

**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. 18-037-M

HCC Life Insurance Company, HCC Medical  
Insurance Services, LLC, and HCC Insurance  
Holdings, Inc.

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**Issued and Entered  
this 9th day of May 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. HCC Life Insurance Company, HCC Medical Insurance Services, LLC, and HCC Insurance Holdings, Inc. (together, HCC) were the subject of a multistate targeted market conduct examination during the period from March 23, 2010 through April 30, 2016, to determine whether HCC's practices and procedures with respect to writing, form filing, marketing, soliciting, and claims payment of short-term medical insurance plans, including HCC's relationship with Health Insurance Innovations (HII) through which HII marketed, sold, collected, and distributed premium relating to HCC's short-term medical products.
3. The examination was led by the State of Indiana Department of Insurance, Florida Office of Insurance Regulation, the State of Kansas Insurance Department, and the State of Utah Insurance Department (collectively, the lead states). Michigan signed an Agreement of Participation regarding this multi-state action on February 7, 2018.

4. The examination identified numerous concerns, including HCC's timely processing of claims and providing appropriate notices, licensing and appointment concerns, and sales and marketing concerns, including HCC's contractual relationships with and use of HII.

5. On December 19, 2017, HCC 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, HCC, without admitting any wrongdoing, agreed:

- To continue to fully and completely cooperate with the lead states with respect to the continuing examination of HII by providing all unprivileged information and documentation to the lead states and making HCC personnel available, as requested, as such information and personnel relate to the examination of HII.
- To exit the short-term medical insurance market and to remain out of that market for a period of five years from the final effective date of the RSA. Following such a period, should HCC desire to re-enter the market, HCC will file the appropriate forms and rates required by applicable laws and regulations.
- To administer and adjudicate all claims filed in relationship to short-term medical policies in a timely fashion and in compliance with the terms and conditions of the policies and all applicable laws, rules, and regulations.
- To submit to a preliminary audit of claims practices, conduct on-going regular audits of third parties doing business with HCC, and submit to a review of HCC's internal and external audit procedures.
- To make a \$5,000,000.00 payment to the jurisdictions subscribing to the RSA. Michigan subscribed to the RSA on February 7, 2018. Michigan received its portion of the RSA payment in the amount of \$51,051.77 on April 23, 2018.

7. The RSA became fully effective on April 2, 2018.

Therefore, it is **ORDERED** that the December 19, 2017, RSA between HCC and the signatory states is adopted. Any failure by HCC to comply with the provisions of the RSA shall result in appropriate administrative action.



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Patrick M. McPharlin  
Director