

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 Transamerica Premier Life Insurance Company)
Consent Order)

TO: Transamerica Premier Life Insurance Company
4333 Edgewood Road NE
Cedar Rapids, IA 52499

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

WHEREAS, Transamerica Premier is a foreign insurance company admitted to transact business since November 18, 1960 pursuant to N.J.S.A. 17B:23-1 et seq.; 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 no 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, N.J.S.A. 17B:27A-2 defines “health benefits plan” to include a hospital and medical expense insurance policy delivered or issued for delivery in this State and excludes from the definition of “health benefits plan”, among other things, 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, 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 et seq., including a minimum loss ratio of 80% pursuant to N.J.S.A. 17B:27A-9e; and

IT APPEARING that, Transamerica Premier issued group policies to certain out of state trusts, which provided coverage for hospital confinement to residents of various states including New Jersey, and said group policies included an outpatient surgery rider; and

IT FURTHER APPEARING that, the addition of the outpatient surgery rider to the hospital confinement coverage caused these policies not to comply with applicable New Jersey law because the hospital confinement benefits were not provided on a stand-alone basis; and

IT FURTHER APPEARING that, because this combined hospital confinement and outpatient surgery coverage offered to New Jersey residents does not meet the definition of hospital confinement indemnity coverage, the parties have agreed that the coverage

should comply with the minimum loss ratio requirements set forth at N.J.S.A. 17B:27A-9(e); and

IT FURTHER APPEARING that, Transamerica Premier issued this noncompliant hospital confinement indemnity coverage to New Jersey residents in 2014, 2015 and 2016; and

IT FURTHER APPEARING that, as of June 2016, 1382 New Jersey residents were covered by the noncompliant hospital confinement indemnity coverage issued through out-of-state trust policies ; and

IT FURTHER APPEARING that, Transamerica Premier has ceased the sale of noncompliant hospital confinement indemnity coverage to New Jersey residents, and has agreed to offer the New Jersey residents who have such coverage in force the option to terminate coverage or to remove the outpatient surgery benefits in order to comply with applicable New Jersey law; and

IT FURTHER APPEARING that, Transamerica Premier has agreed to issue refunds to the New Jersey residents who were covered by the out-of-state policies at any time in 2014, 2015 and/or 2016 such that the loss ratio meets an 80% minimum loss ratio for the New Jersey insureds as required by N.J.S.A. 17B:27A-9e; and

NOW, THEREFORE, IT IS on this 22nd day of November, 2016

ORDERED AND AGREED that, Transamerica Premier will pay a penalty of seventy five thousand dollars (\$75,000), 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, Transamerica Premier shall pay loss ratio refunds to New Jersey certificate holders for 2014 and 2015 within 60 days of the date of this Consent Order and shall pay loss ratio refunds for 2016 on or before September 1, 2017; and


IT IS FURTHER ORDERED AND AGREED that, Transamerica Premier 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;

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.



Peter L. Hartt
Director of Insurance

Consented to as to Form, Content and Entry:



Transamerica Premier Life Insurance Company

11/17/2016

Date