

STATE OF WASHINGTON

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

Phone: (360) 725-7000

FILED

2006 MAY 11 A 10:01

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

February 27, 2006

Mr. Wayne Nippe, General Counsel
Sierra Health and Life Insurance Co., Inc.
POB 15645
Las Vegas NV 89114-5645

Re: Notice of Intent to Suspend Certificate of Authority No.135
Issued to ~~Sierra Health and Life Insurance Co., Inc.~~

Dear Mr. Green:

Notice is hereby given pursuant to RCW 48.05.150, that on March 16, 2006, an order will be entered suspending Certificate of Authority No. 135 issued to Sierra Health and Life Insurance Co., Inc.

The basis for the order suspending the certificate of authority is that Sierra Health and Life Insurance Co., Inc. has violated Revised Code of Washington § 48.05.250(1) and Washington Administrative Code § 284-07-060(2) by failing to file its year 2004 Statement of Actuarial Opinion, a required component of its Annual Statement, by the statutory due date of February 28, 2005. In late April 2005, we sent a notice to Sierra Health and Life Insurance Co., Inc. reminding it of this filing discrepancy. To date, no response has been received by the Office of the Insurance Commissioner ("OIC").

If the year 2004 Statement of Actuarial Opinion is electronically received in our office prior to the effective date of the suspension, the OIC will forbear imposing the suspension. Chapters 48.04 and 34.05 grant certain rights to appeal the proposed suspension of the certificate of authority. Please conform any request for appeal to the terms of those statutes.

RCW 48.05.185 also affords the Commissioner the latitude to levy a fine in addition to suspension. The OIC has determined that the appropriate penalty is a fine against Sierra Health and Life Insurance Co., Inc. of \$10,000. I have attached a Consent Order to this effect. Sierra Health and Life Insurance Co., Inc. may resolve this matter now, without the need for further administrative action, by simply having the appropriate person sign the consent order and paying the fine.

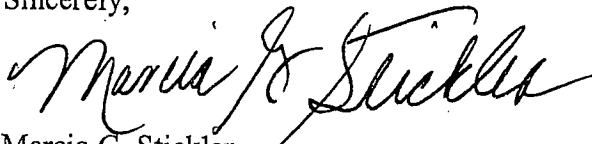
Mr. Wayne Nippe, General Counsel
Sierra Health and Life Insurance Co., Inc.
February 27, 2006
Page 2 of 2

Enclosed are two originals of the proposed Consent Order. If you would like to resolve this matter on the basis of this Consent Order and the fine and conditions outlined therein, both original Orders must be signed and dated by an authorized officer of the company and returned to me. The fine would then be due within thirty days of the date the Order is entered.

If we have not heard back from you by March 16, 2006, this offer will be withdrawn and the OIC will be forced to explore other options.

If you have questions or would like to discuss this matter further, please feel free to contact me by Email, regular mail, or telephone. My contact information is below.

Sincerely,



Marcia G. Stickler
Staff Attorney
Legal Affairs Division
360-725-7048
360-586-0152 (facsimile)
marcias@oic.wa.gov

cc: Jim Odiorne

STATE OF WASHINGTON

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

Phone: (360) 725-7000



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OFFICE OF
INSURANCE COMMISSIONER

2006 MAY 11 A 10:01

In the Matter of

Order No. D06-123

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

SIERRA HEALTH AND LIFE
INSURANCE CO., INC.

CONSENT ORDER
IMPOSING A FINE

Findings of Fact:

1. Sierra Health and Life Insurance Co., Inc. ("Sierra Health") is authorized to conduct insurance business in Washington State. It issues property, casualty, and surety insurance.
2. Revised Code of Washington § 48.05.250 requires every insurer to file an annual statement for the previous calendar year with the Office of the Insurance Commissioner ("OIC") by February 28 of the following year.
3. Washington Administrative Code § 284-07-060 requires that, as part of the annual statement, a Statement of Actuarial Opinion ("SAO") be submitted by February 28 of the following year, as well.
4. Sierra Health violated Revised Code of Washington § 48.05.250 by failing to file its year 2004 Statement of Actuarial Opinion, a required component of its Annual Statement, by the statutory due date of February 28, 2005. In late April 2005, the OIC sent a notice to Sierra Health and Life Insurance Co., Inc., reminding it of this filing requirement. To date, no response has been received by the OIC.

Conclusions of Law:

1. Sierra Health's failure to timely file its calendar year 2004 Statement of Actuarial Opinion constitutes a violation of RCW 48.05.250(1) and WAC 284-07-060(2).
2. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority.

Consent to Order:

Sierra Health and Life Insurance Co., Inc. consents to the following, in order to resolve this matter without further legal or administrative proceedings. The Insurance Commissioner consents to resolve this matter in consideration of the insurer's payment of a fine as set forth below.

1. Sierra Health and Life Insurance Co., Inc. consents to the entry of the foregoing Findings of Fact and Conclusions of Law, and acknowledges its duty to comply fully with all applicable laws and regulations of the State of Washington. It waives further administrative or legal challenge to the actions taken, or to be taken, by the Insurance Commissioner, related to the subject matter of this Order.

2. Within thirty days of the entry of this Order, Sierra Health and Life Insurance Co., Inc. will pay to the Insurance Commissioner a fine in the amount of \$10,000 (ten thousand dollars).

3. Failure to pay the fine in full within thirty days of the entry of this order will constitute grounds for revocation of the certificate of authority held by Sierra Health and Life Insurance Co., Inc. in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this _____ day of _____, 2006.

SIERRA HEALTH AND LIFE INSURANCE CO., INC.

By: _____

Printed Name: _____

Printed Corporate Title: _____

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner orders as follows:

Order:

1. Sierra Health and Life Insurance Co., Inc. is ordered to pay, within thirty days of the entry of this order, a fine in the amount of \$10,000 (ten thousand dollars).

2. Failure to pay the fine timely and in full will constitute grounds for revocation of the certificate of authority held by the insurer in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this _____ day of _____, 2006

MIKE KREIDLER
Insurance Commissioner

By: _____

Marcia G. Stickler
Legal Affairs Division