STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:	Case No. INS-23-0044
PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY, Respondent.	FINAL ORDER TO CEASE AND DESIST AND FINAL ORDER ASSESSING CIVIL PENALTY, ENTERED BY CONSENT

The Director of the Oregon Department of Consumer and Business Services for the State of Oregon (the "Director"), through the Division of Financial Regulation (the "Division"), investigated the business activities of Philadelphia American Life Insurance Company ("PALIC" or the "company") and determined that the company violated certain provisions of Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, and 750 and the rules promulgated thereunder (collectively, the "Insurance Code").

PALIC cooperated with the Director's investigation and wishes to settle this matter.

Now, therefore, as evidenced by the signature(s) subscribed in this Order, PALIC hereby CONSENTS to entry of this Order upon the Director's Findings of Fact and Conclusions of Law below.

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Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. PALIC is a foreign corporation domiciled in Texas. Its principal place of business is 11720 Katy Freeway, Suite 1700, Houston, Texas 77079.

2. The company has been licensed in Oregon as a foreign insurer since March 1978. Its National Association of Insurance Commissioners Company Code Number is 67784.

3. From 2018 to 2021, PALIC incorrectly used a premium rate not approved by the Director for PALIC's Medicare Supplement Standard Plan F. The error caused PALIC to undercharge the premiums of five Oregon policyholders and overcharge one Oregon policyholder.

4. The Division did not take administrative action against PALIC then. Instead, the Division implemented a corrective action plan, which required PALIC, among other things, to refund the Oregon policyholder the amount overcharged. The company gave the overcharged Oregon policyholder a credit that was applied at the next policy renewal and did not issue a clawback of the undercharged amounts.

5. In 2022, PALIC incorrectly used a premium rate not approved by the Director for PALIC's Medicare Supplement Standard Plan F. The error caused PALIC to overcharge the premiums of four Oregon policyholders. PALIC has refunded each Oregon policyholder the overcharged amount.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

6. The Director has jurisdiction over PALIC's business activities under ORS 731.236.

7. ORS 743.683(4) authorizes the Director to adopt rules, such as OAR 836-052-0151(3)(a), that specify prohibited policy provisions for Medicare supplement policies.

8. By overcharging the Medicare Supplement Standard Plan F premiums of four Oregon policyholders in 2022 using a rate the Director has not approved, PALIC violated OAR 836-052-0151(3)(a).

9. Because the Director has reason to believe that PALIC violated OAR 836-052-0151(3)(a), the Director is authorized under ORS 731.252(1) to order PALIC to cease and desist from violating that rule.

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10. ORS 731.988(1) authorizes the Director to assess against PALIC a civil penalty of up to $10,000 per violation of the Insurance Code.

ORDERS

Now therefore, the Director issues the following Orders:

1. As authorized by ORS 731.252(1), the Director ORDERS PALIC to CEASE AND DESIST from violating OAR 836-052-0151(3)(a).

2. As authorized by ORS 731.988(1), the Director ORDERS PALIC to pay an $8,000 CIVIL PENALTY for violating OAR 836-052-0151(3)(a).

3. The Director SUSPENDS $4,000 of the civil penalty, provided PALIC does not violate OAR 836-052-0151(3)(a) or the terms of this Order. If PALIC fails to satisfy this condition, the suspended civil penalty will become immediately due and owing. Otherwise, the Director will waive the suspended civil penalty three years after the date of this Order.

4. Along with this Order, PALIC shall submit to the Director $4,000 as payment for the non-suspended civil penalty.

5. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order does not limit or prevent further remedies available to the Director under Oregon law to enforce this Order or take action for violations of this Order or of the Insurance Code not covered by this Order.

SO ORDERED this 2nd day of November, 2023.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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ENTITY CONSENT TO ENTRY OF ORDER

I, Bill Chen, am an officer or manager of Philadelphia American Life Insurance Company ("PALIC" or the "company"), and I am authorized to act and sign on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. PALIC voluntarily consents to the entry of this Order without force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. PALIC understands that the Director reserves the right to take further action against the company to enforce this Order or to take appropriate action upon discovery that PALIC has committed other violations of the Insurance Code. PALIC, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

PALIC understands that this Order is a public document.

Signature: */s/ Bill S. Chen*

Position Held: President

State of Texas

County of Harris

Signed or attested before me on this 27th day of October, 2023.

/s/ Melissa Segura

Notary Public

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