

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	CONSENT ORDER
Standard Insurance Company,)	
FEIN 93-0242990,)	CASE NO. AG-14-502
)	
Respondent.)	

**TO: Justin Delaney, Vice President, External Affairs & Associate Counsel,
Standard Insurance Company, 1100 SW Sixth Avenue, Portland, OR 97204-
1093**

Insurance Commissioner Adam Hamm (“Commissioner”) has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D.C.C. § 26.1-01-03.
2. The Commissioner has jurisdiction over the Respondent and the subject matter of this Consent Order and this Consent Order is made in the public interest.
3. As a result of information obtained by the North Dakota Insurance Department (“Department”) regarding the conduct of Standard Insurance Company, FEIN 93-0242990 (“Respondent”), which at all relevant times was a foreign insurance company domiciled in Oregon and licensed to do business in North Dakota, the Commissioner has considered initiating administrative proceedings regarding Respondent’s alleged conduct as noted below and regarding the imposition of a civil penalty or any other action the Commissioner deems necessary. Respondent’s conduct

is alleged to be in violation of N.D.C.C. § 26.1-04-03 and N.D. Admin. Code §§ 45-06-04-05, 45-06-04-06 and 45-06-04-10.

4. N.D.C.C. § 26.1-04-03 states, in relevant part:

The following are unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

2. False information and advertising generally. Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the business of insurance or with respect to any person in the conduct of that person's insurance business, which is untrue, deceptive, or misleading.

5. N.D.C.C. § 26.1-11-08 states, in part:

The commissioner shall revoke or suspend all certificates of authority granted to a foreign insurance company or to its agents if, upon examination or other evidence, the commissioner is of the opinion that:

...

2. The company has failed to comply with any provision of the applicable laws of this state.

6. N.D. Admin. Code § 45-06-04-02(2) states:

Every insurer, agent, or broker shall establish and at all times maintain a system of control over the content, form, and method of dissemination of all advertisements of its policies. All such advertisements, regardless of by whom written, created, designed, or presented, are the joint and several responsibility of the insurer, agent, broker, or agency form whom such advertisements are prepared.

7. N.D. Admin. Code § 45-06-04-05(2) states:

No advertisement may contain or use words or phrases such as ... "up to" ... or similar words and phrases, in a manner which exaggerates any benefits beyond the terms of the policy.

8. N.D. Admin. Code § 45-06-04-06(1) states:

When an advertisement which is an invitation to contract refers to either a dollar amount, or a period of time for which any benefit is payable, or the cost of the policy, or specific policy benefit, or the loss for which such benefit is payable, it must also disclose those exceptions, reductions, and limitations affecting the basic provisions of the policy without which the advertisement would have the capacity or tendency to mislead or deceive.

9. N.D. Admin. Code § 45-06-04-10 states, in relevant part:

1. The full legal name of the actual insurer and insurance agent or agency must be shown in each advertisement. An advertisement may not use a trade name, any insurance group designation, name of the parent company of the insurer, name of a particular division of the insurer or agency, service mark, slogan, symbol or other device in a manner which would have the capacity and tendency to mislead or deceive as to the true identity of the insurer or insurance agent or agency.

...

3. Each advertisement must clearly disclose that it is a promotion for an insurance product, company, agent, or agency.

10. N.D. Admin. Code § 45-06-04-12 states:

A violation of this chapter by an insurance company or agent is an unfair method of competition and an unfair or deceptive act or practice in the conduct of the business of insurance, pursuant to North Dakota Century Code section 26.1-04-03.

11. On or about June 18, 2014, the Department received a complaint regarding Respondent's disability insurance policy.

12. During the Department's investigation, the Department was provided with marketing materials used in the presentation and sale of the disability insurance product.

13. Certain of these materials fail to disclose the insurer, agent or agency.

14. Certain of these materials use the phrase "up to" (i.e., "a maximum benefit up to \$10,000 per month") without indicating that the benefit is subject to deductions (i.e., deductions for other income).

15. The use of these marketing materials, as discussed above, constitutes violations of N.D.C.C. § 26.1-04-03 and N.D. Admin. Code §§ 45-06-04-05, 45-06-04-06 and 45-06-04-10.

16. Respondent is jointly and severally liable for the marketing materials.

17. Respondent has agreed to informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

18. There are no covenants, promises, undertakings, or understanding other than as specifically set forth in this Order.

19. Respondent consents to the Commissioner's continuing jurisdiction over it regarding any issues which may subsequently arise related to Respondent's activities.

20. For purposes of resolving this matter, without further administrative proceedings, Respondent and the Commissioner have agreed to enter into the following order.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent, Standard Insurance Company, agrees to pay a fine of \$300 by money order, cashier's check or credit card to the North Dakota Insurance Department within 20 days of the effective date of this Order.

2. The use of this Consent Order for competitive purposes by an insurance agent or agency holding a license in the State of North Dakota, or by an company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 21st day of January, 2015.



Adam Hamm
Insurance Commissioner
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, Steven L Williams, on behalf of **Standard Insurance Company**, states that the undersigned has read the foregoing Consent Order and is authorized by the Company to consent to the entry of this order. The undersigned, on behalf of the Company, fully understands the contents and effect of the Consent Order. The Company has been advised of its right to be represented by legal counsel, to request a hearing in this matter, to present evidence and arguments to the Commissioner, and of its right to appeal from an adverse determination after hearing. By the signing of this Consent to Entry of Order, the undersigned on behalf of the Company waives those rights in their entirety and voluntarily consents to the entry of

this Consent Order by the Insurance Commissioner and agrees to be bound by it. It is further expressly understood that this Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements either expressed or implied.

DATED this 14th day of January, 2015.

Standard Insurance Company

By: Steven L Williams

Its: 2nd VP & Associate Counsel, ISG Legal

Subscribed and sworn to before me

this 14th day of January, 2015.

Minerva Campuzano
Notary Public

State of Oregon

County of Multnomah

My commission expires:

