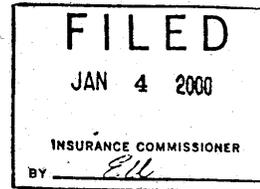




THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

BILL NELSON



IN THE MATTER OF:

CASE NO: 31986-99-CO

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.
Life and Health Market Conduct Examination Report

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 "**BLUE CROSS AND BLUE SHIELD**" 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 **FLORIDA DEPARTMENT OF INSURANCE**, 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. **BLUE CROSS AND BLUE SHIELD** is a domestic 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. The DEPARTMENT conducted a market conduct examination of BLUE CROSS AND BLUE SHIELD covering the period January 1, 1994 through December 31, 1996, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the DEPARTMENT determined that BLUE CROSS AND BLUE SHIELD committed the following violations of the Florida Insurance Code:

a. Health Advertisements

1. Rule 4-150.002 (3), 4-150.202 (3) and 4-156.102 (3), Florida Administrative Code – Failure to include a form number or other identifying means on thirteen (13) advertisements produced in quantity.

b. Health Applications

1. Section 627.4085, Florida Statutes - Failure to include agent's identification number on fifty (50) applications.

c. Medicare Supplement – Notice Requirement

1. Rule 4-156.015 (4), Florida Administrative Code – Failure to maintain "Notice to Applicant" replacement files.

d. Long Term Care – Replacement Notice Requirement

1. Sections 627.9407 and 624.318, Florida Statutes and Rule 4-157.016(2), Florida Administrative Code – Failure to maintain adequate records in order to determine compliance with timely notice requirements to existing insurers regarding replacements.

e. Insurance Experience Reporting

1. Section 627.9175, Florida Statutes – Failure to timely file DOI Forms DI4-331 and DI4-333 regarding individual health insurance.

4. The **DEPARTMENT** and **BLUE CROSS AND BLUE SHIELD** 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**. **BLUE CROSS AND BLUE SHIELD** 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.

5. **BLUE CROSS AND BLUE SHIELD** agrees that the failure to adhere to one or more of the terms and conditions of this Order shall constitute a violation of a lawful order of the **DEPARTMENT**, and shall subject **BLUE CROSS AND BLUE SHIELD** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

6. **BLUE CROSS AND BLUE SHIELD** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **BLUE CROSS AND BLUE SHIELD** shall pay a penalty of \$7,100.00 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **BLUE CROSS AND BLUE SHIELD** shall henceforth comply with all of the provisions of the Insurance Code and will implement the recommendations contained in the report within 30 days of entry of this Consent Order.

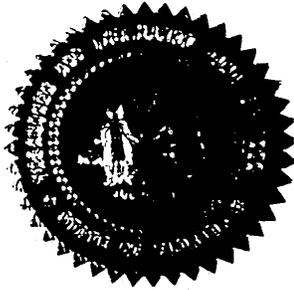
(c) **BLUE CROSS AND BLUE SHIELD** is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by **BLUE CROSS AND BLUE SHIELD** may be deemed willful, subjecting **BLUE CROSS AND BLUE SHIELD** to appropriate penalties.

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

8. THEREFORE, the agreement between BLUE CROSS AND BLUE SHIELD and the DEPARTMENT, 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 4th day of January, 2000



Bill Nelson
State Treasurer and
Insurance Commissioner

By execution hereof BLUE CROSS AND BLUE SHIELD OF FLORIDA, 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. I am authorized to execute this document.

BLUE CROSS AND BLUE SHIELD OF FLORIDA,
INC.

By:

Title:

V.P. Regulatory Affairs

Date:

12/15/99

COPIES FURNISHED TO:

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