

**BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS**

<b>In the Matter of</b>	)	
<b>UNITED STATES FIRE</b>	)	<b>Docket No. 4875-CO</b>
<b>INSURANCE COMPANY</b>	)	
<b>NAIC # 21113</b>	)	

**CONSENT AGREEMENT AND FINAL ORDER**  
**(Pursuant to K.S.A. 40-222 and K.S.A. 77-537)**

Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Ken Selzer, CPA, the duly elected, qualified and serving Commissioner of Insurance hereby adopts the Kansas Insurance Department’s agreement made with United States Fire Insurance Company (hereinafter “United States Fire”) and finds and Orders as follows:

**Stipulated Findings of Fact**

The parties stipulate that if a hearing were conducted in this matter, the following evidence could be adduced by the Commissioner, and although neither admitted nor denied by Respondent, it would be recognized as admissible to show the following:

1. United States Fire is domiciled in Delaware and has been authorized to issue insurance in Kansas since 1916.
2. The Kansas Insurance Department (“KID”) completed a review of the business of United States Fire and its arrangement with MedSense Guaranteed Association (“MSGA”).
3. United States Fire sold group accident only insurance policies (“Policies”) to MSGA, a Delaware corporation.
4. The policies were issued in Delaware and intended to cover MSGA members in a number of states.

5. United States Fire provided coverage under the policies to new MSGA members who purchased a membership package that included such coverage. As of March 1, 2016 there were 568 active Kansas certificate holders under the MSGA group policy.
6. There was no method of joining MSGA without the purchase of insurance products.
7. United States Fire indicated to KID that the foregoing is contrary to its approved practices.
8. MSGA's membership program, including insurance enrollment, was administered by Health Insurance Innovations, Inc. ("HII").
9. In March of 2016, KID contacted United States Fire about MSGA, indicating that it was not an eligible group under Kansas law as it did not appear to be organized and maintained for purposes other than sale of insurance.
10. United States Fire made the decision on March 14, 2016 to cease issuing certificates in Kansas with MSGA association memberships and notified HII and MSGA of such.

#### Applicable Law

11. K.S.A. 40-2209(f)(5) provides:

(f) Group accident and health insurance may be offered to a group under the following basis:

(5) A policy issued to an association which has been organized and is maintained for the purposes other than that of obtaining insurance, insuring at least 25 members, employees, or employees of members of the association for the benefit of persons other than the association or its officers. The term "employees" shall include retired employees. The premiums for the policies shall be paid by the policyholder, either wholly from association funds, or funds contributed by the members of such association or by employees of such members or any combination thereof.

12. K.S.A. 40-433 provides, in part:

No policy of group life shall be delivered unless it conforms to one of the following descriptions:

\* \* \*

(5) A policy issued to an association which has been organized and is maintained for purposes other than that of obtaining insurance, insuring at least 25 members, employees, or employees of members of the association for the benefit of persons other than the association or its officers. The term "employees" as used herein shall be deemed to include retired employees. The premiums for the policies shall be paid by the policyholder, either wholly from association funds, or funds contributed by the members of such association or by employees of such members or any combination thereof. The amounts of insurance under the policy shall be based upon some plan precluding individual selection either by the insured person or by the association or by the member.

#### Conclusions of Law

Based on the Findings of Fact enumerated in Paragraphs #1 through #11 and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**

13. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
14. MSGA was not eligible as an association group policyholder under K.S.A. 40-2209(f)(5) in that there was no method to join MSGA without the purchase of insurance products.
15. United States Fire neither admits nor denies the violations noted above.

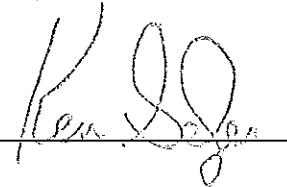
#### Orders

Based on the Findings of Fact, Applicable and conclusions cited above, **IT IS ORDERED BY THE COMMISSIONER OF INSURANCE:**

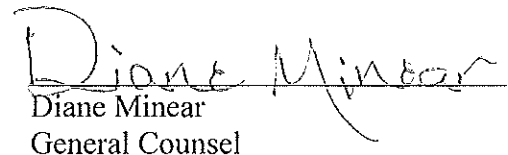
1. United States Fire shall pay a monetary penalty of \$ 1,000 for the above state violations of K.S.A. 40-2209(f)(5) by issuing a group policy to an invalid group.
2. The Commissioner shall retain jurisdiction over this matter to issue any orders deemed necessary.

IT IS SO ORDERED THIS 29<sup>th</sup> DAY OF June, 2016, IN THE CITY OF TOPEKA, STATE OF KANSAS.



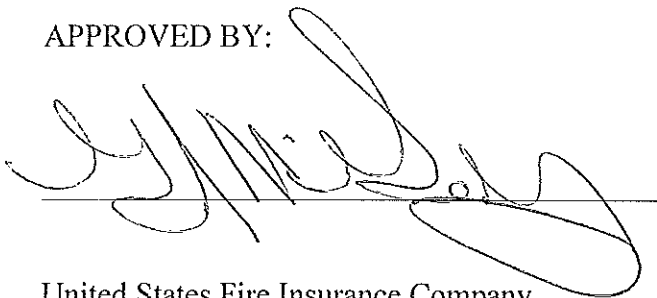


Ken Selzer



Diane Minear  
General Counsel

APPROVED BY:



United States Fire Insurance Company  
305 Madison Avenue  
Morristown, NJ 07962

Certificate of Service

The undersigned hereby certifies that he served a true and correct copy of the above and foregoing Consent Order on this 30<sup>th</sup> day of June, 2016, by causing the same to be placed in the United States Mail, first class postage prepaid, addressed to the following:

United States Fire Insurance Company  
305 Madison Avenue  
Morristown, NJ 07962

A handwritten signature in cursive script, appearing to read "J. P. Dowd", written over a horizontal line.

Staff Attorney