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

<p>UTAH INSURANCE DEPARTMENT, Complainant, v. UNITED STATES FIRE INSURANCE CO. 5 Christopher Way, Third Floor Eatontown, NJ 17724, License No. 9233 Respondent.</p>	<p>STIPULATION AND ORDER</p> <p>Docket No. 2016-085 HL Enf. Case No. 3799</p> <p>Brett Barratt, J.D. Deputy Insurance Commissioner Presiding Officer</p>
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STIPULATION

The Utah Insurance Department (“Department”), by and through its legal counsel, Gary D. Josephson, and United States Fire Insurance Company, (“Respondent”), by and through its representative, hereby stipulate and agree as follows:

1. Respondent is a non-resident licensed insurer holding Utah License Number 9233, with its main administrative address located at 305 Madison Ave., Morristown NJ.
2. The Department has jurisdiction over the parties and subject matter of this administrative action.
3. Respondent acknowledges notice of agency action pursuant to Utah Code §

63G-4-201; acknowledges that this Stipulation and Order is an informal proceeding pursuant to Utah Code Section 63G-4-202; and irrevocably waives the right to any hearing, review or appeal concerning this matter.

4. Respondent is represented by Attorney Randy Smart in this matter.

5. This signed Stipulation, along with any Findings of Fact and Conclusions of Law, shall not be subject to any reconsideration, renegotiation, modification, hearing or agency review or appeal.

6. The Findings of Fact and Conclusions of Law presented below are accepted by the parties.

7. The issuance of the signed and adopted Order proposed below is solely for the purpose of disposing of the specific matter entitled herein.

8. The only promises, agreements and understandings that the parties have regarding this matter are contained in this Stipulation.

9. Respondent enters into this Stipulation voluntarily, knowingly, and free from any coercion of any kind.


10. The persons signing this Stipulation on behalf of the named parties hereby affirm that they are authorized to sign and bind the parties.

Dated this 26th day of August 2016.



GARY MCGEDDY, Authorized Representative
UNITED STATES FIRE INSURANCE CO.

Dated this 24th day of August, 2016.



GARY D. JOSEPHSON,
Assistant Attorney General
UTAH DEPARTMENT OF INSURANCE

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

FINDINGS OF FACT

1. During an investigation of a complaint in another matter, the Department learned that Respondent had been issuing different types of insurance through associations, including group accident insurance, with a market type blanket insurance.
2. The Department focused its investigation on the group accident insurance, with the market type blanket insurance policy issued through associations.
3. It was determined that, on June 15, 2007, Respondent had submitted a SERFF filing for Group Health-Accident Only, with the market type blanket insurance policy. This was submitted under SERFF Tracking # CRUM-125208218. In the filing, Respondent indicated that this blanket insurance product was to be marketed to groups including, association groups, meeting all the requirements of Utah Code Section 31A-22-701(2)(a), (b), (c), (d), (e), and (h).
4. Based on the investigation, the Department discovered that eight associations were allowed to offer group insurance coverage offered by Respondent. Insurance coverage was provided outside of the scope of the manner in which Respondent filed the policy. Respondent

had previously filed and certified that coverage would be available only covering a group of members or participants as defined by reference to specified hazards incident to the activities or operations sponsored or supervised by the policyholder (association). The insurance coverage was marketed and issued as an accident policy, not an association membership.

5. The investigation discovered the following: (1) Utah consumers who purchased coverage did not understand they were paying association membership fees, and believed instead that their payments were premiums for insurance coverage; (2) the policies issued by Respondent did not contain a required notice of termination provision; (3) Respondent paid commissions to two individuals, neither of whom were licensed in Utah as producers; (4) Respondent allowed two individuals to act on behalf of Respondent without appointments.

6. On January 11, 2016, Respondent stated the following:

In 2013, US Fire recognized the requirement that a blanket policy could only be offered to an association covering members or participants as defined by reference to specified hazards incident to the activities or operations sponsored or supervised by the policyholders. As such, US FIRE filed its new Group Accident product to request approval to issue group accident only coverage direct to eligible groups including associations on a 24-hour basis. While that filing process was ongoing, so as to not deprive any existing policy/certificate holders, we allowed that existing coverage to continue in place. Upon disapproval in Utah of the Group Accident product, US Fire implemented a plan to transition and cease offering Blanket Accident coverage to the groups named below [herein above]. We no longer write new Blanket Accident business in Utah through any of the named associations.

7. Respondent does not currently have health insurance association business in Utah.

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

CONCLUSIONS OF LAW

1. Utah Code Section 31A-21-201(1) (a) and (2) requires an insurer to file policy

forms and assure the Department that those filed forms are in compliance with applicable Utah laws and rules. Respondent incorrectly used filed policy forms by inadvertently issuing policies in a manner inconsistent with the forms filed under SERFF Filing # CRUM-125208218. The policies were not issued in compliance with 31A-22-701(3)(d)(viii), which allows an association to issue blanket coverage to an association, covering a group of members or participants as defined by reference to specified hazards incident to the activities or operations sponsored or supervised by the policyholder (association).

2. For eight associations, Respondent incorrectly completed a Utah Accident and Health Insurance Group Questionnaire as required by Utah Code Section 31A-22-701. (as in effect July 1, 2007 and, as in effect January 1, 2011, and pursuant to Utah Administrative Code R590-220-6, as in effect July 1, 2007)

3. Respondent violated Utah Administrative Code R590-220-6 when it submitted a, Utah Accident and Health Insurance Filing Certification under SERFF Filing # CRUM-125208218, certifying compliance and stating that the filing was intended for blanket insurance coverage. While the Certification was accurate as it relates to US Fire's blanket group, this was an incorrect certification made by Respondent that it would issue insurance coverage in compliance with Section 31A-22-701(2)(h) as it relates to the association groups.

4. Utah Code Section 31A-22-716 requires every policy for a group or blanket accident and health coverage issued or renewed after July 1, 1990, to include a provision that obligated the policyholder to give 30 days prior written notice of termination to each employee or group member and to notify each of the right to continue coverage upon termination. Because Respondent failed to provide notices to the eight associations noted previously, it violated this statute.

5. Utah Code Section 31A-23a-402 addresses unfair marketing practices.

A licensee under this title may not make or cause to be made any communication that contains false or misleading information relating to an insurance product or contract. Respondent violated this statute by failing to supervise the associations and the manner in which the insurance aspect of the association membership was marketed, as well as the incorrect and incomplete information given to consumer.

6. Utah Code § 31A-23a-103 prohibits a person from utilizing the services of another as a producer if that person knows or should know that the other person does not have a license as required by law. Respondent violated this statute when it used two (two) unlicensed producers.

7. Utah Code Section 31A-23a-115 requires an insurer appoint an individual or agency in order for that licensee to conduct business on the insurer's behalf in this state. Respondent violated this statute when it used two (2) un-appointed producers.

8. An administrative forfeiture in the amount of \$172,250.00, as agreed to by the parties, is appropriate under the circumstances.

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

IT IS HEREBY ORDERED:

1. Respondent United States Fire Insurance Company is hereby assessed an administrative forfeiture in the amount of \$172,250.00.

2. The assessed forfeiture shall be paid to the Department within thirty (30) days of the signing date of this Order.

3. Respondent shall commit no further violations of the statutes and rules referenced in this Order.

DATED this 25th day of August, 2016.

TODD E. KISER
Insurance Commissioner

/s/ Brett J. Barratt
Brett Barratt, J.D.
Deputy Insurance Commissioner
Presiding Officer

NOTIFICATION TO RESPONDENT

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeitures of up to \$5,000 per violation and the suspension or revocation of your license and the filing of an action in district court, which may impose forfeitures of up to \$10,000 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.