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April 6, 2006

**BY FEDERAL EXPRESS**

Steve Shorr  
1027 W. 11th #3  
San Pedro, CA 90731-3558

**Re: Cease and Desist Illegal Activity**

Dear Mr. Shorr:

This law firm is counsel for UICI and its wholly owned subsidiaries, The MEGA Life and Health Insurance Company ("MEGA") and Mid-West National Life Insurance Company of Tennessee ("Mid-West")(collectively, the "Companies"), and has been asked to assist the Companies in connection with matters warranting your immediate attention. It has come to our attention that you have repeatedly posted statements on your [www.steveshorr.com](http://www.steveshorr.com) website that contain disparaging, untrue, deceptive, or misleading statements concerning the Companies.

We hereby demand that you immediately cease and desist your illegal activities, or we will be forced to take legal action against you. The Companies are currently monitoring your website, and advise you that continuing to publish these illegal and defamatory statements regarding the Companies will not be tolerated, and may result in legal action. The Companies demand that you immediately remove your illegal and defamatory postings contained on the webpage titled "NASE" available at [www.steveshorr.com/nase\\_details.htm](http://www.steveshorr.com/nase_details.htm) and any other defamatory materials concerning the Companies.

We demand that you immediately remove the following statements made by you about the Companies, as they are disparaging, untrue, deceptive, or misleading:

- Your website states: "Most companies will provide rates and benefits ONLINE – what about NASE." This falsely implies that NASE is an insurance company, as opposed to MEGA. In addition, this falsely implies that insurance companies are required to provide rates and benefits online, which is not the case.
- Your website refers to the Hadlands case, from 1994. We believe this is deceptive and misleading because at the time of that lawsuit, NASE offered insurance from another carrier that is not affiliated with the Companies. The

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citation of this case to infer misconduct by the Companies agents is misleading and deceptive.

- Your website refers to several alleged excerpts from the NASE brochure, without identifying any publication date or form number. These excerpts are false and misleading as NASE's brochures do not imply that it is the insurance company offering the insurance coverage and clearly identify MEGA as the health insurance carrier. In addition, MEGA does not approve any advertisements that state or imply that individuals do not need workers' compensation with its coverage.
- You have published an unauthorized advertisement implying that NASE is an insurance company. This advertisement has not been approved by the Companies, and the publication of the advertisement with the NASE logo on it on your website falsely implies that the Companies authorize such advertisements.
- Your website continues to deceptively imply that NASE is an insurance company by linking to AM Best and stating that NASE is not listed. You are aware that MEGA is the insurance carrier offering coverage to members of NASE, and your statement is intentionally deceptive by failing to mention that the Companies are properly authorized insurance carriers rated by AM Best.
- Your website posts links to various articles and market conduct examination reports, some dating back to 1998. We believe these are false and deceptive because they are outdated and do not accurately reflect the current condition and/or conduct of the Companies. Your website is also misleading because it fails to refer to any follow-up regarding the results of allegations, lawsuits, or examinations involving the Companies.
- Your website contains a link to the Insurance Fraud.Org website in close proximity to the names of the Companies to imply that the Companies engage in insurance fraud.

Your activities and statements appear to be in violation of numerous state laws, including the California Unfair Practices Act in the Insurance Code. For example, Cal. Ins. Code § 790.03(a) prohibits twisting and defines the following to be an unlawful practice:

(a) **Making**, issuing, circulating, or causing to be made, issued or circulated, **any** estimate, illustration, circular or **statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby** or the dividends or share of the surplus to be received thereon, or making any false or misleading

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statement as to the dividends or share of surplus previously paid on similar policies, or making any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates, or using any name or title of any policy or class of policies misrepresenting the true nature thereof, **or making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce the policyholder to lapse, forfeit, or surrender his or her insurance.**

Cal. Ins. Code § 790.03(b) also prohibits the publishing, dissemination, circulation of false, deceptive, or misleading statements and says that the following is unlawful:

(b) **Making** or disseminating or causing to be made or disseminated before the public in this state, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatsoever, **any statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of his or her insurance business, which is untrue, deceptive, or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue, deceptive, or misleading.**

In addition, the Companies have closely reviewed your website and believe that you may be engaging in the unauthorized practice of law, notwithstanding your stated belief that you are a lawyer.

**Unless you immediately remove your statements concerning the Companies such that they are no longer false, deceptive, or misleading and agree to discontinue making any such statements in the future, the Companies may be forced take legal action against you.** The Companies may also report your conduct to the California Insurance Department and other appropriate authorities.

Sincerely,



Steven L. Imber

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SLIMB 246161