

Cairns, Kelly (OIC)

From: Anderson, Jason [Anderson@carneylaw.com]
Sent: Thursday, December 15, 2011 11:29 AM
To: Cairns, Kelly (OIC)
Cc: Dew, Susan; Philhower, Andrea (OIC)
Subject: RE: The MEGA Life & Health Insurance Company, et al., No. 11-0279
Attachments: NOVEMBER 1, 2011 HEALTHMARKETS LETTER .pdf; 2011-12-12 Amended Demand for Hearing.pdf

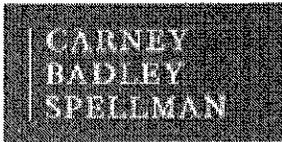
Ms. Cairns,

The requested evidence of extension is attached.

In addition, please note that The MEGA Life & Health Insurance Company, et al., filed on December 12 an Amended Demand for Hearing that invokes the right to a hearing presided over by an administrative law judge assigned under chapter 34.12 RCW (copy attached). Ms. Philhower has acknowledged on behalf of OIC that it has no basis to object to that request. We look forward to receiving confirmation of the transfer to OAH.

Thank you for your assistance.

-Jason Anderson



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From: Cairns, Kelly (OIC) [<mailto:KellyC@oic.wa.gov>]
Sent: Thursday, December 15, 2011 9:32 AM
To: Dew, Susan; Philhower, Andrea (OIC); Anderson, Jason
Subject: The MEGA Life & Health Insurance Company, et al., No. 11-0279

Ms. Dew, Mr. Anderson and Ms. Philhower:

During the first prehearing conference held December 12, 2011, Judge Petersen entered several oral orders which are confirmed in writing in her Notice of Hearing entered December 14. *(An electronic copy is attached for your convenience; the original was mailed yesterday.)*

In follow up to one issue, pursuant to their letter Request for Hearing dated and filed November 18, 2011, The MEGA Life & Health Insurance Company, Mid-West National Life Insurance Company of Tennessee and The Chesapeake Life Insurance Company requested a hearing specifically pursuant to RCW 48.37.060(12)(c). RCW 48.37.060(12)(a) through (c) provide:

(a) No later than sixty days after completion of each market conduct examination, the commissioner shall make a full written report of each market conduct examination containing only facts ascertainedand such conclusions and recommendations as may reasonably be warranted from such facts.

(b) The report shall be certified by the commissioner or by the examiner-in-charge of the examination, and shall be filed in the commissioner's office subject to (c) of this subsection.

(c) The commissioner shall furnish a copy of the market conduct examination report to the person examined not less than ten days and, unless the time is extended by the commissioner, not more than thirty days prior to the filing of the report for public inspection in the commissioner's office. If the person so requests in writing within such period, the commissioner shall hold a hearing to consider objections of such person to the report as proposed, and shall not so file the report until after such hearing and until after any modifications in the report deemed necessary by the commissioner have been made. [Emphasis added.]

As stated in the Companies' November 18, 2011, Request for Hearing, apparently the Companies received a Summary of Findings document on August 15, 2011. As stated by the parties during prehearing conference, the commissioner furnished the Companies with a draft market conduct examination report on October 11. The Companies must therefore have filed their Request for Hearing within thirty days of October 11 for it to be valid unless "the time [was] extended by the commissioner" as cited in RCW 48.37.060(12)(c) above. While in their November 18 Request for Hearing, and during the prehearing conference, the Companies did state that the commissioner extended their time to file their Request for Hearing until November 22, however as of yet there has been no evidence of this extension provided by the Companies. Please provide evidence of this extension promptly.

Kelly A. Cairns
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MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



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OFFICE OF
INSURANCE COMMISSIONER

November 1, 2011

Ms. Susan Dew, Sr. Vice President
Associate General Counsel & Chief Compliance Officer
HealthMarkets, Inc.
9151 Boulevard 26
North Richland Hills, TX 76180

Sent by Electronic Mail and USPS

RE: Examination of Mega Life & Health, NAIC #97055; Midwest National Life Insurance Company, NAIC #66087;
Chesapeake Life Insurance Company, NAIC #61832

Dear Ms. Dew:

On October 7, 2011, we sent you a draft report of the follow up examination of the companies listed above. In that letter we stated that on November 7, 2011, pursuant to AS 21.06.180 or RCW 48.37.060(12)(c) that the report would become a public document unless the review period was extended by Director Hall or Commissioner Kreidler.

Commissioner Kreidler has approved extending the review period until November 22, 2011. This action is based on additional information presented to the departments concerning findings in the report. This requires additional scrutiny by the examiners that cannot be completed by November 7, 2011.

If you have any questions concerning this action, please contact me or Leslie Krier.

Sincerely,

A handwritten signature in cursive script that reads "Ronald J. Pastuch".

Ronald J. Pastuch, CPA
Acting Deputy Commissioner
Company Supervision

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

