

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

In the Matter of)
RENAISSANCE LIFE & HEALTH)
INSURANCE COMPANY OF)
AMERICA)
NAIC # 61700)

Docket No.: 75312-CO

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

The Kansas Insurance Department (“KID”) and Renaissance Life & Health Insurance Company of America (“Renaissance” or “Company”) submit this Consent Agreement and Final Order. Renaissance 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 of the Commissioner of Insurance in K.S.A. 40-222, the duly elected, qualified and serving Commissioner of Insurance (“Commissioner”), hereby adopts this agreement made with Renaissance and finds and Orders as follows:

Allegations

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

1. Renaissance is domiciled in Indianapolis, Indiana and has been authorized to do business in Kansas since 1953.
2. On March 22, 2018, KID initiated a Market Conduct inquiry into the Company’s use of associations.
3. Company sold products to Kansas residents through association groups that appear to exist solely for the sale of insurance, which would not represent valid groups under Kansas law.

4. Consumers were not adequately informed of purchasing both membership in the association as well as insurance coverage, and membership fees were not disclosed or itemized to the satisfaction of the Department.
5. Company records demonstrate that there were seven producers not appointed at the time of sale, including several instances where the internal spreadsheet did not align with the sales record.
6. Company records demonstrate that one producer was not licensed in Kansas yet sold products to 56 Kansas consumers.
7. Renaissance was provided a copy of the examiner's findings and responded with comments, which are reflected in this consent agreement.

Applicable Law

1. K.S.A. 40-222 (a) provides:

(a) Whenever the commissioner of insurance deems it necessary but at least once every five years, the commissioner may make, or direct to be made, a financial examination of any insurance company in the process of organization, or applying for admission or doing business in this state. In addition, at the commissioner's discretion the commissioner may make, or direct to be made, a market regulation examination of any insurance company doing business in this state.

2. K.S.A. 40-2,125 provides, in part:

(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:

- (1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such

person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation;

(2) suspension or revocation of the person's license or certificate if such person knew or reasonably should have known that such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder; or

(3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

...

3. K.S.A. 40-2209 provides, in part:

(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.

...

4. **K.S.A. 40-2404 Unfair methods of competition or unfair and deceptive acts or practices; title insurance agents, requirements; disclosure of nonpublic personal information; rules and regulations.** The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance: ...

(11) Misrepresentation in insurance applications. Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose

of obtaining a fee, commission, money or other benefit from any insurer, agent, broker or individual....

5. K.S.A. 40-2407 provides, in part:

(a) If, after such hearing, the commissioner shall determine that the person charged has engaged in an unfair method of competition or an unfair or deceptive act or practice, the commissioner shall render an order requiring such person to cease and desist from engaging in such method of competition, act or practice and if the act or practice is a violation of K.S.A. 40-2404, and amendments thereto, the commissioner may in the exercise of discretion order any one or more of the following:

(1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, but not to exceed an aggregate penalty of \$10,000, unless the person knew or reasonably should have known such person was in violation of this act, in which case the penalty shall be not more than \$5,000 for each and every act or violation, but not to exceed an aggregate of \$50,000 in any six-month period. ...

6. K.S.A. 40-4905 provide, in part:

(a) Subject to the provisions of K.S.A. 2018 Supp. 40-4904, and amendments thereto, it shall be unlawful for any person to sell, solicit or negotiate any insurance within this state unless such person has been issued a license as an insurance agent in accordance with this act.

...

7. K.S.A. 40-4912 provides, in part:

(a) Any company authorized to transact business in this state, may, upon determining that the insurance agent is of good business reputation and, if an individual has had experience in insurance or will immediately receive a course of instruction in insurance and on the policies and policy forms of such company, appoint such insurance agent as the insurance agent of the company under the license in effect for the insurance agent. The appointment shall be made on a form prescribed by the commissioner. Such form shall be sent to the commissioner within 30 days of the date the company appoints such

insurance agent...The certification fee shall not be returned for any reason, and failure of the company to certify an insurance agent within 30 working days of such insurance agent's appointment shall subject the company to a penalty of not more than \$25 per calendar day from the date the appropriate return was required from the date of appointment to the date proper certification is recorded by the insurance department.

...

8. K.A.R. 40-4-23 provides, in part:

(b) Each authorized issuer of accident and sickness insurance contracts and each authorized insurance agent who solicits, negotiates or procures such insurance within this state shall meet the following requirements: ...

(3) The agent or insurer shall provide to the prospective purchaser before or with the delivery of a contract, a dated outline of coverage describing the elements of the contract including: ...

(E) the premiums for the accident and sickness insurance policy and a separate listing of the premiums for each optional or supplemental benefit provided by the contract;

...

(c) Unfair or deceptive acts or practices in the selling of the insurance subject to this regulation shall include:

(1) Making any misrepresentation or false, deceptive or misleading statement;

(2) using comparisons or analogies or manipulating amounts and numbers in a way that will mislead the prospective purchaser concerning the cost of the insurance protection.

9. K.A.R. 40-9-100 provides, in part:

Section 15. Group or Quasi-Group Implications

(D) An advertisement to join an association, trust or discretionary group that is also an invitation to contract for insurance coverage shall clearly disclose that the applicant will be purchasing both membership in the association, trust or discretionary group and insurance coverage. The insurer shall solicit insurance coverage on a separate and distinct application that requires a separate signature. The separate and distinct applications required need not be on separate documents or contained in a separate mailing. The insurance program shall be presented so as not to conceal the fact that the prospective members are purchasing insurance as well as applying for membership, if that is the case. Similarly, it is prohibited to use terms such as “enroll” or “join” to imply group or blanket insurance coverage when that is not the fact.

Conclusions of Law and Orders

Based on information enumerated in Paragraphs #1 through #7 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, and shall retain jurisdiction to issue any further orders deemed necessary.
2. Renaissance shall pay a monetary penalty of \$10,000 for the alleged violations of Kansas law, and including unpaid agent appointment fees.
3. Renaissance may continue to provide coverage to Kansas residents who, as of the date of this Consent Order, had coverage in effect through an association group.
4. Renaissance will submit relevant governance, administration and membership documentation, as requested by the Department, for each association through which it wishes to continue to offer group coverage. The Department will evaluate each association, and if necessary, conduct an independent review, to determine eligibility for offering group coverage under any approved association(s) to Kansas residents.
5. Renaissance neither admits nor denies the violations noted above.

IT IS SO ORDERED THIS 21st DAY OF AUGUST 2019, IN THE CITY OF TOPEKA, STATE OF KANSAS.

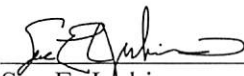


Vicki Schmidt
Commissioner of Insurance

BY:


Justin McFarland, General Counsel

APPROVED BY:


Sue E. Jenkins
Vice President & General Counsel
Renaissance Life & Health Insurance Company of America
225 S East Street, Suite 360
Indianapolis, IN 46202

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 14th day of September 2019, by causing the same to be deposited in the United States Mail, certified first class postage prepaid, addressed to the following:

Sue E. Jenkins
Vice President & General Counsel
Renaissance Life & Health Insurance
Company of America
225 S. East Street, Suite 360
Indianapolis, IN 46202



Toni Garrard
Senior Administrative Assistant