

Insurance Times: PFL Insurance fined for violations in Maine sales of hospital expense policies

June 12, 2001, Vol. XX No. 12

AUGUSTA, Maine (AP) — An Iowa-based insurance company has been fined \$40,000 for violating trade practices and fraud provisions in Maine.

Transamerica Life Insurance Co. of Cedar Rapids, Iowa, misrepresented its hospital expense policy in order to gain more business, according to Maine's Superintendent of Insurance, Allesandro Iuppa.

The agreement between the Maine Bureau of Insurance and Transamerica Life — formerly known as PFL Life Insurance Co. — also calls for the company to pay restitution of over \$200,000 in unpaid medical claims to about 33 customers.

The settlement stems from a complaint the bureau filed in November 1999 charging the company and five of its agents with violating the Maine Insurance Code.

However, because the company said it did not properly supervise the five agents — Robert E. Brown, Elias Boles, Louis Burrill, Mark A. McCafferty and Santana Basu — no action will be taken against the agents, Iuppa said.

The agreement gives the company six months to resolve the claims and must provide the bureau with monthly reports on the progress it is making.

The company stopped marketing the hospital insurance coverage in Maine in 1997 and has no plans to resume selling the coverage again, according to settlement agreement. But if the company does decide to sell a hospital expense policy, it must make sure its agents are properly trained.

“The bureau will not tolerate the misrepresentation of policies for the express purpose of obtaining more business by an insurer or a producer,” Iuppa said. “We will take disciplinary action against any insurer or producer who is found to be in violation of any of Maine's law enacted to protect the public interest.”

Transamerica Life, with more than \$13.8 billion in assets, is a division of the Netherlands-based AEGON insurance group.