

**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.: 20-36-M

Madison National Life Insurance Company
_____ /

**Issued and entered
this 16th day of November 2020
by Anita G. Fox
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. Madison National Life Insurance Company (Madison National) was the subject of a multistate targeted market conduct examination, called on September 12, 2017, regarding Madison National's limited medical business and focused on the following areas of operation: company operations and management, complaints, appeals and grievances handling, marketing and sales, producer licensing and terminations, and claims handling.

3. The examination was led by the District of Columbia, Department of Insurance, Securities, and Banking, the Delaware Department of Insurance, the Kansas Insurance Department, the Wisconsin Office of the Commissioner of Insurance, and the South Dakota Department of Labor and Regulation, Division of Insurance (collectively, the Lead States). On October 30, 2017, Michigan agreed to be a passive participant in the multistate targeted market conduct examination.

4. The examination identified potential concerns regarding Madison National's improper marketing to consumers and groups, inappropriate sales tactics, use of improper forms and utilizing

unapproved rates, use of unlicensed and/or unappointed agents, adding additional fees not approved by states nor fully disclosed to consumers, claim delays, and delayed responsiveness to state regulators' inquiries.

5. On September 4, 2020, Madison National and the Lead States entered into a regulatory settlement agreement (RSA) addressing the concerns identified by the examination.

6. Pursuant to the terms of the RSA, Madison National agreed as follows:

- a. To ensure that all third-party administrators ("TPA") doing business with Madison National are duly licensed in all applicable jurisdictions.
- b. To undertake commercial best efforts to only do business with TPAs that maintain all required TPA licenses in good standing and at all times relevant to its business practices in accordance with the applicable licensing jurisdiction's insurance laws.
- c. To submit for review to the Delaware Director all new TPA agreements or contracts for approval prior to full execution of said agreements.
- d. To ensure that each association with which it does business provides proof that it holds a valid certificate of authority in the jurisdictions where it performs business.
- e. To ensure that it obtains the necessary regulatory approval for all plans of its limited medical business offered in accordance with each settling jurisdiction's insurance laws.
- f. Madison National will be allowed to continue to use its current filings in the District of Columbia so as not to disrupt its existing customers as long as it executes the business transition plan outlined in the RSA.
- g. Madison National will cease selling any policy issued to an association in the District of Columbia by March 31, 2021 or upon approval and implementation of any new policies, whichever is sooner. If approval and implementation do not occur by March

31, 2021, Madison National may request an extension. Current certificate holders will continue to maintain coverage under the policies issued to the association in the District of Columbia until they either cancel or cease paying premium.

7. Michigan subscribed to the RSA on August 31, 2020. Michigan received its portion of the RSA payment in the amount of \$109,645.00 on October 19, 2020.

8. The RSA became fully effective on September 4, 2020.

Therefore, it is **ORDERED** that the September 4, 2020, RSA between Madison National and the signatory states is adopted. Any failure by Madison National to comply with the provisions of the RSA shall result in appropriate administrative action.



Anita G. Fox
Director