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18 November 2011

Via Electronic Mail & USPS

James T. Odiome, CPA, JD
Deputy Insurance Commissioner
Office of Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Hearings Unit, DIC
Patricia D. Peterson
Chief Hearing Officer

RE: Response to Draft Report of Examination of The MEGA Life & Health Insurance Company, Mid-West National Life Insurance Company of Tennessee and The Chesapeake Life Insurance Company (the Companies)

Dear Mr. Odiome:

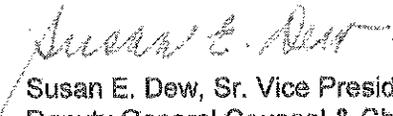
Per letters from the Washington Office of the Insurance Commissioner dated October 7 and November 1, 2011, our time for response to this matter was extended to November 22, 2011.

Although on August 15, 2011 we received a Summary of Findings document and had a teleconference on August 17, 2011, we do not believe that this qualified as the exit conference as contemplated by RCW 48.37.060(11). The Examiners were unprepared or unable to answer our basic questions about their own Findings during that call. Therefore, we did not have any opportunity to discuss more complicated issues regarding the examination, testing methodology or approach, especially for the uniquely drafted Standards for Performance Measurement attached to the Multi-State Agreement dated May 28, 2008 and against which the Companies were being assessed. We also note that at the express request of Leslie Krier these matters were not discussed with the Examiners during the course of the on-site examination. Finally, we have never had a substantive conversation with the Monitoring States regarding how the Standards with a "pass/fail" tolerance would be assessed in the context of this unique Agreement despite our request for such a conversation. Per Ms. Krier's email of July 22, 2011, we fully expected to be afforded an in-person exit conference in Texas with the Monitoring States to discuss the findings as well as the unique aspects arising out of the Agreement. We never waived our right to this meeting and so we would like to reiterate our request for the meeting as provided in RCW 48.37.060(11).

In addition as we are entitled, we request a hearing pursuant to RCW 48.37.060(12)(c) because we object to some of the language contained in the Draft Report which was a surprise to us in many respects. We do not believe that the Draft Report accurately reflects the facts that are reasonably related to the requirements of the Standards. We disagree with the conclusions for the failed Standards reached by the Examiners and do not believe that these conclusions were reasonably warranted based on the extensive cultural and specific process changes that the Companies have undertaken and reported on since May, 2008 and about which the Monitoring States are aware.

We have attached a copy of our Response which we understand will be included as an exhibit to the Commissioner's order regarding this matter per RCW 48.37.060(12)(g). However, we would welcome a dialogue on the issues that we have raised whether through an exit conference and/or hearing. We firmly believe that all parties are committed to an expeditious and comprehensive resolution of this matter and look forward to communicating with you regarding next steps and a corresponding time line.

Sincerely yours,



Susan E. Dew, Sr. Vice President
Deputy General Counsel & Chief Compliance Officer

CC: Mike Watson, Chief Deputy Commissioner, State of WA
Leslie Krier, Market Conduct Oversight Manager, State of WA
Director Linda Hall, Alaska Division of Insurance
Katie Campbell, Actuary, Alaska Division of Insurance
Joel Sander, Deputy Commissioner of Finance, Oklahoma Insurance Department
David Moskowitz, Assistant Chief Examiner, Texas Department of Insurance
Pam O'Connell, Bureau Chief, California Department of Insurance