

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 20, 2016

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2015-00163

COMPANION LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Companion Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-316 A, 38.2-316 B, and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy and form filing requirements; violated § 38.2-316.1 of the Code by failing to file premium rates for approval by the Commission; violated §§ 38.2-510 A (2) and 38.2-510 A (5) of the Code and 14 VAC 5-400-50 A and 14 VAC 5-400-60 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* ("Rules"), by failing to properly handle claims with such frequency as to indicate a general business practice, as well as Rules 14 VAC 5-400-70 B and 14 VAC 5-400-70 D by failing to properly handle claims; violated § 38.2-3407.1 B of the Code by failing to pay interest at the legal rate of interest from the date of 15 working days from the Defendant's receipt of proof of loss to the date that the claim was paid; violated § 38.2-3407.4 A of the Code by failing to comply with explanation of benefits requirements; and violated § 38.2-3451 A of the Code by failing to comply with essential health benefits coverage requirements.

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 a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a 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 Virginia the sum of Forty-four Thousand Two Hundred Twenty Dollars (\$44,220), 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 set forth in the Bureau's letter dated August 28, 2015.

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 the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall cease and desist from future violations of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C (1), 38.2-316.1, and 38.2-3451 A of the Code.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Trescott N. Hinton, President, Companion Life Insurance Company, P.O. Box 100102,
Columbia, South Carolina 29202-3102; 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.