

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 22, 2012

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2012-00138

ANTHEM HEALTH PLANS OF VIRGINIA, INC.,

Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Anthem Health Plans of Virginia, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), in certain instances, violated § 38.2-502 (1) of the Code of Virginia ("Code") by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-503 of the Code by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading; violated § 38.2-508 (2) of the Code by failing to comply with practices to prevent unfair discrimination; violated §§ 38.2-510 A 5, 38.2-510 A 15, and 38.2-3407.1 B of the Code by failing to comply with claim settlement practices; violated § 38.2-514 B of the Code by failing to make proper disclosures; violated § 38.2-610 B of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-3405 A of the Code by allowing provisions for subrogation of any person's right to recovery for personal injuries from a third person in contracts for insurance; violated §§ 38.2-3407.4 A and 38.2-3407.4 B of the Code by failing to comply with explanation of

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benefits practices; violated § 38.2-3407.14 B of the Code by failing to comply with the requirements regarding notice of premium increases; violated §§ 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, and 38.2-3407.15 B 11 of the Code by failing to comply with ethics and fairness requirements for business practices; violated § 38.2-5804 A of the Code by failing to comply with procedures to establish and maintain a complaint system for each of its Managed Care Health Insurance Plans (MCHIPs); violated the provisions of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, specifically 14 VAC 5-90-40 and 14 VAC 5-90-60 A 1; violated the provisions of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5- 400-10 *et seq.*, specifically 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Hundred Twenty-nine Thousand Dollars (\$129,000), waived its right to a hearing, agreed to cease and desist from any future violations of §§ 38.2-508 (2), 38.2-510 A 5, 38.2-514 B, 38.2-3405 A, 38.2-3407.1 B, 38.2-3407.4 A, 38.2-3407.4 B, 38.2-3407.15 B 1,

38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, or 38.2-3407.15 B 11 of the Code, or 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, or 14 VAC 5-400-70 B, and agreed to comply with the Corrective Action Plan contained in the Target Market Conduct Examination Report as of June 30, 2008.

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

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

Accordingly, IT IS ORDERED THAT:

(1) The offer of Anthem Health Plans of Virginia, Inc., in settlement of the matter set forth herein be, and it is hereby, accepted.

(2) Anthem Health Plans of Virginia, Inc., shall cease and desist from any future violations of §§ 38.2-508 (2), 38.2-510 A 5, 38.2-514 B, 38.2-3405 A, 38.2-3407.1 B, 38.2-3407.4 A, 38.2-3407.4 B, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, or 38.2-3407.15 B 11 of the Code of Virginia, or 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, or 14 VAC 5-400-70 B.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Marie Lough, Anthem Health Plans of Virginia, Inc., 3350 Peachtree Road, N.E., POB 30302-

445, Mail Code GAG004-0002, Atlanta, Georgia 30326-1039; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Althelia P. Battle.