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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 31, 2011

CLERK'S OFFICE

COMMONWEALTH OF VIRGINIA

2011 OCT 31 P 4: 02

At the relation of the

DOCUMENT CONTROL

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2010-00203

CONSECO SENIOR HEALTH INSURANCE COMPANY

and

CONSECO LIFE INSURANCE COMPANY,

Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Consecro Senior Health Insurance Company ("Consecro Senior"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, and 38.2-3407.4 A of the Code of Virginia by failing to comply with policy and form filing requirements; violated §§ 38.2-510 A 1, 38.2-510 A 2, 38.2-510 A 3, 38.2-510 A 5, 38.2-510 A 6, and 38.2-510 A 14 of the Code of Virginia, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-50 D, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D, by failing to properly handle claims; violated § 38.2-514 B of the Code of Virginia by failing to make disclosures; violated § 38.2-3407.1 B of the Code of Virginia by failing to pay interest in accordance with requirements; violated 14 VAC 5-120-50 (9) by failing to comply with general policy requirements of the Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies; and

violated 14 VAC 5-170-130 A by failing to comply with policy provision of the Rules Governing Minimum Standards for Medicare Supplement Policies.

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

Conseco Life Insurance Company ("Conseco Life"), on behalf of Conseco Senior, has been advised of Conseco Senior's right to a hearing in this matter, whereupon, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Conseco Life has tendered to the Commonwealth of Virginia the sum of Thirty-five Thousand Dollars (\$35,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of March 31, 2008.

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

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendants cease and desist from any future conduct which constitutes a violation of §§ 38.2-510 A 1, 38.2-510 A 2, 38.2-510 A 3, 38.2-510 A 5, 38.2-510 A 6, 38.2-510 A 14, 38.2-514 B, 38.2-3407.1 B, or 38.2-3407.4 A of the Code of Virginia, or 14 VAC 5-120-50 (9), 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, or 14 VAC 5-400-70 D; and

(3) 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: Renee Wake, Manager, Government Relations, Market Conduct, Conseco Senior Health Insurance Company, 11825 North Pennsylvania Street, Carmel, Indiana 46302; 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 Battle.