



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO: 60074-01-CO

**FREEDOM LIFE INSURANCE
COMPANY OF AMERICA**
Life and Health Target Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **FREEDOM LIFE INSURANCE COMPANY OF AMERICA** (hereinafter referred to as "**FREEDOM**") 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. **FREEDOM** is a licensed 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. The **DEPARTMENT** has conducted an examination of **FREEDOM**, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **FREEDOM** committed the following violations of the Florida Statutes:

- a. Section 627.6645(4), Florida Statutes – Failure to return promptly the unearned portion of any premium paid.
- b. Section 626.9541(1)(i)(3)(c), Florida Statutes – Failure to acknowledge and act promptly upon communications with respect to claims.
- c. Section 626.9541(1)(i)(3)(f), Florida Statutes – Failure to promptly provide a reasonable explanation in writing for denial of claim or offer to compromise.
- d. Section 626.9541(1)(i)(3)(g), Florida Statutes – Failure to promptly notify the insured of any additional information necessary for the processing of a claim.
- e. Section 626.9541(1)(i)(3)(h), Florida Statutes – Failure to clearly explain the nature of the requested information and the reason(s) why information is needed.
- f. Section 627.6487, Florida Statutes – Inappropriate denial of coverage; imposition of pre-existing limitations; inappropriate benefit exclusions.

4. **FREEDOM** is directed to pay interest on all late claims and provide the **DEPARTMENT** evidence that such interest has been paid. **FREEDOM** should review the applicable statutes and develop policies and procedures that facilitate the timely review of claims. These policies and procedures should include a provision that assures interest is paid on those claims not paid within the statutory time frame. These policies and procedures are to be submitted to the Market Conduct Section of the **DEPARTMENT**, and evidence of the payment of interest on late claims, within 90 days of the execution of this order.

5. **FREEDOM** is directed to immediately process claims in the pended inventory that are more than 120 days old, and submit a corrective action plan to the Market Conduct Section of the **DEPARTMENT** within 90 days of the execution of this Order. This plan should address the long processing delay experience by claims put in a pended status.

6. The **DEPARTMENT** and **FREEDOM** 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**. **FREEDOM** 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.

7. **FREEDOM** 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 **FREEDOM** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

(a) **FREEDOM** shall pay a penalty of \$12,000 and administrative costs of \$1,500.00, on or before the 30th day after this Consent Order is executed.

(b) **FREEDOM** shall henceforth comply with all of the provisions of the Florida Insurance Code and Florida Statutes.

(c) **FREEDOM** 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 **FREEDOM** may be deemed willful, subjecting **FREEDOM** to appropriate penalties.

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

THEREFORE, the agreement between **FREEDOM** 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 April, 2002.



KEVIN McCARTY
Deputy Insurance Commissioner

By execution hereof, **FREEDOM LIFE INSURANCE COMPANY OF AMERICA** 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.

**FREEDOM LIFE INSURANCE COMPANY
OF AMERICA**

By: _____

Title: Senior VP of Administration

Date: 4-1-02

Corporate Seal

COPIES FURNISHED TO:

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