

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceeding by the Commissioner of Banking and)
Insurance, State of New Jersey, to fine)
Horizon Healthcare Services, Inc.)
Services, Inc.

CONSENT ORDER

TO: Horizon Healthcare Services, Inc.
3 Penn Plaza East
Newark, NJ 07105

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Horizon Healthcare Services, Inc. (“Horizon”), may have violated various provisions of the laws of the State of New Jersey; and

WHEREAS, Horizon Healthcare Services, Inc. is a health service corporation authorized to transact business since February 4, 1986 pursuant to N.J.S.A. 17:48E-1 to -68 (“Health Service Corporation Act”); and

WHEREAS, N.J.S.A. 17:48E-42 provides that a health service corporation authorized to transact business pursuant to the Health Service Corporation Act shall be exempt from all other provisions of Title 17B of the New Jersey Statutes, except as specified in the Health Service Corporation Act, but the unfair trade practices provisions of N.J.S.A. 17B:30-1 et seq. shall apply to health service corporations except to the extent: a. expressly excepted in the Health Service Corporation Act, or b. the Commissioner determines that any provisions of N.J.S.A. 17B:30-1 et seq. are inappropriate as applied to health service corporations; and

WHEREAS, N.J.S.A. 17B:30-13 provides that except as otherwise expressly provided by law, no person shall knowingly make, permit to be made or offer to make any contract of life insurance, annuity or health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow, or give, directly or indirectly, as an inducement to such insurance, or annuity, any rebate of premiums or considerations payable on the contract or of any agent's, solicitor's or broker's commission relating thereto, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or give, or sell, purchase or offer to give, sell, or purchase as an inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract; and

WHEREAS, N.J.S.A. 17:27A-4c(1) provides that a domestic insurer subject to registration under section 3 of P.L.1970, c. 22 (C. 17:27A-3) shall report to the Commissioner any dividend or distribution within five business days following declaration and at least 30 days, after receipt of that report by the Commissioner, prior to payment; and

IT APPEARING that, in February 2018 Horizon announced that it would use part of a one-time federal tax refund to distribute a one-time payment of \$150 million to eligible customers in 2018 and \$125 million multi-year investments in initiatives to drive improvements in health; and

IT FURTHER APPEARING that, in 2018 Horizon distributed \$131,957,000 to its policyholders; and

IT FURTHER APPEARING that, the Horizon's distribution to policyholders in 2018 was contrary to N.J.S.A. 17B:30-13 and N.J.S.A. 17:27A-4c(1); and

NOW, THEREFORE, IT IS on this 29th day of April, 2019

ORDERED AND AGREED that Horizon will pay a penalty of two hundred fifty thousand dollars (\$250,000), upon its execution of this Consent Order. The payment shall be made through a certified check, attorney trust account check, money order or electronic funds transfer made payable to "State of New Jersey – General Treasury" and shall be sent to Gale Simon, Assistant Commissioner, Department of Banking and Insurance, 20 West State Street, P. O. Box 329, Trenton, NJ 08625-0329; and

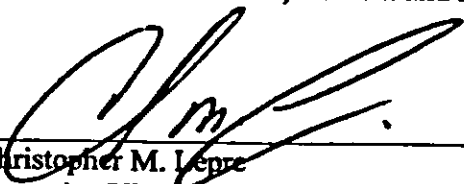
IT IS FURTHER ORDERED AND AGREED that Horizon shall cease and desist from any similar conduct in the future; and

IT IS FURTHER ORDERED AND AGREED that Horizon shall comply with the requirements of P.L. 2017, c. 100 codified at N.J.S.A. 17:48E-17.3; and

IT IS FURTHER ORDERED AND AGREED that the provisions of this Consent Order represent a final agency decision and constitute a full and final resolution of the matters addressed herein.


Marlene Caride
Commissioner

Consented to as to Form, Content and Entry:


Christopher M. Lepre
Executive Vice President, Commercial Business
Horizon Healthcare Services, Inc.

4-29-2019
Date

