

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Bankers Life and Casualty**) **REMEDIATION PLAN**
Company) Case No. INS 13-06-003

FINAL REMEDIATION PLAN

- (1) Pursuant to the Amended Stipulation and Final Order (Order) dated December 1, 2014 between Bankers Life and Casualty Company (Bankers) and the Oregon Department of Consumer and Business Services Insurance Division (Division), Bankers shall contract with a third party mediator and arbitrator to carry out the Remediation Plan (Plan) set forth herein.
- a. On or before December 1, 2014, Bankers shall enter into a contract with a mediator and an arbitrator to carry out this Plan with respect to certain claims (Eligible Claims) filed by those individuals who resided in Oregon when their Bankers long-term care policy was issued and on whose behalf a claim for benefits was filed with Bankers between January 1, 2010 and October 31, 2014 (Claim Period).
 - i. The selection of the mediator and arbitrator, and terms of the contract with the mediator and arbitrator shall be subject to the Division's approval, which will not be unreasonably withheld.
 - b. Eligible Claims - The definition of "Eligible Claim" shall include claims that will be automatically reviewed by the mediator, because they were (1) denied or (2) involved the determination of the applicability of a (a) waiver of premium provision or (b) elimination period and; (3) those claims filed during the Claim Period that are not automatically reviewed, but for which the policyholder (or legal representative) submits a written request for review by the mediator as specified in Exhibit 1.
 - c. Bankers will provide the mediator with a list of all Eligible Claims and all claim documentation related to these Eligible Claims.
 - d. Bankers will pay all costs and expenses associated with the execution of this Plan.
- (2) Standards for Determination by Mediator
- a. Claim Review. The mediator will determine if an Eligible Claim was properly decided pursuant to the terms of the policy and the circumstances of the respective policyholder, as identified in the relevant information provided by or on behalf of the respective policyholder.

- b. Claim Properly Decided. If the mediator determines that an Eligible Claim was properly decided and as a result, no additional relief is warranted, Bankers will notify the policyholder of the decision in writing within 30 days of receipt of the decision from the mediator. The letter will also advise the policyholder of his/her right to request that the Eligible Claim be reviewed further by an arbitrator by submitting the request to Bankers in writing within 60 days from the date of the letter as specified in Exhibit 2. Bankers will notify the policyholder of the arbitrator's decision within 30 days of receipt as specified in Exhibit 3.
- c. Claim Not Properly Decided. Within 30 days of receiving the mediator's decision that a claim was not properly decided and Bankers owes additional monetary benefits on prior claims, Bankers will notify the policyholder and pay such additional monetary benefits as specified in Exhibit 2, plus interest thereon at the rate specified in the policy, or if no rate is specified, then at the rate of 9% per annum, from the date the benefits should have been paid. A policyholder may not request that the arbitrator review a claim if the mediator determines that additional monetary benefits are due.
- d. Ex-Parte Communications. Neither Bankers nor the Division should attempt to influence the independent judgment of the mediator or arbitrator. Bankers and the Division must both be present for any non-administrative discussions with the mediator or arbitrator regarding their decisions.
- e. Records Created During Plan Implementation. Documents created by Bankers, the mediator or the arbitrator in the course of implementing this Plan are prepared as a result of Bankers' voluntary agreement to implement the Plan. The Plan consists of an internal evaluation, review, assessment and audit undertaken and conducted by and on behalf of Bankers to identify possible noncompliance and promote compliance with laws, regulations and orders. Other than documents delivered to the Director pursuant to Section 4 of this Plan: (i) no document created or reviewed by Bankers, the mediator or the arbitrator in the course of implementing this Plan is prepared, owned, used or will be retained by the State of Oregon or any of its agencies; and (ii) the Plan creates no right on the part of the State of Oregon or any of its agencies to obtain documents created or reviewed by Bankers, the mediator or the arbitrator in the course of implementing this Plan.

(3) Remedies

- a. Policyholder Letters/Release. The policyholder letters and release attached as Exhibits 1, 2, 3 and 4 shall be subject to the approval of the Division. Exhibit 4 must be completed by the policyholder and returned to Bankers before any additional benefits will be paid.
- b. Mailing. The policyholder letters in Exhibits 1 and 2 shall include a pre-paid postage, self-addressed envelope for response and Bankers' toll-free telephone

number. All policyholder letters will be mailed to the policyholder or legal representative of the policyholder at the address in Bankers' records.

- c. Undelivered Notice. If a policyholder letter is returned to Bankers as undeliverable, Bankers shall consult Accurint in an attempt to locate a current address for the policyholder or his legal representative and mail the letter to the address located by the search.
- d. Return Mailing. The policyholder letters in Exhibits 1 and 2 state that a response must be received from, or on behalf of the policyholder within sixty (60) days after the date on which the letters were mailed in order for the policyholder to be eligible for the remediation options. In the event that a policyholder letter is returned to Bankers because it is undeliverable, the sixty (60) day period shall run from the date of re-mailing to the subsequently determined current address.

- (4) Bankers' contract with the mediator and arbitrator shall require the mediator and arbitrator each to deliver a report to the Division on the first day of each month, regarding the progress of the remediation and arbitration. The report will be in a format and contain the information set out in Exhibit 5. The mediator and arbitrator will submit the report until all claims subject to the remediation plan have been reviewed. In addition to the monthly reports submitted to the Division by the mediator and arbitrator, Bankers shall deliver a report to the Division on the first day of each month listing the policy number and status of each individual claimant's claim, and upon request of a claimant, provide information to the claimant regarding the status of the claimant's own claim. If deemed necessary by the Division to assess the status of remediation for any policyholder, Bankers Life will provide the Division with the name of the individual claimant associated with a policy number upon request by the Division. Reports and any names submitted to the Division pursuant to this paragraph constitute data gathered pursuant to an investigation of a complaint or an examination by the Director and shall be confidential pursuant to ORS 731.264, 731.312 and 732.586. Disclosure of information to the Director shall not constitute a waiver of any privilege set forth in ORS 731.761. The Division and Bankers agree that: (i) the reports and any names submitted pursuant to this section are submitted on the condition of confidentiality; (ii) disclosure of reports and any names to the Division pursuant to this paragraph is not required by law; (iii) the information contained in reports and any names submitted pursuant to this paragraph reasonably should be kept confidential to protect the personal information of policyholders and to encourage settlement; and (iv) the Division agrees not to disclose the reports or any names to the public.

(5) Liability.

- a. Bankers. By approving this Plan, the Director acknowledges that no enforcement action may arise and no liability may be imposed upon Bankers with respect to any actions, decisions or procedures of the mediator or arbitrator, or actions or omissions of Bankers that are in accordance with the Plan. Furthermore, the Director shall not take any enforcement action against Bankers with respect to actions or omissions of Bankers that are in accordance with the Plan.

- b. Remediator/Arbitrator. By approving this Plan, the Director agrees that no enforcement action may arise and no liability may be imposed upon the remediator or arbitrator with respect to any actions, decisions or procedures of the remediator or arbitrator, or actions or omissions of Bankers that are in accordance with the Plan. Furthermore, the Director shall not take any enforcement action against the remediator or arbitrator with respect to actions or omissions of remediator or arbitrator that are in accordance with the Plan.

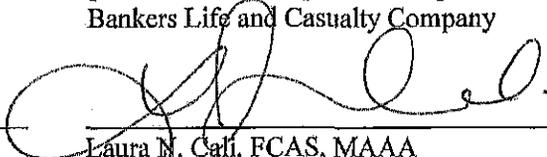
Dated 12/3/14

WILLIAM D. FEITTS, JR.
[Signature of Representative]

WILLIAM D. FEITTS, JR.
[Printed Name of Representative]

SVP REGULATORY & GOVERNMENT AFFAIRS
[Printed Title of Representative]
Bankers Life and Casualty Company

Dated 12/11/14



Laura N. Cali, FCAS, MAAA
Insurance Commissioner and Chief Actuary