

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

DIVISION OF INSURANCE

In the Matter of: )  
OXONIA INSURANCE GROUP, INC., )  
Licensee. )

Case No. D 09-07

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (division) and Oxonia Insurance Group, Inc. (Oxonia), in lieu of further enforcement proceedings relating to the matters addressed herein, stipulate and agree to the following:

I. BACKGROUND

A. The division issued Oxonia insurance license #59396 on or about January 10, 2007, with authority to sell life and health insurance. Oxonia voluntarily surrendered this license, effective December 1, 2008.

B. Oxonia "packaged" and marketed a group limited indemnity health insurance plan, issued by Fairmont Premier Insurance Company (FPIC) to the Consumer Health Choice Association (CHCA), with a health discount plan offered by Patriot Health Florida, Inc. (Patriot) under the name "SureHealth."

C. Oxonia "packaged," marketed, and continues to market, a group limited indemnity health insurance plan, issued by American Medical and Life Insurance Company (AMLI) to the Consumer Health Choice Association (CHCA), with a health discount plan offered by Patriot Health Florida, Inc. (Patriot) under the name "Intelicare Health" (Intelicare).

1 D. Because the SureHealth and Intelicare programs included health discount  
2 plans as defined by AS 21.90.900(19), the programs are subject to the requirements of  
3 AS 21.36.030 and 21.36.155.

4 E. The SureHealth and Intelicare discount and insurance components were  
5 not sold separately by Oxonia.

6 F. FPIC reported that a total of 145 Alaskans were enrolled in Oxonia's  
7 SureHealth program, including the group insurance policy.

8 G. AMLI reported that a total of four Alaskans were enrolled in Oxonia's  
9 Intelicare program, including the group insurance policy.

10 H. After conducting an investigation, the division determined that the FPIC  
11 group policy, which was part of the SureHealth program, was not filed with or approved by the  
12 director as required under AS 21.42.120. The AMLI group policy, which was part of the  
13 Intelicare program, was not filed with or approved by the director as required under  
14 AS 21.42.120. Further, the policies did not meet the requirements of Alaska law related to  
15 mandated benefits, utilization review, prompt payment of claims, usual and customary charges,  
16 or unfair or deceptive practices.

17 I. After investigation, the division also determined that

- 18 1. Oxonia violated AS 21.36.155(a)(1), (2), & (4) by
- 19 a. not clearly stating in their literature and/or websites the  
20 true nature of the SureHealth and Intelicare programs;
- 21 b. not including a statement in each advertisement, policy,  
22 document, statement, or other communication regarding its programs, in bold and prominent  
23 type, that the health discount plan is not insurance;
- 24  
25  
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1 c. not having direct contracts with “each provider of the  
2 services or supplies listed in conjunction with” its health discount plans and instead using  
3 rented or leased provider networks.

4 2. Oxonia violated AS 21.36.030(1), (11), (12), (13), and (14) by  
5 misrepresenting the SureHealth and Intelicare programs to consumers in multiple ways  
6 including:

7 a. Oxonia’s website and descriptive materials contained  
8 various statements that would mislead the average consumer into believing that the SureHealth  
9 program was a comprehensive insurance program, including such statements as “well-rounded  
10 benefits,” “protection for day-to-day medical expenses,” and “these plans were designed to give  
11 you...peace of mind that comes from knowing that you (and your family) have protection if  
12 faced with any accident or illness, which requires medical attention in a doctor’s office,  
13 Emergency Room (ER), or in-patient hospital environment.” Oxonia’s materials regarding  
14 SureHealth also did not disclose what portion of the amount paid is insurance premium and  
15 what portion is the health discount fee. Taken as a whole, Oxonia’s website and descriptive  
16 materials suggested that the consumer would receive the same level of protection under the  
17 SureHealth program as would be received under traditional health insurance. In fact, the  
18 SureHealth program at most provided discounts on medical services and limited indemnity  
19 benefits. Together, the two did not provide “well-rounded” benefits or “protection for day-to-  
20 day medical expenses” and did not provide the same level of protection as traditional health  
21 insurance. In absence of clear and prominent disclosures that SureHealth was not a  
22 comprehensive insurance program and that SureHealth provided less protection than traditional  
23 health insurance, and the failure to clearly described in its sales materials that the FPIC  
24  
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1 insurance policy was a limited benefits indemnity policy, Oxonia's statements constitute  
2 misrepresentations in violation of AS 21.36.030(1), (11), and (12).

3  
4 b. Oxonia's website and descriptive materials contained  
5 various statements that would mislead the average consumer into believing that the Intelicare  
6 program was a comprehensive insurance program including such statements as "wide-ranging  
7 insurance benefits," "take advantage of the reduced prices typically paid by insurance  
8 companies without having to pay the high cost of traditional health protection," and "Intelicare  
9 Health Program offers a variety of comprehensive savings on hospitalization and doctor visits."  
10 Oxonia's materials regarding Intelicare also did not disclose what portion of the amount paid is  
11 insurance premium and what portion is the health discount fee. Taken as a whole, Oxonia's  
12 website and descriptive materials suggested that the consumer would receive the same level of  
13 protection under the Intelicare program as would be received under traditional health insurance.  
14 In fact, the Intelicare program at most provided discounts on medical services and limited  
15 indemnity benefits. Together, the two did not provide "wide-ranging insurance benefits" or  
16 "comprehensive savings" and did not provide the same level of protection as traditional health  
17 insurance. In absence of clear and prominent disclosures that Intelicare was not a  
18 comprehensive insurance program and that Intelicare provided less protection than traditional  
19 health insurance, and the failure to clearly described in its sales materials that the AMLI  
20 insurance policy was a limited benefits indemnity policy, Oxonia's statements constitute  
21 misrepresentations in violation of AS 21.36.030(1), (11), and (12).

22  
23 c. Oxonia misrepresented SureHealth's discount features  
24 using common insurance terminology, such as "premium" and "co-pay," in violation of  
25 AS 21.36.030(13).  
26

1 d. Oxonia misrepresented and continues to misrepresent  
2 Intelicare's discount features using common insurance terminology, such as "premium" and  
3 "co-pay," in violation of AS 21.36.030(13).

4 e. Oxonia misrepresented SureHealth as an insurer in its  
5 websites, in violation of AS 21.36.030(14) by listing it under "View health insurance carriers in  
6 your state." SureHealth is not an insurance carrier.

7  
8 3. Oxonia violated AS 21.27.010 by allowing individuals who were  
9 not licensed in Alaska to solicit, sell, or negotiate the SureHealth and Intelicare programs,  
10 which included the limited indemnity insurance component. Based on the information received  
11 from FPIC and AMLI, the division believes approximately 133 unlicensed insurance sales  
12 occurred.

13 J. The violations listed above subject Oxonia to civil penalties under  
14 AS 21.36.320 and AS 21.90.020 as well as other provisions of the Alaska insurance laws.

15 II. TERMS OF AGREEMENT

16 1. Oxonia agrees to refund all monies it has received from the 145 Alaskans  
17 who purchased the SureHealth program. Oxonia agrees to refund all monies it has received  
18 from the four Alaskans who purchased the Intelicare program. Provided Oxonia did not retain  
19 any group insurance premium, these monies will reflect the amount collected above the  
20 insurance premiums charged by the respective underwriting insurance companies. Within 90  
21 days of the date that Oxonia is notified that the director has signed the order approving this  
22 agreement, Oxonia agrees to provide the division with a complete accounting of the payments  
23 by and refunds to each Alaskan enrollee as of the time Oxonia issues the refunds.

24  
25 2. Within 90 days of the date that Oxonia is notified that the director has  
26 signed the order approving this agreement, Oxonia agrees to provide the division with controls

1 and procedures it has implemented to prevent Alaskans from being enrolled in the SureHealth  
2 program, Intelicare program, or other similar plans. Oxonia further agrees that it will not offer  
3 a health discount plan or a combination health discount plan packaged with limited insurance  
4 benefits in Alaska unless it meets the following requirements:

5  
6 a. Before soliciting or transacting any insurance business in Alaska,  
7 Oxonia will apply for and become appropriately licensed by reinstating license #59396 and  
8 ensuring that the insurance producers it employs are also appropriately licensed.

9 b. Oxonia will develop its own discount network, where the firm has a  
10 direct contract with each healthcare provider, providing discounts in conjunction with the  
11 discount plan.

12 c. Before soliciting any health discount plan business in Alaska, Oxonia  
13 will submit the health discount plan or the combination health discount plan packaged with  
14 limited insurance benefits to the division, so the division can determine whether the plan  
15 complies with all portions of the Alaska Insurance Code (AS 21.)

16 d. If Oxonia satisfactorily complies with items a, b, and c above, and is  
17 marketing a health discount plan or a combination health discount plan packaged with limited  
18 insurance benefits in Alaska, it must notify the division immediately of any modifications to  
19 the plan, including a change of insurance companies.

20 3. Oxonia agrees to pay a civil penalty under AS 21.36.320 and  
21 AS 21.90.020 in the amount of \$50,000, with \$25,000 suspended. The unsuspended penalty is  
22 payable within 90 days of the date that Oxonia is notified that the director has signed the order  
23 approving this agreement.

24 4. In the event Oxonia violates the insurance code or applicable regulations,  
25 during the next two years, the suspended portion of the penalty referenced in paragraph 3 will  
26

1 be reinstated. Oxonia also will be subject to any and all sanctions authorized by the insurance  
2 code including imposition of additional fines or penalties.

3 5. By signing this agreement, Oxonia understands and agrees that it is  
4 waiving its right to a hearing under the insurance code and any right to seek judicial review of  
5 this agreement and the final order approving this agreement. Oxonia further understands and  
6 agrees that any failure to comply with the terms of this agreement may be grounds to revoke,  
7 suspend, or non-renew Alaska firm license #59396 and any related producer licenses.

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

11 DATED: 7/27/09

DIVISION OF INSURANCE

12  
13 By: Donald E. Hale  
14 Donald E. Hale  
15 Market Conduct Examiner

16 DATED: July 17, 2009

OXONIA INSURANCE GROUP, INC.

17  
18 By: Carlos Herrera  
19 Carlos Herrera  
20 Principal

21 Approved as to form and content:

22  
23 DATED: 8/3/09

DANIEL S. SULLIVAN  
ATTORNEY GENERAL

24  
25 By: Signe P. Andersen  
26 Signe P. Andersen  
Chief Assistant Attorney General

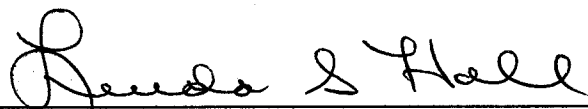
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ORDER

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 6<sup>th</sup> day of August, 2009.

  
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Linda S. Hall  
Director