



THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 60106-02-CO

UNITED BENEFIT LIFE INSURANCE COMPANY, INC.  
Life and Health Market Conduct Examination Report

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CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between UNITED BENEFIT LIFE INSURANCE COMPANY, INC., (hereinafter referred to as the "UBL"), 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. UBL is a foreign insurer licensed to transact insurance business in Florida, and is subject to the jurisdiction and regulation of the DEPARTMENT pursuant to the Florida Insurance Code. UBL's Certificate of Authority was suspended by the DEPARTMENT on September 8, 2000 and is currently suspended.

3. The DEPARTMENT has conducted a target market conduct examination of UBL covering the period October 1, 1999 through December 31, 2000, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the DEPARTMENT has determined that UBL has committed the following violations of the Florida Insurance Code, to wit:

a. Collected premiums for insurance in excess of premium classifications and rates filed with the DEPARTMENT in violation of Section 626.9541(1)(o)(2), Florida Statutes.

b. Failed to adopt and implement standards for the proper investigation of claims in violation of Section 626.9541(1)(i)(3)(a), Florida Statutes.

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

d. Failed to promptly provide a reasonable explanation for denial of claims in violation of Section 626.9541(1)(i)(3)(f), Florida Statutes.

e. Failed to promptly notify insureds of additional information necessary to process claims in violation of Section 626.9541(1)(i)(3)(g), Florida Statutes.

f. Failed to clearly explain the nature of the requested information and the reason for the information in violation of Section 626.9541(1)(i)(3)(h), Florida Statutes.

g. Used an unlicensed third party administrator in violation of Section 624.418(1)(b), Florida Statutes.

h. Failed to file a basic conversion policy with the DEPARTMENT in violation of Section 627.6675, Florida Statutes.

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

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

a. UBL shall pay all claims and any other indebtedness owed as a result of policies or certificates issued to Florida residents. After such liabilities have been paid, UBL shall owe to the DEPARTMENT an administrative penalty of \$14,500 and administrative costs of \$1,000 for the violations of the Florida Insurance Code as set forth in this Consent Order. The administrative penalty and costs shall be paid within thirty (30) days of notice by the DEPARTMENT that payment is due. If the amount due is not paid within the required period, it shall be withheld from any statutory deposit which UBL has on file with the DEPARTMENT.

b. UBL is directed to implement procedures for promptly terminating internally replaced policies and for the prompt return of premiums related to those policies.

c. UBL shall immediately develop and implement a corrective action plan to eliminate the late processing of claims. The plan shall include a review of each claim in the pending inventory that is more than 120 days old. A copy of the Plan shall be filed with the DEPARTMENT within 90 days of the execution of this Consent Order.

d. UBL shall immediately file with the DEPARTMENT a correction to their conversion policy to comply with the provisions of Section 627.6515, Florida Statutes, and upon DEPARTMENT approval send out corrected copies to all affected certificate holders.

e. UBL shall immediately file a standard plan conversion policy pursuant to Section 627.6675, Florida Statutes.

f. UBL shall henceforth comply with all of the provisions of the Florida Insurance Code which are applicable to the company and shall implement all recommendations contained in the Report of Examination within 90 days of entry of this Consent Order.

g. UBL 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 UBL may be deemed willful, subjecting UBL 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 UBL 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 15<sup>th</sup> day of March 2002.



KEVIN McCARTY   
Deputy Insurance Commissioner

By execution hereof UNITED BENEFIT LIFE INSURANCE COMPANY, 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.

UNITED BENEFIT LIFE INSURANCE  
COMPANY, INC.

BY:

Anthony J. Piro  
(Typed or Printed Name)

TITLE: President

DATE: 2/14/02

**COPIES FURNISHED TO:**

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