



OFFICE OF  
INSURANCE COMMISSIONER

<i>In The Matter Of:</i>	)	
	)	
ABILITY INSURANCE COMPANY,	)	No. 11-0089
	)	
	)	ORDER SUSPENDING
	)	CERTIFICATE OF AUTHORITY
An Authorized Insurer,	)	

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To: Ability Insurance Company  
1515 S 75th St  
Omaha, NE 68124-1655

You are hereby notified that, pursuant to RCW 48.05.140 of the Washington Insurance Code, the Washington Office of the Insurance Commissioner (herein referred to as "OIC") now orders that Certificate of Authority WAOIC No. 796 issued to Ability Insurance Company (herein referred to as "Ability" or the "Company") be and hereby is suspended for a period of six (6) months, which suspension shall commence and take effect ten days from the date of entry of this Order. This suspension is confined to the Company's authority to write new business during the six-month period of suspension and does not suspend the Company's authority to fulfill obligations under policies issued prior to the effective date of the suspension imposed by this Order or the Company's authority to renew such existing policies.

This Order is based on the Following:

1. Ability Insurance Company, WAOIC No. 796, is a 100% wholly owned subsidiary of Ability Resources, Inc. Ability Resources, Inc. acquired Medico Life Insurance Company (herein referred to as "Medico Life"), a former subsidiary of Medico Insurance Company, in September 2007. Medico Insurance Company was formerly known as Mutual Protective Insurance Company (herein referred to as "MPIC"). Medico Life was renamed Ability Insurance Company in January 2009.
2. In 1999, MPIC issued a long-term care policy to a Washington consumer. On July 25, 2009, the consumer fell, was hospitalized for a few days, and then entered a nursing home. In the records from her hospitalization, doctors noted the consumer's history of dementia. On August 4, 2009, the consumer's daughter contacted the Company and spoke with a Company representative about her mother's situation and to make a claim under the policy for her mother. The Company's representative advised the consumer's daughter to complete a claim form available online and did not indicate that the policy had lapsed. The consumer's daughter submitted the claim two days later.



3. The consumer had apparently failed to pay the premium which had been due on February 8, 2009. On or about March 20, 2009 the Company sent the consumer's daughter a required notice of nonpayment advising that the policy would lapse if the premium was not paid within 35 days of the date of the notice, but she never received it. The consumer's daughter did not learn of the nonpayment until September 9, 2009, when she went to her mother's vacated home to collect her mail.
4. On September 11, 2009 the consumer's daughter, who was also the consumer's WAC 284-54-253 designee, faxed a request to the Company to please contact her about the lapse. On September 15, 2009, the consumer's daughter spoke with a Company representative. She explained that she just learned of her mother's policy lapse, she explained that her mother had a cognitive impairment, and she requested that the Company reinstate the policy. She also explained that she had just worked with a Company representative on a claim for her mother in August of 2009, but that no one from the Company told her about the policy lapsing. The Company's representative told her to provide the Company with the documentation showing her mother's cognitive impairment. On September 30, 2009 the consumer's daughter faxed copies of medical records from the July hospitalization disclosing her mother's history of dementia.
5. The Company refused to reinstate coverage. The Company contended that while the insured had a right to reinstate within five months, the 5 months commenced on the day the premium was due, not after the additional period provided by the Company's March 20 notice.
6. OIC told Ability that the very soonest the contract could have lapsed would have been 30 days from the date of the March 20, 2009 letter, or Sunday, April 19, 2009, and that the Company was required under WAC 284-54-253(2) to allow reinstatement if the insured or her designee sought reinstatement within five months of April 19.
7. The Company's improper refusal to allow reinstatement within five (5) months of the lapse date that was required under WAC 284-54-253 violates WAC 284-54-253.

This Order does not relieve the Company from any pending or accrued reporting, filing, or fee/tax payment required by Title 48 RCW. RCW Chapters 48.04 and 34.05 provide the Company the right to demand a hearing on this Order.

Entered at Tumwater, Washington this 27<sup>th</sup> day of April, 2011.

MIKE KREIDLER  
Insurance Commissioner

By:   
Alan Michael Singer, Staff Attorney  
Legal Affairs Division

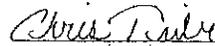
CERTIFICATE OF MAILING

The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing ORDER SUSPENDING CERTIFICATE OF AUTHORITY on the following Company via US Mail.

Ability Insurance Company  
1515 S 75<sup>th</sup> St  
Omaha, NE 68124-1655

SIGNED this 27<sup>th</sup> day of April, 2011, at Tumwater, Washington.

  
Chris Tribe