



THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

**FILED**

APR 9 2002

TREASURER AND  
INSURANCE COMMISSIONER  
Doctored by: SS

TOM GALLAGHER

IN THE MATTER OF:

PRUDENTIAL HEALTH CARE PLAN, INC.

CASE NO. ~~112301500~~

**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between **PRUDENTIAL HEALTH CARE PLAN, INC.** (hereinafter referred to as "PRUDENTIAL") 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 undersigned 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. **PRUDENTIAL** is authorized to transact business in this state as a health maintenance organization subject to the jurisdiction and regulation of the **DEPARTMENT** in accordance with the Florida Insurance Code.
3. Pursuant to complaints received by the **DEPARTMENT**, a target market conduct examination was conducted pursuant to Section 641.27, Florida Statutes. As a result of such investigation and examination, the **DEPARTMENT**

determined that **PRUDENTIAL** violated the following provisions of the Florida Insurance Code, to wit:

1. Section 641.3155(1), Florida Statutes (1999): Failure to Timely Pay Claims.
2. Section 641.3155(2), Florida Statutes (1999): Failure to Pay Interest on Late Paid Claims.
3. Section 641.3155(3), Florida Statutes (1999): Failure to Pay Claims Within 120 Days.
4. Sections 641.3901 and 641.3903(5)(c) 1. & 4., Florida Statutes: Failure to Adopt and Implement Standards For Proper Investigation of Personal Injury Protection (PIP).

4. While, as explained in its letter of August, 20, 2001, **PRUDENTIAL** does not agree with the findings of the **DEPARTMENT**, in an effort to resolve this matter expeditiously and amicably, without the necessity of a formal administrative action by the **DEPARTMENT**, **PRUDENTIAL** knowingly and voluntarily enters into this Consent Order without admitting any liability in connection with such matters.

5. The **DEPARTMENT** and **PRUDENTIAL** 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. **PRUDENTIAL** 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.

6. **PRUDENTIAL** agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a

lawful order of the **DEPARTMENT**, and shall subject **PRUDENTIAL** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

7. By filing of the Consent Order in this cause, the **DEPARTMENT** and **PRUDENTIAL** intend to and do resolve all issues arising out of actual or alleged violations of Florida Statutes, Rules or Regulations, concerning the 2000 Target Claims and Procedures Examinations, Scope Period: August 1, 1999 to November 1, 1999, and the Market Conduct Report resulting therefrom.

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

(a) **PRUDENTIAL** shall pay a penalty of Forty Thousand Five Hundred Dollars (\$40,500) and administrative costs of Two Thousand Dollars (\$2,000) on or before the 30th day after this Consent Order is executed.

(b) **PRUDENTIAL** shall henceforth comply with all of the provisions of the Florida Insurance Code.

(c) **PRUDENTIAL** 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 **PRUDENTIAL** may be deemed willful, subjecting **PRUDENTIAL** to appropriate penalties.

(d) The **DEPARTMENT** acknowledges the corrective actions timely undertaken and implemented by **PRUDENTIAL**, whereby **PRUDENTIAL** agrees to undertake to make certain that all claims are processed in a timely fashion in accordance with Sections 641.3155(1) and 641.3155(2), Florida Statutes (1999),

and agrees to undertake to make certain that all claims by providers are properly coordinated with other insurers and/or self-insurers in accordance with all applicable statutes and rules. **PRUDENTIAL** shall continually review its policies and procedures regarding claims payments to insure compliance with Florida Statutes and make available such policies and procedures for **DEPARTMENT** review.

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

THEREFORE, the agreement between **PRUDENTIAL HEALTH CARE PLAN, INC.** and the **DEPARTMENT**, consisting of the terms and conditions set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 9<sup>th</sup> day of April, 2002.



KEVIN MCCARTY  
Deputy Insurance Commissioner

By execution hereof, **PRUDENTIAL HEALTH CARE PLAN, INC.** 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 **PRUDENTIAL HEALTH CARE PLAN, INC.** to the terms and conditions of this Consent Order.

**PRUDENTIAL HEALTH CARE PLAN, INC.**

By:

John J. Webb

Print or Type Name

Title: Vice President - Regional Manager

Date:

4/2/02

COPIES FURNISHED TO:

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