



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

FILED

AUG 13 2001

TREASURER AND
INSURANCE COMMISSIONER
Docketed by: *[Signature]*

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 41025-01-CO

ULICO CASUALTY COMPANY
Life and Health Market Conduct
Examination Report

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between ULICO CASUALTY COMPANY, (hereinafter referred to as "ULICO"), 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, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. ULICO is a foreign insurer authorized to transact health 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 a target market conduct examination of ULICO covering the period October 1, 1997 through May 8, 2000, pursuant to Section 624.3161, Florida Statutes.

As a result of that examination, the DEPARTMENT has determined that ULICO committed the following violations of the Florida Insurance Code:

(a) Used unapproved rates in that its Third Party Administrator, USA BENEFITS, charged certain small group health policyholders a reinstatement fee of \$50, which had not been approved by the DEPARTMENT as part of ULICO's rating schedule, in willful violation of Section 627.410(6), Florida Statutes. Furthermore, the charging of these reinstatement fees was in direct violation of the terms and conditions of Consent Order No.: 29921-22-CO dated September 20, 1999, which was previously entered into by ULICO.

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

(c) Failure to pay interest on all overdue claim payments in violation of Section 627.613(6), Florida Statutes.

(d) Failure to provide accounts, records, documents and files to the DEPARTMENT for examination purposes in violation of Section 624.318(2), Florida Statutes.

(e) Committing unfair claims settlement practices by failing to adopt and implement standards for the proper investigation of claims, and failing to acknowledge and act promptly upon communications with respect to claims, all in violation of Section 626.9541(1)(i)(3)(a) and (c), Florida Statutes.

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

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

(a) ULICO shall pay an administrative penalty of \$21,500 and administrative costs of \$2,000 on or before the 30th day after the execution of this Consent Order.

(b) ULICO shall make restitution to any small group health policyholder charged a reinstatement fee by USA BENEFITS from September 20, 1999 to the date of this Consent Order. ULICO shall provide to the DEPARTMENT a listing of those policyholders to which payment was made and the dollar amount returned within 60 days of the execution of this Consent Order.

(c) ULICO shall also make a report to the DEPARTMENT indicating the amount paid for benefits and required interest on those unpaid claims noted in the Examination Report. The report shall also be furnished to the DEPARTMENT within 30 days after execution of this Consent Order.

(d) ULICO shall henceforth comply with all of the provisions of the Insurance Code and will implement within 30 days of the execution of this Consent Order, all recommendations contained in the Examination Report.

(e) ULICO 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 ULICO may be deemed willful, subjecting ULICO 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 ULICO 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 ULICO CASUALTY COMPANY 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.

ULICO CASUALTY COMPANY

By: _____

JOHN K. GRELLI
(Typed or Printed Name)

Title: _____

SR VP

Date: _____

7/3/01

COPIES FURNISHED TO:

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