

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **AIG Life Insurance Company**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 06-06-013

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against AIG Life Insurance Company (AIG Life).

AIG Life desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

AIG Life waives all rights relative to an administrative hearing and judicial review thereof.

AIG Life stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

AIG Life has been licensed in Oregon as a foreign insurer since 10/10/63. AIG Life's last recorded principal business address is located in Wilmington, Delaware.

Issued Group Health Insurance Policy to Unapproved Association

AIG Life is subject to enforcement action pursuant to ORS 743.524(1) because of the following circumstances. ORS 743.524(1) prohibits an insurer from offering a group health insurance policy to an association as the policyholder or from offering coverage under such a policy, whether issued in this or another state, unless the director determines that the association satisfies the requirements of ORS 743.522(2). AIG Life issued a group health insurance policy on 6/1/02 to one association, and on 1/104 to another association, both of which were not approved by the director, and insured under the policies as few as four and as many 2,502

persons residing in Oregon. The name of the association, the effective dates of the policy, and the number of Oregon residents insured under the policy, in each instance is as follows:

<u>Association / Group Policyholder</u>	<u>Effective Dates</u>	<u>No. Oregon Insureds</u>
United Service Association for Health Care	6/1/02 to unknown	4
Health Advocates Alliance	1/1/04 to 1/1/05	<u>max of 2,498</u>
Total		<u>max of 2,502</u>

Action

Pursuant to ORS 731.988, AIG Life is assessed a civil penalty of \$10,000. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be *received* by the Insurance Division by the date of the final order.

Dated August 31, 2006

/s/ Donald E. Roberts Jr.

[Signature of Representative]

Donald E. Roberts Jr.

[Printed Name of Representative]

Assistant Vice President

[Printed Title of Representative]

AIG Life Insurance Company

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated September 28, 2006

/s/ Cory Streisinger

Cory Streisinger

Director

Department of Consumer and Business Services