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By Admin Hearings, Ins Dept at 10:43 am, Oct 31, 2022

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:

UNIFIED LIFE INSURANCE COMPANY  
PO Box 25326  
Overland Park, KS 66213

Respondent.

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VIOLATIONS:

40 P.S. § 310.11(2) and (20)

Docket No. CO22-10-014

CONSENT ORDER

AND NOW, this 31st day of October, 2022, this Order is hereby issued by the Insurance Department of Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

### FINDINGS OF FACT

3. The Pennsylvania Insurance Department (“Department”) finds true and correct each of the following Findings of Fact:

- (a) Respondent is Unified Life Insurance Company and maintains a record of its address with the Pennsylvania Insurance Department as PO Box 25326, Overland Park, KS 66213.
- (b) Respondent at all times relevant hereto, has held a certificate of authority to operate as an insurance company in Pennsylvania.
- (c) Respondent, on June 24, 2021, entered into a Consent Order with the Department resulting in a civil penalty of \$50,000.00 for selling 112 unapproved products through the National Congress of Employers (NCE) Association, which is an association outside Pennsylvania. The order also required the respondent to cease and desist from engaging in these activities.
- (d) Respondent, from June 16, 2021, and May 31, 2022, sold 768 Group Accident and Sickness Hospital Indemnity Insurance policies to individual members of the NCE.
- (e) Respondent did not file documentation with the Department demonstrating NCE’s compliance with 40 P.S. § 756.2(f)(3), which sets forth requirements for out-of-state associations to offer insurance

products in Pennsylvania and which sets forth certain exemptions if the requirements are satisfied.

- (f) Respondent did not demonstrate that the individual members of NCE that were issued the Group Accident and Sickness Hospital Indemnity Insurance policies meet the aggregation rule for employers set forth in 42 § U.S.C. §§ 300gg-91(e)(6) and 18024(b)(4)(A).
- (g) Respondent did not file the forms or rates for its Group Accident and Sickness Hospital Indemnity Insurance policies prior to offering the product to individuals in Pennsylvania through the NCE.
- (h) Respondent's continued sale of the products identified in finding(s) (d-g) constitute a violation of the previously executed Department Consent Order identified in finding (c).

#### CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) 40 P.S. § 310.11(2) prohibits a licensee or an applicant from violating the insurance laws or regulations of this Commonwealth or a subpoena or order of the commissioner or of another state's insurance commissioner.
- (c) Respondent's activities described above in paragraphs 3(d) through 3(h) violate 40 P.S. § 310.11(2).
- (d) 40 P.S. § 310.11(20) prohibits a licensee or an applicant from demonstrating a lack of general fitness, competence or reliability sufficient to satisfy the Department that the licensee is worthy of licensure.
- (e) Respondent's activities described in paragraphs 3(d) through 3(h) violate 40 P.S. § 310.11(20).
- (f) Respondent's violations of 40 P.S. § 310.11(2) and (20) are punishable by the following, under 40 P.S. § 310.91:
  - (i) suspension, revocation or refusal to issue the license;
  - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;
  - (iii) an order to cease and desist; and
  - (iv) any other conditions as the Commissioner deems appropriate.

(g) 40 P.S. § 3801.303(a) makes it unlawful for an insurance company doing business in Pennsylvania to offer any policy, contract, or certificate covering health and/or accident insurance without the forms for the policy, contract, or certificate being filed for review by the Department. The forms for the limited benefit product offered by Respondent were not exempted from form filing under § 3801.303(b). *See* Notice 2018-10, 48 Pa. B. 7282 (Nov. 17, 2018).

(h) Respondent's activities described in paragraphs 3(d) through 3(g) constitute offering policies, contracts, or certificates in Pennsylvania that had not been filed for review, in violation of 40 P.S. § 3801.303.

(i) 40 P.S. § 756.2 requires an insurer to file with the Department documentation demonstrating that an association through which the insurer is seeking to offer accident and health policies, contracts, or certificates, meets certain criteria, including that the association is being maintained for purposes other than offering insurance.

(j) Respondent's activities described in paragraphs 3(e) constitute a violation of 40 P.S. § 756.2.

(k) Respondent's violations of 40 P.S. § 756.2 are punishable by the following, under 40 P.S. § 763:

(i) A misdemeanor, and, upon conviction thereof, a fine not exceeding three hundred dollars (\$300.00) for each offense;

(ii) License revocation;

(iii) Imposition of a civil penalty not to exceed one thousand dollars (\$1,000.00) for every violation of the Act.

(l) Respondent's violations of 40 P.S. § 3801.303 are punishable by the following, under 40 P.S. § 3801.313(a), which shall not exceed \$500,000.00 in aggregate during a single calendar year:

(i) Suspension or revocation of the license of the offending insurer or other person.

(ii) Refusal, for a period not to exceed one year, to issue a new license to the offending insurer or other person.

(iii) A fine of not more than \$5,000 for each violation of this chapter.

(iv) A fine of not more than \$10,000 for each willful violation of this chapter.

#### ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

(a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

- (b) Respondent shall pay a civil penalty of two hundred fifty thousand dollars (\$250,000.00) to the Commonwealth of Pennsylvania. Payment of this penalty shall be made by certified check or money order, payable to the Commonwealth of Pennsylvania. Payment should be directed to the Pennsylvania Insurance Department, Bureau of Licensing and Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than fourteen (14) days after the date of the Consent Order.
- (c) If Respondent should ever become licensed in the future, its licenses may be immediately suspended by the Department following its investigation and determination that (i) any terms of this Order have not been complied with, or (ii) any complaint against Respondent is accurate and a statute or regulation has been violated. The Department's right to act under this section is limited to a period of ten (10) years from the date of issuance of such licenses.
- (d) Respondent specifically waives its right to prior notice of said suspension, but will be entitled to a hearing upon written request received by the Department no later than thirty (30) days after the date the Department mailed to Respondent by certified mail, return receipt requested, notification of said suspension, which hearing shall be scheduled for a date within sixty (60) days of the Department's receipt of Respondent's written request.

- (e) At the hearing referred to in paragraph 5(d) of this Order, Respondent shall have the burden of demonstrating that it is worthy of an insurance license.
- (f) In the event Respondent's licenses are suspended pursuant to paragraph 5(c) above, and Respondent either fails to request a hearing within thirty (30) days or at the hearing fails to demonstrate that it is worthy of a license, Respondent's suspended licenses shall be revoked.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provisions of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Insurance Department finds there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.




9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.


10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegate is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or duly authorized delegate.

BY: UNIFIED LIFE INSURANCE COMPANY,  
Respondent

  
\_\_\_\_\_  
President/Vice President      SVP & CFO

\_\_\_\_\_  
Secretary/Treasurer

  
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COMMONWEALTH OF PENNSYLVANIA  
By: DAVID J. BUONO JR.  
Deputy Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:           The Act of April 9, 1929, P.L. 177, No. 175, known as The  
Administrative Code of 1929

AND NOW, this \_\_31<sup>st</sup>\_\_ day of \_\_March\_\_\_\_, 2022, David J. Buono, Jr.,  
Deputy Insurance Commissioner, is hereby designated as the Commissioner's duly  
authorized representative for purposes of entering in and executing Consent Orders. This  
delegation of authority shall continue in effect until otherwise terminated by a later Order  
of the Insurance Commissioner.

  
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Michael Humphreys  
Acting Insurance Commissioner

