

JUN 12 2015

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

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In the Matter of:  
**CONNECTICUT GENERAL LIFE INSURANCE**  
**COMPANY,**  
NAIC # 62308,  
  
Respondent

) Docket No. 15A-054-INS  
)  
)  
) **CONSENT ORDER**  
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)

Examiners for the Department of Insurance ("the Department") conducted a targeted market conduct examination of Connecticut General Life Insurance Company ("the Company"). The Report of Targeted Examination of Connecticut General Life Insurance Company, dated as of December 31, 2010, ("the Report") alleges that the Company has violated Arizona Revised Statutes ("A.R.S.") §§ 20-444(A), 20-448(B), 20-461(A)(1), (3), (5), and (15), 20-1110(E), 20-2106(7)(a) and (8)(b), 20-2104(B)(2), 20-2110(A) and (B), 20-2309(A), 20-2533(D), 20-2534(B), 20-2535(F), 20-2536(G), 20-2537(C), and 20-3102(A) and Arizona Administrative Code ("A.A.C.") R20-6-201(C)(2), (C)(3), (C)(7), (C)(9), (D), (E)(1) (I), and (O), R20-6-201.01, R20-6-801(D)(1), (F), and (G)(1)(a), and three prior consent orders: Consent Order, Docket No. 01A-244-INS ("the 2001 Consent Order"), Consent Order, Docket No. 04A-175-INS ("the 2004 Consent Order"), and Consent Order, Docket No. 08A-156-INS ("the 2008 Consent Order").

The Company wishes to resolve this matter without formal proceedings, admits the following Findings of Fact are true and consents to the entry of the following Conclusions of Law and Order.

1 **FINDINGS OF FACT**

2 1. The Company is domiciled in Connecticut and is authorized to transact  
3 life and disability insurance in Arizona pursuant to a Certificate of Authority issued by  
4 the Director.

5 2. The Director authorized the Examiners to conduct a targeted market  
6 conduct examination of the Company. The examination covered the time period from  
7 January 1, 2008, through December 31, 2010, and was concluded on November 7,  
8 2013. Based on the examination findings, the Examiners prepared the Report, dated  
9 December 31, 2010.

10 3. The Company failed to file with the Department advertisements related to  
11 its various group and individual lines of business prior to their use.

12 4. The Company failed to maintain all advertising pieces, along with  
13 notations and supporting documents, for at least three years from the date of  
14 dissemination.

15 5. The Company used marketing materials, advertising and sales scripts  
16 that:

17 a. Failed to identify policy exclusions and limitations for specific benefits  
18 referenced in the advertising, including exclusions for preexisting conditions;

19 b. Included policy exclusions, reductions and limitation in fine print and  
20 separately located from the description of benefits;

21 c. Made unsupported and undocumented statements regarding policy  
22 benefits, claims handling, and/or the Company's relative position in the insurance  
23 industry; and

24 d. Used "testimonial" advertising without being able to produce the name  
25 of the author or the full text of the testimonial.

1           6.     The Company unfairly discriminated among individuals of essentially the  
2 same hazard in the benefits payable or in the application of the terms or conditions of  
3 coverage by failing to offer Individual medical insurance to persons who are older than  
4 64½ years old as of the effective date of coverage.

5           7.     The Company issued renewal letters to employers that failed to include  
6 an explanation of the extent to which any increase in premium was due to the actual or  
7 expected experience of the individuals covered under the plan.

8           8.     The Company used application forms for health insurance coverage that  
9 failed to limit the disclosure authorization for this information to not more than 30  
10 months.

11          9.     The Company used application forms for coverage other than health  
12 insurance that contained a disclosure authorization for information collected in  
13 connection with claims for benefits that did not limit the effectiveness of the disclosure  
14 authorization to the duration of the claim.

15          10.    The Company failed to send the required Notice of Insurance Information  
16 Practices at least annually in the case of policy renewals.

17          11.    The Company used letters to notify proposed insureds for Individual  
18 insurance coverage of an adverse underwriting decision, which letters did not allow 90  
19 days to request additional information and/or appeal the adverse underwriting decision.

20          12.    The Company failed to provide a Summary of Rights to all applicants at  
21 the time the adverse underwriting decision was communicated.

22          13.    During the processing of claims for Arizona residents, the Company:  
23           a.    Misrepresented and/or failed to fully disclose benefits payable under  
24 the policy;

1 b. Failed to perform a reasonable investigation before denying claims  
2 submitted by both insureds and/or providers;

3 c. Failed to adjudicate claims received from providers within 30 days of  
4 receipt of a clean claim; and

5 d. Failed promptly to provide a reasonable explanation of the basis in the  
6 insurance policy relative to the facts or applicable law for the denial of claims.

7 14. With regard to appeal forms and procedures, the Company:

8 a. Used an acknowledgment letter for an Expedited Medical Review that  
9 indicated an incorrect time frame for reaching a determination;

10 b. Misstated Arizona appeal rights in Explanation of Benefits ("EOB") and  
11 other pertinent claim documents in use during the examination period;

12 c. Failed to provide members with an EOB or any other notice of a denied  
13 claim that included a notice of the right to appeal the denial;

14 d. Failed at the conclusion of an Informal Reconsideration to advise the  
15 member of the right to proceed after the formal review to an External Independent  
16 Review;

17 e. Failed at the conclusion of a Formal Appeal to advise the member of  
18 the right to proceed to an External Independent Review;

19 f. Failed to provide the criteria used and clinical reasons for Formal  
20 Appeal decisions; and

21 g. Failed to forward requests for External Independent Reviews to the  
22 Department within five business days after receipt of the request.

23 **CONCLUSIONS OF LAW**

24 1. The Company violated A.R.S. § 20-1110(E) by failing to file its advertising  
25 with the Department prior to their use.

1           2.     The Company violated A.A.C. R20-6-201.01(C) by failing to maintain its  
2 advertising, along with notations and supporting documents, for at least three years.

3           3.     The Company violated A.R.S. §§ 20-444 and 20-461(A)(17) and A.A.C.  
4 R20-6-201 by using noncomplying marketing materials, advertising, and sales scripts  
5 that failed to provide required information, misstated benefits, and/or made  
6 unsubstantiated claims about the Company's products, operations, and/or relative  
7 strength and experience.

8           4.     The Company violated A.R.S. § 20-448(B) by unfairly discriminating  
9 among individuals of essentially the same hazard, in the benefits payable or in the  
10 application of the terms or conditions of coverage.

11          5.     The Company violated A.R.S. § 20-2309(A) and the 2004 Consent Order  
12 by issuing renewal letters to employers that failed to include an explanation extent to  
13 which any increase in premium was due to the actual or expected experience of the  
14 individuals covered under the plan;

15          6.     The Company violated A.R.S. § 20-2106 by using disclosure  
16 authorization forms that failed to meet the statutory requirements regarding time limits  
17 for effectiveness for release of information.

18          7.     The Company violated A.R.S. § 20-2104(B)(2) by failing to provide the  
19 Notice of Insurance Information at least annually in the case of policy renewals.

20          8.     The Company violated A.R.S. § 20-2110(B) by using letters to notify  
21 proposed insureds for Individual insurance coverage of an adverse underwriting  
22 decision, which letters did not allow 90 days to request additional information and/or  
23 appeal the adverse underwriting decision.

1           9.     The Company violated A.R.S. § 20-2110(A) by failing to provide a  
2 Summary of Rights to all applicants at the time an adverse underwriting decision was  
3 communicated.

4           10.    The Company violated A.R.S. § 20-461(A)(1) and A.A.C. R20-6-  
5 801(D)(1) by misrepresenting and/or failing to fully disclose benefits payable under the  
6 policy.

7           11.    The Company violated A.R.S. §§ 20-461(A)(3) and (4) and 20-3102(B),  
8 A.A.C. R20-6-801(F), and the 2008 Consent Order by failing to perform a timely and  
9 reasonable investigation of claims prior to denying the claim.

10          12.    The Company violated A.R.S. §§ 20-461(A)(5) and 20-3102(A) by failing  
11 to adjudicate claims submitted by and paid to providers within 30 days of receipt of a  
12 clean claim.

13          13.    The Company violated A.R.S. § 20-461(A)(15) and A.A.C. R20-6-  
14 801(G)(1)(a) by failing to provide a reasonable explanation relative to the facts and  
15 applicable law for the denials of claims.

16          14.    The Company violated A.R.S. § 20-2534(B) by using an acknowledgment  
17 letter for an Expedited Medical Review that indicated an incorrect time frame for  
18 reaching a determination.

19          15.    The Company violated A.R.S. § 20-2533(D) by misstating the Arizona  
20 appeal rights on EOB forms and in other notices to insureds.

21          16.    The Company violated A.R.S. § 20-2533(D) by failing to provide  
22 members with an EOB or any other notice of a denied claim that included a notice of  
23 the right to appeal the denial.

24          17.    The Company violated A.R.S. § 20-2535(F), the 2001 Consent Order,  
25 and the 2004 Consent Order by failing at the conclusion of an Informal Reconsideration

1 to advise the member of the right to proceed after the formal review to an external  
2 independent review.

3 18. The Company violated A.R.S. § 20-2536(G) by failing at the conclusion of  
4 a Formal Appeal to advise the member of the right to proceed to an external  
5 independent review.

6 19. The Company violated A.R.S. § 20-2536(E)(2), the 2001 Consent Order,  
7 and the 2008 Consent Order by failing to provide the criteria used and clinical reasons  
8 for a Formal Appeal decision.

9 20. The Company violated A.R.S. § 20-2537(C) by failing to forward requests  
10 for External Independent Review to the Department within five business days after  
11 receipt of the request.

12 21. Grounds exist for the entry of the following Order in accordance with  
13 A.R.S. §§ 20-220, 20-456, 20-2117, and 20-2508.

14 **ORDER**

15 **IT IS ORDERED THAT:**

- 16 1. Connecticut General Life Insurance Company shall:
- 17 a. Include in all renewal letters for employers the extent to which any  
18 increase in premium was due to the actual or expected experience of the individuals  
19 covered under the plan.
- 20 b. Use disclosure authorization forms that contain the statutorily required  
21 time limits for release of information.
- 22 c. Provides a Notice of Insurance Information to insureds at least  
23 annually in the case of policy renewals.
- 24
- 25

1 d. Use letters to notify proposed insureds of an adverse underwriting  
2 decision, allowing 90 days to request additional information and/or appeal the adverse  
3 underwriting decision.

4 e. Perform a timely and reasonable investigation of claims submitted by  
5 insureds or providers prior to denying the claim.

6 f. Adjudicate all claims in a timely manner in accordance with regulatory  
7 standards.

8 g. Provide a reasonable explanation for the denial of claims in sufficient  
9 detail, relative to the facts or applicable law, to allow members and providers to appeal  
10 the adverse decision.

11 h. Provide accurate notification in all appeals correspondence as to the  
12 time frames for resolution of the appeal.

13 i. Correct all EOB and other pertinent claim forms to accurately describe  
14 the Arizona appeal rights.

15 j. Issue to members an EOB or other notice of the denial of a claim that  
16 includes the notice of the right to appeal the denial.

17 k. Provide the required notice at the conclusion of each level of appeal  
18 that the member has the right to proceed to an External Independent Review at the  
19 conclusion of a Formal Appeal.

20 l. Provide the criteria used and clinical reasons for all appeal decisions.

21 m. Forward requests for External Independent Review to the Department  
22 within five business days after receipt of the request.

23 2. Within 90 days of the filed date of this Order, the Company shall submit to  
24 the Arizona Department of Insurance, for approval, evidence that corrections have  
25 been implemented and communicated to the appropriate personnel, regarding all of the



1 items listed above in Paragraph 1 of the Order section of this Consent Order. Evidence  
2 of corrective action includes but is not limited to memos, bulletins, emails,  
3 correspondence, procedures manuals, print screens and training materials.

4 3. The Department shall be permitted, through authorized representatives,  
5 to verify that the Company has complied with all provisions of this Order.

6 4. The Company shall pay a civil penalty of \$235,750.00 to the Director for  
7 deposit in the State General Fund in accordance with A.R.S. § 20-220(B). This civil  
8 penalty shall be provided to the Market Conduct Examinations Section of the  
9 Department prior to the filing of this Order.

10 5. The Report of Examination of the Market Conduct Affairs of Connecticut  
11 General Life Insurance Company dated December 31, 2010, including the letter  
12 submitted in response to the Report of Examination, shall be filed with the Department  
13 after the Director has filed this Order.

14  
15 DATED in Arizona this 11<sup>th</sup> day of June, 2015.

16  
17 Germaine L. Marks  
18 Germaine L. Marks  
19 Director of Insurance  
20 . . .  
21 . . .  
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**CONSENT TO ORDER**

1           1.     Connecticut General Life Insurance Company has reviewed the foregoing  
2 Order.

3           2.     Connecticut General Life Insurance Company admits the jurisdiction of  
4 the Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and  
5 consents to the entry of the Conclusions of Law and Order.

6           3.     Connecticut General Life Insurance Company is aware of its right to a  
7 hearing, at which it may be represented by counsel, present evidence, and cross-  
8 examine witnesses. Connecticut General Life Insurance Company irrevocably waives  
9 its right to such notice and hearing and to any court appeals related to this Order.

10          4.     Connecticut General Life Insurance Company states that no promise of  
11 any kind or nature whatsoever was made to it to induce it to enter into this Order and  
12 that it has entered into this Consent Order voluntarily.

13          5.     Connecticut General Life Insurance Company acknowledges that the  
14 acceptance of this Order by the Director of Insurance, State of Arizona, is solely to  
15 settle this matter against it and does not preclude any other agency or officer of this  
16 state or its subdivisions or any other person from any other civil or criminal  
17 proceedings, whether civil, criminal, or administrative, as may be appropriate now or in  
18 the future.

19          6.     \_\_\_Edward Kim \_\_\_\_\_, who holds the office of  
20 *Vice* President and General Manager\_ of Connecticut General Life Insurance Company, is  
21 authorized to enter into this Order for it and on its behalf.

**CONNECTICUT GENERAL LIFE INSURANCE COMPANY**

23  
24 6/8/15  
25 Date

By: 

1 COPY of the foregoing mailed/delivered  
2 this 12th day of June , 2015, to:

3 Germaine L. Marks  
4 Director of Insurance

5 Darren Ellingson  
6 Deputy Director  
7 Director's Office

8 Yvonne R. Hunter  
9 Assistant Director  
10 Consumer Affairs Division

11 Kurt Regner  
12 Assistant Director  
13 Financial Affairs Division

14 David Lee  
15 Chief Financial Examiner

16 Erin Klug  
17 Assistant Director  
18 Rate & Form Division

19 Chuck Gregory  
20 Special Agent Supervisor  
21 Investigations Division

22 Helene I. Tomme  
23 Market Examinations Supervisor  
24 Market Oversight Division

25 DEPARTMENT OF INSURANCE  
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