

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking)	
and Insurance, State of New Jersey, to fine)	CONSENT
Adroit Health Group, LLC, Reference)	ORDER
No. 1614215)	

To: Adroit Health Group, LLC
1575 Heritage Dr., Suite 200
McKinney, TX 75069

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Adroit Health Group, LLC (“Respondent”), licensed as a nonresident insurance producer, pursuant to N.J.S.A. 17:22A-34a, may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Respondent is subject to the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 to -48 (“Producer Act”), the Producer Licensing regulations, N.J.A.C. 11:17-1.1 to -2.17 (“Producer Regulations”) and the regulations governing Insurance Producer Standards of Conduct, N.J.A.C. 11:17A-1.1 to 11:17D-2.8; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a, the Commissioner may place on probation, suspend, revoke or refuse to renew an insurance producer’s license, and may levy a civil penalty for a violation of the Producer Act; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(2), an insurance producer shall not violate any insurance law, regulation, subpoena or order of the Commissioner or of another state's insurance regulator; and

WHEREAS, pursuant to N.J.S.A. 17:22A-40a(8), an insurance producer shall not use fraudulent, coercive, or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere; and

WHEREAS, pursuant to N.J.A.C. 11:17B-3.2(c), no insurance producer may charge a service fee for services rendered in the sale or service of life or health insurance; and

WHEREAS, N.J.S.A. 17B:27A-2 defines an "Individual Health Benefits Plan" to include: a certificate issued to an eligible person which evidences coverage under a policy or contract issued to a trust or association, regardless of the situs of delivery of the policy or contract, if the eligible person pays the premium and is not being covered under the policy or contract pursuant to continuation or benefits provisions applicable under federal or State Law; and

WHEREAS, N.J.S.A. 17B:27A-2 defines "health benefits plan" to exclude hospital confinement indemnity coverage if the benefits are provided under a separate policy, certificate or contract of insurance, there is no coordination between the provision of the benefits and any exclusion of benefits under any group health benefits plan maintained by the same plan sponsor, and those benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor; and

WHEREAS, N.J.A.C. 11:20-1.2 defines “hospital confinement indemnity coverage” as coverage that is provided on a stand-alone basis, contains no elimination period greater than three days, provides coverage for no less than 31 days during one period of confinement for each person covered under the policy, and provides no less than \$40.00 but not more than \$250.00 in daily benefits except that the benefit for the first day of hospital confinement may exceed \$250.00 as long as the following formula is satisfied:

$$\frac{1^{\text{st}} \text{ day benefit} - 2^{\text{nd}} \text{ day benefit} + 2^{\text{nd}} \text{ day benefit}}{5} < \$250.00;$$

and

WHEREAS, an individual health benefits plan is required to comply with various provisions of the Individual Health Coverage Act (“IHC Act”), N.J.S.A. 17B:27A-2 to -18.2, including but not limited to the requirement that the plan be one of the standard plans established by the Board of Directors of the Individual Health Coverage Program pursuant to N.J.S.A. 17B:27-7; and

WHEREAS, the Respondent asserts that it relied on representations from the issuing carrier, Liberty Insurance Underwriters., (“Liberty”) that such policy and certificates were compliant in New Jersey, marketed and sold Liberty group policies to an out-of-state association with New Jersey members which policies provided coverage that satisfies the definition of individual health benefits plans but does not comply with the IHC Act; and

WHEREAS, the coverage provided by these policies does not satisfy the definition of hospital confinement indemnity coverage at N.J.A.C. 11:20-1.2; and

WHEREAS, Respondent sold such noncompliant individual health benefits plans from 2021 to 2022 asserting that it relied on Liberty’s representations of compliance; and

WHEREAS, Respondent charged a service fee on these non-compliant individual health benefits plans, in violation of N.J.S.A. 17:22A-40a(2) and (8) and N.J.A.C. 11:17B-3.2(c); and

IT FURTHER APPEARING, that the Respondent:

- 1) Has admitted responsibility for the aforementioned violations; and
- 2) Has cooperated with the investigation conducted by the New Jersey Department of Banking and Insurance (“Department”); and
- 3) Has asserted that the violations cited in this Consent Order were not willful; and

WHEREAS, cause does exist under N.J.S.A. 17:22A-40a and N.J.S.A. 17:22A-45c to impose a fine; and

WHEREAS, the Respondent has waived its right to a hearing on the aforementioned violations and consents to the payment of a fine in the amount of six hundred seventy-seven thousand five hundred dollars (\$677,500.00);

WHEREAS this matter should be resolved upon the consent of the parties without resort to a formal hearing; and

NOW, THEREFORE, IT IS on this 12 day of October, 2022

ORDERED AND AGREED, that Respondent will pay a penalty of six hundred seventy-seven thousand five hundred dollars (\$677,500.00), to the Department; and

IT IS FURTHER ORDERED AND AGREED, said penalty shall be paid by a certified check, attorney trust account check, money order or electronic funds transfer made payable to the “State of New Jersey General Treasury;” and

IT IS FURTHER ORDERED AND AGREED, that the signed Consent Order together with the payment of \$677,500.00 shall be remitted to:

New Jersey Department of Banking and Insurance
Attention: Virgil Downtin, Chief of Investigation
9th Floor, Consumer Protection Services, Enforcement Unit
P. O. Box 329
Trenton, New Jersey 08625-0329

and

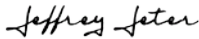
IT IS FURTHER ORDERED AND AGREED, that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein.



Marlene Caride
Commissioner

Consented to as to Form, Content and Entry:

DocuSigned by:



Jeffrey Jeter, General Counsel and Chief Compliance Officer
Adroit Health Group, LLC

10/11/2022 | 4: 12 PM CDT

Date