

# **FINANCIAL SERVICES COMMISSION**

**FLORIDA OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

**MARKET CONDUCT FINAL EXAMINATION REPORT  
OF  
CONNECTICUT GENERAL LIFE INSURANCE COMPANY  
AS OF  
November 10, 2006**

**NAIC COMPANY CODE: 62308**



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## **PURPOSE AND SCOPE OF EXAMINATION**

Under authorization of the Financial Services Commission, Florida Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 636.206, Florida Statutes, a market conduct examination of Connecticut General Life Insurance Company (CGLIC or Company) was performed. The scope of this examination was November 17, 2005 through August 31, 2006. The onsite examination began November 6, 2006 and ended November 10, 2006.

The purpose of this examination was to review the Company's compliance with Chapter 636, Part II, Florida Statutes as effective on April 1, 2005. Chapter 636, Part II, Florida Statutes, regulates discount medical plan organizations, entities which, in exchange for fees, dues, charges, or other consideration, provide access for plan members to providers of medical services and the right to receive medical services from those providers at a discount.

The Company's records were examined at its offices located at 300 NW 82<sup>nd</sup> Avenue, Suite 300, Plantation, FL 33324.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report. Procedures and conduct of the examination were in accordance with the Market Regulation Handbook produced by the National Association of Insurance Commissioners.

## **DESCRIPTION OF COMPANY**

Connecticut General Life Insurance Company, incorporated on June 22, 1865, is a foreign life and health insurance company having its principle place of business at 900 Cottage Grove Road, Bloomfield, Connecticut, 06002. CGLIC has been a wholly owned subsidiary of Connecticut General Corporation since 1967. Connecticut General Corporation is a wholly owned subsidiary of CIGNA Holdings, Inc., which is a wholly owned subsidiary of CIGNA Corporation, a publicly held corporation. CGLIC is a US stockholder-owned life insurance company. Its principal products include group life, accident and health insurance and investment products. CGLIC is domiciled in the State of Connecticut and licensed in all 50 states, the District of Columbia, Puerto Rico, US Virgin Islands, Canada and Taiwan.

CGLIC began selling a discount dental plan in August 2004. The Company added the line of business and commenced operating as a Discount Medical Plan Organization (DMPO) in Florida effective November 17, 2005. As a licensed life insurance company under Chapter 627, Florida Statutes, CGLIC is not subject to the licensing requirements of Chapter 636, Part II, Florida Statutes. Licensed insurers are exempt from seeking an additional license as a DMPO.

## **PROVIDER NETWORK AGREEMENT REVIEW**

The Company does not utilize a provider network. It contracts directly with the providers.

### **PROVIDER AGREEMENT REVIEW**

At the time of the examination, the Company maintained individual provider agreements with 5,062 active providers. A sample of 25 active provider agreements was requested to determine compliance with Sections 636.214 and 636.226, Florida Statutes. The following violation was noted:

- 3 active provider agreements requested in the sample could not be provided by the Company as required by Section 636.214(4), Florida Statutes.

A review of 22 active provider agreements provided by the Company was conducted. The following violations were noted:

- 21 of the active provider agreements did not include a list of the services and products to be provided at a discount as required by Section 636.214(2)(a), Florida Statutes;
- 21 of the active provider agreements did not include the amount or amounts of the discounts or, alternatively, a fee schedule which reflects the provider's discounted rates as required by Section 636.214(2)(b), Florida Statutes; and
- 5 active providers with agreements were not maintained on the Internet website page as required by Section 636.226, Florida Statutes.

The Company stated that members of the Company credentialing unit make immediate changes to the Internet website page as the provider changes are received. Changes to the website are batched weekly (on Fridays) and are loaded on Saturday for access.

**Corrective Action:** The Company should ensure it maintains a copy of all active provider agreements. The Company should ensure all provider agreements include a list of the services and products to be provided at a discount; and the amount or amounts of the discounts or, alternatively, a fee schedule which reflects the discounted rates. The Company should also ensure its website includes an up-to date list of the names and addresses of all active providers.

### **MARKETER AGREEMENT REVIEW**

The Company reports that no private label marketers are used. The only marketers for the discount dental plan are the Company's sales force. There are no marketer agreements for this sales force. Company management advised that the sales force has been trained and instructed in the provisions and limitations of the discount dental plan. A substantial sales training booklet was provided as documentation.

## **ACTIVE MEMBERSHIP REVIEW**

As of August 31, 2006, the Company had 9 active memberships, 4 of which had enrollment effective dates on or after November 17, 2005.

### **Enrollment and Fulfillment Procedures**

Enrollments are handled directly by the employers of members and the Company. The Company is responsible for mailing the fulfillment package to new and renewing members.

### **Enrollment Effective Date**

The effective date for members is the first of the month following the date of the application unless otherwise requested by the applicant.

### **Memberships after November 17, 2005**

Four (4) active membership files with enrollment effective dates after November 17, 2005 were reviewed. The following violations were noted:

- 4 files contain evidence of charges that had not been filed with the Office as required by Section 636.216(1), Florida Statutes.
- 4 files did not contain evidence of a written agreement between the Company and the member as required by Section 636.216(2), Florida Statutes.
- 4 files did not contain evidence that the forms used to enroll members had been filed with and approved by the Office as required by Section 636.216(3), Florida Statutes.

**Corrective Action:** The Company should ensure all forms used to enroll members have been filed with and approved by the Office and that all charges have been filed with the Office. The Company should ensure the completion of a written agreement between the Company and the member and retain copies in its files.

### **Memberships prior to November 17, 2005**

Between the April 1, 2005 effective date of Chapter 636, Florida Statutes, and the November 17, 2005 date Connecticut General Life Insurance Company was authorized to transact business as a DMPO, 5 members were enrolled.

**Corrective Action:** Members enrolled prior to November 17, 2005 should be provided Florida approved enrollment forms and written agreements upon renewal. Subsequent to the examination, the Company advised that in November 2006, new materials were distributed to all members enrolled prior to November 17, 2005.

## **FORMS/CHARGES REVIEW**

On July 11, 2006, the Office approved the charges, enrollment forms, informational forms, evidence of participation forms, welcome letters, and ID card. A review of 10 approved forms was conducted. The following violation was noted:

- 2 enrollment forms did not have a place on the forms for plan charges as required by Rule 69O-203.202(1)(e), Florida Administrative Code.

**Corrective Action:** The Company should revise its enrollment forms to include a space to show the amount of membership charges. Revised forms must be filed with and approved by the Office.

## **CANCELLATION REVIEW**

During the scope of the examination, the Company reported that 1 member cancelled their membership within the first 30 days of their enrollment effective date. This cancellation occurred before the member's credit card account was debited, so no refund was required. No violations were noted.

## **COMPLAINT/GRIEVANCE REVIEW**

The Company has recorded no consumer complaints related to its discount dental plan since licensure. Policies and procedures are in place to facilitate the resolution of member grievances and complaints as required by Section 636.205(1)(d), Florida Statutes.

## **WEBSITE REVIEW**

The Company maintains one website: [www.cignaplussavings.com](http://www.cignaplussavings.com). A review of the website was conducted. The following violations were noted:

- The online enrollment form is not the same as the form approved by the Office and it does not show the approved form number as required by Section 636.216(3), Florida Statutes and Rule 69O-203.202(1)(k), Florida Administrative Code;
- The first page of the website does not include the disclosure that the plan does not make payments directly to the providers of medical services as required by Section 636.212(3), Florida Statutes; and
- The address of the Company is printed in less than 12-point type as required by Section 636.212, Florida Statutes.

**Corrective Action:** The Company should only use online enrollment forms that have been filed with and approved by the Office. All forms should be identified by a unique form number in the lower left hand corner of each form. The Company should also ensure that the website contains all of the required disclosures and the disclosures are printed in not less than 12-point type.

### **ADVERTISING REVIEW**

The Company produced 4 advertisements used during the scope of the examination. These advertisements included 2 enrollment forms (group and individual); the Broker/Employer flyer, that gives a general description of the plan; and the Exclusions and Limitations form. The advertisements are developed and approved by the Company. No violations were noted.

### **EXAMINATION FINAL REPORT**

The Office hereby issues this report as the Final Report, based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report.