STATE OF ARIZONA FILED

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DEPARTMENT OF INSURANCE

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In the Matter of:

Docket No. 8588

REPUBLIC-VANGUARD LIFE INSURANCE COMPANY

) CONSENT ORDER

Respondent.

A market conduct examination was made of Republic-Vanguard Life Insurance Company, hereinafter referred to as "Respondent", by a Market Conduct Examiner for the Arizona Department of Insurance ("ADOI") covering the time period from January 1, 1989 to May 31, 1992. Based upon the examination results, it is alleged that Respondent has violated the provisions of Arizona Revised Statutes, Title 20, Sections 20-461 and Arizona Administrative Code Rule ("A.A.C. R") 4-14-801. Respondent wishes to resolve this matter without formal adjudicative proceedings and hereby agrees to a Consent Order.

The Director of Insurance of the State of Arizona ("the Director") enters the following Findings of Fact, and Conclusions of Law, which are neither admitted nor denied by Respondent, and the following Order:

FINDINGS OF FACT

- 1. Respondent is authorized to transact life and disability insurance as an insurer pursuant to a Certificate of Authority issued by the Director.
- 2. The Examiner was authorized by the Director to conduct a market conduct examination of Respondent and has prepared the Report of Examination of the Market Conduct Affairs of

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Respondent ("the Report"). The period covered by the on-site examination was concluded as of May 31, 1992.

- 3. The Examiner reviewed seventy-five (75) student health paid claims out of a population of 227. As to these:
- a. The inspected files revealed acknowledgements only where the company called upon the student to provide some information or cooperation.
- b. Respondent failed to accept or deny eight (8) claims within fifteen (15) working days after receipt of properly executed proofs of loss.
- 4. The Examiner reviewed forty-nine (49) student health denied claims out of a population of fifty-nine (59). As to these:
- a. The inspected files revealed acknowledgements only where the company called upon the student to provide some information or cooperation.
- b. Respondent failed to accept or deny six (6) claims within fifteen (15) working days after receipt of properly executed proofs of loss.

CONCLUSIONS OF LAW

- 1. By failing to acknowledge claims within ten (10) working days unless payment is made within such time, Respondent violated A.A.C. R4-14-801(E)(1) and A.R.S. § 20-461(A)(2).
- 2. By failing to advise claimants of the acceptance or denial of their claims within fifteen (15) working days after receiving receipt of properly executed proofs of loss, Respondent violated A.A.C. R4-14-801(G)(1)(a) and A.R.S. § 20-461(A)(5).

- 3. Grounds exist for the Director to revoke or suspend Respondent's Certificate of Authority.
- 4. Grounds exist for the entry of all other provisions of the following order.

ORDER

Respondent having admitted the jurisdiction of the Director to enter the Order set forth herein, having waived the Notice of Hearing and the hearing, having waived any and all rights to appeal this Order, and having consented to the entry of the Order set forth hereinafter, and there being no just reason for delay:

IT IS HEREBY ORDERED THAT:

- 1. Respondent shall cease and desist from failing to acknowledge claims within ten (10) working days of the receipt of a claim unless payment is made within such time and from failing to notify insureds of the acceptance or denial of claims within fifteen (15) working days of receipt of properly executed proofs of loss.
- 2. Respondent shall develop a written action plan to monitor and ensure that its personnel process claims in accordance with A.R.S. §§ 20-461(A)(2) and (A)(5) and A.A.C. R4-14-801(E)(1) and (G)(1)(a). Respondent shall submit a copy of this action plan to the ADOI for approval within thirty (30) days of the filed date of this Order.
- 3. The ADOI shall be permitted, through an authorized representative, to verify that Respondent has complied with all provisions of this Order, and the Director may separately order Respondent to comply.

- 4. Respondent shall pay a civil penalty of THREE THOUSAND DOLLARS (\$3,000.00) to the Arizona Director of Insurance for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. § 20-220(B). Said \$3,000.00 shall be provided to the Administrative Law Division of the ADOI on or before October 25, 1994.
- 5. The Report of Market Conduct Examination as of May 31, 1992 to include the objections to the Report by Respondent, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 28 day of October , 1994.

Chris Herstam
Director of Insurance

Director of Insurance

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CONSENT TO ORDER

- 1. Respondent, Republic-Vanguard Life Insurance Company, reviewed the foregoing Order.
- 2. Respondent is aware of its right to a hearing at which Respondent may be represented by counsel, present hearing cross-examine and witnesses. Respondent irrevocably waived its right to such public hearing and to any court appeals relating thereto.
- 3. Respondent jurisdiction of the admits the Director of Insurance, State of Arizona, and consents to the entry of this Order.
- 4. Respondent states that no promise of any kind or nature whatsoever was made to induce it to enter into this Order and that it has entered into this Order voluntarily.
- 5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this litigation against it and does not officer preclude any other agency or ofthis state or subdivision thereof from instituting other civil or criminal as may be appropriate now or in provided, however, the Director of Insurance, State of Arizona, agrees not tot institute or take part in any civil or criminal proceedings now or in the future in connection with any market conduct activities of Respondent during the time period covered by the examination.
- 6. Peter Christen represents as Vice President of that Republic-Vanguard Life Insurance Company, he has been authorized by it to enter into this Order for and on its behalf.

REPUBLIC-VANGUARD LIFE INSURANCE COMPANY

October 24, 1994 (Date)

1 COPY of the foregoing mailed/delivered 28th , 1994, to: this day of October 2 Gay Ann Williams 3 Deputy Director Gregory Y. Harris 4 Chief Administrative Law Judge Erin Klug 5 Manager Market Conduct Examinations Division 6 Saul Saulson Supervisor 7 Examinations Section Shirley Polzin 8 Supervisor Life and Disability Section 9 Deloris E. Williamson Assistant Director 10 Rates & Regulations Division Gary Torticill 11 Assistant Director and Chief Financial Examiner Corporate & Financial Affairs Division 12 Ron Watkins Assistant Director 13 Consumer Services and Investigations Mary Butterfield 14 Manager Health Policy Division 15 DEPARTMENT OF INSURANCE 16 2910 North 44th Street, Suite 210 Phoenix, AZ 85018 17 Robert W. Frierson 18 Assistant Vice President & Compliance Counsel Republic Insurance Company 19 2727 Turtle Creek Boulvard Dallas, Texas 75219 20 21 22 23 24 25

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