STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Time Insurance Company**	)	**STIPULATION** and
	)	**FINAL ORDER**
	)	Case No. INS 04-04-011

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 Time Insurance Company (Time), formerly known as Fortis Insurance Company. Time markets health insurance under the trade name Assurant Health.

Time enters into this stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

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

Time stipulates to the following facts, conclusions, and action; and consents to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Time has been licensed in Oregon as a foreign insurer since 10/1/56. Time's principal business address is located in Milwaukee, Wisconsin.

Failed to Apply Prior Creditable Coverage

Time is subject to enforcement action pursuant to OAR 836-053-0460(2) because of the following circumstances. OAR 836-053-0460(2) requires an insurer that excludes specified services for a specified period that are otherwise covered under an individual health insurance policy to reduce the exclusion period by the amount of time that an insured was covered for the same service under a prior health insurance policy if the coverage either remained in effect on, or terminated less than 64 days before, the effective date of coverage under the subsequent policy. The

amount of time that an insured was covered for the same service under a prior health insurance policy is called prior creditable coverage. At all relevant times, Time had issued to each of certain persons who resided in Oregon a health insurance policy that covered maternity health care services. The policy normally excluded maternity health care services for a period of 270 days. However, the insureds had been covered for maternity health care services under a prior health insurance policy issued by another insurer or by Time. The insureds' coverage under the prior policies either remained in effect on, or terminated less than 64 days before, the effective date of coverage under their Time policies. Thus, the insureds had sufficient prior creditable coverage to either eliminate or reduce the normal exclusion period of their Time policies. Subsequently, the insureds received maternity health care services. The services were received after the exclusion period as reduced or eliminated by the prior creditable coverage. Subsequently, the insureds filed claims for the services. However, from 1/1/00 to 7/6/05, Time denied 693 of the claims because Time did not eliminate or reduce the exclusion period by the prior creditable coverage. Subsequently, some of the insureds complained to the Insurance Division and the Insurance Division investigated the complaints. During the investigation, the Insurance Division discovered that Time should have but failed to pay other similar claims. Subsequently, Time paid the claims that should have been paid.

Refused to Pay Claim Without Conducting a Reasonable Investigation

Time is subject to enforcement action pursuant to ORS 746.230(1)(d) because of the following circumstances. ORS 746.230(1)(d) prohibits an insurer from refusing to pay claims without conducting a reasonable investigation based on all available information. At all relevant times, Time had issued certain health insurance policies to persons residing in Oregon. The policies were based on policy form number 236.001 OR. The policies covered *inter alia* a women's annual medical examination without any limitation or reduction due to any annual maximum benefit limit, deductible, copay, or waiting period policy provision. Subsequently, the insureds received the examinations and filed claims therefor.

1. From 10/2/00 to 6/15/04, Time denied, or reduced the amount paid for, 2,565 of the claims by applying an annual maximum benefit limit, deductible, copay, or waiting period policy provision. Subsequently, an insured complained to the Insurance Division and the Insurance Division investigated the complaint. During the investigation, the Insurance Division discovered that Time should have but failed to pay other similar claims. Subsequently, Time paid the claims that should have been paid.

2. From 10/2/00 to 3/31/05, Time denied, or reduced the amount paid for, 2,762 of the claims by applying an annual maximum benefit limit, deductible, copay, or waiting period policy provision. Subsequently, an insured complained to the Insurance Division and the Insurance Division investigated the complaint. During the investigation, the Insurance Division discovered that Time should have but failed to pay other similar claims. Subsequently, Time paid the claims that should have been paid.

3. From 1/1/05 to 11/15/05, Time denied, or reduced the amount paid for, 338 of the claims by applying an annual maximum benefit limit, deductible, copay, or waiting period policy provision. Subsequently, an insured complained to the Insurance Division and the Insurance Division investigated the complaint. During the investigation, the Insurance Division discovered that Time should have but failed to pay other similar claims. Subsequently, Time paid the claims that should have been paid.

Used Impermissible Information to Evaluate an Applicant's Health Status

Time is subject to enforcement action pursuant to ORS 743.766(1) because of the following circumstances. ORS 743.766(1) requires a carrier, as defined in ORS 743.730(6), that offers individual health benefit plans, as defined in ORS 743.730(18), and evaluates the health status of an applicant for coverage in a plan, to use only the standard health statement established by the Health Insurance Reform Advisory Committee (HIRAC) to evaluate the health status of an individual. The standard health statement established by HIRAC is called the Oregon Standard Health Statement. See OAR 836-053-0510(1). From 2/25/02 to

5/24/02, Time requested and received from an affiliated carrier, John Alden Life Insurance Company, the claims history of two applicants for coverage in an individual health benefit plan to be provided by Time. Time used the information to determine whether to replace or upgrade each applicant's coverage.

Issued Policy Using Unapproved Form

Time is subject to enforcement action pursuant to ORS 742.003(1) because of the following circumstances. ORS 742.003(1) prohibits an insurer from delivering or issuing for delivery in this state a basic policy form, or application form where written application is required and is to be made a part of the policy, or rider, endorsement or renewal certificate form, that has not been filed with and approved by the director. From 7/02 to 6/10/05, Fortis issued a total of 354 student health insurance policies or short term major medical insurance policies to persons residing in Oregon who applied for the policies using the respective application form. Application form number 20715, in its various versions, was used to apply for the student health insurance. Application form number 21142, in its various versions, was used to apply for the short term major medical insurance. Each application form was required to be and was made a part of the policy applied for. However, each application form was not filed with and approved by the director before being used in Oregon. The form number, dates used, the number of policies issued using the form, and the date the form was subsequently approved if at all, for each version of the form used is as follows:

Form Number	Date First Used	Policies Issued	Date Approved for Use in Oregon
20715-OR (Rev. 7/2002)	7/02	65	Never approved
20715-OR (Rev. 2/2003)	1/03	32	Never approved
20715-OR (Rev. 4/2004)	5/04	20	Never approved
20715-OR (Rev. 10/2004)	12/04	9	6/10/05
21142-OR (Rev. 7/2004)	6/04	201	Never approved
21142-OR (Rev. 2/2005)	1/05	27	6/10/05
Total		354	

Failed to Timely Notify Claimant Insurer Needed More Time to Accept or Deny Claim

Time is subject to enforcement action pursuant to OAR 836-080-0235(4) because of the following circumstances. OAR 836-080-0235(4) requires an insurer, who receives a proof of loss from an insured but needs more than 30 days after receipt to decide whether to accept or deny the claim, to notify the insured within 30 days after receipt, and every 45 days after the initial notification while the investigation remains incomplete, why the insurer needs more time.

1. From 1/1/03 to 6/30/03, Time received proofs of loss from 101 insureds, and needed more time to investigate the claims, but failed to notify the insureds within 30 days after receipt why more time was needed.

2. From 9/25/03 to 12/20/05, Time received proofs of loss from 8,924 insureds, and needed more time to investigate the claims, but failed to notify all of the insureds within 30 days after receipt why more time was needed, and failed to notify 3,231 of the 8,924 insureds every 45 days after the initial notification should have occurred while the investigation remained incomplete why more time was needed.

Compliance Initiatives and Reduction in Consumer Complaints

Since 2004, Time, along with other insurers within the Assurant group of insurers (collectively referred to Assurant), have implemented several initiatives to improve their compliance with the regulatory laws of all states in which it conduct business, including Oregon. Assurant invested at least $2 million to conduct a national review of all applicable laws, and over $3 million to acquire new tracking and monitoring systems. Also, Assurant amended its code of ethics, created a senior executive compliance oversight committee, created a cross-functional compliance team, hired a quality assurance auditor, realigned its compliance and legal resources, and created an ethics and compliance hotline and intranet training for its employees.

Since 2004, and especially in 2006, the number of complaints received by the director from Oregon consumers about Time has declined.

Action

Pursuant to ORS 731.988, Time is assessed a civil penalty of $60,000. 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 is due on, and shall be received by the Insurance Division by, the date of the final order.

Dated January 24, 2007

/s/ C R Palme-Krizak
[Signature of Representative]

Christina R. Palme-Krizak
[Printed Name of Representative]

Senior Vice President
[Printed Title of Representative]

Time 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 February 13, 2007

/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services

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