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MARYLAND INSURANCE COMMISSIONER  
200 ST. PAUL PLACE, SUITE 2700  
BALTIMORE, MARYLAND 21202

MARYLAND INSURANCE  
ADMINISTRATION

V.

National Union Fire Insurance Company  
of Pittsburgh, PA (NAIC #19445)  
175 Water Street  
New York, NY 10038

CASE NO.: MIA-2015- 03-001

\* \* \* \* \*

CONSENT ORDER

This Consent Order ("Order") is entered into by the Maryland Insurance Commissioner ("Commissioner") and National Union Fire Insurance Company of Pittsburgh, Pa. ("Respondent") pursuant to §§ 2-108 and 2-204 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.) ("Insurance Article"), to resolve the matter before the Maryland Insurance Administration ("Administration").

**Findings**

1. At all times relevant to this Order, Respondent has held and currently holds a certificate of authority from the Administration to operate in the State as an insurer.
2. The Administration conducted an investigation (MCLH-148-2014-I) into the student health policies offered by the Respondent.
3. Beginning January 1, 2014, all student health plans were subject to the individual requirements of the Affordable Care Act as provided by 45 CFR §147.145. Respondent submitted a form filing to the Administration on April 14, 2014 under SERFF tracking number AGNY-129496480. The Administration sent comment letters to the Respondent regarding the filing on May 15, 2014. The Respondent did not send

responses to those comment letters until August 15, 2014. As of the date of this Order, the rate and form filing for the student health plan is still under review by the Administration and has not yet been approved.

4. An investigation letter regarding the status of the student health plans was sent by the Administration on October 20, 2014, to which the Respondent replied on November 10, 2014, informing the Administration that a student health policy had been sold to one Maryland college with an effective date of August 15, 2014.

5. Respondent sold a policy that had not been approved by the Administration for plan year 2014-2015.

#### **Conclusions of Law**

6. Based on the results of the investigation, the Administration concluded that the Respondent violated §11-603(a) and 12-203(b) of the Insurance Article.

7. Section 11-603(a) provides in pertinent part:

(a) A carrier subject to this subtitle may not charge a premium to a contract holder or to an individual covered under a health benefit plan before the applicable premium rate is filed with and approved by the Commissioner.

8. Section 12-203(b) provides in pertinent part:

(b) (1) A form subject to this section may not be delivered or issued for delivery in the State, unless the form has been filed with and approved by the Commissioner.

(2) An individual certificate may not be used in connection with a group or blanket insurance policy or group annuity contract unless the form for the certificate has been filed with and approved by the Commissioner.

#### **Order**

**WHEREFORE**, for the reasons set forth above, it is **ORDERED** by the Commissioner and consented to by Respondent, that

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A. The Respondent shall pay an administrative penalty to the State of Maryland for the violations stated herein in the amount of twenty thousand dollars (\$20,000.00) contemporaneously with the Respondent's execution of this Order. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number or name. Unpaid penalties will be referred to the Central Collection Unit for collections.

B. The Respondent shall keep the student health plan in force and pay all claims resulting from the student health plan in accordance with all federal and state laws and regulations regarding essential health benefits applicable to the individual market in Maryland.

C. The Respondent shall not sell or renew the student health policy until forms and rates have been approved by the Administration.

D. The Respondent agrees that no amounts paid pursuant to Paragraph A of this Order shall be included in or recoverable as expenses in any rate filing filed with the Administration or any other regulatory authority.

#### **Other Provisions**

E. The executed Order and any administrative penalty shall be sent to the attention of: Victoria August, Associate Commissioner, Compliance & Enforcement Unit, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202. The check shall include the market conduct investigation number of MCLH-148-2014-I.

F. For the purposes of the Administration and for any subsequent administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by

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governmental agencies, this Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Order.

G. The parties acknowledge that this Order resolves all matters relating to the factual assertions and agreements contained herein and are to be used solely for the purposes of this proceeding brought by or on behalf of the Administration. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action for violations not specifically identified in this Order, including, but not limited to, specific consumer complaints received by the Administration, nor shall anything herein be deemed a waiver of the right of the Respondent to contest other proceedings by the Administration. This Order shall not be construed to resolve or preclude any potential or pending civil, administrative, or criminal action or prosecution by any other person, entity or governmental authority, including, but not limited to, the Insurance Fraud Division of the Administration, regarding any conduct by Respondent including the conduct that is the subject of this Order.

H. Respondent has had the opportunity to have this Order reviewed by legal counsel of its choosing, and is aware of the benefits gained and obligations incurred by the execution of the Order. Respondent waives any and all rights to any hearing or judicial review of this Order to which it would otherwise be entitled under the Insurance Article with respect to any of the determinations made or actions ordered by this Order.

I. This Order contains the entire agreement between the parties relating to the administrative actions addressed herein. This Order supersedes any and all earlier agreements or negotiations, whether oral or written. All time frames set forth in this

Order may be amended or modified only by subsequent written agreement of the parties.

J. This Order shall be effective upon signing by the Commissioner or his designee, and is a Final Order of the Commissioner under § 2-204 of the Insurance Article.

K. Failure to comply with the terms of this Order may subject Respondent to further legal and/or administrative action.

ALFRED W. REDMER, JR.  
Insurance Commissioner

*Signature on original*

By:   
Victoria August  
Associate Commissioner  
Compliance & Enforcement

Date: 3/2/15

**RESPONDENT'S CONSENT**

RESPONDENT hereby CONSENTS to the representations made in, and to the terms of, the above Consent Order. On behalf of Respondent, the undersigned hereby affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and does, in fact, have the authority to bind Respondent to the obligations stated herein resolving Investigation number MCLH-148-2014-I.

Name: BERNARD GAULLEY

Signature: *Signature on original*

Title: ASSISTANT VICE PRESIDENT

Date: FEBRUARY 19, 2015