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**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH**

**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT:**

AMERICAN MEDICAL AND LIFE  
INSURANCE COMPANY  
8 W. 38<sup>th</sup> Street, Suite 1002  
New York, NY 10018  
Utah Org. Id. No. 15671

**STIPULATION  
&  
ORDER**

**Docket No.** 2011-141 HL

**Enf. Case No.** 2563

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**STIPULATION**

1. Respondent, American Medical and Life Insurance Company, is an insurer domiciled in the State of New York, and authorized to do business in the State of Utah, Utah Organization Identification No. 15671.

2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:

a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;

b. Respondent admits the Findings of Fact and Conclusions made therefrom;

c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

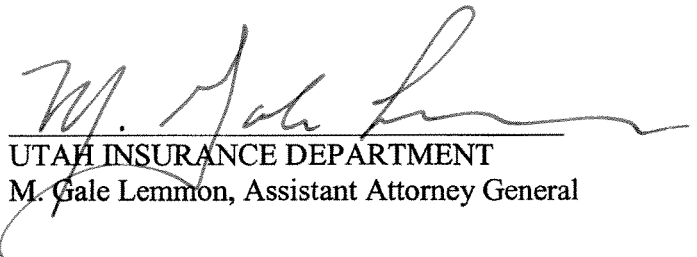
5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for the purpose of disposition of the matter entitled herein.

DATED this 15 day of July, 2011.



AMERICAN MEDICAL AND LIFE  
INSURANCE COMPANY  
Michael Murphy, President, COO



UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon, Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

**FINDINGS OF FACT**

1. On or about June 1, 2006, American Medical and Life Insurance Company (“AMLI”) issued a group health hospital indemnity insurance policy (“the Policy”) to the Association of Independent Managers (“AIM”), as policyholder, for the benefit of AIM’s members, including members residing in the State of Utah.

2. AMLI had filed the Policy with the Utah Insurance Department on October 22, 2007, attesting that the policy complied with all applicable provisions of the Utah Insurance Code.

3. Upon review by department personnel, it was found that the Policy failed to comply with the Utah Insurance Code in at least 30 aspects.

4. Because the Policy failed to comply with Utah law, the Utah Insurance Commissioner issued an Order to Prohibit Use on June 30, 2009, which order became final on July 15, 2009, and prohibited use of the Policy on or after on July 15, 2009.

5. Prior to issuing the Policy to AIM, Respondent AMLI failed to submit a Utah Accident and Health Insurance Group Questionnaire for AIM as required under Utah Administrative Code Rule R590-220-9.

6. After the Order to Prohibit Use became effective, Respondent AMLI continued to use the Policy by enrolling no fewer than ten additional Utah residents as insureds under the Policy.

7. In connection with its marketing efforts for the Policy, Respondent AMLI entered into a contract on or about October 9, 2008, with the Insurance Resource Group (“IRG”) to act as a managing general agent for purposes of marketing the Policy to AIM members, including members residing in the State of Utah.

8. IRG was not licensed to act as a producer in the State of Utah at the time it acted as a

managing general agent for AMLI, and is still not licensed in the State of Utah.

9. When the Policy was cancelled and the members transferred to coverage under a group policy AIM obtained from NOVA Casualty Company, no fewer than 46 Utah residents were not transferred to the new coverage.

10. Respondent AMLI failed to provide a conversion policy for Utah Residents at the time of the cancellation of the Policy.

11. AMLI has cooperated with the Department by providing a conversion policy for Utah residents who chose not to transfer to other comparable coverage and paying covered claims as they become due.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

#### **CONCLUSIONS OF LAW**

1. In filing the Policy with the Utah Insurance Commissioner and certifying that it complied with Utah law when it did not comply, Respondent AMLI violated Utah Code Annotated §§ 31A-23a-402(1)(a)(i) and 31A-2-202(6).
2. In failing to file a group questionnaire for AIM, Respondent AMLI violated Utah Administrative Code Rule R590-220-9.
3. By enrolling residents of the State of Utah as insureds under the Policy after an Order to Prohibit Use was effective, Respondent violated an Order of the commissioner.
4. In using the services of an unlicensed Managing General Agent in the marketing and servicing of the Policy, AMLI violated Utah Code Annotated § 31A-23a-103(1)(c).
5. In failing to offer a conversion policy to Utah residents when the Policy terminated, Respondent AMLI violated Utah Code Annotated § 31A-22-723.

6. Pursuant to Utah Code Annotated § 31A-2-308(1)(b) and (c), Respondent AMLI is subject to forfeitures of up to \$5,000.00 per violation of the Insurance Code or Rules or of any order of the commissioner.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

**ORDER**


IT IS HEREBY ORDERED:

1. Respondent, American Medical and Life Insurance Company, is assessed an administrative forfeiture in the amount of \$25,000.00, to be paid within 30 days of the date of this Order.

2. Respondent, American Medical and Life Insurance Company, is further ordered to pay to the Utah Insurance Department the additional sum of \$25,000.00 as reimbursement for investigation and enforcement expenses incurred in this matter. The payment for reimbursement of expenses to the Department shall be made within 30 days of the date of this Order.

DATED this 20 day of July, 2011.

NEAL T. GOOCH  
INSURANCE COMMISSIONER

  
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MARK E. KLEINFELD, Esq.  
Administrative Law Judge  
Utah Insurance Department  
State Office Building, Room 3110  
Salt Lake City, Utah 84114  
Telephone (801) 538-3800

**NOTIFICATION**

Respondent is hereby notified that failure to abide by the terms of this Order may subject it to further penalties, including additional forfeitures of up to \$5,000.00 per violation and the suspension or revocation of its license, and the filing of an action to enforce this Order in the District Court, which may impose penalties of up to \$10,000.00 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.