

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 10, 2021

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2021 JUN 10 A 8:48

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2021-00033

AMERICAN FINANCIAL SECURITY
LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that American Financial Security Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-316 B of the Code of Virginia ("Code") by failing to use insurance policies or forms on file with the Commission; § 38.2-316.1 B of the Code by using unapproved accident and sickness insurance premium rates applicable to health benefit plans providing health insurance coverage, as defined in § 38.2-3431, in the individual market to residents of Virginia through a group trust, association, purchasing cooperative, or other group that is not an employer plan; § 38.2-1833 A 1 of the Code by failing to comply with agent appointment requirements by accepting applications from unappointed agents; as well as 14 VAC 5-90-50 A of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, ("Rules") by using advertisements where the format and content were not sufficiently complete and clear to avoid deception or the capacity or tendency to mislead or deceive; 14 VAC 5-90-60 A 2 of the Rules by using words and phrases in an advertisement in a manner that exaggerates a benefit beyond the terms of the

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policy; 14 VAC 5-90-60 C 2 of the Rules by using an advertisement that implies that the applicant's physical condition or medical history will not affect the issuance of the policy or payment of a claim under the policy, even though the policy does contain pre-existing condition exclusions and limitations; and 14 VAC 5-90-110 of the Rules by using an advertisement that directly or indirectly makes unfair or incomplete comparisons of policies or benefits or comparisons of noncomparable policies of other insurers.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan set forth in the Bureau's letter dated May 20, 2020; has confirmed that restitution was made to 1,394 consumers in the amount of Five Hundred Thirty Seven Thousand Nine Hundred Thirty Five Dollars and Fifty-one Cents (\$537,935.51); has tendered to the Treasurer of Virginia the sum of One Hundred Eighty Three Thousand Six Hundred Dollars (\$183,600); has agreed to cease and desist from future violations of §§ 38.2-316 B and 38.2-316.1 B of the Code; and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

1. The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
2. The Defendant shall cease and desist from future violations of §§ 38.2-316 B and 38.2-316.1 B of the Code.
3. This case is dismissed, and the papers herein shall be placed in the file for ended causes.

A COPY of this order shall be sent by the Clerk of the Commission by electronic mail to: Michael Camilleri, President, American Financial Security Life Insurance Company, at mcamilleri@afslic.com, 150 East Palmetto Park Road, Suite 450, Boca Raton, Florida 33432; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Julie Blauvelt.