

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**
AXIS Insurance Company) **ORDER**

To: **AXIS Insurance Company**
 11680 Great Oaks Way, Suite 500
 Alpharetta, GA 30022

This matter, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that **AXIS Insurance Company (“AXIS”)**, may have violated various provisions of the insurance laws of the State of New Jersey;
and

WHEREAS, **AXIS** is a foreign insurance company admitted to transact the business of insurance since June 30, 1994 pursuant to N.J.S.A. 17B:23-1 to -11; 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:

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

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

IT APPEARING, AXIS issued group policies to certain out of state associations and said associations issued certificates to residents of New Jersey which provided coverage that satisfy the definition of individual health benefits plans but does not comply with provisions of the IHC Act;
and

IT FURTHER APPEARING, 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

IT FURTHER APPEARING, AXIS issued noncompliant individual health benefits plans to 4,434 New Jersey residents from June 1, 2016 to March 22, 2019; and

WHEREAS, AXIS has ceased the sale of noncompliant individual health benefits plans to New Jersey residents, and has issued full premium refunds to persons who had no claims and pro rata premium refunds to persons who had claims; and

WHEREAS, AXIS desires to settle this matter with the New Jersey Department of Banking and Insurance without resort to a formal hearing and consents to the payment of a fine;

NOW, THEREFORE, IT IS on this *25th* day of *August*, 2019

ORDERED AND AGREED, that AXIS will pay a penalty of eight hundred thirty thousand five hundred dollars (\$830,500.00), 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 the "State of New Jersey -- General Treasury;" and

IT IS FURTHER ORDERED AND AGREED, that the signed Consent Order together with the payment of \$830,500.00 shall be remitted to:

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

and

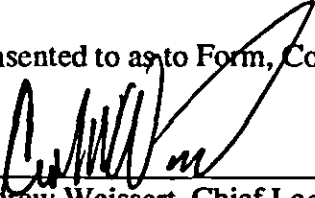
IT IS FURTHER ORDERED AND AGREED, that AXIS shall file a report with the Department, in the format set by the Department, of the refunds paid to New Jersey certificate holders within 60 days of payment; and

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

Marlene Caride
Commissioner

Consented to as to Form, Content and Entry:



Andrew Weissert, Chief Legal Officer
AXIS Insurance Company

7/31/19

Date