

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

In the Matter of:

Case No. INS-19-0060

LIFESHIELD NATIONAL INSURANCE
COMPANY,

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

Respondent.

THIS IS A FINAL ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting 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 conducted an investigation into the insurance related activities of LifeShield National Insurance Company (“Respondent”).

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

Now, therefore, as evidenced by the authorized signatures subscribed on this document, the Director issues the following Findings of Fact, Conclusions of Law, and Final Order.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent has been licensed as a foreign insurer since November 7, 1988 and provides life insurance and health insurance products in Oregon. Respondent’s

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1 principal place of business is 629 NW Grand Blvd. Suite A, Oklahoma City, OK 73154
2 and its National Association of Insurance Commissioners company code is 99724.

3 2. From September 1, 2017 through September 1, 2018, Respondent issued
4 1,088 individual short term health insurance policies (“Renewal Policies”) to Oregon
5 consumers within 60 days after the expiration of a previously issued individual short term
6 health insurance policy (“Original Policy”) to the respective policy holder. Taken
7 together, each consecutively issued Original Policy plus Renewal Policy (hereinafter to
8 be referred to as “Short Term Policies”) were for a period of more than three months.

9 3. Each Short Term Policy did not cover one or more essential health benefits as
10 required by ORS 743B.125(3).

11 4. Each Short Term Policy imposed annual or lifetime limits on the dollar
12 amount of essential health benefits.

13 5. The provisions of ORS 743B.005(16)(b)(H) and (c) became effective May 25,
14 2017. Respondent became aware of the provisions of 743B.005(16)(b)(H) and (c) on
15 July 18, 2018 and thereafter took action to cease sales of consecutive policies.
16 Respondent cooperated fully with the Director in correcting and resolving this matter.

17
18 **CONCLUSIONS OF LAW**

19 The Director CONCLUDES that:

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

24 7. Pursuant to ORS 743B.005(16)(b)(H), health benefit plan does not include
25 short term health insurance policies that are in effect for periods of three months or less,
26 including the term of a renewal of the policy.

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1 8. Pursuant to ORS 743B.005(16)(c), renewal of a short term health insurance
2 policy includes the issuance of a new short term health insurance policy by an insurer to a
3 policyholder within 60 days after the expiration of a policy previously issued by the
4 insurer to the policyholder.

5 9. Because the Short Term Policies described in Paragraph 2 were for periods of
6 more than three months, the policies were not excluded from the definition of health
7 benefit plan and therefore must comply with all requirements of a health benefit plan.

8 10. Pursuant to ORS 743B.125(3), an individual health benefit plan other than a
9 grandfathered health plan must cover, at a minimum, all essential health benefits.

10 11. Each of the 1,088 Short Term Policies was in violation of ORS 743B.125(3)
11 for not covering all essential health benefits.

12 12. Pursuant to ORS 743B.125(8), an individual health benefit plan may not
13 impose annual or lifetime limits on the dollar amount of essential health benefits.

14 13. Each of the 1,088 Short Term Policies was in violation of ORS 743B.125(8)
15 for imposing annual or lifetime limits on the dollar amount of essential health benefits.

16 14. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to
17 \$10,000 per violation upon any individual who violates a provision of the Insurance
18 Code.

19 **ORDERS**

20 Now therefore, the Director issues the following Orders:

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

24 16. Based upon the foregoing and as authorized by ORS 731.988(1), the Director
25 ORDERS that Respondent pay a CIVIL PENALTY of \$100,000 for violations of ORS
26 743B.125(3) and ORS 743B.125(8).

1 17. Because of Respondent’s actions to remedy the violations cited herein, the
2 Director SUSPENDS the collection of \$20,000 of the total CIVIL PENALTY assessed
3 above so long as Respondent complies with all terms and conditions of this Order and all
4 requirements of the Insurance Code and any administrative rules promulgated thereunder.
5 If, during the period of two years after the effective date of this Order, Respondent
6 complies with the terms of this Order and the Director has not initiated an enforcement
7 action for new violations of the same provisions of the Insurance Code identified in this
8 Order, the Director WAIVES the collection of the suspended CIVIL PENALTY assessed
9 herein.

10 18. The remaining \$80,000 CIVIL PENALTY assessed herein, that has not been
11 suspended, is due and payable at the time this Order is returned to the Division.

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

17
18 SO ORDERED this 5th day of December, 2019.

19 LOUIS SAVAGE, Acting Director
20 Department of Consumer and Business Services

21
22 /s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
23 Division of Financial Regulation

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26

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1 CONSENT TO ENTRY OF ORDER

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

12 LifeShield National Insurance Company understands that this Order is a public
13 document.

14 /s/ David W. Brooks
15 Signature

16 David W. Brooks
17 Printed name

18 President
19 Office held

20 ACKNOWLEDGMENT

21 There appeared before me this 21 day of November, 2019,
22 David W. Brooks, who was first duly sworn on oath, and stated that
23 she/he was and is an officer of LifeShield National Insurance Company and that she/he
24 is authorized and empowered to sign this Consent to Entry of Order on behalf of
25 LifeShield National Insurance Company and to bind LifeShield National Insurance
26 Company to the terms hereof.

/s/ Heather K. Reeves
Signature of Notary Public

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