

GARY D. JOSEPHSON #5299  
Assistant Attorney General  
SEAN D. REYES #7969  
Attorney General  
Attorneys for Utah Insurance Department  
PO Box 140874  
Salt Lake City, UT 84114-0874  
Telephone: 801-366-0375  
Email: [gjosephson@utah.gov](mailto:gjosephson@utah.gov)

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

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| <p>UTAH INSURANCE DEPARTMENT,</p> <p style="text-align: center;">Complainant,</p> <p>v.</p> <p>UNITED STATES FIRE INSURANCE<br/>COMPANY<br/>5 Christopher Way, Third Floor<br/>Eatontown, NJ 17724<br/>License No. 9233</p> <p style="text-align: center;">Respondent.</p> | <p><b>STIPULATION AND ORDER</b></p><br><p>Docket No. 2017-065 HL<br/>Enf. Case No. 3915</p><br><p>Lisa Watts Baskin, J.D.<br/>Administrative Law Judge</p> |
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**STIPULATION**

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

1. Respondent insurance agency is an active insurer licensed in the State of Utah under License No. 9233. Respondent’s license type is Property and Casualty, Accident and Health. Respondents’ business address is 5 Christopher Way, Third Floor, Eatontown, NJ 17724.
2. The Department has jurisdiction over the parties and this subject matter.

3. Respondent acknowledges notice of agency action pursuant to Utah Code Section 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 aware of its right to be represented by legal counsel in this matter, and has either sought the advice of legal counsel or has waived the right to do so.

5. This signed Stipulation and the signed Order, 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.

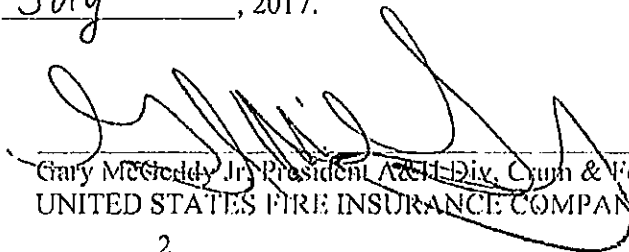
7. The issuance of the signed and adopted Order proposed below is solely for the purpose of disposing of the specific matter entitled herein.

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 10 day of July, 2017.

  
Gary McCleddy, Jr. President, Adm. Div. Cunn & Foster  
UNITED STATES FIRE INSURANCE COMPANY

Dated this 10<sup>th</sup> day of July, 2017

  
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Gary D. Josephson, Assistant Attorney General  
UTAH INSURANCE DEPARTMENT

Based upon the foregoing Stipulation and Department file, the Administrative Law Judge makes the following Findings of Fact:

**FINDINGS OF FACT**

1. During a recent investigation, the Department reviewed Respondent's rate and form filings and discovered that Respondent had not filed a small employer stop loss policy since 2006. Major updates/changes to the small employer stop loss State insurance laws were made in 2013. These updates required Respondent to make changes to their rates, forms, and filing practices, which Respondent failed to do.

2. Respondent also failed to submit their Annual Actuarial Memorandum and Certification for the years 2014, 2015, and 2016. Respondent has used unfiled and non-compliant policy provisions in their rate and form filings by violating the laws regarding contract period, and failing to issue coverage to an employer that included an aggregate attachment point. Respondent also failed to use correct exclusions and limitations.

3. Respondent issued small employer stop-loss contracts with contract periods that did not comply with Utah law. Respondent was required to pay claims during the 12 month contract period and during the 12 months after the contract expiration. It issued contracts without these provisions.

4. The above referenced actions or inactions by Respondent, resulted in the Department having incomplete and inaccurate information.

5. Upon being notified of the violations, Respondent timely filed the appropriate forms.

6. The Department has recommended and Respondent has agreed to an administrative forfeiture in the amount of \$67,500.00 to be paid by Respondent.

Based upon the foregoing Stipulation and Findings of Fact, the Administrative Law Judge enters the following Conclusions of Law:

#### **CONCLUSIONS OF LAW**

1. Respondent violated Utah Code § 31A-21-201 by using unfiled rates and forms for the period 2006 through April 2016.

2. Utah Code § 31A-43-302 and Utah Admin. Code R590-268-8 require an annual Actuarial Memorandum and Certification. Respondent failed to file these for the calendar years 2014, 2015, and 2016.

3. Respondent issued small employer stop-loss contracts with contract periods that did not comply with Utah Code § 31A-43-301(1)(g).

4. Utah Code § 31A-43-301(1)(f) was also violated when Respondent issued small employer stop-loss contracts that failed to include aggregate attachment points as required.

5. Respondent included limitations and exclusions in its contracts that did not align with the employer's health benefit plans as required by Utah Code § 31A-43-301(1)(d).

6. Respondent violated Utah Code § 31A-2-202 when it provided inaccurate and incomplete information concerning all small employer stop loss contracts issued between July, 2013 and February, 2016.

7. An Administrative forfeiture in the amount of \$67,500.00 is appropriate under the circumstances.


Based on the foregoing Findings and Fact and Conclusions of Law, the Administrative Law Judge enters the following Order:

**ORDER**

1. Respondent is hereby ordered to pay an administrative forfeiture in the amount of \$67,500.00 to the Department within thirty days of the signing date of this Order.

DATED this 12<sup>th</sup> day of July, 2017.

TODD E. KISER  
Insurance Commissioner

  
LISA WATTS BASKIN J.D.  
Administrative Law Judge  
Utah Insurance Department

**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.