

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

3 3. The Examiner reviewed seventy-five (75) student health
4 paid claims out of a population of 227. As to these:

5 a. The inspected files revealed acknowledgements
6 only where the company called upon the student to provide some
7 information or cooperation.

8 b. Respondent failed to accept or deny eight (8)
9 claims within fifteen (15) working days after receipt of
10 properly executed proofs of loss.

11 4. The Examiner reviewed forty-nine (49) student health
12 denied claims out of a population of fifty-nine (59). As to
13 these:

14 a. The inspected files revealed acknowledgements
15 only where the company called upon the student to provide some
16 information or cooperation.

17 b. Respondent failed to accept or deny six (6)
18 claims within fifteen (15) working days after receipt of
19 properly executed proofs of loss.

20 CONCLUSIONS OF LAW

21 1. By failing to acknowledge claims within ten (10)
22 working days unless payment is made within such time, Respondent
23 violated A.A.C. R4-14-801(E)(1) and A.R.S. § 20-461(A)(2).

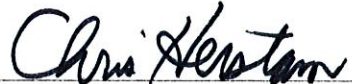
24 2. By failing to advise claimants of the acceptance or
25 denial of their claims within fifteen (15) working days after
26 receiving receipt of properly executed proofs of loss,
27 Respondent violated A.A.C. R4-14-801(G)(1)(a) and A.R.S. §
28 20-461(A)(5).

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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

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CONSENT TO ORDER

1. Respondent, Republic-Vanguard 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, 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 that as Vice President of 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)



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COPY of the foregoing mailed/delivered
this 28th day of October , 1994, to:

- Gay Ann Williams
Deputy Director
- Gregory Y. Harris
Chief Administrative Law Judge
- Erin Klug
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
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