

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

**In the Matter of  
UNITED WORLD LIFE  
INSURANCE COMPANY  
NAIC # 72850**

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**Docket No. 72134-CO**

**CONSENT AGREEMENT AND FINAL ORDER  
(Pursuant to K.S.A. 40-2,125 and 77-537)**

The Kansas Insurance Department ("KID") and United World Life Insurance Company ("UWL") submit this Consent Agreement and Final Order. UWL 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. 40-2,125, Ken Selzer, CPA, the duly elected, qualified and serving Commissioner of Insurance, hereby adopts the KID's agreement made with UWL and finds and Orders as follows:

**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. UWL is domiciled in Nebraska and has been authorized to do business in Kansas since 1976.
2. In January 2018, policy examiners for KID discovered that UWL had not been marketing or accepting applications for Medicare Supplement policies. Examiners immediately contacted UWL to seek additional information.
3. As a result of KID's inquiry, UWL filed an informational notice in the System for Electronic Form Filing on February 7, 2018. The notice included an intent to withdraw from the

Medicare Supplement market, effective immediately. This notice did not reflect any past time in which policies were not actively being sold.

4. As a result of the informational notice, KID requested further information from UWL regarding the discontinuation, including relevant dates.
5. UWL responded that it had not recently marketed or sold any UWL Medicare Supplement products.
6. UWL also acknowledged instances where agents had refused to accept applications for UWL policies in favor of newer policies with affiliated companies, believing UWL policies had already been discontinued.
7. Company acknowledged redirecting marketing efforts away from UWL policies and toward affiliated company policies around October, 2015.
8. Company acknowledged UWL has not sold any new Medicare Supplement policies since October, 2015.

#### **Applicable Law**

1. K.A.R. 40-4-35 Section 15 E states:

E. (1) Except as provided in Paragraph (1)(a), an issuer shall continue to make available for purchase any policy form or certificate form issued after the effective date of this regulation Policy and Procedure that has been approved by the commissioner. A policy form or certificate form shall not be considered to be available for purchase unless the issuer has actively offered it for sale in the previous twelve (12) months.

(a) An issuer may discontinue the availability of a policy form or certificate form if the issuer provides to the commissioner in writing its decision at least thirty (30) days prior to discontinuing the availability of the form of the policy or certificate. After receipt of the notice by the commissioner, the issuer shall no longer offer for sale the policy form or certificate form in this state.

(b) An issuer that discontinues the availability of a policy form or certificate form pursuant to Subparagraph (a) shall not file for approval a new policy

form or certificate form of the same type for the same standard Medicare supplement benefit plan as the discontinued form for a period of five (5) years after the issuer provides notice to the commissioner of the discontinuance. The period of discontinuance may be reduced if the commissioner determines that a shorter period is appropriate.

2. K.S.A. 40-2255, states:

(a) This act shall apply to individual contracts covering hospital, medical or surgical expenses, providing long-term care coverage, and medicare supplement policies, which are issued, amended, delivered or renewed on or after the effective date of this act but shall not apply to any block of long-term care coverage or medicare supplement business already in force in Kansas on such effective date.

(b) As used in this act:

(1) "Block of business" means a particular individual policy form or contract providing hospital, medical or surgical expense, long-term care or medicare supplement coverage issued by a carrier to one or more individuals which includes distinct benefits, services and terms.

(2) "Closed block of business" means a block of business which a carrier ceases to actively offer or sell to new applicants.

(3) "Carrier" means any insurance company, nonprofit medical and hospital service corporation, municipal group-funded pool, fraternal benefit society or health maintenance organization, as these terms are defined by the Kansas Statutes Annotated, that offers any individual hospital, surgical or medical expense, long-term care or medicare supplement policy and which is authorized to do business in this state. "Carrier" does not include those entities identified above with respect to the sale or issuance of policies or certificates covering only accident, credit, dental, disability income, hospital indemnity, specified disease, vision care, coverage issued as a supplement to liability insurance, insurance arising out of a workers compensation or similar law, automobile medical payment insurance, or insurance under which benefits are payable with or without regard to fault and which is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.

(4) "Commissioner" means the commissioner of insurance.

(c) No block of business shall be closed by a carrier unless:

(1) The carrier provides written notice of the carrier's decision to close a block of business to each existing policyholder or contract holder affected and offers each policyholder or contract holder affected an opportunity to purchase a policy or contract from any block of business that is not closed and which provides comparable benefits, services and terms, with no additional underwriting requirement or waiting period. Each policyholder or contract holder affected by the carrier's decision to close a block of business shall be permitted to purchase such policy or contract during the 30-day period commencing on the day following the date of the written notice;

(2) the carrier pools the experience of the closed block of business with all appropriate blocks of business that are not closed for the purpose of determining the premium rate of any contract within the closed block, with no rate penalty or surcharge beyond that which reflects the experience of the combined pool; and

(3) if a carrier does not offer or sell any block of business which provides comparable benefits, services and terms comparable to the closed block of business, paragraphs (1) and (2) shall not apply. If a block of business providing benefits, services and terms comparable to the closed block of business becomes available within 24 months of the notice to the commissioner, such block shall be open to any contract holder in accordance with the provisions of paragraphs (1) and (2). The carrier shall provide notice to the commissioner in writing within 30 days of its decision to close a block of business or, in the absence of an actual decision to close a block of business, within 30 days of its determination that a block of business is within one of the presumptions set forth in subsection (d).

(d) Unless an insurer presents evidence satisfactory to the commissioner that such a presumption is or would be incorrect, a block of business shall be presumed closed if either of the following circumstances exist:

(1) There has been an overall reduction in that block of 12% in the number of in-force contracts for a period of 12 months; or

(2) that block has less than 500 in-force contracts in this state.

The presumption that applies in the circumstances of subsection (d)(2) shall not apply to a block of business initiated within the previous 24 months, but notification of that block of business shall be provided to the commissioner pursuant to subsection (e).

The fact that a block of business does not meet one of the presumptions set forth in this subsection shall not preclude a determination that it is closed as defined in paragraph (2) of subsection (b).

(e) A carrier shall notify the commissioner in writing within 30 days of its decision to close a block of business or, in the absence of an actual decision to close a block of business, within 30 days of its determination that a block of business is within one of the presumptions set forth in subsection (d). When the carrier decides to close a block of business, the written notice shall fully disclose all information required for compliance with subsection (c). When the carrier determines that a block of business is within a presumption of subsection (c), the written notice shall fully disclose all information required for compliance with a presumption of subsection (c). In the case of either notice, the carrier shall provide additional information within 15 business days after a request by the commissioner. This subsection shall not apply to a carrier which does not have available a block of business which provides comparable benefits, services and terms comparable to the closed block of business and which has complied with the notice requirements pursuant to subsection (c)(3).

(f) A carrier shall preserve for a period of not less than five years in an identified location which is readily accessible for review by the commissioner, all books and records relating to any action taken by a carrier pursuant to subsection (c).

(g) No carrier shall offer or sell any contract, or provide misleading information about the active or closed status of a block of business, for the purpose of evading this act.

3. K.S.A. 40-2,125 (b) states:

(b) If any person fails to file any report or other information with the commissioner as required by statute, or fails to respond to any proper inquiry of the commissioner, the commissioner, after notice and opportunity for hearing, may impose a civil penalty of up to \$1,000, for each violation of act, along with an additional penalty of up to \$500 for each week thereafter that such report or other information is not provided to the commissioner.

#### **Conclusions of Law and Orders**

Based on the Findings of Fact enumerated in Paragraphs #1 through #8 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. 40-2,125 and 40-2255, and shall maintain jurisdiction for any future proceedings or orders as deemed necessary.
2. UWL did not provide a timely notice of discontinuation of Medicare Supplement policies.

3. UWL shall pay a monetary penalty of \$30,000, as authorized in K.S.A. 40-2,125, for the above stated violations of Kansas Law.
4. UWL shall not file or offer for sale any Medicare Supplement insurance policies for a period of at least five years from the date of this order.
5. UWL neither admits nor denies the violations noted above.

IT IS SO ORDERED THIS 20<sup>th</sup> DAY OF AUGUST, 2018, IN THE CITY OF TOPEKA, STATE OF KANSAS.



*Diane Minear*  
Diane Minear  
General Counsel

APPROVED BY:

*Robert C. Corn*

Robert C. Corn  
Director, Regulatory Relations  
United World Life Insurance Company  
Mutual of Omaha Plaza  
Omaha, NE 68175

Certificate of Service

The undersigned hereby certifies that she served a true and correct copy of the above and foregoing **Consent Order** on this 30th day of August, 2018, by email addressed to the following:

Robert Corn  
United World Life Insurance Company  
Mutual of Omaha Plaza  
Omaha, NE 68175  
Bob.Corn@mutualofomaha.com

A handwritten signature in black ink, appearing to read "Elizabeth J. Hickert Fike". The signature is written in a cursive style with a horizontal line underneath the name.

Elizabeth J. Hickert Fike  
Attorney