



OFFICE OF INSURANCE REGULATION

FILED

FEB 20 2007

KEVIN M. McCARTY
COMMISSIONER

Dictated by DDM

IN THE MATTER OF:

CASE NO.: 87598-06

TRUSTMARK INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **TRUSTMARK INSURANCE COMPANY** (hereinafter referred to as "TRUSTMARK") 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. **TRUSTMARK** is a foreign 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** has conducted an investigation of **TRUSTMARK** pursuant to Section 624.318, Florida Statutes, and as a result of such investigation, the **OFFICE** has determined that **TRUSTMARK** violated the Florida Statutes and the Florida Administrative Code, to wit:
 - a. Section 627.6699(6)(b)5, Florida Statutes – Deviation of rate adjustments for claims experience, health status, or duration of coverage totaling more than fifteen percent (15%) from the carrier's approved rate without prior approval from the **OFFICE**.

b. Rule 69O-149.037(6)(a)3, Florida Administrative Code – Rate adjustment criteria and standards for the +/- 15% methodology shall be filed for approval.

c. Section 624.4211(2), Florida Statutes – Failure to include twelve percent (12%) annual interest calculated from either the date of the violation or the date of inception of the affected person's policy, at the insurer's option, pursuant to the statute.

d. Rule 69O-149.038(3)(a), Florida Administrative Code – All small employer carriers utilizing rating adjustments shall make semiannual reports that reflect their experience from January 1 through June 30 and from July 1 through December 31 of each year. Prior missing reports include – the second half of 2000, 2001, 2002, and the first half of 2003, all of which were submitted to the **OFFICE** on report #04-00753.

4. The **OFFICE** and **TRUSTMARK** expressly waive a hearing in this matter, as well as the making of findings of fact and conclusions of law by the **OFFICE** and all further and/or other proceedings to which the parties may be entitled, either by law or by rules of the **OFFICE**. **TRUSTMARK** 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. **TRUSTMARK** agrees that 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 **OFFICE**, and shall subject **TRUSTMARK** to such administrative action as the **OFFICE** may deem appropriate.

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

a. **TRUSTMARK** shall pay a penalty of Ten Thousand Dollars (\$10,000.00) and administrative costs of Three Thousand Dollars (\$3,000.00) within thirty (30) days of the execution of this Consent Order.

b. **TRUSTMARK** shall, within thirty (30) days of execution of this Consent Order, pursuant to § 624.4211(2), Fla. Stats., refund or credit 12% interest per year from either the date of the violation or the date of inception of the affected policy, at the Company's option, to each small group policyholder.

c. **TRUSTMARK** shall, within sixty (60) days of execution of this Consent Order, provide a report, certified by an officer of the Company to be true and correct, confirming that **TRUSTMARK** has paid each affected small group policyholder a refund of the 12% interest due. This report shall include: (1) the policyholder name; (2) policy number; (3) date from which the interest is calculated; (4) dollar amount of refund from which the interest payment is calculated; (5) the amount of interest paid to each policyholder; and (6) the payment date.

d. **TRUSTMARK** shall file its future semiannual reports within forty-five (45) days following the last day of the reporting period, in accordance with Rule 69O-149.038(3)(a), Florida Administrative Code.

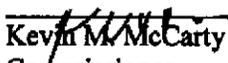
c. **TRUSTMARK** is hereby placed on notice of the requirements of the above-referenced sections of law and agrees that any future violations of these sections or the statutes named therein by **TRUSTMARK** may be deemed willful, subjecting **TRUSTMARK** to the appropriate penalties associated therewith.

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

8. **THEREFORE**, the agreement between **TRUSTMARK** 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 20 day of February, 2007.



Kevin M. McCarty
Commissioner
Office of Insurance Regulation

By execution hereof TRUSTMARK INSURANCE COMPANY 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, pursuant to Section 624.310, Florida Statutes, that he/she has the authority to bind TRUSTMARK INSURANCE COMPANY to the terms and conditions of this Consent Order.

TRUSTMARK INSURANCE COMPANY

Corporate Seal

By: _____

David M. McDonough
Print or Type Name

Title: President & CEO

Date: 2/5/07

STATE OF ILLINOIS

COUNTY OF LaSalle

The foregoing instrument was acknowledged before me this 5th day of Feb. 2007.

by David M. McDonough as President & CEO
(Name of person) (type of authority.... e.g. officer, trustee attorney in fact)

for Trustmark Ins. Co.
(company name)

(Signature of the Notary)

Arlene Patten
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known or Produced Identification _____

Type of Identification Produced _____



My Commission Expires:

COPIES FURNISHED TO:

DAVID MCDONOUGH, CEO
Trustmark Insurance Company
400 Field Drive
Lake Forest, IL 60045-2581

SAM BINNUN, DIRECTOR
Florida Office of Insurance Regulation
Market Investigations
200 East Gaines Street, Room 216E
Tallahassee, Florida 32399-4210

CHARLYNE "KHAI" PATTERSON
Assistant General Counsel
Florida Office of Insurance Regulation
The Larson Building
Suite 637C
200 East Gaines Street
Tallahassee, FL 32399-4206