



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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GARY D. ANDERSON
COMMISSIONER OF INSURANCE

March 22, 2022

Brabo Benefits, Inc.
Scott F. Hokanson, Sr.
65 Cordage Park Circle
Plymouth, Massachusetts 02360

RE: Brabo Benefits, Inc. – SIU Investigation No. 9985

Dear Mr. Hokanson:

I represent the Massachusetts Division of Insurance (“Division”) with regard to the above-captioned investigation. Pursuant to an investigation conducted by the Division’s Special Investigations Unit, the Division has cause to believe that Brabo Benefits, Inc. (“Brabo”) has violated Massachusetts insurance laws set forth below by the conduct described herein.

This case was opened on or about August 20, 2021, after the Division received an anonymous complaint alleging that as part of a marketing campaign Brabo offered a \$25 Amazon gift card for potential Brabo clients obtaining an in-office comprehensive quote. According to the marketing company used by Brabo, Allison Nuovo Inc., the \$25 Amazon gift card offered by Brabo was mailed to 366 potential customers per month beginning in March 2020 and ending in December 2020. Moreover, in a letter dated August 25, 2021, you responded to an inquiry from the Division and stated that you used the advertisement as part of a marketing campaign believing that because the offer was not contingent on purchasing an insurance policy from Brabo that it was acceptable. Additionally, you stated that one customer accepted the offer for the \$25 Amazon gift card.

The conduct described above is evidence of the following violations:

By distributing advertisements that offer \$25 Amazon gift cards to recipients who obtain an in-office comprehensive quote from Brabo, Brabo offered payment to induce an insurance contract which constitutes an unfair method of competition in

the practice of insurance in violation of M.G.L. c. 176D, § 3(8). The Division also alleges that each violation of M.G.L. c. 176D, § 3(8) is a violation of an insurance law in violation of M.G.L. c. 175, § 162R(a)(2). Such conduct may result in Brabo's business entity insurance license being placed on probation, suspended or revoked pursuant to M.G.L. c. 175, § 162R(a), as well as the imposition of a fine up to \$1,000 for each and every violation as provided under M.G.L. c. 176D, § 7.

By distributing advertisements that offer \$25 Amazon gift cards to recipients who obtain an in-office comprehensive quote from Brabo, Brabo circulated an advertisement containing false information which constitutes unfair methods of competition in the business of insurance in violation of M.G.L. c. 176D, § 3(2). The Division also alleges that each violation of M.G.L. c. 176D, § 3(2) is a violation of an insurance law in violation of M.G.L. c. 175, § 162R(a)(2). Such conduct may result in Brabo's business entity insurance license being placed on probation, suspended or revoked pursuant to M.G.L. c. 175, § 162R(a), as well as the imposition of a fine up to \$1,000 for each and every violation as provided under M.G.L. c. 176D, § 7.

The Division proposes to resolve this matter through a settlement if Brabo agrees to waive the right to a public hearing, agrees to cease and desist from the above-alleged conduct and **agrees to pay a fine of \$500**. If Brabo accepts the Division's settlement offer as described in this letter, please have an authorized representative sign this letter where provided below and return it to my attention along with a check made payable to the Commonwealth of Massachusetts, no later than **May 17, 2022**.

The Division considers the acceptance of this settlement agreement to constitute a reportable administrative event which must be included on Brabo's next Massachusetts business entity producer license renewal application. Brabo also may be required to report this action in other jurisdictions where it holds a business entity insurance producer license. This settlement agreement shall be construed under and governed by the laws of the Commonwealth of Massachusetts.

Although this correspondence does not constitute the required statutory notice of a public hearing, if this matter is not resolved by **April 20, 2022**, the Division intends to file its Order to Show Cause and will notify Brabo of the hearing date.

Thank you for your prompt attention to this matter. Should you have any questions or wish to discuss this matter further, I may be contacted via email at Matthew.Burke@mass.gov.

Sincerely,

Matthew M. Burke
Counsel to the Commissioner

SIGNED: Representative of:
Brabo Benefits, Inc.

NAME: _____

SIGNATURE: _____

DATE: _____