

**FINAL ORDER**  
DATE: 1-19-17

BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS

In the Matter of )  
STARR INDEMNITY & ) Docket No.: 4938-CO  
LIABILITY COMPANY )  
NAIC # 38318 )

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

The Kansas Insurance Department (“KID”) and Starr Indemnity & Liability Company (“Starr Indemnity”) submit this Consent Agreement and Final Order. Starr Indemnity hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501 *et seq.* 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 KID’s agreement made with Starr Indemnity 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 offered by the Commissioner, and although neither admitted nor denied by Respondent, would be recognized as admissible to show the following:

1. Starr Indemnity is domiciled in Texas and has been authorized to issue insurance in Kansas since 1980.
2. The Kansas Insurance Department (“KID”) completed a review of the business of Starr Indemnity and its arrangements with AmeriBenefit Plan Association (“AmeriBenefit”) and United Service Association for HealthCare (“USAHC”).
3. Starr Indemnity sold a group accident policy to AmeriBenefit, a Delaware Corporation.

4. Starr Indemnity sold a group accident policy to USAHC, a Washington, D.C. Corporation.
5. Starr Indemnity provided certificates of coverage under the policies to Kansas residents who were new AmeriBenefit and USAHC members.
6. Starr Indemnity filed the certificates "for information only" in Kansas under both associations, but did not file individual forms for the product.
7. As of June 22, 2016 there were 26 active Kansas certificate holders under the AmeriBenefit group policy.
8. As of June 22, 2016 there were 838 active Kansas certificate holders under the USAHC group policy.
9. Both AmeriBenefit and USAHC's membership programs, including insurance enrollment, were administered by AmWINS Group Benefits and Homeland Healthcare, agencies doing business in Texas.
10. KID concluded that there was no demonstrated method of joining AmeriBenefit or USAHC without the purchase of insurance products.
11. On August 17, 2016, KID contacted Starr Indemnity about AmeriBenefit and USAHC, indicating that they were not eligible groups under Kansas law as they did not appear to be organized and maintained for purposes other than the sale of insurance.
12. Starr Indemnity does not have filed individual policies over which to move existing certificate holders.
13. On October 7, 2016, Starr Indemnity indicated that they voluntarily directed their brokers to cease issuing certificates to AmeriBenefit and USAHC members in Kansas, but those

certificates covering existing members would be maintained, but not renewed, to allow members to continue their existing coverage.

#### Applicable Law

1. 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.

2. K.S.A. 40-2215(a) provides:

(a) No individual policy of accident and sickness insurance as defined in K.S.A. 40-2201, and amendments thereto, shall be issued or delivered to any person in this state nor shall any application, rider or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto, have been filed with the commissioner of insurance.

#### Conclusions of Law

Based on the Findings of Fact enumerated in Paragraphs #1 through #13 and the applicable law cited above, **THE COMMISSIONER OF INSURANCE MAKES THE FOLLOWING ORDERS:**

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. It was concluded that AmeriBenefit was not eligible as an association group policyholder under K.S.A. 40-2209(f)(5) as there is no demonstrated method to join without the purchase of insurance products.
3. It was concluded that USAHC was not eligible as an association group policyholder under K.S.A. 40-2209(f)(5) as there is no demonstrated method to join without the purchase of insurance products.
4. The certificates issued to Kansas residents amount to individual insurance sales under K.S.A. 40-2215(a) as the association groups were found to have been improper.
5. Starr Indemnity 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. Starr Indemnity shall pay a monetary penalty of \$2,000 total, or \$1,000 per improper association contract issued, for the above stated violations of K.S.A. 40-2209(f)(5).
2. The Commissioner shall retain jurisdiction over this matter to issue any orders deemed necessary.

IT IS SO ORDERED THIS 12<sup>th</sup> DAY OF January, 2017, IN THE CITY  
OF TOPEKA, STATE OF KANSAS.



Ken Selzer

Ken Selzer

Diane Minear  
Diane Minear  
General Counsel

APPROVED BY:

Jeffrey Herman

Jeffrey Herman  
Vice President and Head, Global Accident & Health  
Starr Insurance Holdings, Inc.  
399 Park Avenue, 9<sup>th</sup> Floor  
New York, NY 10022

Certificate of Service

The undersigned hereby certifies that he served a true and correct copy of the above and foregoing Consent Order on this 12<sup>th</sup> day of January, 2017, by causing the same to be placed in the United States Mail, first class postage prepaid, addressed to the following:

Starr Indemnity & Liability Company  
399 Park Avenue, 8<sup>th</sup> Floor  
New York, NY 10022



Elizabeth J. Hickert Fike  
Staff Attorney