

1 Report of Examination of the Market Conduct Affairs of
2 Respondent ("the Report"). The period covered by the on-site
3 examination was concluded as of September 30, 1992.

4 3. The Examiner reviewed twenty-seven (27) Arizona life
5 policy replacements out of a population of 311. As to these,
6 Respondent failed to send the "Notice Regarding Replacement of
7 Life Insurance" to the existing insurers of eight (8) applicants
8 within three (3) working days of either receiving the
9 applications or issuing the policies.

10 4. The Examiner reviewed all four (4) accident and health
11 paid claims. As to these, Respondent failed to acknowledge
12 notification of Claim #CG93422 within ten (10) working days of
13 receipt unless payment is made within such time.

14 5. The Examiner reviewed all four (4) accident and health
15 denied claims. As to these Respondent:

16 a. failed to acknowledge notification of four (4)
17 claims within ten (10) working days of receipt unless payment is
18 made within such time.

19 b. failed to accept or deny three (3) claims,
20 #CG92085, #CG9286 and #CG92087, within fifteen (15) working days
21 after receipt of properly executed proofs of
22 loss.

23 CONCLUSIONS OF LAW

24 1. By failing to send copies of the Notice Regarding
25 Replacement to existing insurers within three (3) working days
26 of either receiving applications for replacement coverage or
27 issuing the policies, Respondent violated A.A.C.
28 R4-14-215(F)(3)(c) and A.R.S. § 20-442.

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

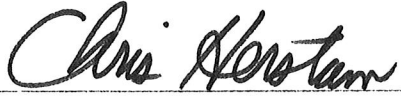
2. Respondent shall develop a written action plan to monitor and ensure that its personnel process claims in accordance with A.R.S. §§ 20-461 and A.A.C. R4-14-801. Respondent shall develop a written action plan to insure that its personnel process and prepare life insurance policies and applications in compliance with A.A.C. R4-14-215. Respondent shall submit copies of these action plans 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 SIXTEEN HUNDRED DOLLARS (\$1,600.00) to the Director for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. § 20-220(B). Said \$1,600.00 shall be provided to the Administrative Law Division of the ADOI on or before September 7, 1994.

5. The Report of Market Conduct Examination as of September 30, 1992 to include any objections to the Report by the Respondent, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 21st day of September, 1994.


Chris Herstam
Director of Insurance

.
.

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

COPY of the foregoing mailed/delivered
this 22nd day of September , 1994, to:

- Gay Ann Williams
Deputy Director
- Gregory Y. Harris
Chief Administrative Law Judge
- Erin Klüg
Manager
Market Conduct Examinations Division
- Saul Saulson
Supervisor
Examinations Section
- Shirley Polzin
Supervisor
Life and Disability Section
- Deloris E. Williamson
Assistant Director
Rates & Regulations Division
- Gary Torticill
Assistant Director and Chief Financial Examiner
Corporate & Financial Affairs Division
- Ron Watkins
Assistant Director
Consumer Services and Investigations
- Mary Butterfield
Manager
Health Policy Division

DEPARTMENT OF INSURANCE
2910 North 44th Street, Suite 210
Phoenix, AZ 85018

Ellen S. Rosen
Provident Mutual
P.O. Box 7378
Philadelphia, PA 19101

