

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 1, 2017

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2017-00002

UNITEDHEALTHCARE INSURANCE COMPANY, INC.,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that UnitedHealthcare Insurance Company, Inc. ("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 B and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy and form filing requirements; § 38.2-502 (1) of the Code by misrepresenting the terms of the policy; §§ 38.2-503 of the Code, as well as 14 VAC 5-90-55 A, 14 VAC 5-90-60 A (1), 14 VAC 5-90-60 A (2), 14 VAC 5-90-60 B (3), 14 VAC 5-90-60 B (4), 14 VAC 5-90-60 B (6), 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-100 A, and 14 VAC 5-90-170 A of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, by failing to comply with advertising requirements; § 38.2-508 (2) of the Code by unfairly discriminating or permitting any unfair discrimination between individuals of the same class; § 38.2-510 A (15) of the Code, as well as 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 B of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice; § 38.2-1715 B of the Code by failing to

properly notify policy owners; § 38.2-1812 A of the Code by paying commissions for services as an agent to persons who were not properly licensed and appointed; § 38.2-1822 A of the Code by permitting a person to act as an agent without first obtaining a license in a manner and form prescribed by the Commission; §§ 38.2-1833 A (1) and 38.2-1834 D of the Code by failing to comply with agent appointment requirements; § 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; § 38.2-3407.4 A of the Code by failing to comply with explanation of benefits requirements; §§ 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; § 38.2-3559 D of the Code by failing to comply with notice requirements for external review; §§ 38.2-5804 A and 38.2-5804 A (2) of the Code by failing to comply with procedures to establish and maintain an approved complaint system for each of its Managed Care Health Insurance Plans; and 14 VAC 5-216-30 B of the Commission's Rules Governing Internal Appeal and External Review, 14 VAC 5-216-10 *et seq.*, by failing to comply with internal appeal and external review procedures.

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 Seventy-nine Thousand Dollars (\$79,000), waived its right to a hearing, and agreed to comply with the corrective action plan contained in the target market conduct examination report as of June 30, 2013.

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) 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: Jeffrey D. Alter, CEO, UnitedHealthcare Insurance Company, Inc., One Penn Plaza, New York, New York 10119; 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.