

STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the Matter of:

Order No. 18-017-M

American Modern Home Insurance  
Company

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Issued and Entered  
this 3d day of April 2018  
By Patrick M. McPharlin  
Director

**FINAL ORDER ADOPTING REGULATORY SETTLEMENT AGREEMENT**

1. The Director of the Michigan Department of Insurance and Financial Services (DIFS) has the authority to exercise general supervision and control over individuals and entities participating in the insurance and surety business in this state pursuant to the Insurance Code of 1956, MCL 500.100 *et seq.*
2. American Modern Home Insurance Company (American) was the subject of a multistate targeted market conduct examination, facilitated by the NAIC, regarding American's travel insurance practices during the period January 1, 2010 to December 31, 2014, and American's rates and underwriting information practices during the period January 1, 2010, to June 30, 2017.
3. The examination was led by the Missouri Department of Insurance, Financial Institutions, and Professional Registration; the Minnesota Department of Commerce; the Ohio Department of Insurance; the Oklahoma Insurance Department; the Pennsylvania Insurance Department; and the Utah Insurance Department (collectively, the lead states). Michigan signed an Agreement of Participation regarding this multi-state action on February 9, 2015.
4. The examination identified numerous concerns, including failing to comply with licensing laws; tying the purchase of travel insurance to the purchase of non-insurance assistance services; failing to

file premium tax; using rate ranges and procedures in an unfairly discriminatory way; failing to file forms, rates, or rules; and engaging in unfair claims and trade practices.

5. On December 11, 2017, American and the lead states entered into a regulatory settlement agreement (RSA) addressing the concerns identified by the examination.

6. According to the terms of the RSA, American, without admitting any wrongdoing, agreed to establish an opt-out remediation program; to ensure its travel insurance policy forms, rates, and rules comply with state law; to ensure all participants in the distribution of its travel insurance products are properly licensed under applicable state laws; to not engage in unfair discrimination or prohibited sales practices, sell compulsory or illusory travel insurance, or sell travel insurance through a trust or on a group or blanket bases where prohibited; that all handling of claims and coordination of benefits will be executed based on state insurance law; to maintain documentation of its underwriting, rating, complaint, and claims files in accordance with state law; that the cost of Assistance Services or Travel Cancellation Fee Waivers will not be combined with the rates files with each state's insurance department; to pay a premium tax on all sales of travel insurance as required by state law; to comply with and ensure that any distributors of American's travel insurance will comply with any anti-rebating law in the participating states; to adopt and implement the Forward Looking Guidelines for Rate Filings contained in the Merlino Report and all recommended corrective actions in the Corrective Actions for Claims Report or exit the market after 2017 and remain out of the market for five years; and make a \$255,000 payment to the jurisdictions subscribing to the RSA. The payment allocation is based on the amount of travel insurance premium written by American in the subscribing state during the examination period.

7. Michigan subscribed to the RSA on January 9, 2018. Michigan received its portion of the RSA payment in the amount of \$4,972.85 on March 15, 2018.

8. The RSA became fully effective on February 23, 2018.

Therefore, it is **ORDERED** that the December 11, 2017 RSA between American and the signatory states is adopted. Any failure by American to comply with the provisions of the RSA shall result in appropriate administrative action.



Patrick M. McPharlin  
Director

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**CERTIFICATE OF SERVICE**

I certify that on April 4, 2018, I served a copy of the FINAL ORDER ADOPTING REGULATORY SETTLEMENT AGREEMENT, upon the following party(s) by depositing same in a United States Postal Depository in the City of Lansing, Michigan, enclosed in an envelope, first class mail, bearing postage fully prepaid, and plainly addressed as follows:

American Modern Home Insurance Company  
Chief Legal Officer  
7000 Midland Blvd.  
Amelia, OH 45102-2607



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Valerie Donally, Legal Secretary  
Office of General Counsel