



OFFICE OF
INSURANCE COMMISSIONER 2006 DEC 18 P 1:49

FILED

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

October 31, 2006

Geoffrey M. Baker, Vice President & General Counsel
United Heritage Life Insurance Company
PO Box 7777
Meridian, Idaho 83680-7777

RE: United Heritage Life Insurance Company
Proposed Consent Order No. D06-330

Dear Mr. Baker:

Enclosed are two originals of a Consent Order Imposing a Fine. This order will result in Aetna Health, Incorporated being required to pay a fine in lieu of other action relative to its certificate of authority in the State of Washington.

Upon our receipt of both of the signed documents, the order will be executed and entered. One fully executed duplicate original will be sent back to you, or to whom you direct. You will then have 30 days in which to pay the fine.

If we have not received the signed documents by November 29, 2006, this offer is withdrawn and we will proceed with formal action relative to your certificate of authority.

Sincerely,

A handwritten signature in cursive script that reads "Marcia G. Stickler".

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

Enclosures

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. D06-330
UNITED HERITAGE LIFE)	
INSURANCE COMPANY,)	CONSENT ORDER
)	IMPOSING A FINE
An Authorized Insurer)	
)	
)	

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. United Heritage Life Insurance Company ("UHLIC") is authorized to conduct insurance business in the State of Washington.
2. The Office of the Insurance Commissioner ("OIC") approved rates for UHLIC's pre-standardized Medicare Supplement ("MedSup") policies in May 1989. In 1990, UHLIC submitted a new MedSup rate filing to OIC, but withdrew it after OIC had approved it. UHLIC asserts that the increase was not implemented.
3. On April 22, 2004, UHLIC submitted a new rate filing to OIC for its MedSup policies. At the time of the rate filing, there were eleven UHLIC MedSup policyholders in Washington. As part of the rate filing, UHLIC listed its current MedSup rates as well as the rates for which it was requesting approval. In ten of the eleven policies, the rates UHLIC listed as its current MedSup rates did not match the approved rates on file with OIC. In all ten cases, the rates charged appeared to be lower than those approved in 1989. UHLIC was unable to justify the discrepancy.
4. In the course of reviewing UHLIC's rate filing request, OIC found that UHLIC issued three pre-standardized MedSup policies in Washington after June 30,

1992, the last one being issued on April 1, 2003. UHLIC explained that these pre-standardized policies were issued pursuant to a policy provision within their major medical policies that permitted the insured to convert to a MedSup policy. The conversion MedSup policy, denominated "Policy Form No. 89F" by UHLIC, was neither filed with nor approved by OIC.

5. At the request of OIC, UHLIC submitted its standard "Plan A" MedSup form filing to OIC on December 13, 2004. After a protracted series of corrections made at OIC's direction, UHLIC's standardized "Plan A" MedSup policy was approved on September 14, 2005.

CONCLUSIONS OF LAW

1. By issuing three insurance policies on forms not approved by the OIC, UHLIC violated RCW 48.66.035(1)

2. By charging ten Washington consumers Medicare Supplement plan rates different than those filed with and approved by the OIC, UHLIC violated RCW 48.66.035(2).

3. By issuing three pre-standardized Medicare Supplement policies after June 30, 1992, UHLIC violated WAC 284-66-050(1), and WAC 284-66-063.

4. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's license.

CONSENT TO ORDER

NOW, THEREFORE, UHLIC consents to the following in consideration of The Company's desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of UHLIC's fine on such terms and conditions as are set forth below:

1. UHLIC consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order. The OIC agrees that it will not take any further action to discipline UHLIC in this matter other than set forth below;

2. Within thirty days of the entry of this Order, UHLIC agrees to pay to the OIC a fine in the amount of \$14,500.00 (Fourteen-thousand Five-hundred dollars).

3. UHLIC understands and agrees that any future failure to comply with the statute that is the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this ____ day of _____, 2006.

UNITED HERITAGE LIFE INSURANCE COMPANY

By: _____

Printed Name: _____

Printed Corporate Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. United Heritage Life Insurance Company is ordered to pay a fine in the amount of \$14,500.00 (Fourteen-thousand Five-hundred dollars).
2. \$14,500.00 (Fourteen-thousand Five-hundred dollars) must be paid in full within thirty days of the date of entry of this Order. Failure to pay this fine and to adhere to the conditions shall constitute grounds for revocation of United Heritage Life Insurance Company's Certificate of Authority, subject to any applicable rights of United Heritage Life Insurance Company to contest such action, and in the recovery of the fine through a civil action brought on behalf of the Commissioner by the Attorney General.

ENTERED AT TUMWATER, WASHINGTON this ____ day of _____, 2006.

Mike Kreidler
Washington State Insurance Commissioner

By: _____
Marcia G. Stickler
Staff Attorney, Legal Affairs Division