

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

JAN 10 1994

DEPARTMENT OF INSURANCE
By *ela*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

In the Matter of:) Docket No. 8319
))
PENN TREATY LIFE INSURANCE COMPANY) **CONSENT ORDER**
))
Respondent.))
_____))

A market conduct examination was made of Penn Treaty Life Insurance Company, hereinafter referred to as "Penn Treaty", by a Market Conduct Examiner for the Arizona Department of Insurance ("ADOI") covering the time period from January 1, 1988 to April 30, 1991. Based upon the examination results, it is alleged that Penn Treaty has violated the provisions of Arizona Revised Statutes, Title 20, Section 20-461 and Arizona Administrative Code ("A.A.C.") R4-14-801. Penn Treaty 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 Penn Treaty, and the following Order:

FINDINGS OF FACT

1. Penn Treaty 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 Penn Treaty and has prepared the Report of Examination of the Market Conduct Affairs of Penn

1 Treaty ("the Report"). The period covered by the on-site
2 examination was concluded as of April 30, 1991.

3 3. The Examiner reviewed one hundred (100) accident and
4 health claims which were paid by Penn Treaty during the period
5 covered by the Examination. As to these, Penn Treaty failed to
6 accept or deny three (3) claims, Policies #203202-01,
7 #H-201348-02 and #H-201225-01, within fifteen (15) working days
8 of receipt of properly executed proofs of loss, and failed to
9 notify the claimants of the reasons that more time was needed.

10 4. The Examiner reviewed twenty-four (24) accident and
11 health claims which were denied by Penn Treaty during the period
12 covered by the Examination. As to these, Penn Treaty failed to
13 accept or deny one (1) claim, Policy #H95093-01, within fifteen
14 (15) working days of receipt of properly executed proofs of
15 loss, and failed to notify the claimants of the reasons that
16 more time was needed.

17 CONCLUSIONS OF LAW

18 1. By failing to advise claimants of the acceptance or
19 denial of their claims within fifteen (15) working days after
20 receiving receipt of properly executed proofs of loss, Penn
21 Treaty violated A.A.C. R4-14-801(G)(1)(a) and (b) and A.R.S. §
22 20-461(A)(5).

23 2. Grounds exist for the Director to revoke or suspend
24 Penn Treaty's Certificate of Authority.

25 3. Grounds exist for the entry of all other provisions of
26 the following order.

27
28

1 ORDER

2 Penn Treaty having admitted the jurisdiction of the
3 Director to enter the Order set forth herein, having waived the
4 Notice of Hearing and the hearing, having waived any and all
5 rights to appeal this Order, and having consented to the entry
6 of the Order set forth hereinafter, and there being no just
7 reason for delay:

8 IT IS HEREBY ORDERED THAT:

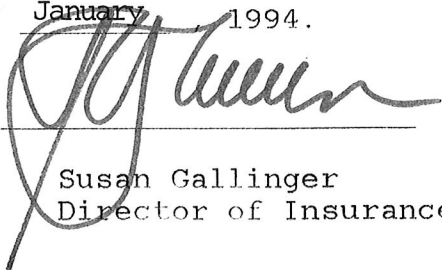
9 1. Penn Treaty shall cease and desist from failing to
10 notify insureds of the acceptance or denial of health and
11 accident claims within fifteen (15) working days of receipt of
12 properly executed proofs of loss.

13 2. The ADOI shall be permitted, through an authorized
14 representative, to verify that Penn Treaty has complied with all
15 provisions of this Order, and the Director may separately order
16 Penn Treaty to comply.

17 3 Penn Treaty shall pay a civil penalty of Two Hundred
18 DOLLARS (\$200.00) to the Director for remission to the State
19 Treasurer for deposit in the State General Fund in accordance
20 with A.R.S. § 20-220(B). Said \$200.00 shall be provided to the
21 Hearing Division of the ADOI on or before January 5, 1993.

22 4. The Report of Market Conduct Examination as of April
23 30, 1991 to include the objections to the Report by Penn Treaty,
24 shall be filed with the ADOI.

25 DATED at Phoenix, Arizona this 10 day of January, 1994.

26 
27 Susan Gallinger
28 Director of Insurance

CONSENT TO ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1. Respondent, Penn Treaty Life Insurance Company, has reviewed the foregoing Order.

2. Respondent is aware of its right to a hearing at which hearing Respondent may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such public hearing and to any court appeals relating thereto.

3. Respondent admits the jurisdiction of 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.

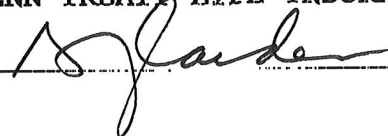
5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this litigation against it and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.

6. A.J. Carden represents that as Executive Vice President he is an officer of Penn Treaty Life Insurance Company, and that as such, he has been authorized by it to enter into this Order for and on its behalf.

PENN TREATY LIFE INSURANCE COMPANY

12/21/93

(Date)



1 COPY of the foregoing mailed/delivered
2 this 10th day of January , 1994, to:

3 Katrina Rodgers
4 Chief Hearing Officer
5 Deloris E. Williamson
6 Assistant Director
7 Rates & Regulations Division
8 Saul R. Saulson
9 Supervisor
10 Examinations Section
11 *Mary Butterfield
12 Supervisor
13 Life and Disability Section
14 Jay Rubin
15 Assistant Director
16 Consumer Affairs & Investigations Division
17 Gary Torticill
18 Assistant Director and Chief Financial Examiner
19 Corporate Affairs & Financial Division
20 DEPARTMENT OF INSURANCE
21 3030 N. 3rd Street, Suite 1100
22 Phoenix, AZ 85012

23 Jane M. Bagley, Esq.
24 General Counsel
25 Penn Treaty Life Insurance Company
26 3440 Lehigh Street
27 Allentown, Pennsylvania 18103

28 