

STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
DIVISION OF INSURANCE

In the Matter of: )  
)  
AMERICAN MEDICAL AND )  
LIFE INSURANCE COMPANY )  
)  
Insurer. )  
\_\_\_\_\_ )

Case No. D 09-02

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division) and American Medical and Life Insurance Company (AMLI), in lieu of further enforcement proceedings relating to the matters addressed herein, stipulate and agree to the following:

I. BACKGROUND

- A. The division issued AMLI certificate of authority #10628 as a life/health insurer on or about June 6, 2005.
- B. AMLI underwrites a limited benefits group insurance policy issued to the Consumer Health Choice Association (CHCA). This AMLI group insurance contract was “packaged” with a health discount plan offered by Patriot Health Florida, Inc. and marketed by Oxonia Insurance Group (Oxonia) under the name “Intelicare Health.”
- C. AMLI initially reported that four Alaskans had been enrolled in Oxonia’s Intelicare Health program, including the AMLI group insurance policy.
- D. Subsequent to the initial report of four Alaskan enrollees, AMLI advised the division that a former managing general agent (MGA), without authority, enrolled

1 individuals in multiple association programs including the Intelicare Health program,  
2 improperly used an "in-force" group plan number, withheld premiums, and made direct claim  
3 payments from the MGA's checking account. AMLI reported that its MGA's actions resulted  
4 in 53 previously unknown Alaska enrollees insured under an AMLI limited benefits group  
5 insurance policy. Not all of the additional Alaskan consumers are Intelicare Health enrollees.  
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7 Of the 53 additional enrollees, eight are or were insured under a policy issued to the  
8 Association of Independent Managers, 41 are or were insured under a policy issued to the  
9 National Conference of Employees, and four were insured under a policy issued to the  
10 Consumer Health Choice Association.

11 E. After conducting an investigation, the division determined that AMLI  
12 engaged in the unauthorized sale of insurance in Alaska. The AMLI group policy, which was  
13 part of the Intelicare Health program and the other association programs referred to in  
14 paragraph D, was not filed with or approved by the director as required under AS 21.42.120.  
15 Further, the policy does not meet the requirements of Alaska law related to mandated benefits,  
16 utilization review, prompt payment of claims, usual and customary charges, or unfair or  
17 deceptive practices.

18  
19 F. The division's investigation also indicated that individuals who are not  
20 licensed as required under AS 21.27.010 may have been involved in soliciting, selling, or  
21 negotiating the Intelicare Health program to the four Alaskans, a violation of AS 21.09.250.

22 G. The violations listed above subject AMLI to civil penalties under  
23 AS 21.36.320 and AS 21.90.020 as well as other provisions of the Alaska insurance laws.  
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1 II. TERMS OF AGREEMENT

2 1. AMLI agrees to refund all monies it has received from the four Alaskans  
3 who purchased the Intelicare Health program and the additional 53 Alaskans who enrolled in  
4 other association programs that included coverage under an AMLI limited benefits group  
5 insurance policy. If AMLI has paid any claims under the Intelicare Health program or other  
6 association program to any Alaskan enrollee, the refund amount to that Alaskan may be reduced  
7 by the amount of the claim payment. Within 90 days of the date that AMLI is notified that the  
8 director has signed the order approving this agreement, AMLI agrees to provide the division  
9 with a complete accounting of the premium payments, claims payment, and refunds for each  
10 Alaskan enrollee at the time AMLI issues the refunds.

12 2. AMLI agrees to provide the division with contact information for the  
13 additional association programs referenced in paragraph D above within 90 days of the date that  
14 AMLI is notified that the director has signed the order approving this agreement.

16 3. AMLI agrees to provide the division with the results of its internal  
17 investigation of Oxonia within 90 days of the date that AMLI is notified that the director has  
18 signed the order approving this agreement.

19 4. Within 90 days of the date that AMLI is notified that the director has  
20 signed the order approving this agreement, AMLI agrees to provide the division with controls  
21 and procedures it has implemented to prevent Alaskans from being enrolled in the Intelicare  
22 Health program or other similar plans

23 a. unless and until any insurance plans requiring compliance with  
24 AS 21.42.120 have been filed with and approved by the division; or  
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b. by persons who are not properly licensed as required by AS 21.27.010.

5. 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.

6. In the event AMLI violates the insurance code or applicable regulations during the next two years, the suspended portion of the penalty referenced in paragraph 5 will be reinstated. AMLI also will be subject to any and all sanctions authorized by the insurance code including imposition of additional fines or penalties.

7. By signing this agreement, AMLI understands and agrees that it is waiving its right to a hearing under the insurance code and any right to seek judicial review of this agreement and the final order approving this agreement. AMLI further understands and agrees that any failure to comply with the terms of this agreement may be grounds to revoke, suspend, or non-renew Alaska certificate of authority #10628.

8. AMLI understands that this agreement is not binding on the parties unless and until the director signs the order approving the agreement.

DATED: 8/19/2009

DIVISION OF INSURANCE

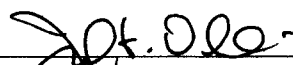
By: Donald E. Hale  
Donald E. Hale  
Market Conduct Examiner

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DATED: 8/6/09


AMERICAN MEDICAL AND  
LIFE INSURANCE COMPANY

By:   
John F. Ollis  
President

Approved as to form and content:

DATED: 8/19/09

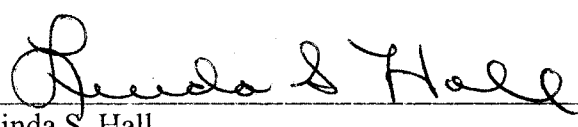
RICHARD A. SVOBODNY  
ACTING ATTORNEY GENERAL

By:   
Signe P. Andersen  
Chief Assistant Attorney General

ORDER

IT IS ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the issues in this case, and shall constitute the final order in this matter.

DATED this 19<sup>th</sup> day of August, 2009.

  
Linda S. Hall  
Director