

FILED

DEC 11 2012



Docketed by: HT

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

IN THE MATTER OF:

Case No.: 129163-12

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.
2010 Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. (hereinafter referred to as "BCBSFL") 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. BCBSFL is a domestic life and health insurer authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of the OFFICE pursuant to the Florida Insurance Code.
3. The OFFICE conducted a market conduct examination of BCBSFL, pursuant to Section 624.3161, Florida Statutes. As a result, the OFFICE determined that BCBSFL violated the following provisions of the Florida Insurance Code and/or Florida Administrative Code:
 - a) Section 626.9541(1)(i)3.c, Florida Statutes - Failure to comply with unfair trade practice requirements.

- b) Section 626.9541(1)(j), Florida Statutes - Failure to maintain complete record of complaints
- c) Section 626.371(1), Florida Statutes - Failure to notify the Department of Financial Services ("DFS") within 45 days following date of appointment.
- d) Section 626.471(1), Florida Statutes - Failure to provide at least 60 days advance written notice to the appointee of its intent to terminate appointment.
- e) Sections 626.471(2) & (3) and 626.511, Florida Statutes - Failure to notify DFS within 30 days of appointment termination and provide the reason for the termination.
- f) Sections 627.6699(5)(c) & (6) and 627.410(6), Florida Statutes - Failure to follow filed and approved health benefit plan rate.
- g) Section 627.6699(6), Florida Statutes – Failure to correctly calculate the premium for small group policies.
- h) Section 626.9541(1)(i)3.d, Florida Statutes - Denying claims without conducting reasonable investigations.

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

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

- a) BCBSFL shall pay a penalty of \$80,000 and administrative costs of \$3,000 within 30 days after the Consent Order is executed.

b) BCBSFL shall henceforth comply with all of the provisions of the Florida Insurance Code and the Florida Administrative Code.

c) BCBSFL 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 BCBSFL may be deemed willful, subjecting BCBSFL to appropriate penalties.

d) BCBSFL must provide to the OFFICE certification by an officer of the Company that corrective actions requested in the examination report have been completed. The certification is to be received within 30 days after the Consent Order is executed. Regarding the Company's violations of Sections 627.6699(5)(c) & (6) and 627.410(6), Florida Statutes, the Company shall have 120 days after the Consent Order is executed to complete the corrective action and provide the certification to the OFFICE with a status update provided to the OFFICE 60 days after the Consent Order is executed.

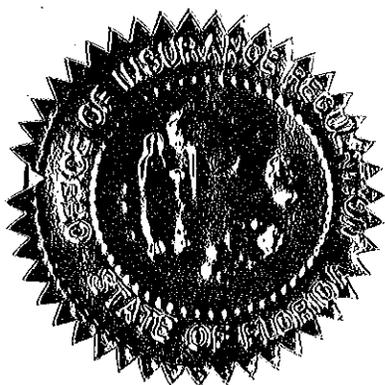
6. BCBSFL agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the OFFICE, and shall be subject to such administrative action as the OFFICE may deem appropriate.

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

THEREFORE, the agreement between BCBSFL 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 11th day of December 2012.





KEVIN M. McCARTY
Commissioner
Office of Insurance Regulation

By execution hereof, BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. 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. The undersigned represents that he or she has the authority to bind BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. to the terms and conditions of this Consent Order.

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

By *Patrick J. Geraghty*

Corporate Seal

Patrick J. Geraghty
Print or Type Name

Title: CEO and President

Date: December 5, 2012

STATE OF Florida

COUNTY OF Duval

The foregoing instrument was acknowledged before me this 5th day of December 2012,

by Patrick J. Geraghty as CEO and President
(Name of person) (type of authority, e.g. officer, trustee attorney in fact)

for Blue Cross and Blue Shield of Florida, Inc.
(company name)

Marion Frances O'Steen
(Signature of the Notary)

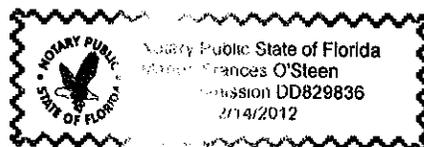
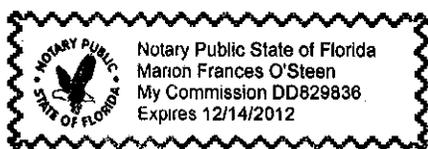
Marion Frances O'Steen
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X or Produced Identification _____

Type of Identification Produced _____

[NOTARIAL SEAL]

My Commission Expires: 12-14-2012



COPIES FURNISHED TO:

PARTICK J. GERAGHTY, CEO and PRESIDENT
Blue Cross and Blue Shield of Florida, Inc.
4800 Deerwood Campus Parkway
Jacksonville, FL 32236

JAMES PAFFORD, DIRECTOR
Office of Insurance Regulation
Market Investigations
200 East Gaines Street
Tallahassee, FL 32399-4210

AMANDA ALLEN, ESQUIRE
Office of Insurance Regulation
Legal Services
200 East Gaines Street
Tallahassee, Florida 32399