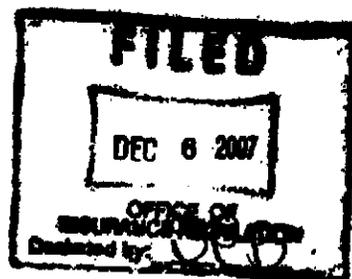




OFFICE OF INSURANCE REGULATION



KEVIN M. McCARTY  
COMMISSIONER

IN THE MATTER OF:

**THE CAPELLA GROUP, INC.**  
2006 Market Conduct Examination

CASE NO.: 91463-07-CO

**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between THE CAPELLA GROUP, INC. (hereinafter referred to as "CAPELLA") and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of, and parties to, this proceeding.
2. CAPELLA is a foreign discount medical plan organization authorized to transact discount medical plan business in Florida and is subject to the jurisdiction and regulation of the OFFICE pursuant to the Chapter 636, Part II, Florida Statutes.
3. The OFFICE conducted a market conduct examination of CAPELLA in 2006 pursuant to Section 636.206, Florida Statutes. As a result, it has been determined that CAPELLA violated the following provisions of the Florida Insurance Code and Florida Administrative Code:

a. Section 636.214(3)(a), Florida Statutes – Failure to have the required provision in the network agreement to ensure agreements between the network and the provider comply with Section 636.214(2), Florida Statutes.

b. Section 636.214(3)(c), Florida Statutes – Failure to have a provision in a network agreement that requires the network to maintain an up-to-date list of its contracted providers and to provide that list on a monthly basis to the discount medical plan organization.

c. Section 636.216(3), Florida Statutes – Use of forms prior to approval by the Office.

d. Rule 69O-203.204(1)(a), Florida Administrative Code – Failure to file all plan contracts to be used or issued in connection with any Plan.

e. Rule 69O-203.202(1)(a), Florida Administrative Code – Failure to state the name and address of the discount medical plan on the membership agreement.

f. Rule 69O-203.202(1)(d), Florida Administrative Code – Failure to state the term of the contract on the membership agreement.

g. Rule 69O-203.202(1)(e), Florida Administrative Code – Failure to contain a space for charges and any one time processing fee on the membership agreement.

h. Rule 69O-203.202(1)(f), Florida Administrative Code – Failure to state the mode of payment on the membership agreement.

i. Rule 69O-203.202(1)(i), Florida Administrative Code – Failure to state the limitations and exclusions of the plan on the membership agreement.

j. Section 636.228(2), Florida Statutes – Failure to have an executed written agreement with a marketer.

k. Section 636.216(1), Florida Statutes – Use of charges that have not been approved by the Office.

l. Section 636.210(1)(c), Florida Statutes – Restrictions on free access to plan providers.

m. Section 636.208(2), Florida Statutes – Failure to make full refunds to members who cancelled their membership within 30 days of the enrollment effective date.

n. Section 636.205(1)(d), Florida Statutes – Failure to comply with the complaint procedures filed with the Office.

o. Section 636.212, Florida Statutes – Failure to print disclosures in 12-point type.

p. Section 636.212(1-5), Florida Statutes – Failure to contain the required disclosures on advertising materials, marketing materials and websites.

q. Section 636.210(1)(b), Florida Statutes – Use of terms on its website and in marketing materials that could reasonable mislead a person into believing the discount medical plan is health insurance.

r. Section 636.228(1), Florida Statutes – Failure to provide documentation that the discount medical plan reviewed and approved advertisements and marketer's websites.

s. Rule 69O-203.203(2)(b), Florida Administrative Code – Use of misleading advertisements that give false information, contain untrue, deceptive, or misleading words, phrases, statements, references or illustrations.

4. CAPELLA expressly waives its right to a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE, and all further and/or other proceedings herein to which the parties may now or in the future be entitled, either by law or by

rules of the OFFICE. CAPELLA hereby knowingly and voluntarily waives all rights to challenge or to contest this Order, in any forum now or in the future available, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. CAPELLA agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

a. CAPELLA shall pay an administrative penalty of Nine Thousand Five Hundred Dollars (\$9,500) and administrative costs of Three Thousand Dollars (\$3,000) on or before the 30th day after this Consent Order is executed.

b. CAPELLA shall, within 30 days of the execution of this Consent Order, provide to the OFFICE certification by an officer of the Company that the corrective actions outlined in the examination report have been completed. The certification shall include a detailed list of all fees returned, itemized by member name, member number, and the amount refunded.

6. CAPELLA is hereby placed on notice of the requirements of the above-referenced provisions of law and agrees that any future violations of these statutes and rules by CAPELLA may be deemed willful, subjecting BSA to appropriate penalties.

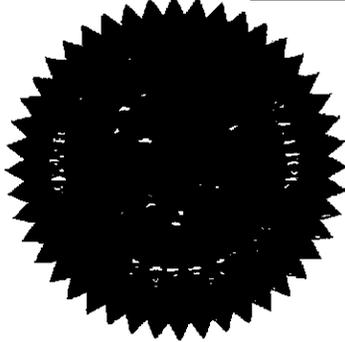
7. CAPELLA agrees that the failure to adhere to one or more of the above terms and conditions of this Consent Order shall constitute a violation of a lawful order of the OFFICE, and shall subject CAPELLA to such administrative action as the OFFICE may deem appropriate.

8. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

THEREFORE, the agreement between CAPELLA and the OFFICE, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 6TH day of DECEMBER, 2007.



  
KEVIN M. MCEARTY  
Commissioner  
Office of Insurance Regulation

By execution hereof, THE CAPELLA GROUP, INC. consents to entry of this Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind THE CAPELLA GROUP, INC. to the terms and conditions of this Consent Order.

THE CAPELLA GROUP, INC.

Corporate Seal

By: \_\_\_\_\_

Title: PRESIDENT

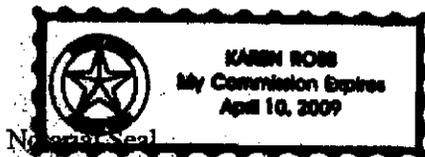
Date: Nov 28, 2007

STATE OF Texas )  
COUNTY OF Dallas )

The foregoing instrument was acknowledged before me this 28th day of November, 2007,  
by Ian R. Stuart as PRESIDENT for  
(Name of person) (Type of authority... e.g. officer, trustee, attorney in fact)  
The CAPELLA GROUP, INC.  
(Company name)

Personally Known X or Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_



(Signature of the Notary) \_\_\_\_\_

Karen Robb

(Print, Type or Stamp Commissioned Name of Notary)

My Commission Expires: 4-10-09