



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

BILL NELSON

IN THE MATTER OF:

CASE NO.: 34393-00-CO

ALLIANZ LIFE INSURANCE
COMPANY OF NORTH AMERICA

Life and Health Market Conduct
Examination Report for the period
January 1, 1996 through December 31, 1998.

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA (hereinafter referred to as "ALLIANZ") and the FLORIDA DEPARTMENT OF INSURANCE (hereinafter referred to as the "DEPARTMENT"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the Treasurer and Insurance Commissioner, as head of the DEPARTMENT, hereby finds as follows:

1. The Treasurer and Insurance Commissioner, as head of the DEPARTMENT, has jurisdiction over the subject matter of and parties to this proceeding.
2. ALLIANZ is a foreign insurer authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of the DEPARTMENT pursuant to the Florida Insurance Code.
3. Pursuant to Section 624.3161, Florida Statutes, the DEPARTMENT has conducted a market conduct examination of ALLIANZ for the period beginning January 1, 1996, through December 31, 1998 (hereinafter referred to as the "Examination").

4. As the result of the Examination, the DEPARTMENT issued a draft market conduct examination report to ALLIANZ, dated December 22, 1999, and received by ALLIANZ on December 28, 1999 (hereinafter referred to as the "Initial Draft Report").

5. On March 2, 2000, the DEPARTMENT and ALLIANZ discussed the contents of the Initial Draft Report in an informal proceeding held via telephone conference. Subsequently, ALLIANZ provided the DEPARTMENT with additional documentation by letters dated March 10, 2000, and April 10, 2000.

6. Upon consideration of the additional information and documentation provided by ALLIANZ, the DEPARTMENT issued a revised draft market conduct examination report dated May 25, 2000, and received by ALLIANZ on May 30, 2000 (hereinafter referred to as the "Revised Draft Report").

7. The findings and recommendations included in the Revised Draft directed ALLIANZ to:

a. Comply with Section 627.410, Florida Statutes, and file all policy forms covering Florida lives for approval prior to use.

b. Comply with Section 624.418(1)(b), Florida Statutes, and only conduct Florida business with licensed third party administrators.

c. Comply with Section 624.318(2), Florida Statutes, and maintain adequate and accurate records relating to Florida insureds.

d. Comply with Rule 4-150.018(1), 4-150.119(1) and 4-156.120(1), Florida Administrative Code, and include a reference to the State of Florida in future advertising Certificates of Compliance.

e. Comply with Section 624.318(2) and 626.511, Florida Statutes, and maintain copies in the file of Florida Department of Insurance's Form DI4-39 for agent terminations in order to evidence timely reporting.

f. Comply with Rule 4-156.012(4)(a), Florida Administrative Code, with regard to the cessation of Medicare Supplement Sales.

g. Comply with Section 627.4085, Florida Statutes, and require agent identification numbers on all applications.

h. Comply with Rule 4-151.007, Florida Administrative Code, and send a copy of the signed Notice to Applicant to the existing insurer in a timely manner on all individual life replacements.

i. Comply with Section 627.613 and 627.657, Florida Statutes, and pay all health claims in a timely manner.

j. Comply with Section 627.4615, Florida Statutes, and pay interest due on death claim proceeds paid in a lump sum to include interest not less than 8%.

k. Comply with Section 817.234(1)(b), Florida Statutes, and include third degree felony language in the fraud statement on all applications and claim forms.

8. After receiving the Revised Draft Report and revised Violation Summary Worksheet, ALLIANZ informed the DEPARTMENT that it continued to object to the DEPARTMENT's finding and recommendation that ALLIANZ comply with Section 624.418(1)(b), Florida Statutes, and only conduct Florida business with licensed third party administrators.

9. ALLIANZ indicated to the DEPARTMENT that it disputed the authority and basis of the DEPARTMENT to find that ALLIANZ violated Section 624.418(1)(b), Florida Statutes, by conducting Florida business with unlicensed third party administrators.

10. The DEPARTMENT and ALLIANZ expressly waive a hearing in this matter, and the making of Findings of Fact and Conclusions of Law by the DEPARTMENT and all further and other proceedings herein to which the parties may be entitled by law or rules of the DEPARTMENT. ALLIANZ hereby knowingly and voluntarily waives all rights to challenge or to contest this Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

11. ALLIANZ agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful order of the DEPARTMENT and shall subject ALLIANZ to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

a. On or before the 30th day after this Consent Order is executed, ALLIANZ shall pay the administrative penalty \$12,000 and costs of \$2,000, as listed in the revised Violation Summary Worksheet included with the Revised Draft Report.

b. ALLIANZ shall henceforth comply with the findings and recommendations included in the Revised Draft Report and as reproduced in paragraph 7 above, except that ALLIANZ shall not waive any right or ability to challenge any future action which may be taken by the DEPARTMENT against ALLIANZ for its utilization of unlicensed third party administrators.

c. ALLIANZ is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by ALLIANZ may be deemed willful, subjecting ALLIANZ to appropriate penalties.

d. Execution of this Consent Order shall resolve the unlicensed third party administrator component of the DEPARTMENT's investigations into ALLIANZ's affiliations with HIP Health Plan of Florida, Inc. (file number 630) and UBL Financial Corporation (file number 1158), both of which are expressly incorporated into pages 7 and 8 of the Revised Draft Report. It is noted that HIP Health Plan license as an HMO now allows for out of network services and coverage and that UBL Financial Corporation ceased its relationship with ALLIANZ in November 1997.

e. ALLIANZ shall henceforth comply with all of the provisions of the Florida Insurance Code.

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

DONE AND ORDERED this 3rd day of November, 2000.



BILL NELSON
Treasurer and
Insurance Commissioner

By execution hereof ALLIANZ consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. I am authorized to execute this document.

ALLIANZ LIFE INSURANCE COMPANY
OF NORTH AMERICA

By: _____
Title: James Council AVP
Date: 10/3/07

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