

claimant in writing every 45 days thereafter while the investigation remains incomplete, why the insurer needs more time to investigate the claim.

From 12/1/03 to 6/30/11, in at least 7,948 instances, Aetna Life received from an insured a claim for student health insurance benefits. In each instance, Aetna Life needed more time to investigate the claim. Aetna Life mailed to the insured within 30 days of receiving the claim a letter requesting additional information. When Aetna Life did not receive the requested information, it mailed within 28 days of mailing the first letter another letter continuing to request the information. When Aetna Life still did not receive the requested information, it mailed within 28 days of mailing the second letter another letter continuing to request the information. When Aetna Life still did not receive the requested information, it indefinitely suspended its investigation of the claim. While the claim was suspended, Aetna Life did not send to the insured either any additional follow up letters explaining that Aetna Life had not received but still needed the information, or a letter denying the claim and explaining why the claim was denied.

In July 2010, the director received from an insured a complaint. The director investigated the complaint. During the investigation, the director discovered that Aetna Life's procedure did not comply with the law. In October 2011, Aetna Life took corrective action by changing its procedure to comply with the law, and sending a letter to each insured denying the claim and explaining why the claim was denied.

Action

Pursuant to ORS 731.988(1), Aetna Life is assessed a civil penalty of \$15,000. 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 or mailed to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE Room 300, Salem, OR 97301-3880; 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 February 7, 2012

/s/ Ranae Radke

[Signature of Representative]

Ranae Radke

[Printed Name of Representative]

Compliance Manager

[Printed Title of Representative]

Aetna 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 March 6, 2012

/s/ Patrick M. Allen

Patrick M. Allen

Director

Department of Consumer and Business Services

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