

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

In the Matter of

Case No. INS-17-0148

JOHN HANCOCK LIFE INSURANCE  
COMPANY (U.S.A.),

FINAL ORDER TO CEASE AND  
DESIST, FINAL ORDER ASSESSING  
CIVIL PENALTY AND CONSENT TO  
ENTRY OF ORDER

Respondent.

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting by and through the Division of Financial Regulation (“Division”) and in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance Code”), has commenced this administrative proceeding, pursuant to ORS 731.256, to take enforcement action against John Hancock Life Insurance Company (U.S.A.) (“Respondent”); and

WHEREAS Respondent wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this order, Respondent hereby CONSENTS to entry of this order upon the Director’s Findings of Fact and Conclusions of Law as stated hereinafter.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent has been licensed in Oregon as a foreign insurer since May 17, 1956. Respondent’s principal place of business is 601 Congress Street, Boston, MA 02210. Respondent’s National Association of Insurance Commissioners number is

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





1 65838.

2 2. On February 17, 2017, Respondent entered into a consent order<sup>1</sup> with the  
3 Director that included an order that Respondent pay a civil penalty of \$71,500. Of the  
4 \$71,500 civil penalty, \$35,000 was suspended for a three-year period, so long as  
5 Respondent complies with all terms and conditions of the consent order and all  
6 requirements of the Oregon Insurance Code.

7 3. On June 12, 2017, Respondent sent a letter to Oregon consumer CR, denying  
8 coverage for charges provided by an adult foster home. In the denial letter, Respondent  
9 stated that “[y]our long-term care policy does not include coverage for a[n] Adult Foster  
10 Home.”

11 4. On August 11, 2017, Respondent sent a letter to the Division explaining that  
12 CR’s denial was an error. Additionally, Respondent stated that “[t]o ensure that other  
13 claims involving Adult Foster Homes have not been inadvertently denied, we will  
14 perform a review of all Oregon claims in the past 3 years and report the findings to you  
15 upon completion of the review.”

16 5. On September 20, 2017, Respondent sent a letter to the Division, explaining  
17 that there were six additional incorrect denials between January 1, 2014 and September  
18 20, 2017.

19  
20 CONCLUSIONS OF LAW

21 The Director CONCLUDES that:

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

26 \_\_\_\_\_  
<sup>1</sup> Department of Consumer and Business Services Case No. INS-16-0262.

1 7. Pursuant to ORS 743.656(1)(b)(D), no long term care insurance policy shall  
2 be delivered or issued for delivery unless the policy determines eligibility for covered  
3 services from an adult foster care.

4 8. Respondent violated ORS 743.656(1)(b)(D) on seven occasions when it  
5 incorrectly denied covered services as described in Paragraph 3 and Paragraph 5.

6 9. The \$35,000 suspended civil penalty described in Paragraph 2 is immediately  
7 due and payable because Respondent did not comply with all requirements of the Oregon  
8 Insurance Code.

9 10. Pursuant to ORS 731.988(1) the Director may impose a civil penalty of up to  
10 \$10,000 per violation upon any person that violates any provision of the Insurance Code  
11 or any lawful rule or final order of the Director.

12  
13 ORDERS

14 Now, therefore, the Director issues the following ORDERS:

15 11. As authorized by ORS 731.252(1), the Director ORDERS Respondent to  
16 CEASE AND DESIST from violating any provision of the Insurance Code or the  
17 administrative rules promulgated thereunder.

18 12. Based upon the foregoing and as authorized by ORS 731.988(1), the Director  
19 ORDERS that Respondent pay a CIVIL PENALTY of \$49,000 as follows:

20 A. A CIVIL PENALTY of \$2,000 per occurrence for seven violations of ORS  
21 743.656(1)(b)(D) on as described in Paragraph 8 for a total CIVIL PENALTY of  
22 \$14,000.

23 B. A CIVIL PENALTY of \$35,000 for the suspended civil penalty described in  
24 Paragraph 2 because Respondent did not comply with all requirements of the Oregon  
25 Insurance Code.

26 13. The \$49,000 CIVIL PENALTY assessed above is due and payable at the time



1 this Order is returned to the Division.

2

3 SO ORDERED this 22<sup>nd</sup> day of January, 2018.

4

CAMERON C. SMITH, Acting Director  
Department of Consumer and Business Services

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6

/s/ David Tatman  
David C. Tatman, Chief of Enforcement  
Division of Financial Regulation

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1 CONSENT TO ENTRY OF ORDER

2 I, William Ball, state that I am an officer of John  
3 Hancock Life Insurance Company (U.S.A.) and I am authorized to act on its behalf. I  
4 have read the foregoing order, and I know and fully understand the contents hereof. I  
5 have been advised of the right to a hearing and of the right to be represented by counsel  
6 in this matter. John Hancock Life Insurance Company (U.S.A.) voluntarily and without  
7 any force or duress consents to the entry of this order expressly waiving any right to a  
8 hearing in this matter. John Hancock Life Insurance Company (U.S.A.) understands that  
9 the Director reserves the right to take further actions to enforce this order or to take  
10 appropriate action upon discovery of other violations of the Insurance Code. John  
11 Hancock Life Insurance Company (U.S.A.) will fully comply with the terms and  
12 conditions stated herein.

13 John Hancock Life Insurance Company (U.S.A.) understands that this order is a  
14 public document.

15 /s/ William Ball  
16 Signature

17 William Ball  
18 Printed name

19 Vice President  
20 Office held

21 ACKNOWLEDGMENT

22 There appeared before me this 19<sup>th</sup> day of December, 2017,  
23 William Ball, who was first duly sworn on oath, and stated that  
24 she/he was and is an officer of John Hancock Life Insurance Company (U.S.A.) and that  
25 she/he is authorized and empowered to sign this Consent to Entry of Order on behalf of  
26 John Hancock Life Insurance Company (U.S.A.) and to bind John Hancock Life  
Insurance Company (U.S.A.) to the terms hereof.

/s/ Paul M. Pacheco  
Signature of Notary Public

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