

**STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE**

IN RE:

GLOBE LIFE AND ACCIDENT  
INSURANCE COMPANY

NAIC Company Code: 91472  
Maine License No. LHF854  
Docket No. INS-17-210

**CONSENT AGREEMENT  
AND ORDER**

Globe Life And Accident Insurance Company (“Globe”), the Superintendent of the Maine Bureau of Insurance (the “Superintendent”), and the Maine Office of the Attorney General (the “Attorney General”) hereby enter into this Consent Agreement pursuant to 10 M.R.S. § 8003(5)(B) to resolve, without resort to an adjudicatory proceeding, violations of the Maine Insurance Code and the Maine Bureau of Insurance Rules. As set forth in more detail below, an investigation into consumer complaints has identified violations of Sections 2154, 5002-B, and 5010-A of the Maine Insurance Code and violations of Bureau of Insurance Rule 140.

**STATUTORY AUTHORITY**

1. Under 24-A M.R.S. §§12-A and 1420-K and 10 M.R.S. § 8003(5)(A-1) the Superintendent may issue a warning, censure or reprimand to a licensee, may suspend, revoke or refuse to renew the license of a licensee; may impose conditions of probation on a licensee; may levy a civil penalty against a licensee; or may take any combination of such actions in response to the licensee’s violation of any insurance law, rule, regulation, subpoena or order of the Superintendent.
2. Pursuant to 10 M.R.S. § 8003(5)(B), the Superintendent may resolve a complaint by entering into a consent agreement with a licensee and with the consent of the Attorney General.
3. Title 24-A M.R.S. § 5002-B(1) states in relevant part that a person has continuity of coverage if that person “has a Medicare supplement policy and seeks coverage under a new Medicare supplement policy with the same or lesser benefits if: (A) that person, including a person entitled to Medicare due to disability, has been covered under a policy that supplemented benefits under Medicare or has been covered under a Medicare Advantage plan with no gap in coverage greater than 90 days beginning with the person’s open enrollment period.”

4. Title 24-A M.R.S. § 5010-A states in relevant part that “[a]n issuer offering coverage under a Medicare supplement policy in this State shall offer coverage under its standardized plans to all individuals, regardless of age, who are entitled to Medicare benefits due to disability.”
5. Title 24-A M.R.S. § 2154 states in relevant part, “[a] person may not make... an 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 or with respect to the name of a financial institution in a manner that is untrue, deceptive or misleading.”
6. Bureau of Insurance Rule 140 states “[a]dvertisements shall be truthful and not misleading, in fact or in implication or by omission of a fact or facts material to the understanding of the policy offered.” “Advertisement” is defined as “[d]escriptive literature and sales aids of all kinds issued by an insurer for presentation to members of the insurance buying public including but not limited to circulars, leaflets, booklets, depictions, illustrations and form letters.”

#### STATEMENT OF FACTS

7. The Superintendent of Insurance is the State official charged with administering and enforcing Maine's insurance laws and regulations, and the Bureau of Insurance is the administrative agency with such jurisdiction.
8. The Superintendent has jurisdiction over this matter pursuant to the powers set forth in the Insurance Code generally, as well as the specific provisions of 24-A M.R.S. §§ 12-A and 211 and 10 M.R.S. § 8003.
9. Globe has been licensed in Maine as a foreign life and health insurance company since 1980. Globe's Maine Certificate of Authority number is LHF854 and its NAIC Code is 91472. The Company is domiciled in Omaha, Nebraska.
10. Globe has been approved to sell Medicare supplement policies since 1992. It has actively marketed its Medicare supplement plans since 2004.
11. From 2011-2015, Globe issued 178 Medicare supplement policies to Maine residents. During 2016, Globe issued 326 policies.
12. Throughout the investigation into the matters set forth in this agreement, Globe was responsive to all Bureau inquiries and provided timely responses to all requests for information.

#### Medically Underwritten Policies

13. On November 6, 2015, the Bureau received a complaint from M.J., a consumer who called Globe on November 3, 2015, requesting to be switched from another carrier's

Medicare supplement Plan F to a Globe Plan F. The Globe agent asked M.J. a series of medical questions. M.J. answered yes to one question. The Globe agent stated that MJ could not enroll in Globe's Plan F because of an underlying medical condition. M. J. filed a complaint with the Bureau.

14. On December 14, 2015, Globe responded to the Bureau complaint inquiry stating that M.J. did not qualify for coverage based on the company's underwriting guidelines and that, based upon the disclosures made during the application process, the application was handled correctly.
15. Upon further review, on December 18, 2015, Globe sent a letter to the Bureau agreeing that it was not in compliance with Maine law when it did not offer M.J. a Medicare supplement Plan F policy.
16. On December 14, 2015, the Bureau received a complaint from another consumer, J.B. J.B. had called Globe to switch to Globe's Medicare supplement Plan F from another carrier, but Globe did not accept the application.
17. On December 22, 2015, Globe sent J.B. a letter stating that his application for a Medicare supplement policy was declined in error.

#### Disabled Medicare Beneficiaries

18. As a result of the complaints of M.J. and J.B., the Bureau requested from Globe electronic copies of all telephone calls for the period of 2011-2015 made to Globe from a 207 (Maine) area code.
19. On June 17, 2016, Globe provided recordings of 195 telephone calls.
20. An examination of the phone recordings revealed that when a Maine caller telephoned Globe, one of the first questions the agent asked was the person's age. If the person stated that they were 65 or older, the Globe agent would assist the person over the phone in completing the application. Often, policies were issued to those individuals over the telephone. If the person stated that they were under 65, the call would be transferred to United American Insurance Company ("United American"), which is a company affiliated with Globe. The United American representative would take the person's information and tell them a representative would call them back within 7 days.
21. Of the 195 calls, 14 calls were transferred to United American because the caller was under 65.

22. On July 18, 2016, Bureau staff received a complaint from S.H., a consumer under the age of 65 enrolled in Medicare Part B due to disability. S.H. contacted Globe via telephone for information about enrolling in a Medicare supplement policy. S.H. stated he/she was told by the Globe agent that Globe does not sell to people who are under 65 and on Medicare due to disability.
23. On August 17, 2016, the Bureau received a complaint from V.S., a consumer under the age of 65 enrolled in Medicare Part B due to disability. V.S. contacted Globe via telephone for information about enrolling in a Medicare supplement policy. V.S. stated he/she was told by the Globe agent that Globe does not sell to people who are under 65 and on Medicare due to disability.
24. On August 23, 2016, at the Bureau's request, Globe provided the transferred portion of 14 of the 195 calls that Globe agents transferred to United American.
25. On November 28, 2016, the Bureau requested electronic copies of all telephone calls made to Globe from a 207 area code during 2016 and any portions of those calls that were transferred to United American.
26. Globe provided recordings of 504 calls made to Globe from a 207 area code during 2016 and also provided recordings of the transferred portions of 32 calls that were transferred to United American.
27. Of those 504 calls to Globe, 44 were transferred to United American because the caller was under 65 and wanted to purchase a Medicare supplement policy.<sup>1</sup>

#### Misrepresentation to Consumers

28. Both Globe and United American sell Medicare supplement policies in the State of Maine, but disabled Maine consumers under the age of 65 were immediately transferred to United American once the Globe agent learned the callers were under age 65.
29. United American's rates during the time period under review were approximately 60% higher than Globe's rates for the same plan.
30. Globe stated on August 23, 2016, that the transfer issue that led Maine consumers to be redirected to United American had been corrected via programming. Globe stated that calls should have been transferred to the Globe Customer Call Center Group Team at a specific extension, but the extension was wrong in the Globe agents' materials.

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<sup>1</sup> One (1) of the 44 transferred calls was V.S., who had filed the consumer complaint. Two (2) of the 44 transferred calls were test calls made to Globe by the Bureau of Insurance.

31. Globe confirmed again during a September 6, 2016 conference call that the calls from consumers under age 65 should now be correctly transferred to the Globe Customer Call Center Group Team.
32. During a follow-up conference call on September 20, 2016, the Senior Supervisor for Customer Service stated that a September 19, 2016 test call by the Bureau to Globe had been correctly transferred to United American because United American handled all application processing for callers under 65.
33. The recorded calls support the Senior Supervisor's statement that the calls were purposefully transferred to United American and not the result of a programming error.
34. Despite Globe's statement on August 23, 2016, that the "transfer issue ha[d] been corrected via programming," the eight (8) disabled callers who called between August 23, 2016 and September 14, 2016 were all transferred to the same United American customer service representatives as the previous under-65 callers.
35. In all but two (2) of the recorded calls provided to the Bureau, disabled individuals who were under the age of 65 were told by Globe agents that they were being transferred to the "disability department" or the department that handles callers under 65.
36. The callers were never told that they were being transferred to a different insurance company.
37. The Globe agents' statements that the callers were being transferred to the disability department or the department that handles under 65 callers led the disabled Maine callers to incorrectly believe that they were being transferred to Globe's disability department where they would be able to purchase a Globe policy.

#### Website Marketing

38. When the Bureau accessed Globe's website on August 15, 2016, it determined that Maine consumers who attempted to get a quote through Globe's website using the "Get a Quote" feature could not enter a birth year after 1960 and if they entered an age younger than 65 to request information were told "Sorry, no plan is available based upon your information."
39. Two consumers under 65 who called Globe seeking Medicare supplement policies stated that the web page would not let them get a quote based on their age.
40. One consumer stated on February 10, 2016, that Globe's website indicated that no plans were available based upon the caller's age.
41. A second consumer who called Globe on August 26, 2016, also stated that she could not get a quote from Globe online because the years in the dropdown menu stopped at 1960.

42. The Bureau first informed Globe of this issue via email on August 23, 2016.
43. Globe stated during the September 6, 2016 conference call that it would address the website issue within seven (7) days.
44. During the September 20, 2016 conference call, the Bureau informed Globe that, while individuals under age 65 could now request information from Globe, the “Get a Quote” page would still not allow individuals to enter dates of birth later than 1960.
45. Globe stated during that call that it would update the Bureau as to the status of this additional web programming and confirmed via email on September 23, 2016, that the programming would be fully completed the following week.
46. Based on information currently known to the Bureau, Globe’s online quoting features were inaccessible to individuals under 65 from at least February 10, 2016, through October 1, 2016.
47. Individuals under age 65 are now able to request information and obtain a quote through Globe's GlobeCare Medicare supplement web page.

#### **VIOLATIONS OF LAW**

48. 24-A M.R.S. § 5002-B provides that a person who has been covered under a Medicare supplement policy may switch coverage to a new Medicare supplement policy with a different carrier with the same or lesser benefits if he or she has been covered under a policy that supplements Medicare with no gap in coverage greater than 90 days since the person's open enrollment period.
49. As set forth in Paragraphs 13 through 17, Globe committed two (2) violations of 24-A M.R.S. § 5002-B by denying the issuance of a Medicare supplement policy to two (2) consumers who had been covered under a policy that supplements Medicare with no gap in coverage greater than 90 days since open enrollment.
50. 24-A M.R.S. § 5010-A provides in part that an issuer offering coverage under a Medicare supplement policy shall offer coverage under its standardized plans to all individuals, regardless of age, who are entitled to Medicare benefits due to disability.
51. As set forth in Paragraphs 18 through 27 above, Globe committed fifty-seven (57) violations of 24-A M.R.S. § 5010-A by refusing to offer a Globe policy to callers under the age of 65 and instead transferring those callers to United American to purchase their Medicare supplement policies.<sup>2</sup>

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<sup>2</sup> The 57 violations are the 14 transferred calls from 2011-2015, the 42 transferred calls from 2016, and the one (1) consumer complaint by S.H., whose call was not provided with the 2016 recordings. The two (2) additional 2016 calls that were made by Bureau staff in 2016 were not counted as statutory violations.

52. 24-A M.R.S. § 2154 states in relevant part, “A person may not make... an 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 or with respect to the name of a financial institution in a manner that is untrue, deceptive or misleading.”
53. As set forth by Paragraphs 28 to 37 Globe committed fifty-five (55) violations of 24-A M.R.S. § 2154 by leading callers to believe they were being transferred to Globe’s “disability department” when they were, in fact, being transferred to an entirely separate company with rates approximately 60% higher than Globe’s for Medicare supplement policies.<sup>3</sup>
54. Bureau of Insurance Rule 140 § (2) states “[a]dvertisements shall be truthful and not misleading, in fact or in implication or by omission of a fact or facts material to the understanding of the policy offered.” “Advertisement” is defined by Rule 140 § (1)(B)(2) as “[d]escriptive literature and sales aids of all kinds issued by an insurer for presentation to members of the insurance buying public including but not limited to circulars, leaflets, booklets, depictions, illustrations and form letters.”
55. As set forth in Paragraphs 38 to 46, Globe violated Rule 140 § (2) by programing its website to only offer Medicare supplement policy quotes and information to those 65 and older.

### COVENANTS

56. Globe agrees to the Statement of Facts and Violations of Law stated above and agrees that such actions make it subject to disciplinary action.
57. Globe accepts as disciplinary action the imposition of a civil penalty in the amount of Four Hundred Thousand Dollars (\$400,000). No later than sixty (60) days after executing this Consent Agreement, Globe will remit to the Maine Bureau of Insurance a company check in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) payable to the Treasurer of the State of Maine. If Globe commits no further violations of the sections of law set forth in this Agreement for the twelve (12) months from the date of this Agreement, then the remaining \$150,000 fine will be waived.
  - a. The Superintendent’s decision to impose the suspended portion of the civil penalty under Paragraph 57 will be in his sole and absolute discretion. In exercising that discretion, the Superintendent may take into account the nature and quantity of any Globe violations of the sections of law set forth in this Agreement relating to the conduct set forth in paragraphs 48-55.

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<sup>3</sup> The 55 violations account for all 2011-2015 and 2016 calls that were transferred to United American not including the two (2) calls where the Globe agents explained that the callers were being transferred to United American.

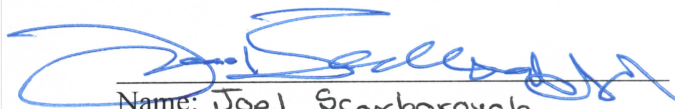
58. Globe shall take all steps necessary to comply with the Maine Insurance Code in its sale of Medicare supplement policies in Maine and shall continue to cooperate with all Bureau of Insurance requests for information, including requests for copies of recorded calls from Maine consumers. Globe will continue its current practice of recording consumer calls and Globe will retain these calls for a minimum of three (3) years.
59. The parties to this Consent Agreement understand that nothing herein shall affect any right or interest which any person not a party to this Agreement may possess.
60. This Consent Agreement is not subject to appeal. Globe waives any right it might have to appeal any matter that is a subject of this Consent Agreement.
61. This Consent Agreement is enforceable pursuant to 24-A M.R.S. § 215, 10 M.R.S. § 8003(5)(B), and 14 M.R.S. § 3138 by an action in Maine Superior Court.
62. This Consent Agreement may be modified only by a written agreement executed by all of the parties hereto. Any decision to modify, continue or terminate any provision of this Consent Agreement rests in the discretion of the Superintendent and the Attorney General.
63. This Consent Agreement is a public record subject to the provisions of the Maine Freedom of Access law, 1 M.R.S. §§ 401-414; will be available for public inspection and copying as provided for by 1 M.R.S. § 408-A; and will be reported to the National Association of Insurance Commissioners' "RIRS" database.
64. Globe agrees that it has read this Consent Agreement, that it understands this Consent Agreement, that it has reviewed the statutory provisions set forth herein, that it understands its right to consult with counsel before signing this Consent Agreement, and that it enters into this Consent Agreement voluntarily and without coercion of any kind from any person.
65. In return for Globe's execution of and compliance with the terms of this Consent Agreement, the Superintendent and the Attorney General agree to forego pursuing further disciplinary measures or other civil or administrative sanctions arising under the Maine Insurance Code for the specific conduct described in this Consent Agreement, other than those sanctions agreed to herein. However, should Globe fail to comply with or violate this Consent Agreement, it may be subject to any available remedy under the law for such a failure or violation.

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**GLOBE LIFE AND ACCIDENT INSURANCE COMPANY**

Dated: October 19, 2017

  
Name: Joel Scarborough  
Title: SVP, General Counsel

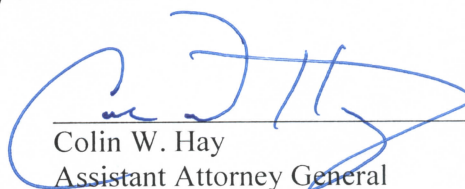
**THE MAINE SUPERINTENDENT OF INSURANCE**

Dated: October 24, 2017

  
Eric A. Cioppa  
Superintendent

**FOR THE OFFICE OF THE ATTORNEY GENERAL**

Dated: October 24, 2017

  
Colin W. Hay  
Assistant Attorney General