



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

Connecticut General Life Insurance Company

AS OF

December 4, 2009

NAIC COMPANY CODE: 62308

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EXECUTIVE SUMMARY

The purpose of this examination was to verify the accuracy of the self-reported 2008 Gross Annual Premium and Enrollment (GAP) submission.

Data downloads and additional supporting documents provided by Connecticut General Life Insurance Company (Company) were reviewed and reconciled to the amounts the Company submitted on their GAP Report and Annual Statement. The following represent general findings. Specific details are found in each section of the report.

Summary of Findings			
GAP Reporting Area	Market Segment	Findings	Reason
Total Direct Premiums Written	Administrative Services Only (ASO)	Understated by \$109,244,093	Incorrectly excluded ASO fees.
Direct Premiums Earned for New Business Only	Self-Employed or Sole Proprietor	Understated by \$3,111	Did not report premiums associated with New Business only.
	2-5 Member Groups	Understated by \$31,023	
	51+ Member Groups	Understated by \$45,809,902	
	Dental	Understated by \$2,333,063	
	Excess/Stop Loss	Understated by \$2,079,354	
	Prescription Drugs	Understated by \$188	
	Vision	Understated by \$84,039	
Employers/Groups	Prescription Drugs	Overstated by 3	Incorrectly reported the number of groups for Prescription Drugs.

Summary of Findings			
GAP Reporting Area	Market Segment	Findings	Reason
Primary Enrollees	Prescription Drugs	Understated by 26	Incorrectly reported the number of primary enrollees for Prescription Drugs.
	Vision	Understated by 4,709	Incorrectly reported the number of primary enrollees for Vision.
Covered Enrollee Dependents	Prescription Drugs	Understated by 7	Incorrectly reported the number of dependents for Prescription Drugs.
	Vision	Understated by 3,518	Incorrectly reported the number of dependents for Vision.
Average Number of Days to Pay Claims	Average of four market segments	Reported 2007 number	The Company has been reporting zero days, since 2007. Did not calculate the average number of days by individual market segments.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of Connecticut General Life Insurance Company pursuant to Section 624.3161, Florida Statutes. The examination was performed by AGI Services. The scope period of this examination was January 1, 2008 through December 31, 2008. The examination began on July 17, 2009 and ended December 4, 2009.

Pursuant to Section 627.9175, F.S., and Rule 69O-137.004 F.A.C., each health insurer, prepaid limited health services organization, and health maintenance organization is required to file a Report of Gross Annual Premiums and Enrollment Data for Health Benefit Plans Issued to Florida Residents (GAP) by April 1 of each year.

The purpose of this examination was to verify the accuracy of the data reported for each market segment in which the company conducts business. There are seven reporting areas required in the GAP submission.

- 1) Direct Premiums Earned for New and Renewal Business
- 2) Direct Losses Incurred
- 3) Direct Premiums Earned for New Business Only
- 4) Employers, if Group Coverage, at End of Reporting
- 5) Primary Insureds at End of Reporting
- 6) Covered Dependents at End of Reporting
- 7) Average Number of Days Taken to Pay Claims

The following procedures were used in conducting the review:

- Obtained a data download of direct premiums earned, direct losses, employers (if group coverage), primary insureds, covered dependents and claims paid. This data was reviewed and reconciled to the amounts the Company submitted on their GAP Report and Annual Statement.
- Analyzed data and performed computer aided audit techniques using ACL to verify the accuracy of the data provided and determine the proper classification.
- Identified areas of concern and held discussions with Company personnel to address and understand these areas.

In reviewing materials for this final report, the examiner relied on records provided by the company. Procedures and conduct of the examination were in accordance with the *Market Regulation Handbook* produced by the National Association of Insurance Commissioners.

COMPANY OPERATIONS

Connecticut General Life Insurance Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on January 13, 1939.

For calendar year 2008, the Company reported premiums in the following market segments: major medical in-state, accidental death & dismemberment, dental, disability income, excess/stop loss, long term care, prescription drug and vision.

Total Direct Premiums Written in Florida for Accident and Health Premiums were as follows:

Year	Total Written Premium In Florida (Per Schedule T of the Annual Statement)
2008	\$565,212,221
2007	\$518,234,412

GAP ANALYSIS AND RESULTS

I. Direct Premiums Earned for New and Existing Business

Findings:

- The Company did not include Administrative Services Only (ASO) Direct Premiums Earned (fee income) of \$109,244,093 on the 2008 GAP Filing.

Corrective Action: The Company should include Administrative Services Only (ASO) Direct Premiums Earned (fee income) on the GAP Filing.

II. Direct Losses Incurred

Findings: None

Corrective Action: None

III. Direct Premiums Earned for New Business Only

Findings:

- The Company understated New Business premiums by \$50,340,680.

The table below summarizes the inaccuracies in the Company's 2008 filing:

Market Segment	Per 2008 Filing	Per Examination	Variance
Line 3: Self-Employed or Sole Proprietor	\$0	\$3,111	(\$3,111)
Line 4: 2-5 Member Groups	\$0	\$31,023	(\$31,023)
Line 6: 51+ Member Groups	\$0	\$45,809,902	(\$45,809,902)
Line 23: Dental	\$0	\$2,333,063	(\$2,333,063)
Line 25: Excess/Stop Loss	\$0	\$2,079,354	(\$2,079,354)
Line 32: Prescription Drugs	\$0	\$188	(\$188)
Line 36: Vision	\$0	\$84,039	(\$84,039)
Total			(\$50,340,680)

Corrective Action: The Company should accurately report each market segment for New Business premiums on the GAP Filing.

IV. **Employers, if Group Coverage, at End of Reporting**

Findings:

- Employers/Groups were overstated by 3 groups.

The table below summarizes the inaccuracies in the Company's 2008 filing:

Market Segment	Per 2008 Filing	Per Examination	Variance
Line 32: Prescription Drugs	8	5	3
Total			3

Corrective Action: The Company should accurately report each market segment for Employers/Group on the GAP Filing.

V. **Primary Insureds at End of Reporting**

Findings:

- Primary Enrollees were understated by 4,735 enrollees.

The table below summarizes the inaccuracies in the Company's 2008 filing:

Market Segment	Per 2008 Filing	Per Examination	Variance
Line 32: Prescription Drug	0	26	(26)
Line 36: Vision	3	4,712	(4,709)
Total			(4,735)

Corrective Action: The Company should accurately report each market segment for Primary Insureds on the GAP Filing.

VI. **Covered Dependents at End of Reporting**

Findings:

- Covered Enrollee Dependents were understated by 3,525 dependents.

The table below summarizes the inaccuracies in the Company's 2008 filing:

Market Segment	Per 2008 Filing	Per Examination	Variance
Line 32: Prescription Drug	0	7	(7)
Line 36: Vision	0	3,518	(3,518)

Market Segment	Per 2008 Filing	Per Examination	Variance
Total			(3,525)

Corrective Action: The Company should accurately report each market segment for Covered Dependents on the GAP Filing.

VII. **Average Number of Days Taken to Pay Claims**

Findings: The Company has not been calculating the Average Number of Days Taken to Pay Claims and has been reporting zero since 2007. Based on an independent calculation, the Company understated the average number of days to pay claims by nine (9) days.

Corrective Actions: The Company should calculate the average number of days taken to pay claims by individual market segment indicators on a yearly basis.

EXAMINATION FINAL REPORT SUBMISSION

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

Examiners participating with this exam were:

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