

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
Blue Cross Blue Shield of North Dakota,)	
FEIN 45-0173185,)	FILE NO. CO-22-839
)	
Respondent.)	

Insurance Commissioner Jon Godfread (“Commissioner”), has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D.C.C. § 26.1-01-03.
2. Respondent Blue Cross Blue Shield of North Dakota (“Respondent”), FEIN No. 45-0173185, a nonprofit mutual insurance company that provides health insurance, is licensed under North Dakota Century Code Chapter 26.1-12 and has been duly authorized to do business in North Dakota since December 31, 1943.
3. The Commissioner has jurisdiction over the Respondent and the subject matter of this Consent Order (“Order”). This Order is made in the public interest.
4. On August 24, 2021, Respondent self-reported to the North Dakota Insurance Department (“Department”) that the former party had failed to appoint a licensed insurance producer as its authorized agent. Between July 2020 and July 2021, during which time the producer was unappointed, he wrote three health/accident policies for North Dakota consumers. Specifically, the policies became effective on July 1, 2020, October 1, 2020, and July 1, 2021. Respondent identified this issue through an

internal review of its practices after discussions with the insurance producer and self-reported it to the Department of its own volition on August 24, 2021. The insurance producer involved in this incident was incorrectly appointed by Respondent on May 14, 2018, because Respondent mistakenly believed this insurance producer was licensed to sell health insurance policies. Upon discovering this error and self-reporting it to the Department, on July 22, 2021, this insurance producer became licensed to sell health insurance policies and Respondent followed up by reappointing this insurance producer and remitted all required fees to the North Dakota Department of Insurance in compliance with state statute.

5. As a result of discovering this appointment concern, in August 2021 the Respondent corrected its insurance producer appointment process by adding a redundancy to this process to “doublecheck” each insurance producer’s license to ensure licensure to sell health insurance lines of business and Respondent is also considering implementation of an electronic solution to validate the licensure of all insurance producers.

6. Section 26.1-26-13.1 of the North Dakota Century code states:

1. An insurance producer may not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.
2. To appoint an insurance producer as its agent, the appointing insurer shall file a notice of appointment within thirty days from the later of the date the agency contract is executed or the first insurance application is submitted. The notice must be in a format approved by the insurance commissioner. An insurer may also appoint an insurance producer to all or some insurers within the insurer’s holding company system or group by the filing of a single appointment request.

3. An insurer shall pay an appointment fee for each insurance producer appointed by the insurer in the amount and method of payment set forth in section 26.1-01-07.

N.D.C.C. § 26.1-26-13.1(1)-(3). Additionally, North Dakota Century Code Section 26.1-01-07(n) states, “[t]he commissioner shall charge and collect the following fees . . . for each insurance company appointment and renewal of an appointment of an insurance producer, ten dollars.”

7. North Dakota Century Code Section 26.1-01-03.3 further provides that the Commissioner may levy an administrative penalty of up to \$10,000 for a violation of Title 26.1 of the North Dakota Century Code. Here, Respondent failed to appoint its agent in time for him to write three health/accident policies, did not do so within thirty days from the time the first insurance application was submitted, and failed pay an appointment fee for the insurance producer within that time. Therefore, its conduct violates Sections 26.1-26-13.1(1)-(3) and 26.1-01-07(n) of the North Dakota Century Code.

CONSENSUAL INFORMAL DISPOSITION

8. Respondent has been duly apprised of the allegation contained in this Consent Order.

9. Respondent and the Commissioner have agreed to an informal disposition of this matter without further administrative proceedings, as provided by N.D.C.C. § 28-32-22, and enter into the following Consent Order.

NOW, PURSUANT TO THE AGREEMENT OF THE PARTIES, IT IS HEREBY ORDERED THAT:

1. In consideration of the fact that Respondent self-reported this incident, Respondent shall pay an administrative penalty in the total amount of \$3,000, or

\$1,000.00 per violation to the State of North Dakota within 30 days of the execution of this Order. Payment must be mailed to: North Dakota Insurance Department, 600 East Boulevard Avenue, Dept. 401, Bismarck, ND 58505.

2. The use of this Order for competitive purposes by an insurance producer or agency holding a license in the State of North Dakota, or by any 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 the license or authority.

DATED this 5th day of March, 2022.


Jon Godfread
Commissioner
N.D. Insurance Department

CONSENT TO ENTRY OF ORDER

The undersigned, DAN CONRAD, on behalf of Blue Cross Blue Shield of North Dakota (the 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 waives those rights in their entirety and consents to the entry of this Consent Order by the Commissioner of Insurance 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 express or implied.

DATED this 7th day of March, 2022.

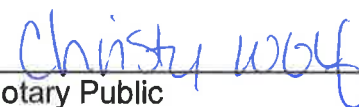
Blue Cross Blue Shield of North Dakota

By: 

Title: President + CEO

Subscribed and sworn to before me

this 7th day of March, 2022.


Notary Public

State of North Dakota
County of Cass

My Commission Expires: 3-30-23

