

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

In the Matter of:

Case No. INS-20-0092

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 principal

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

3 2. From September 1, 2017 through September 1, 2018, Respondent issued 1,088
4 individual short term health insurance policies (“Renewal Policies”) to Oregon consumers
5 within 60 days after the expiration of a previously issued individual short term health
6 insurance policy (“Original Policy”) to the respective policy holder. Taken together, each
7 consecutively issued Original Policy plus Renewal Policy (hereinafter to be referred to as
8 “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) and imposed annual or lifetime limits on the dollar amount
11 of essential health benefits.

12 4. The provisions of ORS 743B.005(16)(b)(H) and (c) became effective May 25,
13 2017. Respondent became aware of the provisions of 743B.005(16)(b)(H) and (c) on July
14 18, 2018 and thereafter took action to cease sales of consecutive policies. Respondent
15 represented to the Division of Financial Regulation (the “Division”) that no additional
16 Short Term Policies for a period of more than three months were sold after July 18, 2018.

17 5. As a result of the 1,088 Short Term Policies described in Paragraph two above,
18 on December 5, 2019, Respondent entered into a consent order in case INS-19-0060 with
19 the Director that included a \$100,000 civil penalty, with \$20,000 of that amount suspended.

20 6. Order INS-19-0060 conditioned the suspended \$20,000 civil penalty on
21 Respondent complying with the terms of the order and the Director not initiating an
22 enforcement action for new violations of the same provisions of the Insurance Code
23 identified in Order INS-19-0060.

24 7. After Order INS-19-0060 was executed, it was discovered that, from September
25 2, 2018 through April 13, 2019, Respondent issued an additional 238 Short Term Policies
26

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1 to Oregon consumers that were for a period of more than three months.¹

2
3 CONCLUSIONS OF LAW

4 The Director CONCLUDES that:

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

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

12 10. Pursuant to ORS 743B.005(16)(c), renewal of a short term health insurance
13 policy includes the issuance of a new short term health insurance policy by an insurer to a
14 policyholder within 60 days after the expiration of a policy previously issued by the insurer
15 to the policyholder.

16 11. Because the Short Term Policies described in Paragraph seven above were for
17 periods of more than three months, the policies were not excluded from the definition of
18 health benefit plan and therefore must comply with all requirements of a health benefit
19 plan.

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

22 13. Each of the 238 Short Term Policies was in violation of ORS 743B.125(3) for
23

24 ¹ The additional 238 Short Term Policies, which had been sold and issued prior to the execution of Order
25 INS-19-0060, were unknown to Respondent at the time. Notwithstanding procedural safeguards that had
26 been implemented by Respondent on July 18, 2018 to prevent the sale of Short Term Policies for a period of
more than three months, the 238 Short Term Policies were sold and issued because of undiscovered
differences between two consecutive policies, such as the misspelling of the insured's name on the second
application.



1 not covering all essential health benefits.

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

4 15. Each of the 238 Short Term Policies was in violation of ORS 743B.125(8) for
5 imposing annual or lifetime limits on the dollar amount of essential health benefits.

6 16. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to
7 \$10,000 per violation upon any person who violates a provision of the Insurance Code.

8 17. In addition to the new violations, each of the 238 Short Term Policies described
9 above are grounds for the Director to collect the \$20,000 suspended CIVIL PENALTY
10 from Order INS-19-0060.

11
12 **ORDERS**

13 Now therefore, the Director issues the following Orders:

14 18. As authorized by ORS 731.252(1), the Director ORDERS Respondent to
15 CEASE AND DESIST from violating ORS 743B.125(3), ORS 743B.125(8), and Order
16 INS-19-0060.

17 19. Based upon the foregoing and as authorized by ORS 731.988(1), the Director
18 ORDERS that Respondent pay a total CIVIL PENALTY of \$35,000 as follows:

19 A. A CIVIL PENALTY of \$15,000 for violating ORS 743B.125(3) and ORS
20 743B.125(8) as described in Paragraph 13 and Paragraph 15 above.

21 B. The \$20,000 CIVIL PENALTY that was assessed and suspended in Order INS-
22 19-0060 for violating the terms of that Order.

23 20. The \$35,000 total CIVIL PENALTY is due and payable at the time this Order
24 is returned to the Division.

25 21. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that
26 provision, entry of this Order in no way limits or prevents further remedies, sanctions, or

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1 actions which may be available to the Director under Oregon law to enforce this Order, for
2 violations of this Order, for conduct or actions of Respondent that are not covered by this
3 Order, or against any party not covered by this Order.

4 SO ORDERED this 12th day of March, 2021.

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

7
8 /s/ Dorothy Bean
9 Dorothy Bean, Chief of Enforcement
10 Division of Financial Regulation

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1 CONSENT TO ENTRY OF ORDER

2 I, David 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 Brooks

17 Printed name

18 President

19 Office held

20 ACKNOWLEDGMENT

21 There appeared before me this 19 day of February, 2021,
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 is
24 authorized and empowered to sign this Consent to Entry of Order on behalf of LifeShield
25 National Insurance Company and to bind LifeShield National Insurance Company to the
26 terms hereof.

/s/ Heather K. Reeves

Signature of Notary Public

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