

FINANCIAL SERVICES COMMISSION

**FLORIDA OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

COVERDELL & COMPANY, INC.

f/k/a

BEST BENEFITS, INC.

AS OF

SEPTEMBER 22, 2006

FLORIDA COMPANY CODE: 56023



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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 Best Benefits, Inc. (Company) was performed. The scope of this examination was June 8, 2005 through May 30, 2006. The examination began September 18, 2006 and ended September 22, 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 8420 W. Bryn Mawr Avenue, Chicago, IL 60631.

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

Best Benefits, Inc., and its wholly owned subsidiary Discount Dental Services, LLC (DDS) were founded in 1995 as a wholesale provider and administrator of non-insured health discount benefits. Coverdell and Company owns Best Benefits, Inc., DDS, and Uni-Care, Inc. (Provider Network). Coverdell, founded in 1963 with offices in Atlanta, Georgia and Chicago, Illinois, is a full service marketing company. Coverdell and Adaptive Marketing, LLC are wholly owned subsidiaries of Vertrue, Inc. Vertrue, Inc. is a publicly traded company on the NASDAQ (VTRU).

Best Benefits, Inc., a foreign company, was licensed in Florida as a Discount Medical Plan Organization (DMPO) effective June 8, 2005. The Company has approved forms and rates on behalf of 30 private label marketers in Florida. Subsequent to the examination, effective December 21, 2006 Coverdell and Company, Inc. was licensed in Florida as a Discount Medical Plan Organization assuming all of the DMPO business of Best Benefits, Inc. that simultaneously surrendered its Florida DMPO license.

PROVIDER NETWORK AGREEMENT REVIEW

The Company has agreements with seven (7) provider networks. A review of the seven (7) provider network agreements was performed to verify compliance with Section 636.214, Florida Statutes. Discount Development Services, LLC (DDS), a subsidiary of Best Benefits, Inc. entered into all agreements. The following violations were noted:

- American WholeHealth Networks, Inc., Beech Street Corporation, Dental Network of America (DNoA), and New Benefits, Ltd.'s provider network agreements have no provision for a monthly update to the contracted providers list as required by Section 636.214(3)(c), Florida Statutes;
- Beech Street Corporations provider network agreement fails to contain a list of the services and products to be provided at a discount, fails to contain the amount or amounts of the discounts or, alternatively, a fee schedule which reflects the provider's discounted rates, and fails to state that the provider will not charge members more than the discounted rate as required by Section 636.214(3)(a), Florida Statutes;

Corrective Action: The Company should ensure that all provider network agreements contain terms as required.

PROVIDER AGREEMENT REVIEW

The Company has agreements with approximately 3,200 dental and chiropractic providers. A sample of 12 provider agreements was reviewed for compliance with Section 636.214, Florida Statutes. Uni-Care, Inc., a Coverdell and Company owned provider network entered into all agreements reviewed. No violations were noted.

MARKETER AGREEMENT REVIEW

During the scope period, the Company had active marketer agreements with 12 private label and 3 individual marketers to sell its discount medical plan to Florida residents. These marketer agreements were reviewed for compliance with Section 636.228(2), Florida Statutes. No violation was noted.

ACTIVE MEMBERSHIP REVIEW

As of May 31, 2006, Best Benefits, Inc. had 146,396 active members, 103,811 of which enrolled on or after the statutory date of April 1, 2005. The Company's current members were enrolled by the marketers referred to in the Marketer Agreement Review section of this report.

Enrollment Procedures

Depending on the marketer, members enroll using paper forms, electronically over the internet or by telephone. The marketers, in most cases, are responsible for sending the fulfillment materials to the members.

Memberships prior to June 8, 2005

Between the April 1, 2005 effective date of Chapter 636, Florida Statutes, and the June 8, 2005 date Best Benefits Inc. was permitted to operate as a licensed DMPO, 3,499 members were enrolled. Enrolling members in a discount medical plan without a license violates Section 636.204(1), Florida Statutes.

Corrective Action: Members enrolled prior to June 8, 2005 should be provided Florida approved enrollment forms, written agreements, and fulfillment materials upon renewal.

FORMS/CHARGES REVIEW

The Office has approved the Company's forms filings for marketing by thirty (30) private labelers/marketers in Florida. The Company advised that only fifteen (15) private labelers/marketers were actively marketing in Florida during the examination scope period. Fulfillment materials, Spanish language forms and telephone scripts from private labelers/marketers United American Partners, Plan Plus, Premier Health Plus and Best Benefits/Wachovia Bank were randomly selected and reviewed for compliance with Sections 636.216(2) and (3), Florida Statutes, and Rule 690-203.204, Florida Administrative Code. No violations were noted.

A random sample of 50 files for active members was reviewed for compliance with Section 636.216, Florida Statutes. The following violations were noted:

- 6-files evidenced periodic charges that had not been filed with the Office as required by Section 636.216(1), Florida Statutes.

Corrective Action: The Company should use only charges that have been filed with the Office.

CANCELLATION REVIEW

A sample of 50 files with memberships cancelled within the first 30 days after the effective date of enrollment in the plan were reviewed for compliance with Section 636.208(2), Florida Statutes. No violation was noted.

COMPLAINT/GRIEVANCE REVIEW

The Company recorded two (2) complaints related to its discount medical plan during the examination scope period. A review of the two (2) complaints demonstrated that the Company is following both the formal and informal complaint procedures for their organization that are in place to facilitate the resolution of member grievances as required by Section 636.205(1)(d), Florida Statutes. No violation was noted.

WEBSITE REVIEW

As a condition for licensure, a discount medical plan is required to establish an Internet website page to maintain an up-to-date list of the names and addresses of its providers with which it has contracted in order to comply with Section 636.226, Florida Statutes. A review of the Company's website and the websites for two (2) of the Company's large private label marketers was conducted:

<u>Company</u>	<u>Website</u>
1) Best Benefits, Inc.	www.findbestbenefits.com
2) Adaptive Marketing	www.premierhealthplus.com
3) Aegon	www.planplussavings.com

The following violation was noted:

- The websites for Adaptive Marketing and Aegon fail to contain the proper disclosures as required by Section 636.212, Florida Statutes.

Corrective Action: The Company should ensure that the websites of its marketers contain the required disclosures.

ADVERTISING REVIEW

The Company provided advertising/marketing pieces for the fifteen (15) private labelers/marketers active during the scope period of the examination for review. The following violations were noted:

- Significant Living – The first page of the advertisement uses the phrases, “Health Coverage Benefits” and “Insurance coordination”. These phrases can be misleading or deceptive to consumers and is a violation of Section 636.210(1)(a) and (b), Florida Statutes; and
- Deal Pass (website) – Offers various savings programs and links to the “Premier Health Plus” discount card website. The first page of the website does not contain the disclosures as required by Section 636.212, Florida Statutes.

Corrective Action: The Company should ensure that all advertisements and marketing materials contain the required disclosures and do not contain misleading or deceptive terms or phrases.

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.