

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

STATE OF OKLAHOMA, ex rel. JOHN D.)
DOAK, Insurance Commissioner,)
)
Petitioner,)
)
v.)
)
TIME INSURANCE COMPANY,)
)
Respondent.)

Case No. 13-0044-DIS

FILED

JAN 22 2013

INSURANCE COMMISSIONER
OKLAHOMA

CONDITIONAL ORDER OF DISCIPLINARY ACTION

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner ("the Insurance Commissioner"), and issues this Conditional Order of Disciplinary Action against Time Insurance Company ("the Company") based upon the following:

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101-7004.

2. The Company is an insurer authorized to transact life, accident and health insurance in the State of Oklahoma pursuant to Certificate of Authority Number 7928 (NAIC CoCode 69477).

FINDINGS OF FACT

1. On or around March 30, 2012, the verified market conduct Report of Examination (Follow Up Examination or Report) of the Company was filed with the Oklahoma Insurance Department ("the Department") for the period covering calendar years 2008, 2009 and 2010.

The Order Adopting the Follow Up Report was filed May 16, 2012. This Follow Up Report augments a Market Conduct Examination completed in 2009 which covered the period January 1, 2003 through December 31, 2006 ("First Examination or Report"). A Consent Order was entered to consummate the First Examination process which resulted in a fine to the Company. The Insurance Commissioner also ordered the Company to implement plans and take actions to remedy many of the systemic problems found in the First Examination. The Company indicated a target date for most corrective and remedial action for end of year 2009. The Follow Up Report demonstrates facts showing the Company has made progress in implementing remedial action as a result of both the First Examination and the Follow Up Examination. The Follow Up Report also showed areas where the Company falls short of complete implementation of the remediation plans and needed to undertake additional remedial measures.

2. The Insurance Commissioner issued his Order adopting the Follow Up Examination on May 16, 2012 ("Follow Up Order"). In this Follow Up Order, the Insurance Commissioner directed the Company to provide additional information and take various remedial actions.

3. The Company did not file a Petition for Judicial Review of the Follow Up Order in the District Court of Oklahoma County within thirty (30) days of receipt of that Order as provided by 36 O.S. § 309.4 (D).

4. In Response to the Follow Up Order, the Company over several months submitted responses, explanations and documents relating to the Insurance Commissioner's concerns and comments in the Follow Up Order. The Insurance Commissioner has carefully reviewed and considered the Responses and supporting materials the Company submitted. Due to the nature

and scope of the material the Company presented, and the importance of the issues raised, this review process took several months.

5. On November 26, 2012, the Insurance Commissioner issued his First Supplemental Order to identify the Company's remedial responses and actions linked to the Follow Up Order, evaluate them and point out those items or areas where the Company met expectations and those areas where the Company must take or complete further remedial action.

6. Although the Company demonstrated progress in addressing its market conduct problems through the Corrective Action Plan initiated due to First Examination, and provided information showing how it was addressing certain of the existing and new market conduct concerns identified by the Follow Up Examination, the Follow Up Examination nevertheless revealed significant problems with (1) proof of loss clauses in Group Certificates the Company refused to apply to Oklahoma citizens despite the clear applicability of the Oklahoma Insurance Code pursuant to 36 O.S. §§ 4405 and 4505; (2) confusion and inability to clearly communicate with insured Oklahoma customers when PPO network repricing circumstances delayed or impeded claim payments; (3) continued problems making prompt claim payments and denial of payable claims for preventative services; (4) continued problems with the nature, scope, clarity and explanation adequacy of its EOBs in several contexts even as it attempted to revise and improve them; and (5) discovery of Oklahoma claims for mammographies and prostate screenings that were properly payable but systematically unpaid. These unpaid claims for benefits mandated by Oklahoma law would never have been discovered absent the Follow Up Examination. Although the steps the Company ultimately took to revamp its processes and procedures to better identify, review and pay these mandated claims properly are commendable, they would not have occurred absent the Follow Up Examination.

CONCLUSIONS OF LAW

1. Pursuant to 36 O.S. § 619, and other provisions of the Oklahoma Insurance Code, the Insurance Commissioner has the authority to assess a civil penalty or revoke, suspend, or refuse to renew the insurer's certificate of authority if the insurer is found by the Insurance Commissioner to have violated any provision of the Insurance Code.

2. The Findings of Fact and Conclusions of Law in the Follow Up Order entered in Oklahoma Insurance Department Case Number 12-0313-EXM noted the general and specific market conduct deficiencies described in Finding of Fact 6 above.

3. The Insurance Commissioner concludes as a matter of law that, pursuant to 36 O.S. § 619, and other applicable provisions of the Insurance Code, the Company should be assessed a civil penalty in the amount of Forty Thousand Dollars (\$40,000) for the violations set out in Case Number 12-0313-EXM. The Commissioner arrived at this fine amount by weighing the nature and scope of market conduct violations identified in the Follow Up Examination.

4. The Insurance Commissioner substantially reduced the civil penalty and other potential disciplinary action due to the Company's efforts to correct its market conduct problems through the institution and ongoing effects of its Corrective Action Program in response to the First Examination, and proof of its remedial efforts in response to this Follow Up Examination through the material it cooperatively provided in response to the Insurance Commissioner's continuing questions regarding that Examination.

ORDER

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the Company shall:

1. Pay a fine of Forty Thousand Dollars (\$40,000.00);
2. Continue to comply with the Oklahoma Insurance Code and with the findings and recommended actions of the First Order, the Follow Up Order and the First Supplemental Order.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Order is a Conditional Order. Unless the Company requests a hearing with respect to the Findings set forth above within thirty (30) days of the date of mailing of this Order, this Order and the penalties set forth above shall become a Final Order on the thirty-first day following the date of mailing of this Order. Such request for a hearing, if desired, shall be made in writing, addressed to Kelley C. Callahan, Senior Attorney, Oklahoma Insurance Department, 3625 NW 56th Street, Suite 100, Oklahoma City, Oklahoma, 73112, and must be served on the Oklahoma Insurance Department within the thirty (30) days allotted. The proceedings on any such requested hearing will be conducted in accordance with the Oklahoma Insurance Code and the Oklahoma Administrative Procedures Act, 75 O.S. §§ 250 through 403. If the Company serves a timely request for hearing on the Oklahoma Insurance Department, this Conditional Order shall act as a notice of the matters to be reviewed at the hearing, and the Findings, Conclusions and penalties imposed in this Conditional Order shall be considered withdrawn, pending final resolution at the hearing, at which the Insurance Commissioner will seek the full penalties available at law.

WITNESS My Hand and Official Seal this 22 day of January, 2013.





PAUL WILKENING
Chief Deputy Insurance Commissioner
Oklahoma Insurance Department

CERTIFICATE OF MAILING

I, Kelley Callahan, hereby certify that a true and correct copy of the above foregoing Conditional Order of Disciplinary Action was mailed postage prepaid with return receipt requested on this 2nd day of January, 2013 to:

Donald Hamm, Jr., President
Time Insurance Company
P.O. Box 3050
Milwaukee, WI 53201

Julia M. Hix
Vice President, Compliance
Assurant Health Compliance Officer
501 West Michigan
P.O. Box 3050
Milwaukee, WI 53201-3050

And that a copy was delivered to the Oklahoma Insurance Department Financial and Examination Division.



Kelley C. Callahan

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7001 0320 0003 9967 2658

OFFICIAL RECEIPT

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	



Total Post

Sent To: **Donald Hamm, Jr., President**
Time Insurance Company
P.O. Box 3050
Milwaukee, WI 53201
sms/13-0044-DIS/Cond. Ord.

Street, Apt. or PO Box
 City, State

PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Donald Hamm, Jr., President
 Time Insurance Company
 P.O. Box 3050
 Milwaukee, WI 53201
 sms/13-0044-DIS/Cond. Ord.

COMPLETE THIS SECTION ON DELIVERY

A. Signature: **X Ronald Baake** Agent Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes No
 If Yes, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number

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PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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Postage \$ _____
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Total Posta _____

Sent To _____
 Street, Apt. N or PO Box No _____
 City, State, Zip _____

Julia M. Hix
 Vice President, Compliance
 Assurant Health Compliance Officer
 501 West Michigan
 P.O. Box 3050
 Milwaukee, WI 53201-3050
 sms/13-0044-DIS/Cond. Ord.

OKLAHOMA CITY, OK
 JAN 22 2013
 Postmark Here
 USPO

PS Form 3800, January 2001 See Reverse for Instructions

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 P.O. Box 3050
 Milwaukee, WI 53201-3050
 sms/13-0044-DIS/Cond. Ord.

OKLAHOMA INSURANCE DEPARTMENT
 JAN 29 2013
 Legal Division

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Ronald Baake Addressee

B. Received by (Printed Name) Ronald Baake C. Date of Delivery _____

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 7001 0320 0003 9967 2665

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540