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OCT 07 2010

Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

National Union Fire Insurance Company of
Pittsburgh, Pa.,

NAIC No. 19445
Idaho Certificate of Authority No. 328.

Docket No. 18-2628-10

STIPULATION AND ORDER

STIPULATION

COME NOW the Idaho Department of Insurance (the "Department"), by and through its counsel, Thomas A. Donovan, Deputy Attorney General, and Georgia Siehl, Company Activities Bureau Chief, and National Union Fire Insurance Company of Pittsburgh, Pa., by and through its undersigned officer, and stipulate and agree as follows:

1. That National Union Fire Insurance Company of Pittsburgh, Pa. ("National Union"), a Pennsylvania domiciled insurer, is duly authorized as an insurer by the State of Idaho, holding Certificate of Authority No. 328, and is therefore subject to Title 41, Idaho Code, and to

the rules of the Department.

2. That, on July 29, 2009, National Union electronically submitted the following forms to the Department for review and filing via SERFF (system for electronic rate and form filing), stating that they were new forms which had been prepared for issuance to Boise State University: Form No. S30494NUFIC-ID (Boise State)(2009-10), Student Blanket Accident and Sickness Policy; Form No. S30495NUFIC-ID (Boise State)(2009-10), Student Blanket Accident and Sickness Certificate of Coverage; and Form No. S30494NUFIC-ID-BSU, advertising brochure.

3. That the Department reviewed the submitted forms and electronically notified National Union on August 17, 2009, that the forms appeared to be in violation of Idaho law or rules via a letter detailing the Department's specific objections and that the forms "filing" was "being placed in our pending awaiting your response" National Union was notified in that same letter that it must immediately discontinue marketing the forms and should notify the Department if any of the noncompliant forms had been issued in Idaho.

4. That, thereafter, on August 31, 2009, National Union electronically responded to the Department's objections and provided revised forms. The Department, after reviewing National Union's response and revised forms, electronically notified National Union on September 2, 2009, that its forms were still noncompliant and that it must immediately discontinue marketing them and should notify the Department if any of the noncompliant forms had been issued in Idaho.

5. That, on September 3, 2009, National Union electronically submitted its response to the Department. After review of National Union's response, the Department electronically communicated a third objection letter to National Union on September 8, 2009, stating that its

forms remained noncompliant and again stating that any marketing of the noncompliant forms must be immediately discontinued and requesting that National Union notify the Department if any of the noncompliant forms had been issued in Idaho.

6. That, thereafter, National Union requested an extension for its response. The Department electronically notified National Union on September 22, 2009, that the deadline for its response and to bring the forms into compliance had been extended to September 30, 2009. The Department also requested at that time that National Union include in its response a certification as to whether any of the noncompliant forms had been issued in the state of Idaho.

7. That, on September 28, 2009, National Union electronically submitted its response and revised forms. On September 29, 2009, the filing of its forms was accepted as filed by the Department.

8. That, on September 29, 2009, in response to Department inquiry, National Union submitted a certification via electronic communication to the Department that the policy had not been issued to Boise State. It reported that brochures had been distributed but that the corrected brochure would be made available on its website.

9. That, on September 29, 2009, the Department received a copy of a contract addendum between National Union and Boise State University dated and effective August 1, 2009, for intercollegiate students, and effective August 15, 2009, for academic students, with a termination date of August 14, 2010. While the specific form number is not identified on the addendum, a policy number is identified, and it appears unmistakable that the policy form was that submitted by National Union electronically to the Department on July 29, 2009.

10. That, on June 4, 2010, in response to further Department inquiry in May, National Union indicated that it was unable to ascertain the precise number of insureds under the earlier-

submitted policy that was revised and then filed September 29, 2009, during the period of time from August 1, 2009 to September 28, 2009 but estimated the total to be approximately 4,000.

11. That, pursuant to Idaho Code § 41-117, the Director may impose an administrative penalty not to exceed \$5,000 for each violation of Title 41, Idaho Code where a greater penalty is not provided.

12. That National Union violated provisions of Idaho Code, including §§ 41-1844 (prescription benefit drug provision) and 41-2210 (limiting coverage for “newborn” children), by issuing and continuing the use of brochures / forms that it had submitted but which review was pending such that the forms had not been accepted as filed, and which forms did not initially conform to Idaho Code. The company was notified the forms were noncompliant with Idaho law from and including August 18, 2009, the day following notice of noncompliance to National Union, through September 28, 2009, the day prior to being notified by the Department that it had accepted its forms for filing.

13. That National Union violated Idaho Code § 41-247 by falsely certifying on September 29, 2009, in response to Department inquiry that the policy had not been issued to Boise State University given documentation received by the Department demonstrating that the parties had signed an Addendum placing coverage effective as early as August 1, 2009, which, taken together with the admission that approximately 4,000 brochures had been issued, constitutes the effective issuance of the policy.

14. That National Union certified by email correspondence to the Department dated August 27, 2010, that no claims were inappropriately denied based on the noncompliant brochure. Based on this certification and on National Union’s assurance that the corrected brochure has been continuously available on its website since September 29, 2009, the

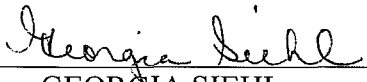
Department will not require National Union to issue corrected brochures to all persons covered under the Boise State policies referenced herein.

15. That, as a consequence of the violations set forth above, National Union agrees to the imposition of a maximum administrative penalty of \$5,000 for each of three (3) violations set forth above for a total administrative penalty of \$15,000 (Fifteen Thousand Dollars), due and payable immediately.

16. That the Department agrees not to seek the imposition of further penalties in connection with the above-described facts.

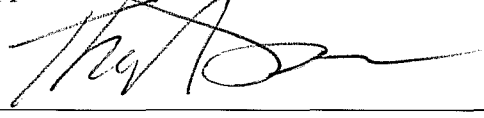
17. That the parties agree that the terms of this Stipulation are appropriate and proper under the circumstances referenced herein and that they have entered into this Stipulation knowingly, voluntarily, and with full knowledge of any rights they may be waiving thereby. Additionally, the parties hereby waive the right to seek reconsideration and judicial review of the attached order.

DEPARTMENT OF INSURANCE
STATE OF IDAHO


By: GEORGIA SIEHL
Bureau Chief, Company Activities

Dated this 7th day of ~~September~~ ^{October} 2010.

Approved as to form:


By: THOMAS A. DONOVAN
Deputy Attorney General

Dated this 7th day of ~~September~~ ^{Oct.} 2010.

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, Pa.



Dated this 25th day of September 2010.

By: Adam Reed

Its: Assistant Vice President

ORDER

IT APPEARING FROM THE FOREGOING THAT GOOD CAUSE EXISTS, IT IS
HEREBY ORDERED that the foregoing Stipulation of the parties is adopted and accepted in full
and made a part of this Order, and that National Union Fire Insurance Company of Pittsburgh,
Pa., shall pay to the Idaho Department of Insurance the sum of \$15,000 (Fifteen Thousand
Dollars) as an administrative penalty.

DATED this 7th OCTOBER day of ~~September~~ 2010.



WILLIAM W. DEAL, Director
Idaho Department of Insurance

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have, on this 7th day of October ~~September~~ 2010, caused a true and correct copy of the foregoing document to be served upon the following by the designated means:

National Union Fire Insurance Company
of Pittsburgh, Pa.
175 Water St., FL 18
New York, NY 10038-4976

- first class mail
- certified mail
- hand delivery
- via facsimile

Nichole Pace
Director of Compliance
Accident & Health Division
National Union Fire Insurance Company
of Pittsburgh, Pa.
nichole.pace@chartisinsurance.com


- first class mail
- certified mail
- hand delivery
- via facsimile
- email

Susan E. Martin
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- via facsimile
- email



Teresa Jones