

NOV 17 1994

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE
By 

In the Matter of:) Docket No. 8605
)
 LIFE AND HEALTH INSURANCE COMPANY) CONSENT ORDER
 OF AMERICA)
 Respondent.)
 _____)

A market conduct examination was made of Life and Health Insurance Company of America, hereinafter referred to as "Respondent", by a Market Conduct Examiner for the Arizona Department of Insurance ("ADOI") covering the time period from January 1, 1989 to August 31, 1992. Based upon the examination results, it is alleged that Respondent has violated the provisions of Arizona Revised Statutes, Title 20, Sections 20-220, 20-461, Arizona Administrative Code Rule ("A.A.C. R") 4-14-801 and the Respondent's 1990 Consent Order. Respondent 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 Respondent, and the following Order:

FINDINGS OF FACT

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

2. The Examiner was authorized by the Director to conduct a market conduct examination of Respondent and has prepared the Report of Examination of the Market Conduct Affairs of

1 Respondent ("the Report"). The period covered by the on-site
2 examination was concluded as of August 31, 1992.

3 3. A previous market conduct examination of Respondent
4 was conducted by a market conduct examiner on behalf of the
5 ADOI. The examination of Respondent was completed in 1989.
6 Following that market conduct examination, the Director filed a
7 Consent Order on September 21, 1990.

8 4. In the 1990 Order, the Director ordered Respondent to
9 "cease and desist from failing to (1) within fifteen (15)
10 working days after Respondent has received a properly executed
11 proof of loss, either to advise policyholders of the acceptance
12 or denial of their claims or to notify policyholders that more
13 time is needed to determine whether a claim should be accepted
14 or denied".

15 5. The Examiner reviewed twenty (20) Arizona Department
16 of Insurance complaints which represented all of the complaints
17 during the time frame of the Examination. In one (1) complaint
18 it was determined that Respondent unintentionally failed to
19 accept or deny six (6) claims, within fifteen (15) working days
20 after receipt of properly executed proofs of loss.

21 6. The Examiner reviewed 100 Arizona accident and health
22 paid claims out of a population of 1,354. As to these
23 Respondent unintentionally failed to accept or deny sixty-five
24 (65) claims, within fifteen (15) working days after receipt of
25 properly executed proofs of loss.

26 7. The Examiner reviewed thirty-four (34) accident and
27 health denied claims out of a population of 210. As to these
28 Respondent unintentionally failed to accept or deny eleven (11)

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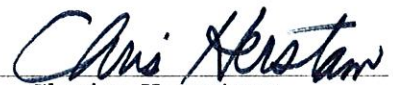
2. Respondent shall develop a written action plan to monitor and ensure that its accept or deny claims in accordance with A.R.S. §§ 20-461 and A.A.C. R4-14-801. Respondent shall submit a copy of this action plan to the ADOI for approval within thirty (30) days of the filed date of this Order.

3. The ADOI shall be permitted, through an authorized representative, to verify that Respondent has complied with all provisions of this Order, and the Director may separately order Respondent to comply.

4. Respondent shall pay a civil penalty of FIVE THOUSAND DOLLARS (\$5,000.00) to the Arizona Director of Insurance for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. § 20-220(B). Said amount shall be provided to the Administrative Law Division of the ADOI on or before October 28, 1994.

5. The Report of Market Conduct Examination as of August 31, 1992 to include any objections to the Report by the Respondent, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 17th day of November , 1994.


Chris Herstam
Director of Insurance

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COPY of the foregoing mailed/delivered
this 17th day of November , 1994, to:

- Gay Ann Williams
Deputy Director
- Gregory Y. Harris
Chief Administrative Law Judge
- Erin Klüg
Manager
Market Conduct Examinations Division
- Saul Saulson
Supervisor
Examinations Section
- Shirley Polzin
Supervisor
Life and Disability Section
- Deloris E. Williamson
Assistant Director
Rates & Regulations Division
- Gary Torticill
Assistant Director and Chief Financial Examiner
Corporate & Financial Affairs Division
- Cathy O,Neil
Assistant Director
Consumer Services and Investigations
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