

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

In the Matter of **John Alden Life Insurance Company** ) **STIPULATION** and  
 ) **FINAL ORDER**  
 ) Case No. INS 05-02-006

**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 John Alden Life Insurance Company (John Alden Life). John Alden Life markets health insurance under the trade name Assurant Health.

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

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

John Alden Life 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

John Alden Life has been licensed in Oregon as a foreign insurer since 12/31/73. John Alden Life's last recorded principal business address is located in Milwaukee, Wisconsin.

Failed to Apply Prior Creditable Coverage

John Alden Life 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, John Alden Life had issued certain health insurance policies to persons residing in Oregon. The policies were based on policy form number 393-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. However, from 10/1/00 to 1/26/05, John Alden Life denied, or reduced the amount paid for, 71 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 John Alden Life should have but failed to pay other similar claims. Subsequently, John Alden Life paid the claims that should have been paid.

#### Used Impermissible Information to Evaluate an Applicant's Health Status

John Alden Life 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 2/17/02 to 5/14/04, John Alden Life requested and received from an affiliated carrier, Fortis Insurance Company, the claims history of 23 applicants for coverage in an individual health benefit plan to be provided by John Alden Life. John Alden Life used the information to determine whether to replace or upgrade each applicant's coverage.

#### Compliance Initiatives

Since 2004, John Alden Life, 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.

**Action**

Pursuant to ORS 731.988, John Alden 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 (4<sup>th</sup> 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]

John Alden 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 February 13, 2007

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

//  
//  
//