

DEC 16 2014

Rec'd \$ 10000

File #: 33997/JMB
E-Case #: 1101

STATE OF MINNESOTA
COMMISSIONER OF COMMERCE

In the Matter of the Certificate of Authority
of United States Fire Insurance Company (NAIC #21113)
a corporation domiciled in Delaware and licensed to
do business in the State of Minnesota.

CONSENT ORDER

To: United States Fire Insurance Company
Attn: Gary McGeddy, EVP
5 Christopher Way
Eatontown, NJ 07724

1. Commissioner of Commerce Mike Rothman (hereinafter "Commissioner") has advised United States Fire Insurance Company, its subsidiaries and affiliates (hereinafter "USFIC") that he is prepared to commence formal proceedings against USFIC based on allegations described herein and to seek penalties under Minn. Stat. § 45.027 (2014) and other applicable law. The Minnesota Department of Commerce ("Department") conducted an investigation of USFIC with respect to their individual limited medical indemnity plan ("Limited Medical Indemnity Plan") issued to Unified Caring Association ("UCA") formerly United Consumer Awareness Association ("UCAA"). Patriot Health, Inc. ("Patriot") had a marketing agreement with UCA/UCAA to market certain classes of memberships for consumers, which included the coverage under the USFIC Limited Medical Indemnity Plan with other insurance and non-insurance products. Patriot did not directly sell memberships to consumers but contracted with several sub agents to sell the memberships. USFIC had a Managing General Agent Agreement with Patriot that provided for collection and remittance of premiums for coverage under the Limited Medical Indemnity Plan.

2. The Commissioners action is based on allegations that USFIC, acting directly or through third parties, committed certain violations of Minnesota insurance law in connection with the UCA/UCAA membership program during the time it was offered in Minnesota.

Specifically, it is alleged that USFIC, acting directly or through third parties for whom USFIC should be held liable, engaged in the following activities that violated Minnesota laws:

- A. Through the UCA/UCAA membership program, there were advertisements being distributed or solicitations occurring that were unclear, in violation of Minn. Stat. § 72A.19 and Minn. Stat. § 72A.20, subd. 18 (b) (2014).
- B. During the period reviewed, did not have an effective system of control to ensure that all advertisements and representations prepared by agents and agencies were reviewed and approved, in violation of Minn. R. 2790.2100 (2013).
- C. Accepted business in connection with the UCA/UCCA membership program in which commission was paid to sales persons acting as insurance agents who were not licensed or appointed to sell insurance in the state of Minnesota, in violation of Minn. Stat. §§ 60K.32, 60K.48, subd. 1, 60K.49, and 72A.07 (2014).

4. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2014) and Minn. R. 1400.5900 (2013).

5. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, that Respondent shall cease and desist from the following:

- A. Distributing advertisements or engaging in solicitations that contain misleading, false or deceptive information as to whether products being offered are insurance when they are not.
- B. Allowing unlicensed and/or unappointed persons or entities to sell, solicit or negotiate insurance products to Minnesota consumers.

FURTHER, IT IS HEREBY ORDERED, that with regard to any association to which USFIC sells a policy to cover members located in Minnesota, USFIC shall take reasonable steps to ensure that advertisements referring to USFIC or its products are approved in advance by USFIC.

FURTHER, IT IS HEREBY ORDERED, that pursuant to Minn. Stat. § 45.027, subd. 6 (2014), USFIC shall pay to the state of Minnesota a civil penalty of \$10,000.00.

This Order shall be effective upon signature on behalf of the Commissioner.

Dated: 12-22-14

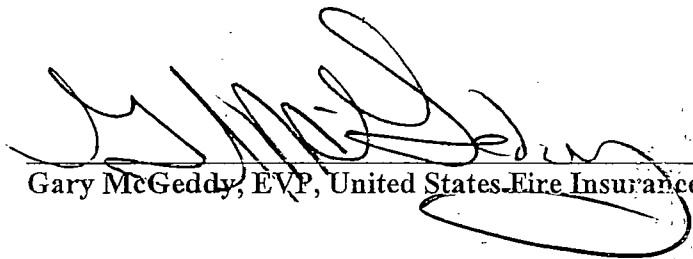
MIKE ROTHMAN
Commissioner

By:


MARTIN FLEISCHHACKER
Assistant Commissioner-Enforcement
85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101
651.296.2488

CONSENT TO ENTRY OF ORDER

The undersigned, Gary McGeddy ("Respondent"), states that he has read the attached Consent Order; that he knows and fully understands its contents and effect; that he acknowledges he has been advised of his rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination after a hearing, and he hereby expressly waives those rights. Respondent further acknowledges that he has been represented by legal counsel throughout these proceedings, or has been advised of his right to be represented by legal counsel, which right he hereby expressly waives; and he consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either express or implied.




Gary McGeddy, EVP, United States Fire Insurance Company

STATE OF NO

COUNTY OF Monmouth

Signed or attested before me on 12/10/14 (date)

(stamp)



(Signature of notary officer)

Title (and Rank)
My Commission expires: 8/8/19

