



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

TENNESSEE INSURANCE DIVISION,)
)
 Petitioner,)
)
 vs.) **TID No.: 20-190**
)
MEDAMERICA INSURANCE)
COMPANY,)
)
 Respondent.)
)

CONSENT ORDER

WHEREAS, Petitioner, the Insurance Division of the Tennessee Department of Commerce and Insurance (“Division”), and MedAmerica Insurance Company (“Respondent”) hereby stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”), as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order (“Order”) is subject to the Commissioner’s acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of the Commissioner.

2. This Order is executed by the Respondent for the purpose of memorializing Respondent’s decision to voluntarily discontinue selling individual long-term care policies in Tennessee but to continue to service existing insureds. Furthermore, should this Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further

participation or resolution of these proceedings.

3. The Respondent fully understands that this Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. The Respondent fully understands that this Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for violations of the law addressed specifically in this Order against the Respondent for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Order by the Respondent.

5. The Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Order, the stipulations and imposition of discipline contained herein, and the consideration and entry and execution of said Order by the Commissioner.

AUTHORITY AND JURISDICTION

6. The Commissioner has jurisdiction over this matter pursuant to Title 56 of the Tennessee Code Annotated (“Tenn. Code Ann.”), specifically Tenn. Code Ann. §§ 56-1-101 *et seq.*, 56-1-202, 56-1-401 *et seq.*, 56-2-101, and 56-2-305 (the “Law”). The Law places on the Commissioner the responsibility of its provisions.

PARTIES

7. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the public.

8. The Respondent is an insurance company domiciled in the State of Pennsylvania and has an address presently on file with the Division of 651 Holiday Drive, Foster Plaza Building 5, Pittsburgh, Pennsylvania 15220.

FINDINGS OF FACT

9. The Respondent has a certificate of authority with the Division to operate as a life, accident, and health insurance company in the State of Tennessee.

10. In February 2016 Respondent voluntarily discontinued the sale of individual long-term care policies. Respondent continued to write long-term care insurance only where contractually obligated to do so under group contracts, including one for the employees and retirees of the State of Tennessee, which expired effective December 31, 2017. Thereafter, Respondent has continued to service existing insureds.

11. As of June 30, 2020, the Respondent's operating losses in the last twelve-month period, including but not limited to net capital gain or loss, change in non-admitted assets, and cash dividends paid to shareholders, exceed fifty percent (50%) of the Respondent's remaining surplus as regards policyholders in excess of the minimum required.

12. As of June 30, 2020, the Respondent's operating losses in the last twelve-month period, excluding net capital gains, exceed twenty percent (20%) of the Respondent's remaining surplus as regards policyholders in excess of the minimum required.

CONCLUSIONS OF LAW

13. Tenn. Code Ann. § 56-1-416 provides that the Commissioner shall revoke or suspend all certificates of authority granted to an insurance company if the Commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition and, upon such a finding, no new business shall be done by the company or its agents under suspension or revocation while such default or disability continues and not until its authority

to do business is restored by the Commissioner.

ORDER

NOW, THEREFORE, on the basis of the foregoing and the Respondent's waiver of the right to a hearing and appeal under Tennessee insurance law and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that the Respondent, for the purpose of settling this matter, admits the Findings of Fact and Conclusions of Law, agrees to the entry and execution of this Order, and agrees that this Order is in the public interest, necessary for the protection of insureds and consistent with the purposes fairly intended by the policy and provisions of the Law.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 56-1-416, that:

1. The Respondent voluntarily agrees to not write any new insurance business related to Tennessee consumers without first obtaining written approval from the Tennessee Insurance Division.
2. The Respondent voluntarily agrees and is required to obtain written approval from the Division before it transacts any new insurance business related to Tennessee consumers or insurance companies that may have an impact on Tennessee consumers or insurance companies.
3. If the Respondent issues or assumes any insurance business related to Tennessee consumers or insurance companies that may have an impact on Tennessee consumers or insurance companies without obtaining written approval from the Division, the Respondent waives all rights to notice and a hearing under Tenn. Code Ann. §§ 4-5-301 *et seq.*, and the Respondent's certificate of authority shall be automatically REVOKED without further action by the Commissioner or the Division.
4. The Respondent agrees to continue to service all Tennessee insureds per the terms

of the issued long-term care policies/certificates as they are guaranteed renewable.

5. The Respondent shall continue to pay fees, licensure, and taxes as required by law, and to service existing policyholders/certificate holders and adjust losses.

6. The Respondent shall continue to file financial statements and other information that are required of a licensed insurance company in Tennessee.

7. The Respondent is required to abide by all previous orders of the PID. The Respondent shall promptly notify the Division within five (5) calendar days of any new order or directive issued by, or on behalf of, the PID or any other regulator.

8. This Order does not prohibit Respondent from filing, securing approval for, and implementing rate increases on its Tennessee long-term care insurance business.

9. This Order is in the public interest and in the best interests of the parties. This Order represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signature affixed below, the Respondent affirmatively states that it has freely agreed to the entry and execution of this Order, that it has been advised that it may consult legal counsel in this matter and has had the opportunity to consult with legal counsel, that it waives its right to a hearing on the matters underlying this Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Order, affirmatively state their agreement to be bound by the terms of this Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Order, are binding upon them.

10. This Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to

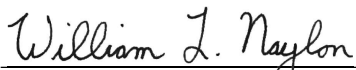
constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.


IT IS SO ORDERED.


ENTERED AND EXECUTED January 7, 2021.


[Carter Lawrence \(Jan 7, 2021 09:49 CST\)](#)
Carter Lawrence, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION:


Name William L. Naylor
Title President
MedAmerica Insurance Company


[Bill Huddleston \(Jan 6, 2021 11:08 CST\)](#)
Bill Huddleston
Assistant Commissioner for Insurance
Department of Commerce and Insurance


[Jenny Taylor \(Jan 5, 2021 14:01 CST\)](#)
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