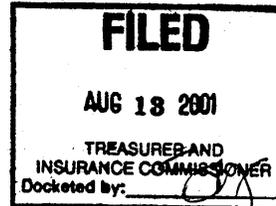




THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE



TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 40982-01-CO

HUMANA HEALTH INSURANCE
COMPANY OF FLORIDA, INC.
Life and Health Target Market
Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between HUMANA HEALTH INSURANCE COMPANY OF FLORIDA, INC. (hereinafter referred to as "HUMANA") 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. HUMANA 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 on June 30, 2000 completed a target market conduct examination of HUMANA pursuant to Section 624.3161, Florida Statutes. As a result of that examination, the DEPARTMENT determined that HUMANA committed the following violations of the Florida Statutes:

a. Failure to keep adequate records and ensure availability of those records upon request by the DEPARTMENT in violation of Section 624.318(2), Florida Statutes.

b. Failure to maintain a complete record of all complaints received in violation of Section 626.9541(1)(j), Florida Statutes.

c. Failure to acknowledge and act promptly upon communications with respect to claims in violation of Section 626.9541(1)(i)(3)(c), Florida Statutes.

d. Failure to pay claims within forty-five (45) days in violation of Section 627.613(2), Florida Statutes.

e. Failure to pay interest on overdue claims in violation of Section 627.613(6), Florida Statutes.

f. Used a form not filed with the DEPARTMENT for compliance with updated language as required by Section 627.6141, Florida Statutes, which provided for a fifteen (15) day appeal period on claims denied as not medically necessary in violation of Section 627.410(1), Florida Statutes.

4. The DEPARTMENT and HUMANA 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. HUMANA 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. HUMANA 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 HUMANA to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

(a) HUMANA shall pay an administrative penalty of \$14,000 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) HUMANA is directed to maintain records in a manner that ensures availability of documents upon request by the DEPARTMENT.

(c) HUMANA is directed to submit to the DEPARTMENT on or before the 60th day after this Consent Order is executed, a corrective action plan that addresses the creation of complaint handling procedures.

(d) HUMANA is directed to immediately process the pended claims inventory over forty-five (45) days old, and to implement procedures that address continued monitoring and payment of interest on overdue claims.

(e) HUMANA is directed to implement procedures that ensure claims are processed within forty-five (45) days after the received date.

(f) HUMANA is directed to file revisions to Policy Form SMS-1000 95-5 with the DEPARTMENT on or before the 30th day after this Consent Order is executed.

(g) HUMANA is directed to address all claims over forty-five (45) days old and to pay interest as required by Section 627.613(6), Florida Statutes, and report total number of claims and dollar amount of interest paid within ninety (90) days after execution of this Consent Order.

(h) HUMANA shall henceforth comply with all of the provisions of the Florida Insurance Code and Florida Statutes.

(i) HUMANA 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 HUMANA may be deemed willful, subjecting HUMANA 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 HUMANA 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 13th day of August, 2001.



KEVIN McCARTY
Deputy Insurance Commissioner

By execution hereof HUMANA HEALTH INSURANCE COMPANY 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.

HUMANA HEALTH INSURANCE
COMPANY OF FLORIDA, INC.

Corporate Seal

By:

Sharon E. Ware
(Typed or Printed Name)

Title: Vice President

Date: July 13, 2001

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