
11          to immediately terminate the Agreement and suspending any and all purported  
12          underwriting authority previously granted to Freedom.
- 13          v. Freedom continued to administer and renew policies purportedly underwritten by  
14          21st Century until November 15, 2021 and assumed the indemnification of the  
15          insurance risk for the Horizon policies. Freedom continued to administer the  
16          payment of claims under the subject policies from bank and trust accounts  
17          controlled by Freedom and the third-party administrator originally arranged by  
18          Motion Auto. Freedom asserts that it did not intend to engage in the business of an  
19          insurance company in this state. Freedom engaged in efforts to establish a  
20          relationship with a new underwriting insurer but was ultimately unsuccessful.
- 21          vi. On November 15, 2021, Freedom issued a Notice of Cancellation to all Horizon  
22          policyholders with an effective date of December 10, 2021.

1 CONCLUSIONS OF LAW

2 5. As a licensed insurance producer, Respondent is only authorized to sell, solicit or negotiate  
3 insurance in the State of Arizona, within the meaning of A.R.S. § 20-282. Respondent's  
4 insurance producer license does not authorize Respondent to act as an insurer and to engage in  
5 the business of making contracts of insurance.

6 6. Respondent's conduct, as described above, constitutes engaging in the business of making  
7 contracts of insurance indemnification in this state, within the meaning of A.R.S. §§ 20-103, 20-  
8 104, and 20-106. Respondent is not authorized to make contracts of insurance and indemnify  
9 persons in this state.

10 7. Respondent's conduct, as described above, constitutes the transaction of insurance in this  
11 state without complying with the applicable provisions of A.R.S. Title 20, in violation of A.R.S.  
12 §§ 20-107, 20-206 and 20-401.01(A).

13 8. Respondent's conduct, as described above, constitutes the collection of premiums and is  
14 required to comply with the reporting requirements and payments of premium tax, as prescribed  
15 by A.R.S. § 20-224.

16 9. Respondent's conduct, as described above, constitutes the unlawful transaction of  
17 insurance business in this state without a certificate of authority from the Director, within the  
18 meaning of A.R.S. § 20-401.01(A).

19 10. The transaction of insurance business in violation of A.R.S. § 20-401.01 does not impair  
20 the validity of any act or contract of the insurer, pursuant to A.R.S. § 20-402.

21 11. Grounds exist for the Director to request the payment of the Automobile Theft Authority  
22 fee, as prescribed by A.R.S. § 41-3451(J).

1 12. Grounds exist for the Director to impose a civil penalty against Respondent, pursuant to  
2 A.R.S. § 20-295(F).

3 **ORDER**

4 **IT IS HEREBY ORDERED THAT:**

5 1. Respondent shall continue to fund its current obligations under any Horizon  
6 policies, including the payment of any lawful and eligible claim arising thereunder, in accordance  
7 with Arizona laws and regulations pertaining to claims handling.

8 2. Respondent shall continue to provide customer service to any claimants that contact  
9 them regarding claims arising out of the now canceled Horizon policies. In addition, Respondent  
10 shall respond to any inquiries from the Department regarding consumer complaints arising under  
11 the Horizon policies.

12 3. Respondent shall immediately pay to the Department a civil money penalty in the  
13 amount of fifteen thousand dollars (\$15,000).

14 4. Respondent shall provide monthly reports to the Department evidencing the  
15 amount of money in its Horizon Trust and Indemnity Accounts, containing accounting of the  
16 amount of funds expended each month on claims. Respondent shall provide the initial report by  
17 January 15, 2022 and on the 15th of each month thereafter.

18 5. Respondent shall comply with the reporting and payment requirements relating to  
19 all collected premiums under the Horizon policies, as prescribed under A.R.S. § 20-224.  
20  
21  
22



1 any language in this Consent Order, this Consent Order does not preclude in any way any other  
2 state agency or officer or political subdivision of this state from instituting proceedings,  
3 investigating claims, or taking legal action as may be appropriate now or in the future relating to  
4 this matter or other matters concerning Respondent, including but not limited to violations of  
5 Arizona's Consumer Fraud Act. Respondent acknowledges that, other than with respect to the  
6 Department, this Consent Order makes no representations, implied or otherwise, about the views  
7 or intended actions of any other state agency or officer or political subdivision of the state relating  
8 to this matter or other matters concerning Respondent.

9 7. Respondent acknowledges that this Consent Order is an administrative action that  
10 the Department will report to the National Association of Insurance Commissioners (NAIC).  
11 Respondent further acknowledges that it must report this administrative action to any and all  
12 states in which it holds an insurance license and must disclose this administrative action on any  
13 license application.

14 8. Bijan Abdi represents that he is the President and CEO of Respondent and is  
15 authorized to sign the Consent to Order on behalf of Respondent.

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

19  
20 1/6/2022  
Date

21   
Bijan Abdi, President and CEO  
Freedom National Insurance Services, Inc.  
22

1 **ORIGINAL** of the foregoing filed  
this 10th day of January, 2022, in the office of:

2  
3 Evan G. Daniels, Director  
4 Arizona Department of Insurance and Financial Institutions  
5 Attn: Ana Starcevic  
6 100 North 15<sup>th</sup> Avenue, Suite 261  
7 Phoenix, AZ 85007-2630

8 **COPY** of the foregoing delivered by E-mail, to:

9  
10 Freedom National Insurance Services, Inc.  
11 c/o Joel D. Taylor, Attorney for Respondent  
12 [jdt@jjoycelawfirm.com](mailto:jdt@jjoycelawfirm.com)

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

14  
15 Deian Ousounov, Regulatory Legal Affairs Officer  
16 Ana Starcevic, Paralegal Project Specialist  
17 Erin Klug, Assistant Director  
18 Steven Fromholtz, Assistant Director for Consumer Protection  
19 Linda Lutz, Legal Assistant  
20 Arizona Department of Insurance and Financial Institutions  
21 100 North 15th Avenue, Suite 261  
22 Phoenix, Arizona 85007-2630

15 *Francine Juarez*  
Francine Juarez