

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:)
)
MEDICO INSURANCE COMPANY) **Market Conduct Investigation No. 373398**
(NAIC #31119))

ORDER OF THE DIRECTOR

NOW, on this 03rd day of August, 2022, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and Medico Insurance Company (NAIC #31119) (hereinafter “Medico”), relating to the market conduct investigation no. 373398, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ is in the public interest.

IT IS THEREFORE ORDERED that Medico and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Medico shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 03rd day of August, 2022.



Chlora Lindley-Myers

Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
MEDICO INSURANCE COMPANY) **Market Conduct Investigation No. 373398**
(NAIC #31119))

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Medico Insurance Company (NAIC #31119) (hereinafter “Medico”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter the “Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, Medico has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct investigation of Medico, investigation no. 373398; and

WHEREAS, based on the market conduct investigation of Medico the Division alleges that:

1. Medico failed to disclose the material fact that under certain circumstances an insured may not be eligible to have their policy’s lifetime maximum benefit restored under the Restoration of Lifetime Maximum Benefit Period provision. In one instance, Medico continued to collect premium from an insured who, due to the nature of their condition would be ineligible to meet the requirements of the policy to have their policy’s lifetime maximum benefit restored under

the Restoration of Lifetime Maximum Benefit Period provision in violation of §§375.936(6)(a)¹ and 375.934(2).

WHEREAS, the Division and Medico have agreed to resolve the issues raised in the market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Medico agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times to reasonably ensure that the errors noted in the market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. Medico agrees to revise the specimen correspondence² previously provided to policyholders to eliminate the phrase or use of “fully recovered.” The revised correspondence shall also inform the policyholder of the policyholder’s option to restore the Lifetime Maximum Benefit Period when the policyholder has exhausted all of the Lifetime Maximum Benefit Period per the policy terms. The revised correspondence shall also set out all qualifications the insured is required to meet in order to restore their Lifetime Maximum Benefit Period, and shall inform the policyholder of their responsibility to submit documentation supporting that the restoration qualifications have been met to effectuate the restoration of their benefits. The revised correspondence shall further inform the policyholder that if they suffer from any unrecoverable or

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016.

² Specimen correspondence as provided during the investigation related to Medico’s short-term care insurance coverage, A476K, 4/17/2020-L-3-11712.

terminal disease or illness the policyholder may not be eligible to restore the Lifetime Maximum Benefit Period under the policy. Medico agrees to send the revised specimen correspondence to all active policyholders that have exhausted the Lifetime Maximum Benefit Period at the time that such Lifetime Maximum Benefit Period is exhausted and on an annual basis thereafter going forward.

2. Medico agrees to contact all active policyholders who have used any benefits under policy forms MI-NHA30(MO) and NHA30(MO)-C to inform them of their right to restore their Lifetime Maximum Benefit Period. The notice shall set out all qualifications the insured is required to meet in order to restore their Lifetime Maximum Benefit Period, and of all documentation required to effectuate the restoration of benefits. Medico also agrees to send the notice to all active policyholders upon receipt of a claim going forward.

3. To the extent Medico has not done so already, Medico agrees to review all active Missouri contracts under MI-NHA30(MO) and NHA30(MO)-C, to determine if any policyholder reached their Lifetime Maximum Benefit Period and continued to pay premium beyond when benefits were exhausted. If a policyholder continued to pay premium beyond the maximum benefit, Medico agrees to make direct contact with the policyholder or their authorized representative offering them the option to terminate coverage and receive a refund of premium from the date of benefit exhaustion. The refund of premium shall be calculated from the point the policyholder could no longer present a valid claim under the policy and such refunds shall include the payment of interest in accordance with §374.191, RSMo Supp. 2021. Medico will make no less than three attempts to make such an offer to the policyholder or authorized representative. At least one such attempt should be made by mail. Medico further agrees to issue a letter to the policyholder explaining why the policy is being terminated along with the refund of premium.

4. Medico agrees to provide a retroactive premium refund to the estate of the insured or to the known beneficiary(ies) of the policyholder under policy number *****3183, for all premium collected from February 1, 2020 to December 19, 2020. If an estate is not open or Medico is unable to identify the beneficiary(ies), Medico agrees to escheat the money to the State pursuant to §447.510.

C. **Compliance.** Medico agrees to file documentation pursuant to §374.190 with the Division, in a format acceptable to the Division, within 90 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation or to document the payment of restitution required by this Stipulation.

D. **Forfeiture.** The Division agrees that it will not seek a forfeiture against Medico in connection with market conduct investigation no. 373398.

E. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Medico, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigation.

F. **Waivers.** Medico, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the market conduct investigation no. 373398.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and Medico.

H. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.


I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and Medico, respectively.

J. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter “Director”) approving this Stipulation.

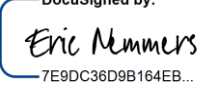
L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: July 21, 2022



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 7/20/2022 | 8:20 AM CDT

DocuSigned by:


Eric Nemmers
VP General Counsel
Medico Insurance Company