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

In the Matter of UNITEDHEALTHCARE INSURANCE COMPANY, Respondent.	Case No. INS-21-0070 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER

The Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), conducted an investigation of UnitedHealthcare Insurance Company ("Respondent"). The Division determined that Respondent violated provisions of Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750 ("Insurance Code") and the Oregon Administrative Rules ("OAR") promulgated under those laws.

Respondent submits to the Director's jurisdiction and agrees to waive its rights to notice and an administrative hearing under ORS 183.415 and wishes to resolve this matter by consenting to entry of this Consent Order.

Now, therefore, as evidenced by the authorized signature(s) subscribed herein, the Director issues the following Findings of Fact, Conclusions of Law, and Final Orders.

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FINDINGS OF FACT

The Director FINDS that:

1. Respondent's National Association of Insurance Commissioners ("NAIC") Company Code is 79413 and its NAIC company number is 39190815. Respondent is domiciled in Connecticut and has been licensed to transact life and health insurance in Oregon since November 1972.

2. Respondent retained the services of an external contractor tele-sales agent, an individual identified herein as "MB." MB is a licensed insurance producer with a resident state of Idaho.

3. Respondent, as an authorized submitter, completed and filed two applications to the Division for an Oregon non-resident insurance producer license on behalf of MB.

4. On August 25, 2021, Respondent filed the first application for an Oregon non-resident insurance producer license on behalf of MB (the "First Application").

5. Question 1b on the insurance producer license application asks: "Have you ever been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony?" Based on the information MB supplied to Respondent for purposes of completing the license application, Respondent answered the First Application Question 1a accurately with a "yes."

6. MB reviewed and approved of the First Application before Respondent filed it.

7. On October 4, 2021, while the First Application was still being processed, Respondent filed a second application for an Oregon non-resident insurance producer license on behalf of MB (the "Second Application").

8. The Second Application answered Question 1b inaccurately with a "no."

9. Because of the inaccurate answer provided on the Second Application, the Division's licensing system did not flag the application for manual review and the system automatically issued a license to MB before the Division had the opportunity to fully evaluate the First Application.[1]

10. On or about October 15, 2021, the Division completed its review of the First Application and attempted to issue a license to MB. The licensing system produced an error message because the transaction to issue the license had already been processed under the

[1] MB was charged with a felony in August 2001. The court dismissed that case in July 2009. The application would not have been denied with the proper disclosure and explanation of that criminal history.

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Second Application. This alerted the Division to the fact that Respondent had submitted two applications on behalf of MB.

11. On or about October 15, 2021, a Division Compliance Specialist contacted MB to inquire as to why two applications had been submitted seeking an Oregon nonresident insurance producer license. On or about November 12, 2012, MB submitted a statement indicating that two applications had been submitted but failed to provide an explanation as to why. That same day, the Compliance Specialist asked Respondent for clarification, specifically asking for the reason two applications had been submitted. The Division did not receive a response to that request.

12. Respondent represents to the Division that MB reviewed and approved the First Application before Respondent filed it, but that MB did not review or approve the Second Application nor was MB even aware that the Second Application was filed. Respondent now attributes the submission of the erroneous Second Application to human error by Respondent, and asserts that the employee submitting that application on MB's behalf failed to answer correctly the question about MB's criminal history and did not check whether an application had already been submitted and was pending the Division's review.

13. Respondent further represents to the Division that it has taken or is taking steps to prevent future submissions of multiple or erroneous applications. This includes the creation of a new job aid that will guide its authorized employees or agents to check for pending applications. Respondent further represents to the Division that it created an all-inclusive training and refresher course for its authorized employees who submit applications to the Division. This course was provided to those employees on or about August 12, 2022, and addressed: the manual application process that includes checking for any pending applications prior to submitting a new application; background check questions and the implications of answering any of those questions affirmatively; and documentation requirements and upload procedures for such affirmative answers to

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background questions.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

14. Under ORS 731.418(1)(a), the Director may refuse to continue or may suspend or revoke an insurer's certificate of authority if the Director finds after a hearing that the insurer has violated or failed to comply with any lawful order of the Director, or any provision of the Insurance Code.

15. Under ORS 731.260, no person shall file or cause to be filed with the Director any article, certificate, report, statement, application or any other information required or permitted to be so filed under the Insurance Code and known to such person to be false or misleading in any material respect.

16. [blank]

17. Because Respondent filed or caused to be filed with the Director a statement or application containing false information on the Second Application, submitted on behalf of MB, in violation of ORS 731.260, the Director may refuse to continue or may suspend or revoke Respondent's certificate of authority under ORS 731.418(1)(a).

18. Under ORS 731.988(1), a person that violates any provision of the Insurance Code shall forfeit and pay to the General Fund of the State Treasury a civil penalty in an amount determined by the Director that does not exceed $10,000 for each offense.

19. Because Respondent violated ORS 731.418(1)(a), the Director may impose a civil penalty against Respondent up to $10,000 under ORS 731.988(1).

20. Under ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the Director may issue an order, directed to such person, to discontinue or desist from such violation or threatened violation.

21. Because the Director has reason to believe that Respondent has violated ORS

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731.418(1)(a), the Director may issue an order directed to Respondent to discontinue or desist from such violation under ORS 731.252(1).

ORDERS

The Director issues the following ORDERS:

Order to Cease and Desist

22. Pursuant to the authority of ORS 731.252(1), the Director hereby orders Respondent to CEASE AND DESIST from violating ORS 731.418(1)(a).

Order Assessing Civil Penalties

23. Pursuant to ORS 731.988(1), the Director hereby ORDERS the assessment of two thousand dollars ($2,000) in CIVIL PENALTIES against Respondent for violating ORS 731.418(1)(a).

24. The Director SUSPENDS collection of one thousand dollars ($1,000) of the foregoing civil penalties, provided Respondent submits simultaneously with this executed Consent Order the remaining one thousand dollars ($1,000) of civil penalties and Respondent complies with all terms of this Consent Order and the Insurance Code.

25. The Director agrees to waive the foregoing suspended one thousand dollars ($1,000) of civil penalties at the end of a period of three (3) years from the effective date of this Consent Order provided that Respondent:

A. submits to the Director prior to or simultaneously with this executed Consent Order the following:

i. a representation that it provided the training session to all relevant employees on or about August 12, 2022, as reflected in Paragraph 13;

ii. an acknowledgement that Respondent and its employees are responsible for compliance with the Insurance Code irrespective of their use or reliance on any in-house or third-party software; and

iii. a statement that Respondent has conducted an internal review to identify

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any other duplicate licensing applications that it may have submitted to the Division in error and that Respondent has either reported any such duplicate submissions to the Division or has not identified any such duplicate submissions; and

B. complies with the Insurance Code and the terms and conditions of this Consent Order.

26. If Respondent fails to comply with this Consent Order or otherwise fails to comply with the Insurance Code within the period of three (3) years, then the suspended portion of the civil penalties shall become immediately due and payable and the Division may take additional action against Respondent for violation of this Consent Order.

NONDISCHARGEABILITY

27. Respondent agrees the facts and violations set forth in this Order may be taken as true without further proof in any bankruptcy case or subsequent civil litigation the Director may pursue to enforce its rights to any payment or money judgment under the terms of this Order, including but not limited to any nondischargeablity complaint in any bankruptcy proceeding and that this Order shall have collateral estoppel effect in any bankruptcy case.

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FINAL ORDER

28. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any party not covered by this Order.

IT IS SO ORDERED.

Dated this 6th day of October, 2022.

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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CONSENT TO ENTRY OF ORDER

I, Payman Pezhman, state that I hold the title of General Counsel , M&R, and I am an authorized representative of Respondent UnitedHealthcare Insurance Company with the authority to sign this Consent Order on behalf of Respondent. I have read the Order and I fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter, and I have been represented by counsel. Respondent voluntarily consents to the entry of this Order without any 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. Respondent understands that this is a "Final Order" under ORS 183.310(6)(b). Respondent understands that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery that Respondent has committed other violations of the Insurance Code. Respondent will fully comply with the terms and conditions stated herein.

Respondent understands that this Order is a public document.

Signature: /s/ Payman Pezhman

Title: General Counsel, UHC M&R

State of Minnesota

County of Heppepin

Signed or attested before me on this 15th day of September, 2022 by Payman Pezhman.

/s/ Katherine Ann Butler

Notary Public

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