



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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In the Matter of

QBE INSURANCE CORPORATION

No. 2018-0024-S

Respondent.

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CONSENT ORDER

WHEREAS, the Department of Financial Services (the “Department”) conducted an investigation of QBE Insurance Corporation (hereinafter “Respondent”) regarding its issuance of accident-only policies to institutions of higher education in New York.

WHEREAS, the Department concluded that Respondent’s issuance of accident-only policies to institutions of higher education in New York to cover students enrolled in the institutions constituted a violation of the New York Insurance Law, which does not permit the issuance of such coverage to institutions of higher education in New York.

WHEREAS, the Department and Respondent are willing to resolve the matters cited herein in lieu of proceeding by notice and hearing.

NOW, THEREFORE, this Consent Order contains the Department’s findings and the relief agreed to by the Department and Respondent.

BACKGROUND

1. Respondent is domiciled in Pennsylvania and is licensed as a property and casualty insurance company in New York. Pursuant to Insurance Law §1113(a)(3), Respondent is authorized to write accident and health insurance in New York. Respondent offers blanket accident-only coverage to groups in New York.
2. The Department commenced an investigation of Respondent requesting information regarding its issuance of accident-only coverage to institutions of higher education in New York, including a list of each policy issued for the 2016-2017 school year, the name of each policyholder to which the coverage was issued, the number of students covered under each policy, and a summary of the benefits. Respondent was also asked to provide information regarding how the students were informed of the coverage issued, the annual premium charged, and who paid the premiums for the coverage.
3. As a result of a statutory change in New York law in 2014, pursuant to Insurance Law §§3240 and 4237(a)(3)(C), a policy issued to an institution of higher education is limited to: a policy of hospital and medical expense insurance that is compliant with the Affordable Care Act (ACA) and meets other specified requirements; a policy that provides limited scope dental or vision benefits; and a policy that provides coverage only for intercollegiate sports injuries. Accident-only coverage is not included among the permissible coverages that may be issued to an institution of higher education to cover students enrolled in the institution.
4. The Department's investigation found that Respondent sold the accident-only coverage for the 2016-2017 school year to 25 institutions of higher education, covering 99,937 students. Students did not each receive a certificate of insurance. The Department also found that the Respondent's blanket accident-only insurance policy forms issued to the institutions of higher education had not been updated to comply with changes to the New York Insurance Law ("Insurance Law") unrelated to the ACA. These non-compliant policy forms were also issued to permissible blanket groups other than institutions of higher education.

FINDINGS

5. Respondent, for the time period encompassing the 2016-2017 school year, violated:
 - a. Insurance Law §§3240 and 4237(a)(3) by issuing accident-only coverage to institutions of higher education to cover students enrolled in the institutions; and
 - b. Insurance Law § 3221(a)(6) by failing to issue certificates setting forth the essential features of the insurance coverage to each of the 99,937 students covered by the policies.
6. Respondent's violations during the aforementioned time period contravened New York Insurance Law.

VIOLATIONS

7. By reason of the foregoing, Respondent violated: §§ 3221(a)(6), 3240 and 4237(a)(3)(C) of the New York Insurance Law.

AGREEMENT

IT IS HEREBY AGREED AND ORDERED that Respondent and all of its subsidiaries, affiliates, successors, assigns, agents, representatives, and employees, shall comply with the following:

8. Respondent shall provide evidence to the Department within sixty (60) days from the Date of Respondent's signing of this Consent Order that compliance controls are in place to assure compliance with the New York Insurance Law and Regulations with respect to its insurance products in the future.
9. Respondent has already taken the following corrective actions:
 - a. Respondent ceased sales of blanket accident-only insurance to institutions of higher education as of January 10, 2017; and

- b. Respondent has submitted to the Department and received approval of a complete updated policy and certificate of blanket accident-only insurance it intends to issue in the future to permissible blanket groups other than institutions of higher education.

MONETARY PENALTY

- 10. Within seven (7) days of the execution of this Consent Order, Respondent shall pay a civil penalty of Seven Hundred Fifty Thousand Dollars (\$750,000.00). Respondent agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.
- 11. The above referenced payment shall be payable to the New York State Department of Financial Services account at JPMorgan Chase Bank, N.A. via electronic transfer in accordance with the Department's instructions.

BREACH OF THE CONSENT ORDER

- 12. In the event the Department believes Respondent to be materially in breach of this Consent Order ("Breach"), the Department will provide written notice of such Breach to Respondent and Respondent must, within ten (10) business days from the date of receipt of said notice, or on a later date if so determined in the sole discretion of the Department, appear before the Department and have an opportunity to rebut the evidence, if any, of the Department that a Breach has occurred and, to the extent pertinent, to demonstrate that any such Breach is not material or has been cured.
- 13. Respondent understands and agrees that Respondent's failure to appear before the Department to make the required demonstration within the specified period as set forth herein is presumptive evidence of Respondent's Breach. Upon a finding of Breach, the Department has all the remedies available to it under New York or other applicable laws and may use any and all evidence available to the Department for all ensuing examinations,

hearings, notices, orders, and other remedies that may be available under New York or other applicable laws.

OTHER PROVISIONS

14. If Respondent defaults on any of its obligations under this Consent Order, the Department may terminate the Consent Order, at its sole discretion, upon ten (10) days' written notice to Respondent. In the event of such termination, Respondent expressly agrees and acknowledges that this Consent Order shall in no way bar or otherwise preclude the Department from commencing, conducting, or prosecuting any investigation, action, or proceeding, however denominated, related to the Consent Order, against Respondent or from using in any way the statements, documents, or other materials produced or provided by Respondent prior to or after the date of this Consent Order, including, without limitation, such statements, documents, or other materials, if any, provided for purposes of settlement negotiations.
15. The Department has agreed to the terms of this Consent Order based on, among other things, representations made to the Department by Respondent and the Department's own factual examination. To the extent that representations made by Respondent are later found to be materially incomplete or inaccurate, this Consent Order or certain provisions thereof are voidable by the Department in its sole discretion.
16. Upon the request of the Department, Respondent shall provide all documentation and information reasonably necessary for the Department to verify compliance with this Consent Order.
17. All notices, reports, requests, certifications, and other communications to the Department regarding this Consent Order shall be in writing and shall be directed as follows:

If to the Department:

New York State Department of Financial Services
One State Street, 19th Floor
New York, NY 10004-1511

Attention: Scott D. Fischer, Executive Deputy Superintendent for Insurance

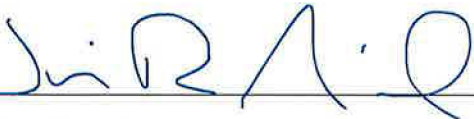
If to the Company:

QBE Insurance Corporation
55 Water Street, 20th floor
New York, NY 10041
Attention: Jose Gonzalez, Chief Legal Officer

18. This Consent Order and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.
19. Respondent waives its right to further notice and hearing in this matter as to any allegations of past violations up to and including the Effective Date and agrees that no provision of the Consent Order is subject to review in any court or tribunal outside the Department.
20. This Consent Order may not be amended except by an instrument in writing signed on behalf of all parties to this Consent Order.
21. This Consent Order constitutes the entire agreement between the Department and Respondent relating to the violations identified herein and supersedes any prior communication, understanding, or agreement, whether written or oral, concerning the subject matter of this Consent Order. No inducement, promise, understanding, condition, or warranty not set forth in this Consent Order has been relied upon by any party to this Consent Order.
22. In the event that one or more provisions contained in this Consent Order shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Consent Order.
23. Upon execution by the parties to this Consent Order, no further action will be taken by the Department against Respondent for the conduct set forth in this Consent Order, subject to the terms of this Consent Order.

24. This Consent Order may be executed in one or more counterparts, and shall become effective when such counterparts have been signed by each of the parties hereto and So Ordered by the Superintendent of Financial Services.

QBE INSURANCE CORPORATION

By:  Dated: 2/26/18
Jose Gonzalez
Chief Legal Officer

Jose Gonzalez Feb 26, 2018 11:50:10 EST

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

By:  Dated: 3/8/18
Scott D. Fischer
Executive Deputy Superintendent for Insurance

THE FOREGOING CONSENT ORDER IS HEREBY APPROVED.

By:  Dated: 3/15/18
Maria T. Vullo
Superintendent of Financial Services