



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)

LIFEWISE HEALTH PLAN OF ARIZONA)

An Authorized Insurer,)

No. D07-0292

ORDER TO CEASE ACCEPTANCE
AND WRITING OF NEW
BUSINESS, AND TO
RESPOND FULLY TO INQUIRIES

To: Clifford W. Klima, President
LifeWise Health Plan of Arizona
Post Office Box 327
Seattle, Washington 98111-0327

IT IS ORDERED AND YOU ARE HEREBY NOTIFIED that pursuant to WAC 284-16-320(2), Lifewise Health Plan of Arizona is hereby PROHIBITED from accepting, selling, writing, issuing, or otherwise effectuating any new policies of insurance. This order is effective immediately and until such time as LWAZ provides acceptable proof to the Washington Insurance Commissioner that new policies will be issued with premium rates adequate to achieve a combined ratio of less than 100%.

Lifewise Health Plan of Arizona (hereinafter "Lifewise of Arizona", "LWAZ", or "the Company") is further ordered to comply with orders issued by the Washington Insurance Commissioner on June 27, 2007, and June 28, 2007. Specifically, LWAZ is ordered to fully and completely respond to the requirements of the order entered on June 28, 2007, by no later than 3:00 pm, Pacific Daylight Time, Friday, August 24, 2007.

LWAZ is ordered to comply with the orders issued on June 27, 2007, and June 28, 2007 by remedying the following deficiencies:

- LWAZ has identified for OIC only rate adjustments that were filed with the Arizona Department of Insurance prior to June 27, 2007. Those prior filings do not evidence rate adequacy.
- LWAZ has not identified mitigating circumstances that make recent reported results not indicative of future operating results.
- LWAZ has not provided a reasonable business plan to increase premium rates and reduce administrative expenses to achieve a combined ratio of not greater than 100%. In a collateral filing, LWAZ has suggested that it might attain a combined ratio of less than 100% in the year 2012. Such a long delay in achieving a combined ratio of less than 100% is neither reasonable nor acceptable.
- LWAZ has not provided OIC a business plan with specific and measurable benchmarks.

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LWAZ has not provided forecasted quarterly financial statements through year end 2009. Please note the difference between forecasted and projected financial statements.

- LWAZ has not provided a quarterly MD&A analysis for the quarter ended June 30, 2007.

THIS ORDER IS BASED ON THE FOLLOWING:

On June 27, 2007, the Washington Insurance Commissioner ordered LWAZ to fully and completely respond to certain inquiries related to its financial condition. At LWAZ's request and assurances of cooperation, OIC amended that order on June 28, 2007 to remove the requirement that the Company cease accepting all new business.

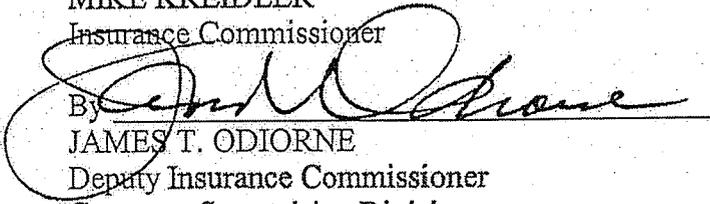
The Insurance Commissioner issues this order based on LWAZ's failure to comply with the June 27 and 28, 2007, orders. The orders required responses to certain inquiries, and the Company's responses were deficient in the ways set forth above. Under WAC 284-30-650, it is an unfair trade practice for an insurer to fail to respond within fifteen business days to an inquiry from the Washington Insurance Commissioner relative to the business of insurance. The Company's full, complete responses to the inquiries were therefore due by no later than Wednesday, July 18, 2007. Full and complete responses have, to date, not been received.

NOTICE CONCERNING YOUR RIGHT TO A HEARING. If you are aggrieved by this Order, RCW 48.04.010 permits you to demand a hearing. Pursuant to that statute and others: You must demand a hearing, in writing, within 90 days after the date of this Order, which is the day it was mailed to you, or you will waive your right to a hearing. Your demand for a hearing must specify briefly the reasons why you think this Order should be changed. Upon receipt of your demand for hearing, you will be contacted by an assistant of the Chief Hearing Officer to schedule a teleconference with you and the Insurance Commissioner's Office to discuss the hearing and the procedures to be followed.

Please send any demand for hearing to Insurance Commissioner, attention James T. Odiorne, Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40259, Olympia, WA 98504-0259.

ENTERED AT TUMWATER, WASHINGTON, this 15th day of August, 2007.

MIKE KREIDLER
Insurance Commissioner

By 
JAMES T. ODIORNE
Deputy Insurance Commissioner
Company Supervision Division