

1 STATE OF ALASKA

2 DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC

3 DEVELOPMENT

4 DIVISION OF INSURANCE

5 550 W. 7<sup>th</sup> AVENUE, SUITE 1560

6 ANCHORAGE, ALASKA 99501-3567

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11 In the Matter of: )

12 NEW HAMPSHIRE INSURANCE COMPANY )

13 )  
14 Insurer )  
15 )

16 Division of Insurance Case No. D 22-05

17  
18 STIPULATED AGREEMENT AND ORDER

19  
20 The State of Alaska Division of Insurance (division) and New Hampshire Insurance  
21 Company (New Hampshire), the insurer in this case, stipulate and agree to the following:

22  
23 I. BACKGROUND

24 A. On June 30, 1969, the division issued New Hampshire (FEIN 02-0172170), a  
25 foreign property casualty insurer domiciled in Illinois, a certificate of authority for  
26 Workers Compensation and Employers Liability under AS 21.12.070.  
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New Hampshire Insurance Company  
Stipulated Agreement and Order

STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC  
DEVELOPMENT  
DIVISION OF INSURANCE  
550 W. 7<sup>th</sup> AVENUE, SUITE 1560  
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B. In 2016 New Hampshire was the workers' compensation insurer for an Alaska employer. York Risk Services Group, Inc. (York) (FEIN 13-1963636) was retained as the independent adjuster for certain workers' compensation claims. York, a corporation domiciled in California, was licensed as an independent adjuster under Alaska License 37972.

C. On February 3, 2016, an Alaska employee covered under New Hampshire's worker's compensation policy, suffered a workplace injury, filed workers' compensation claim 7699564 with New Hampshire and the claim was adjusted by York. The claim became the subject of Alaska Workers' Compensation Board (AWCB) case 201601904. During the pendency of claim 7699564, New Hampshire filed controversions on April 19, 2017, and May 16, 2017, denying portions of the employee's claim.

D. The matter of the two controversions was heard by the AWCB and the Alaska Workers' Compensation Appeals Commission (AWCAC), who issued decisions 18-0037 and 18-006 respectively. Neither the AWCB nor the AWCAC found New Hampshire's controversions frivolous; however, on November 6, 2020, the Alaska Supreme Court found both controversions frivolous and ordered the matter returned to AWCB and reported to the DOI under Alaska Statute (AS) 21.30.155(o). The DOI investigated the controversions to determine whether they constituted Unfair Claim Settlement Practices under AS 21.36.125.

E. DOI's investigation revealed:

1 (i) The April 2017 controversion of the injured employee's pain treatments (i.e.  
2 Lyrica and pulsed neuromodulation) violated subsection (a)(15) prohibiting the  
3 failure to "*promptly provide a reasonable explanation of the basis in the insurance*  
4 *policy in relation to the facts or applicable law for denial of a claim*" in that New  
5 Hampshire, in denying such treatments, relied on the opinion of its medical provider  
6 who testified that he lacked sufficient expertise with such treatment.  
7

8 (ii) The May 2017 controversion of the injured employee's 2016 period of  
9 Temporary Total Disability (TTD) violated subsection (a)(15) prohibiting the failure  
10 to "*promptly provide a reasonable explanation of the basis in the insurance policy in*  
11 *relation to the facts or applicable law for denial of a claim*" in that New Hampshire  
12 failed to provide any explanation for the specific period of TTD controverted (i.e.  
13 April 20, 2016, to August 24, 2016).  
14

15 (iii) The May 2017 controversion of the injured employee's "medical benefits"  
16 which are unnecessary, unreasonable, or unrelated to the injured employee's injury  
17 violated subsection (a)(15) prohibiting the failure to "*promptly provide a reasonable*  
18 *explanation of the basis in the insurance policy in relation to the facts or applicable*  
19 *law for denial of a claim,*" in that New Hampshire, in its controversion, did not state  
20 with specificity what medical benefits were unnecessary, unreasonable or unrelated to  
21 the employee's injury.  
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23 F. New Hampshire's actions reflected in paragraph (E) constitute violations of AS  
24 21.36.125.  
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G. The director, under AS 21.36.910(d), may impose a civil penalty of not more than \$2,500 for each violation or a civil penalty of not more than \$25,000 for engaging in a general business practice in violation of this chapter.

II. TERMS OF AGREEMENT

I. New Hampshire stipulates and agrees:

- (i) that the conduct described in paragraph E above constitute three violations of AS 21.36.125;
- (ii) that New Hampshire pay a fine of \$2,500 per violation for a total of \$7,500;
- (iii) that New Hampshire waives their right to a hearing and enters into this agreement voluntarily with full knowledge of all rights they may have in this matter.
- (iv) New Hampshire understands that this agreement is not binding on the parties unless and until the director signs the order adopting this agreement.
- (v) New Hampshire further understands that this agreement resolves the civil liability issues between the parties to this agreement related to his violations of the state's insurance laws.

DATED: 5/31/2022

DIVISION OF INSURANCE

By: 

Alex Romero  
Chief Investigator

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DATED: June 2, 2022

New Hampshire Insurance Company

By: *Peter Macdonald*

Peter Macdonald

Vice President

By: *Tanya Kent*

Tanya Kent

Secretary

Approved as to form and content:

DATED: 6/2/22

TREG R. TAYLOR

ATTORNEY GENERAL

By: *Dan Wilkerson*

Dan Wilkerson

Assistant Attorney General

ORDER

IT IS FURTHER ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the civil liability issues between the parties to this agreement in these cases and shall constitute the final order in these matters.

DATED this 13<sup>th</sup> day of June, 2022.

*Lori K. Wing-Heier*

Lori K. Wing-Heier

Director, Division of Insurance