

ALASKA LICENSE DENIALS, DISCIPLINARY ORDERS, REGULATORY ADOPTION ORDERS, REGULATORY ORDERS, SUSPENSION AND REVOCATIONS, AND BULLETINS

LICENSE DENIALS

None

DISCIPLINARY ORDERS

- D09-09** **Tobie P. Frey**, Stipulated Agreement and order signed on May 26, 2009, for unlicensed activity. Ms. Frey agrees to pay a civil penalty under AS 21.27.440(a) of \$2000, for the unlicensed activity that occurred between September 18, 2007 and July 21, 2008, with \$1,000 suspended. The unsuspended portion of the penalty is payable at the time Ms. Frey is notified that the director has signed the order approving this agreement.
- D09-08** **Christopher L. Heisten**, Stipulated Agreement and order signed on May 4, 2009. On or about May 27, 2008, the division issued an individual in a firm insurance producer license to Mr. Heisten, under license number 71243 based on the application that Mr. Heisten submitted to the division on or about May 16, 2008. Question 40(1) of the application asks: "Have you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld?" To this question, Mr. Heisten answered "no." The division issued the license. In September 2008, the division received a criminal history report that revealed misdemeanor criminal convictions in 1998 and 2002 against Mr. Heisten. In response to the division's request, Mr. Heisten apologized for not disclosing the misdemeanors and explained that he had been answering so many questions regarding his license that he must have forgotten. All requirements of his convictions have been completed. Mr. Heisten agrees to pay a civil penalty under AS 21.27.440(a) in the amount of \$500, with \$250 suspended. The civil penalty is payable at the time Mr. Heisten is notified that the director has signed the order approving this agreement.
- D09-07** **Oxonia Insurance Group, Inc.**, Stipulated Agreement and order signed on August 6, 2009. After conducting an investigation, the division determined that the FPIC group policy, which was part of the SureHealth program, was not filed with or approved by the director as required under AS 21.42.120. The ALMI group policy, which was part of the Intelicare program, was not filed with or approved by the director as required under AS 21.42.120. Further, the policies did not meet the requirements of Alaska law related to mandated benefits, utilization review, prompt payment of claims, usual and customary charges, or unfair or deceptive practices. After investigation, the division also determined that Oxonia violated AS 21.36.155(a)(1), (2), and (4) by not clearly stating in their literature and/or websites the true nature of the SureHealth and Intelicare programs; not including a statement in each advertisement, policy, document, statement, or other communication regarding its programs, in bold and prominent type, that the health discount plan is not insurance; not having direct contracts with "each provider of the services or supplies listed in conjunction with" its health discount plans and instead using rented or leased provider networks. Oxonia violated AS 21.36.030(1), (11), (12), (13), and (14) by misrepresenting the SureHealth and Intelicare programs to consumers in multiple ways including: Oxonia's website and descriptive materials contained various statements that would mislead the average consumer. Oxonia misrepresented SureHealth's discount features using common insurance terminology, in violation of AS 21.36.030(13). Oxonia

misrepresented and continues to misrepresent Intelicare's discount features using common insurance terminology, in violation of AS 21.36.030(13). Oxonia misrepresented SureHealth as an insurer in its websites, in violation of AS 21.36.030(14) by listing it under "View health insurance carriers in your state". SureHealth is not an insurance carrier. Oxonia violated AS 21.27.010 by allowing individuals who were not licensed in Alaska to solicit, sell, or negotiate the SureHealth and Intelicare programs. Oxonia agrees to refund all monies it has received from the 145 Alaskans who purchased the SureHealth program. Oxonia agrees to refund all monies it has received from the four Alaskans who purchased the Intelicare program. Oxonia agrees to provide the division with a complete accounting of the payments by and refunds to each Alaskan enrollee as of the time Oxonia issues the refunds. Oxonia agrees to pay a civil penalty under AS 21.36.320 and AS 21.90.020 in the amount of \$50,000, with \$25,000 suspended. The unsuspended penalty is payable within 90 days of the date that Oxonia is notified that the director has signed the order approving this agreement.

D09-05 Burns & Wilcox, Ltd., Stipulated Agreement and order signed on June 17, 2009. On or about August 4, 2008, the division received a 2007 annual surplus lines broker premium tax report for Burns & Wilcox, Ltd., signed by Edmund J. Holub, Jr. Although he was the branch manager of the firm's Denver, Colorado branch, Mr. Holub did not hold an Alaska surplus lines license at that time. Mr. Holub applied for and was issued a surplus lines broker license effective November 7, 2008. As required by the division, Mr. Holub submitted a notarized statement regarding the surplus lines business that occurred before he received that authority. The statement indicated that unlicensed surplus activity had occurred between June 27, 2007 and November 13, 2008. B & W agrees to pay a civil penalty under AS 21.27.440(a) of \$11,797.09, which equals the amount of commission earned for the unlicensed activity that occurred between June 27, 2007 and November 13, 2008, with \$5,797.09 suspended. The unsuspended portion of the penalty is payable at the time B & W is notified that the director has signed the order approving the agreement.

D09-04 Edmund J. Holub, Jr., Stipulated Agreement and order signed on June 17, 2009, for unlicensed activity. Mr. Holub agrees to pay a civil penalty under AS 21.27.440(a) of \$2,081.84, which equals the amount of commission earned for the unlicensed activity that occurred between June 27, 2007 and November 13, 2008, with \$1,000 suspended. The unsuspended portion of the penalty is payable at the time Mr. Holub is notified that the director has signed the order approving this agreement.

D09-03 Fairmont Premier Insurance Company, Stipulated Agreement and order signed on March 18, 2009. After conducting an investigation, the division determined that FPIC has engaged in the unauthorized sale of insurance in Alaska. The FPIC group policy, which was part of the SureHealth program, was not filed with or approved by the director as required under AS 21.42.120. Further, the policy does not meet the requirements of Alaska law related to mandated benefits, utilization review, prompt payment of claims, usual and customary charges, or unfair or deceptive practices. The division's investigation also indicated that individuals who are not licensed as required under AS 21.27.010 may have been involved in soliciting, selling, or negotiating the SureHealth program to the 145 Alaskans, a violation of AS 21.09.250. The violations listed above subject FPIC to civil penalties under AS 21.36.320 and AS 21.90.020 as well as other provisions of the Alaska insurance laws. FPIC agrees to refund all monies it has received from the 145 Alaskans who purchased the SureHealth program. FPIC agrees to provide the division with a complete accounting of the premium payments, claims payment, and refunds for each Alaskan enrollee at the time FPIC issues the refunds. FPIC agrees to provide the division with controls and procedures it has implemented

to prevent Alaskans from being enrolled in the SureHealth program or other similar plans. FPIC agrees to pay a civil penalty under AS 21.36.320 and AS 21.90.020 in the amount of \$25,000, with \$15,000 suspended. The unsuspended penalty is payable within 90 days of the date that FPIC is notified that the director has signed the order approving this agreement.

D09-02 American Medical and Life Insurance Company, Stipulated Agreement and order signed on August 19, 2009. After conducting an investigation, the division determined that AMLI engaged in the unauthorized sale of insurance in Alaska. The AMLI group policy, which was part of the Intelicare Health program and the other association programs referred to in paragraph D, was not filed with or approved by the director as required under AS 21.42.120. Further, the policy does not meet the requirements of Alaska law related to mandated benefits, utilization review, prompt payment of claims, usual and customary charges, or unfair or deceptive practices. The division's investigation also indicated that individuals who are not licensed as required under AS 21.27.010 may have been involved in soliciting, selling, or negotiating the Intelicare Health program to the four Alaskans, a violation of AS 21.09.250. The violations listed above subject AMLI to civil penalties under AS 21.36.320 and AS 21.90.020 as well as other provisions of the Alaska insurance laws. AMLI agrees to refund all monies it has received from the four Alaskans who purchased the Intelicare Health program and the additional 53 Alaskans who enrolled in other association programs that included coverage under AMLI limited benefits group insurance policy. AMLI agrees to provide the division with a complete accounting of the premium payments, claims payment, and refunds for each Alaskan enrollee at the time AMLI issues the refunds. AMLI agrees to provide the division with contact information for the additional association programs and to provide the division with the results of its internal investigation of Oxonia. AMLI agrees to pay a civil penalty under AS 21.36.320 and AS 21.90.020 in the amount of \$25,000, with \$15,000 suspended. The unsuspended penalty is payable within 90 days of the date that AMLI is notified that the director has signed the order approving this agreement.

D09-01 Bratrud Middleton Insurance Brokers, Inc., d/b/a Propel Insurance, Stipulated Agreement and order signed on April 8, 2009. Bratrud subsequently submitted an affidavit to the division that indicated that the firm placed surplus lines business on December 31, 2007, which was before the firm was actually licensed as a surplus lines broker. The firm voluntarily reported the placements to the division and paid premium tax for the placements and did apply for surplus lines authority by application dated December 29, 2007. The placements, however, violated AS 21.27.010 and AS 21.34.040 and subject the firm to penalties under AS 21.27.440. Bratrud agrees to pay a civil penalty under AS 21.27.440 in the amount of \$27,892.65, which equals the amount of commission earned for the surplus lines transactions that occurred on December 31, 2007, with \$24,892.65 suspended. The unsuspended portion of the penalty in the amount of \$3,000 is payable at the time Bratrud is notified that the director has signed the order approving this agreement.

D08-07 Alyeska Title Guaranty Agency, Inc., Stipulated Agreement and order signed on December 17, 2009. ATG obtained Alaska insurance limited line license number 25109 on August 16, 2001. In response to ATG's self-report of possible misconduct by an employee or employees made on or about February 5, 2007, the division opened investigation #107-1085 IDF. ATG agrees it violated AS 21.27.350(b), AS 21.27.350(b), AS 21.27.350(c), AS 21.27.350(d), and AS 21.66.280(a). ATG agrees to pay a civil penalty under AS 21.27.440(a) of \$400,000 with \$250,000 suspended. The unsuspended penalty of \$150,000 will be paid as follows: \$50,000 to be paid no later than 10 days after the date the director approves this written agreement; the remaining \$100,000 to be paid within one year of the date the director

approves of this agreement. ATG agrees to pay Dr. Feriani \$160,000 in restitution. This payment is to be made within 10 days after the date the director approves this written agreement and will be made without conditions. ATG agrees to cooperate in the prosecution of the other persons in connection with the questioned LeBaron-Feriani transactions. ATG and the division agree to cooperate in drafting a joint press release regarding this agreement.

- D08-06** **ACA Insurance Company**, Stipulated Agreement and order signed on January 19, 2009. ACA did not provide complete and accurate documentation to support premium collection for 32 policies out of 60 policies. The finding referenced violations of AS 21.69.390, 3 AAC 21.460, and 3 AAC 21.470, which subjects ACA to civil penalties under AS 21.90.020. ACA agrees to pay a civil penalty under AS 21.90.020 in the amount of \$80,000, which equals \$2,500 per violation for the 32 violations referenced above, with 60,000 suspended. The unsuspended penalty is payable within three months of the date that ACA is notified that the director has signed the order approving the agreement.
- D08-05** **Principal life Ins. Co.**, Stipulated Agreement and order signed on October 27, 2008, for using a cost-based methodology that, in the view of the division, does not meet the requirements of AAC 26.110. Principal agrees to pay the division in full and final settlement of the alleged violations of the insurance code the amount of \$25,000 to compensate the division for the costs of the investigation and examination of Principal's claim practices and the consumer complaints filed with the division. Said payment does not constitute a fine or penalty.
- D08-04** **Thad A. Langford**, Stipulated Agreement and order signed on October 14, 2008. On or about April 3, 2008 the division issued an individual insurance producer license to Mr. Langford, under license number 70092 based on the application that Mr. Langford submitted to the division on or about March 17, 2008. Question 40(1) of the application asks, "Have you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld?" To this question, Mr. Langford answered "no." The division issued the license. On June 30, 2008, the division received a criminal history report that revealed a misdemeanor criminal conviction in 1992 against Mr. Langford and other charges that was subsequently dropped through the plea negotiation process. Mr. Langford explained the he not remembered the incident when he was filling out the application. He apologized for his omission of the information on his application and provided information regarding the conviction. All requirements of his conviction have been completed. Mr. Langford agrees to pay a civil penalty under AS 21.27.440(a) in the amount of \$500, with \$250 suspended.
- D08-03** **Grant Getchell & Associates, Inc., dba Vancouver Insurance Agency**, Stipulated Agreement and order signed on August 12, 2008, for unlicensed activity. GGA agrees to pay a civil penalty under AS 21.27.440(a) in the amount of \$1,533, which equals the amount of compensation the firm earned between February 7, 2007 and June 2, 2008, with \$533 suspended.

REGULATORY ADOPTION ORDERS

Number	Subject	Effective Date
RA09-01	Adopting Changes to Regulations Dealing with use of Senior-Specific Certifications and Professional Designations and with Health Insurance	06/28/2009
RA08-04	Adopting Changes to Regulations of the Division of Insurance Dealing with Continuing Education for Licensees, Surplus Lines Premium Reports, Producer Duties Regarding Replacement Policies, Mortality Tables, and Insurer Fees	12/28/2008
RA08-03	Life Insurance and Annuities/Military Sales	12/28/2008
RA08-02A	Reinsurers, Annual Audited Financial Reporting Requirements, Custodians of Insurer Assets	08/31/2008

REGULATORY ORDERS

Number	Subject	Effective Date
R09-01	Order Releasing Deposited Assets of Plaza Insurance Company Held Under AS 21.09.270 and AS 21.24.130	01/05/2009
R08-14	Adoption of Risk Based Capital Instructions	12/31/2008
R08-13	Surplus Lines Placement List	12/18/2008
R08-12	Order Releasing Deposited Asses of British Marine Luxembourg S.A. Held Under AS 21.24.130 and AS 21.34.040	12/02/2008
R08-11	Order Releasing Deposited Assets of Sun Surety Insurance Company Held Under AS 21.09.090 and AS 21.24.130	11/28/2008
R08-10	Approval with Modifications of the 2009 Workers' Compensation Loss Cost Filing and Assigned Risk Rate Filing	11/06/2008
R08-09	Withdrawal of Approval of Horace Mann Insurance Company and Teachers Insurance Company Personal Automobile Uninsured Motorist Vehicle Definition	08/15/2008
R08-08	Order Allowing the NAIC Online Premium Tax for Insurance (OPTins) System for Submission of Premium Tax Forms and Payments	07/23/2008

SUSPENSION AND REVOCATIONS

Order No.	Company Name	Certificate of Authority Action	Effective Date
SR09-04	Triad Guaranty Insurance Corporation	Suspension	04/22/2009
SR09-03	Standard Life Insurance Company of Indiana	Suspension	04/22/2009
SR09-02	Syncora Guarantee Inc	Suspension	03/23/2009
SR09-01	Penn Treaty Network America Insurance Company	Suspension	01/09/2009
SR08-05	CIFG Assurance North America Inc	Suspension	12/17/2008
SR08-04	Medical Savings Insurance Company	Suspension	12/02/2008
SR08-03	Lincoln Memorial Life Insurance Company	Suspension	07/16/2008

BULLETINS

Number	Subject	Effective Date
B09-05	Addendum to the List of Eligible Surplus Lines Insurers in the State of Alaska	05/07/2009
B09-04	Procedural Changes to Accept Electronic Resident or Nonresident Application Filings to Obtain an Initial License, or to Renew, Amend, or Reinstate a License, and Changes to Continuing Education Requirements	03/16/2009
B09-03	Consumer Credit Insurance Reporting Form	01/29/2009
B09-02	Annual Survey on Health Insurance	01/23/2009
B09-01	Eligible Surplus Lines Insurers in the State of Alaska	01/12/2009
B08-08	Line Codes for Surplus Lines Transaction Reports	12/12/2008
B08-07	Eligible Surplus Lines Insurers in the State of Alaska	10/16/2008
B08-06	Preapproved Notice of Nonrenewal and Premium Increase	07/28/2008
B08-04	Recent Changes to the Alaska Administrative Code (Insurance Regulations)	07/28/2008