

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

<i>In Re:</i>)	
)	
ACE AMERICAN INSURANCE COMPANY)	Market Conduct Investigation
(NAIC #22667))	No. 286650

ORDER OF THE DIRECTOR

NOW, on this 16th day of November, 2020, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and Ace American Insurance Company (NAIC #22667) (hereinafter “Ace American”), relating to the market conduct investigation no. 286650, does hereby issue the following orders: This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

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

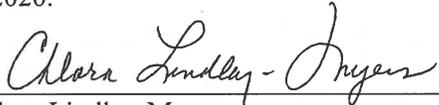
IT IS FURTHER ORDERED that Ace American shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain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

IT IS FURTHER ORDERED that Ace American shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$2,000.00, payable to the Missouri State School Fund.

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 16th day of November, 2020.





Chlora Lindley-Myers
Director

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

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

In Re:)
)
ACE AMERICAN INSURANCE) **Market Conduct Investigation No. 286650**
COMPANY (NAIC #22667))

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and Ace American Insurance Company (NAIC #22667) (hereinafter “Ace American”), 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, Ace American 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 Ace American, investigation no. 286650; and

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

1. Ace American inaccurately represented in a brochure for Health Advocates Alliance (hereinafter, “HAA”) SuiteSolutions that accident medical expense benefits are reduced by benefits payable under other insurance plans in violation of §375.936 (6) (a)¹.
2. Ace American took the benefits of another plan into account when determining benefits provided under HAA policies and certificates in violation of 20 CSR 400-2.030.

3. Ace American coordinated benefits on HAA products, contrary to the terms of its contracts, in violation of §375.445 (2).

4. Ace American did not issue certificates to its employer blanket accident policyholders for delivery to individual insureds in violation of §375.445 (2).

5. Ace American did not submit for approval to the Director of the Department (hereinafter the “Director”) its Summary of Benefits booklet in violation of 20 CSR 400-2.060 (4) (A).

6. Ace American issued an “Out of Country Medical Expense Benefit Rider” in a manner that was not approved by the Director in violation of §376.405.1, 20 CSR 100-9.100 and 20 CSR 400-8.200.

7. Ace American did not file its “Travel Assistance Program” form with the Director in violation of §376.405.1, 20 CSR 100-9.100 and 20 CSR 400-8.200.

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (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.** Ace American 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. Such remedial actions shall include, but are not limited to, the following:

1. Ace American has represented that the HAA program has been cancelled and

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

therefore agrees that no additional advertisements for this program will be utilized.

2. Ace American agrees, to the extent it has not already done so, to cease coordinating and reducing accident medical expense benefits under HAA contracts.

3. Ace American agrees, to the extent it has not already done so, to reprocess all claims for accident medical expense benefits under HAA contracts, which were improperly reduced, based on benefits paid by another plan by providing benefits for covered services based on the usual and customary charges. Interest, calculated pursuant to §374.191, shall be included with the reprocessed payment. A letter must be included with the payments indicating that “as a result of a Missouri market conduct investigation,” it was found that additional payment was owed on the claim.

4. Ace American agrees, to the extent it has not already done so, to cease the use in Missouri of any and all unfiled blanket accident forms until such forms have been approved by the Director.

C. **Compliance.** Ace American agrees to file documentation with the Division, in a format acceptable to the Division, within 60 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190 and shall include a listing in Excel format of all claims reprocessed pursuant to this Stipulation. The Excel spreadsheet should include: claimant name; policyholder name; policy number; patient/insured name and ID; claim number; original benefit amount; reprocessed benefit amount; date when the reprocessed benefit amount was paid; amount of interest paid and date interest was paid.

D. **Voluntary Forfeiture.** Ace American agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$2,000 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Ace

American, other than those agreed to in this Stipulation, in connection with the above referenced market conduct investigation.

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

G. **Waivers.** Ace American, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for 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. 286650.

H. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and Ace American.

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

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

K. **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.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director approving this Stipulation.

M. **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: 11-11-2020



Stewart Freilich
Chief Market Conduct Examiner and Senior Counsel
Division of Insurance Market Regulation

DATED: 10/23/20



James Walloga
EVP, North America Accident & Health
Ace American Insurance Company