



FILED

APR 5 2001

THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

Treasurer and
Insurance Commissioner
Docketed by: CPR

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 40084-01-CO

UNITED AMERICAN INSURANCE COMPANY
Life and Health Market Conduct Examination Report

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **UNITED AMERICAN INSURANCE COMPANY**, (hereinafter referred to as "**UNITED AMERICAN**"), and the **FLORIDA DEPARTMENT OF INSURANCE**, (hereinafter referred to as the "**DEPARTMENT**") concerning the **DEPARTMENT**'s most recent market conduct examination of **UNITED AMERICAN**. 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 agency head of the **FLORIDA DEPARTMENT OF INSURANCE**, hereby finds as follows:

1. The Treasurer and Insurance Commissioner, as agency head of the **DEPARTMENT**, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **UNITED AMERICAN** is a foreign life, group life and annuities, and accident and health insurer authorized to transact insurance business in Florida through a subsisting Certificate of Authority and is subject to the jurisdiction and regulation of the **DEPARTMENT** pursuant to the Florida Insurance Code.

3. The **DEPARTMENT** conducted a target market conduct examination of **UNITED AMERICAN** covering the period from January 1, 1997 through May 31, 2000, pursuant to section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **UNITED AMERICAN** committed the following violations of the Florida Insurance Code:

a. Rule 4-150.005(3)(b), Florida Administrative Code, in that **UNITED AMERICAN** failed to include the words "Insurance Policy" after the generic name of the product being advertised in its accident and health brochure.

b. Rule 4-150.006(1)(h), Florida Administrative Code, in that **UNITED AMERICAN** failed to include the phrase "THIS IS A CANCER ONLY POLICY" in its cancer only advertisement.

c. Rule 4-150.006(1)(h), Florida Administrative Code, in that **UNITED AMERICAN** failed to include the phrase "THIS IS A LIMITED POLICY" in its supplemental accident and health brochure advertisement.

4. Rule 4-150.005(3)(b), Florida Administrative Code states "[t]he name of any policy shall be followed by or include the words "Insurance Policy" or similar words clearly identifying, the fact that an insurance policy is being offered, through the use of the full generic name of the product; e.g., long term care insurance policy, major medical insurance policy, limited benefit health insurance policy, or disability insurance policy."

5. Rule 4-150.006(1)(h), Florida Administrative Code, states "[a]n advertisement for a policy providing benefits for specified illnesses only, such as cancer, or for specified accidents, such as automobile accidents, or for a limited benefit, such as nursing home coverage only, shall clearly and conspicuously in prominent type stated the limited nature of the policy. The

statement shall be worded in language identical to, or substantially similar to the following:

“THIS IS A LIMITED POLICY,” “THIS IS A CANCER ONLY POLICY,” THIS IS AN AUTOMOBILE ACCIDENT POLICY ONLY,” “THIS IS A NURSING HOME COVERAGE ONLY POLICY.”

6. **UNITED AMERICAN** admits that it did in fact violate Rules 4-150.005(3)(b) and 4-150.006(1)(h), Florida Administrative Code, in that it failed to include specific statements as to the nature of the coverage as detailed in paragraph three hereinabove.

7. **UNITED AMERICAN** is directed to eliminate duplicate claims by establishing a verification process and assigning separate claim numbers to each claim in order to ensure adequate monitoring and claim processing.

8. **UNITED AMERICAN** is directed to maintain accurate record-keeping by ensuring that the claim files record the proper check amount and pay date.

9. The **DEPARTMENT** and **UNITED AMERICAN** 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**. **UNITED AMERICAN** 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.

10. **UNITED AMERICAN** admits specific understanding of and agrees that it shall prospectively comply with Rules 4-150.005(3)(b) and 4-150.006(1)(h), Florida Administrative Code, and further agrees that any future violation(s) of Rules 4-150.005(3)(b) and 4-150.006(1)(h), Florida Administrative Code, by **UNITED AMERICAN**, may at the sole

discretion of the **DEPARTMENT** be deemed willful subjecting **UNITED AMERICAN** to appropriate penalties as determined by the **DEPARTMENT**.

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

a. Within thirty (30) days of the date of issuance of this Consent Order pay to the **DEPARTMENT** an administrative penalty in the amount of Three Thousand Dollars (\$3,000.00) and administrative costs in the amount of Five Hundred Dollars (\$500.00).

b. **UNITED AMERICAN** shall henceforth comply with all of the provisions of the Florida Insurance Code and Florida Administrative Code.

c. Within thirty (30) days of the date of issuance of this Consent Order implement the recommendations contained in the Market Conduct Examination report of May 31, 2000.

12. **UNITED AMERICAN** 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 **UNITED AMERICAN** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

14. **THEREFORE**, the agreement between **UNITED AMERICAN** and the **DEPARTMENT**, consisting of 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 5TH day of APRIL, 2001.



KEVIN MCCARTY
Deputy Insurance Commissioner

By execution hereof **UNITED AMERICAN INSURANCE 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.

UNITED AMERICAN INSURANCE COMPANY

By: _____

LARRY (M.) HUTCHISON
Printed or Typed Name

Corporate Seal

Title: GENERAL COUNSEL

Date: 3/19/01

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