

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, APRIL 13, 2005

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2005-00035

OPTIMUM CHOICE, INC.,

Defendant

2005 APR 13 PM 3:26

STATE CORPORATION COMMISSION

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated § 38.2-3407.14 of the Code of Virginia by failing to provide in conjunction with the proposed renewal of certain of its policies sixty (60) days' written notice to affected policyholders of its intent to increase by more than thirty-five percent (35%) the annual premium charged for coverage under such policies.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars (\$15,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order. Further, Defendant agrees to send a check in the

amount of \$59,113.71 to the Virginia Division of Unclaimed Property which represents an estimate of the amount of renewal premium increases in excess of 35% imposed on policyholders without 60-day advance notification for the period from July 1, 1999, to December 31, 2000.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant make payment to the Virginia Division of Unclaimed Property in accordance with the aforesaid terms of the settlement;

(3) Defendant cease and desist from conduct which constitutes a violation of § 38.2-3407.14 of the Code of Virginia;

(4) Defendant notify the Bureau of Insurance in writing that payment was made within thirty (30) days of the mailing of such payment; and

(5) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Sidney G. Masri, Vice President for Compliance Matters, Optimum Choice, Inc., Four Taft Court, Rockville, Maryland 20850; and the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham.