

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

IN RE:	)	
INDEPENDENCE AMERICAN	)	DOCKET NO. 22-018-I
INSURANCE COMPANY	)	
NAIC # 26581	)	
	)	

**STIPULATION AND CONSENT ORDER**

WHEREAS, the Vermont Department of Financial Regulation (the “Department”) asserts that Independence American Insurance Company (“Respondent”) has violated the insurance laws as set forth below; and

WHEREAS, Respondent and the Department wish to resolve these violations without further administrative proceedings or litigation;

NOW, THEREFORE, Respondent and the Department stipulate and agree to the terms and conditions in this Stipulation and Consent Order.

**STATEMENT OF FACTS**

1. Respondent is a foreign property and casualty insurance company with its principal place of business at 485 Madison Avenue, 14<sup>th</sup> Floor, New York, NY 10022.
2. Respondent’s NAIC number is 26581.
3. At all times relevant to this matter, Respondent held a license issued by the Insurance Division of the Department (the “Insurance Division”) pursuant to 8 V.S.A. § 3361 authorizing Respondent to operate as an insurer in the State of Vermont.
4. On June 28, 2021, the Insurance Division requested that Respondent provide a self-audit of all pet insurance claims underwritten by Respondent in Vermont for the period of January 1, 2017 through January 20, 2021.

5. On July 16, 2021, Respondent provided the Insurance Division with the requested self-audit data.
6. After discovering certain omissions in the data provided to the Insurance Division on July 16, 2021, Respondent voluntarily provided revised self-audit data to the Department on April 15, 2022.
7. Respondent's self-audit data demonstrates that, between January 1, 2017 and January 20, 2021, 922 pet insurance claims underwritten by Respondent in Vermont were adjusted by individuals who did not hold Vermont insurance adjuster's licenses.
8. On April 21, 2022, the Department requested additional data from Respondent for all pet insurance claims underwritten by Respondent in Vermont for the period of January 21, 2021 through March 31, 2022.
9. Respondent's response to the Department's April 21, 2022 information request demonstrated that, between January 21, 2021 through March 31, 2022, 389 pet insurance claims underwritten by Respondent in Vermont were adjusted by individuals who did not hold Vermont insurance adjuster's licenses.
10. Respondent has cooperated with and been responsive to the Department's requests for information and records, has acknowledged that it engaged in statutory violations, and has implemented internal corrective actions to prevent future violations of 8 V.S.A. §§ 4793 and 4796.

### **DESCRIPTION OF VIOLATIONS**

11. The Commissioner of Financial Regulation is responsible for administering and enforcing the insurance laws of the State of Vermont and is authorized to investigate insurance companies

to determine compliance with Vermont law and issue orders imposing remedial actions and civil administrative penalties, pursuant to 8 V.S.A. §§ 10-15 and 3661.

12. Pursuant to 8 V.S.A. § 3661, the Commissioner may impose a civil administrative penalty for each violation of Title 8, an administrative rule of the Department, or an order of the Commissioner relating to insurance, of up to \$1,000 per violation or \$10,000 per willful violation.
13. Pursuant to 8 V.S.A. § 4793, no person, partnership, association, or corporation shall act as or hold himself or herself out to be an insurance adjuster without being duly licensed in Vermont.
14. Pursuant to 8 V.S.A. § 4796, an insurance company shall not pay a commission or other consideration to adjusters who are not duly licensed.
15. Respondent violated 8 V.S.A §§ 4793 and 4796 by having pet insurance claims underwritten by Respondent in Vermont adjusted by individuals who did not hold Vermont insurance adjuster's licenses.

**CONSENT ORDER**

16. Within 30 calendar days of the entry of this Stipulation and Consent Order by the Commissioner, Respondent shall pay an administrative penalty of \$163,050. Payment shall be made via wire or check made payable to the "Department of Financial Regulation" and mailed to:

Attn: Beth Sides  
Department of Financial Regulation  
Legal Division, Third Floor  
89 Main Street  
Montpelier, VT 05620-3101

17. Respondent shall also implement the following corrective actions:

- a. Within 30 calendar days of the entry of this Stipulation and Consent Order by the Commissioner, Respondent shall implement processes, procedures and controls designed to ensure that all Vermont pet insurance claims underwritten by Respondent are processed only by duly licensed insurance adjusters who are in compliance with 8 V.S.A. § 4803.
- b. Within 45 calendar days of the entry of this Stipulation and Consent Order by the Commissioner, Respondent shall provide the Department with a written certification that all Vermont pet insurance claims underwritten by Respondent are being processed only by duly licensed insurance adjusters.
- c. On or before February 15, 2023, Respondent shall provide the Department with a self-audit of all pet insurance claims underwritten by Respondent in Vermont for the period from the date of entry of this Stipulation and Consent Order through January 31, 2023. The self-audit shall be reported on an Excel spreadsheet and include the following information:
  - Policy number
  - Insured name
  - Claim number
  - Date of loss
  - Date of payment
  - Amount paid
  - Third party administrator entity name
  - Adjuster name
  - Adjuster national producer number
  - Adjuster Vermont license number
- d. Respondent shall remain in compliance with the licensing and related requirements of 8 V.S.A. §§ 4793 and 4796 for as long as it continues to do business in Vermont.

18. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order.

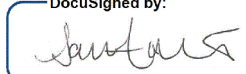
19. With respect to the facts and violations identified herein, Respondent waives its right to a hearing before the Commissioner or the Commissioner's designee and waives its right to all other administrative or judicial review otherwise available under Vermont law, including the rules of the Vermont Department of Financial Regulation and the provisions of 3 V.S.A., Chapter 25.
20. This Stipulation and Consent Order is entered into solely for the purpose of resolving the violations identified herein, and it is not intended for any other purpose.
21. Respondent understands all terms and conditions in this Stipulation and Consent Order, consents to the entry of this Stipulation and Consent Order, and acknowledges that its consent is given freely and voluntarily and that, except as set forth herein, no promise was made to induce Respondent's consent.
22. Noncompliance with any of the terms and conditions in this Stipulation and Consent Order shall be a violation of a lawful order of the Commissioner and a violation of the laws of the State of Vermont and may result in additional administrative action and the imposition of injunctive relief, sanctions, and additional penalties pursuant to applicable provisions of Title 8, including provisions imposing enhanced penalties for willful violations.
23. Nothing herein shall be construed as limiting the Commissioner's ability to investigate Respondent for violations not resolved herein or to respond to and address any consumer complaints made with regard to Respondent.
24. Nothing herein shall be construed as having relieved, modified, or in any manner affected Respondent's ongoing obligation to comply with all federal, state, or local statutes, rules, and regulations applicable to Respondent.
25. Nothing herein shall be construed as limiting any private right of action a person may have.

26. This Stipulation and Consent Order shall be governed by and construed under the laws of the State of Vermont.

**SIGNATURES**

The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated and agreed to. I certify under the pains and penalties of perjury that I have taken all necessary steps to obtain the authority to bind Respondent to this Stipulation and Consent Order and that I have been duly authorized to enter into this Stipulation and Consent Order on behalf of Respondent.

INDEPENDENCE AMERICAN INSURANCE COMPANY

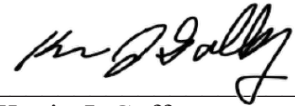
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By: \_\_\_\_\_  
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Sammi-Jo Nevin  
General Counsel & Secretary

Date: August 5, 2022

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The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated, agreed to, and ordered.

DEPARTMENT OF FINANCIAL REGULATION

By:  \_\_\_\_\_  
Kevin J. Gaffney  
Commissioner  
Vermont Department of Financial Regulation

Date: August 5, 2022