

AUG 10 1993

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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In the Matter of:)	Docket No. 8168
)	
CONTINENTAL AMERICAN LIFE INSURANCE COMPANY)	CONSENT ORDER
)	
Respondent.)	
_____)	

A market conduct examination was made of Continental American Life Insurance Company, hereinafter referred to as "Continental American", by a Market Conduct Examiner for the Arizona Department of Insurance ("ADOI") covering the time period from January 1, 1988 to June 30, 1991 with some issues covered through August, 1991. Based upon the examination results, it is alleged that Continental American has violated the provisions of Arizona Revised Statutes, Title 20, Section 20-461 and Arizona Administrative Code Rule ("A.A.C. R") 4-14-801. Continental American wishes to resolve this matter without formal adjudicative proceedings and hereby agrees to a Consent Order.

The Director of Insurance of the State of Arizona ("the Director") enters the following Findings of Fact, and Conclusions of Law, which are neither admitted nor denied by Continental American, and the following Order:

FINDINGS OF FACT

1. Continental American is authorized to transact life and disability insurance as an insurer pursuant to a Certificate of Authority issued by the Director.

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1 2. The Examiner was authorized by the Director to conduct
2 a market conduct examination of Continental American and has
3 prepared the Report of Examination of the Market Conduct Affairs
4 of Continental American ("the Report"). The period covered by
5 the on-site examination was concluded as of June 30, 1991.

6 3. The Examiner reviewed the thirteen (13) complaints
7 made to the ADOI concerning Continental American during the time
8 frame of the examination. Concerning these, Continental
9 American failed respond to five (5) inquiries from the ADOI
10 respecting claims within fifteen (15) working days of receipt.
11 Four (4) of these inquiries were sent by the ADOI to a
12 predecessor carrier or to a third party administrator,
13 presenting mitigating circumstances which impacted Continental
14 American's ability to respond in a timely fashion.

15 4. The Examiner reviewed 240 of Continental American's
16 paid Multiple Employer Trust claims which were serviced by
17 Continental American's third party administrator Plan Services,
18 Inc. ("PSI"). As to these, Continental American's agent PSI
19 failed to accept eight (8) claims within fifteen (15) working
20 days after the receipt of properly executed proofs of loss.

21 5. The Examiner reviewed 100 of Continental American's
22 denied Multiple Employer Trust claims which were serviced by
23 Continental American's third party administrator Plan Services,
24 Inc. ("PSI"). As to these, Continental American's agent PSI
25 failed to deny one (1) claim within fifteen (15) working days
26 after the receipt of properly executed proofs of loss.

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1 CONCLUSIONS OF LAW

2 6. By failing to advise claimants of the acceptance or
3 denial of their claims within fifteen (15) working days after
4 receiving receipt of properly executed proofs of loss,
5 Continental American violated A.A.C. R4-14-801(G)(1)(a) and (b)
6 and A.R.S. § 20-461(A)(5).

7 7. Continental American violated A.A.C. R4-14-801(E)(2)
8 and A.R.S. § 20-461(A)(2) by failing to respond to inquiries
9 from the ADOI respecting claims within fifteen (15) working days
10 of receipt.

11 8. Grounds exist for the Director to revoke or suspend
12 Continental American's Certificate of Authority.

13 9. Grounds exist for the entry of all other provisions of
14 the following order.

15 ORDER

16 Continental American having admitted the jurisdiction of
17 the Director to enter the Order set forth herein, having waived
18 the Notice of Hearing and the hearing, having waived any and all
19 rights to appeal this Order, and having consented to the entry
20 of the Order set forth hereinafter, and there being no just
21 reason for delay:

22 **IT IS HEREBY ORDERED THAT:**

23 1. Continental American shall cease and desist from
24 failing to notify insureds of the acceptance or denial of claims
25 within fifteen (15) working days of receipt of properly executed
26 proofs of loss and from failing to respond within fifteen (15)
27 working days of receipt to inquiries from the ADOI respecting
28 claims.

1 3. Respondent admits the jurisdiction of the Director of
2 Insurance, State of Arizona, and consents to the entry of this
3 Order.

4 4. Respondent states that no promise of any kind or nature
5 whatsoever was made to induce it to enter into this Order and
6 that it has entered into this Order voluntarily.

7 5. Respondent acknowledges that the acceptance of this
8 Order by the Director of Insurance, State of Arizona, is solely
9 for the purpose of settling this matter against it and does not
10 preclude any other agency or officer of this state or subdivision
11 thereof from instituting other civil or criminal proceedings as
12 may be appropriate now or in the future.

13 6. Charles W. Welch represents that as Associate Counsel
14 he is an officer of the Provident Mutual Life Insurance Company
15 of Philadelphia, the surviving company of a merger between
16 Continental American Life Insurance Company and Provident Mutual
17 Life Insurance Company of Philadelphia, and that as such, he has
18 been authorized to enter into this Order.

19
20 August 9, 1993
21 (Date)

CONTINENTAL AMERICAN LIFE INSURANCE COMPANY

22 by: Charles W. Welch, III
23 Charles W. Welch, III
24 Associate Counsel
25 Provident Mutual Life Insurance
26 Company of Philadelphia
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COPY of the foregoing mailed/delivered
this 11th day of August, 1993, to:

Charles R. Cohen
Acting Deputy Director
Katrina Rogers
Chief Hearing Officer
Deloris E. Williamson
Assistant Director
Rates & Regulations Division
*Mary Butterfield
Supervisor
Life and Disability Section
Jay Rubin
Assistant Director
Consumer Affairs & Investigations Division
Gary Torticill
Assistant Director and Chief Financial Examiner
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