

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) Consent Order
Transamerica Life Insurance Company)

TO: Transamerica 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 Life Insurance Company (“Transamerica”), may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Transamerica is a foreign insurance company admitted to transact business since August 25, 1992 pursuant to N.J.S.A. 17B:23-1 et seq.; 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 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, 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 that, Transamerica 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 the provisions of the IHC Act; and

IT FURTHER APPEARING that, 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 that, Transamerica issued noncompliant individual health benefits plans to 4,991 New Jersey residents from January 1, 2017 to June 1, 2018; and


IT FURTHER APPEARING that, Transamerica has ceased the sale of noncompliant individual health benefits plans to New Jersey residents, and has agreed to issue full premium refunds to persons who had no claims and pro rata premium refunds to persons who had claims with said refunds commencing one month after the last claim was incurred; and

NOW, THEREFORE, IT IS on this 3rd day of January, 2019

ORDERED AND AGREED that, Transamerica will pay a penalty of one million eight hundred fifty-two thousand five hundred dollars (\$1,852,500), 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 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.



Marlene Caride
Commissioner

Consented to as to Form, Content and Entry:



Transamerica Life Insurance Company
MARK D. PINOCCI, Chief Compliance Officer

12/18/2018
Date