

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE,
MONTANA STATE AUDITOR**

STATE OF MONTANA,)	CASE NO. INS-2014-293
)	
Plaintiff,)	
vs.)	CONSENT AGREEMENT AND
)	FINAL ORDER
JOHN ALDEN LIFE INSURANCE)	
COMPANY, Montana Certificate of Authority)	
#4687; TIME INSURANCE COMPANY,)	
Montana Certificate of Authority, # 4132;)	
Respondents.)	
)	
)	
)	
)	

This Consent Agreement and Final Order (Agreement) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101 et seq. (Code), and John Alden Life Insurance Company and Time Insurance Company (collectively marketed as “Assurant Health”).

RECITALS

WHEREAS, Respondent John Alden Life Insurance Company is a Montana licensed insurer, Certificate of Authority # 4687, with a home office in Milwaukee, Wisconsin and is a wholly owned subsidiary of Assurant, Inc.;

WHEREAS, Respondent Time Insurance Company is a Montana licensed insurer, Certificate of Authority #4132, with a home office in Milwaukee, Wisconsin and is a wholly owned subsidiary of Assurant, Inc.;

WHEREAS, Respondents offered a 10% premium reduction, called a “healthy discount,” to individual major medical policyholders who had \$500.00 or less in total claims in the previous year and who completed and returned the “healthy discount” questionnaire;

WHEREAS, the CSI alleged Respondents violated § 33-22-243 when they offered a “healthy discount” to individual major medical policyholders who had \$500.00 or less in total claims in the previous year and who completed and returned the “healthy discount” questionnaire; and

WHEREAS, the CSI and Respondents agree that the best interests of the public would be served by entering into this Agreement;

NOW, THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the CSI and Respondents hereby agree to settle this matter pursuant to the following terms and conditions:

STIPULATIONS AND CONSENTS

1. Respondents stipulate and agree as follows:

A. Neither admit nor deny the allegations set forth above.

B. Respondents shall pay a fine in the amount of \$25,000 within 10 business days of the execution of this Agreement. This fine must be made payable to the State of Montana and sent to the Office of the Commissioner of Securities and Insurance, Montana State Auditor, c/o Brett O’Neil, 840 Helena Avenue, Helena, MT 59601.

C. Respondents shall refund individual major medical policyholders to whom the “healthy discount” was made available, but who did not receive a “healthy discount” premium reduction, and who had renewal dates that occurred on or after January 1, 2013 to present. The total refund due to the estimated 1,600 policies is approximately \$1,406,254.00, with 10% statutory interest totaling an approximate \$268,455.00, for an approximate grand total of

\$1,674,709.00.

D. Prior to entering this Agreement, Respondents submitted a Corrective Action Plan with the CSI. A part of that plan includes a schedule by which Respondents shall issue all applicable refunds upon the end of 2015 to all impacted policyholders.

E. Respondents shall make diligent efforts to contact affected policyholders who were no longer on Respondents' book of business as of January 1, 2015 ("Eligible Termed Policyholders"). Respondents' efforts shall include contacting those persons at their last known mailing address via a letter, which will provide such policyholders thirty (30) days to respond ("Policyholder Response Period") in order to receive the applicable refund. If such letter is returned to Respondents, Respondents shall make a diligent search to locate an additional address for such policyholder. Thirty days after the completion of the Policyholder Response Period, Respondents shall submit a final list of unfound persons to the CSI. The CSI will then attempt to locate those persons, and will have 60 days to do so. After these 120 days have passed, those persons will be considered outside the scope of this Agreement. A final copy of the total amount will be provided to the CSI by January 31, 2016.

F. Respondents have determined to exit the individual health insurance market prior to July 1, 2015, and shall do so in accordance with § 33-22-247(4)(a). Such a decision does not obviate any other obligation under this Agreement including, but not limited to, any fines or restitution owed by any party to this Agreement.

G. Respondents shall comply with the terms and conditions of this Agreement, the Code, and all other regulations of the state of Montana.

H. With respect to the Recitals, Respondents specifically and affirmatively waive a contested case hearing and any rights to appeal under the Montana Administrative Procedure Act, Mont. Code Ann. § 2-4-101 et seq. (MAPA). They elect to resolve this matter on the terms

and conditions set forth therein.

I. Respondents acknowledge and enter into this Agreement voluntarily and without reservation.

J. Respondents fully and forever release and discharge the CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Recitals.

2. All parties to this Agreement stipulate and agree as follows:

A. The CSI warrants and represents that so long as Respondents adhere to the terms of this Agreement, the CSI will not bring any further action against Respondents arising from facts known to the CSI, and related to the Allegations as set forth above, as of the date of the Agreement.

B. This Agreement is entered without adjudication of any issue, law, or fact. It is entered solely for the purpose of resolving the matter described in the Recitals and is not intended to be used for any other purpose. For any person or entity not a party to this Agreement, this Agreement does not alter, limit, or create any private rights or remedies against the parties.

C. This Agreement constitutes the entire agreement between the parties on this matter. No other promises or agreements, either express or implied, have been made between the CSI, or any member, officer, agent, or representative of the CSI, and Respondents related to this matter.

D. This Agreement may not be modified orally. Any subsequent modifications to this Agreement must be in a mutually-agreed writing with the same formality as this Agreement.

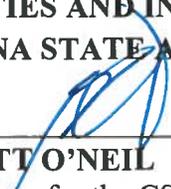
E. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner).

F. This Agreement shall be effective upon signing of the Final Order.

G. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 6th day of July, 2015.

**OFFICE OF THE COMMISSIONER OF
SECURITIES AND INSURANCE,
MONTANA STATE AUDITOR**

By: 
BRETT O'NEIL
Attorney for the CSI

DATED this 30 day of June, 2015.

**JOHN ALDEN LIFE INSURANCE
COMPANY, and TIME INSURANCE
COMPANY**

By: 
JULIA M. HIX
Vice President Regulatory Compliance
& Assurant Health Compliance Officer

CORRECTIVE ACTION PLAN

CONSENT AGREEMENT AND FINAL ORDER REFERENCE	DESCRIPTION	ASSURANT HEALTH (AH) DELIVERABLE TO COMMISSIONER OF SECURITIES AND INSURANCE (CSI)	DATE	COMMISSIONER OF SECURITIES AND INSURANCE (CSI) DELIVERABLE TO ASSURANT HEALTH (AH)	DATE
1.B.	Fine payment	10 business days from execution of Agreement	TBD	N/A	N/A
1.E.	Contact Eligible Termined Policyholders	Provide Draft Notice to Eligible Termined Policyholders for CSI Review	7/15/2015	CSI provides approval for use	7/17/2015
		Mail Notice to Eligible Termined Policyholders	7/31/2015	N/A	N/A
1.C	Issue Refunds	Provide Returned Mail/Not Found list of Eligible Termined Policyholders to CSI	9/1/2015	CSI provides results of not found eligible policyholder location efforts	11/2/2015
		Submit Draft Refund Letter to CSI for approval	11/15/2015	CSI approves letter and provides CSI letter to be included with refunds	12/1/2015
		AH calculates refund amount plus interest for refund recipients	1/15/2016	N/A	N/A
		Refunds mailed	1/31/2016	N/A	N/A
1.E.	Final Disposition	Provide CSI with final refund listing	1/31/2016	N/A	N/A

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. §§ 2-4-603 and 33-1-101 et seq., and upon reviewing the forgoing Consent Agreement and good cause appearing,

IT IS HEREBY ORDERED that the forgoing Consent Agreement between the Office of the Commissioner of Securities and Insurance, Montana State Auditor, and Respondents, John Alden Life Insurance Company and Time Life Insurance Company, is adopted as set forth fully herein.

DATED this 6th day of July, 2015.



MONICA J. LINDEEN
Commissioner of Securities and Insurance,
Montana State Auditor

cc: Brett O'Neil
Julia M. Hix