

perform an audit of its long term care and home health care claims for the time period
 from January 1, 2011 through February 11, 2014 and report the number of times
 Respondent incorrectly calculated the insured's elimination period and/or waiver of
 premium date. Respondent performed the audit and reported the following errors:

A. For policy number R11006202, Respondent incorrectly calculated the
elimination period and waiver of premium, resulting in \$1,545.58 being owed to the
claimant.

8 B. For policy number R11001561, Respondent incorrectly calculated the
9 elimination period and waiver of premium, resulting in \$152.90 being owed to the
10 claimant.

11 C. For policy number R11004126, Respondent incorrectly calculated the 12 elimination period and waiver of premium, resulting in \$1,461.88 being owed to the 13 claimant.

D. For policy number R12002576, Respondent incorrectly calculated the elimination period and waiver of premium, resulting in \$29.99 being owed to the claimant.

E. For policy number R10000880, Respondent incorrectly calculated the elimination period and waiver of premium, resulting in \$686.01 being owed to the claimant.

F. For policy number R12006918, Respondent incorrectly calculated the elimination period and waiver of premium, resulting in \$228.82 being owed to the claimant.

G. For policy number R10000054, Respondent incorrectly calculated the elimination period and waiver of premium, resulting in \$111.76 being owed to the claimant.

For policy number R13008248, Respondent incorrectly calculated the

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1 elimination period and waiver of premium, resulting in \$25.78 being owed to the2 claimant.

I. For policy number R13009118, Respondent incorrectly calculated the
elimination period and waiver of premium, resulting in \$370.62 being owed to the
claimant.

J. For policy number R12001436, Respondent incorrectly calculated the
elimination period and waiver of premium, resulting in \$7.60 being owed to the
claimant.

9 K. For policy number R13002316, Respondent incorrectly calculated the
10 elimination period and waiver of premium, resulting in \$111.88 being owed to the
11 claimant.

L. For policy number R12002808, Respondent incorrectly calculated the elimination period and waiver of premium, resulting in \$44.77 being owed to the claimant.

M. For policy number R11004318, Respondent incorrectly calculated the
elimination period and waiver of premium, resulting in \$141.92 being owed to the
claimant.

N. For policy number R13005966, Respondent incorrectly calculated the elimination period and waiver of premium, resulting in \$112.29 being owed to the claimant.

O. For policy number R13000600, Respondent incorrectly calculated the elimination period and waiver of premium, resulting in \$13.92 being owed to the claimant.

P. For policy number R12003678, Respondent incorrectly calculated the
elimination period and waiver of premium, resulting in \$35.22 being owed to the
claimant.

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John Hancock INS-16-0262

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1	Q. For policy number R12007753, Respondent incorrectly calculated the waiver		
2	of premium, resulting in \$55.65 being owed to the claimant.		
3	R. For policy number R11000257, Respondent incorrectly calculated the waiver		
4	of premium, resulting in \$454.29 being owed to the claimant.		
5	S. For policy number R11001365, Respondent incorrectly calculated the waiver		
6	of premium, resulting in \$134.79 being owed to the claimant.		
7	T. For policy number R10001059, Respondent incorrectly calculated the waiver		
8	of premium, resulting in \$67.86 being owed to the claimant.		
9	U. For policy number JH 008193, Respondent incorrectly calculated the waiver		
10	of premium, resulting in \$191.23 being owed to the claimant.		
11	3. On or before April 22, 2014, Respondent refunded the monies described in		
12	paragraphs 2A through 2U to the claimants.		
13	4. On October 9, 2015, the Division requested that Respondent provide a list of		
14	all long term care claims and home health care claims that Respondent did not process		
15	within the time required by Oregon insurance regulations. On November 9, 2015,		
16	Respondent provided data to the Division revealing that, between August 29, 2014 and		
17	September 6, 2015, on 122 occasions Respondent failed to respond to the claimant within		
18	30 business days after receiving a claim for long term care or home health care.		
19	CONCLUSIONS OF LAW		
20	The Director CONCLUDES that:		
21	5. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that		
22	any person has been engaged or is engaging or is about to engage in any violation of the		
23	Insurance Code, the Director may issue an order, directed to such person, to discontinue		
24	or desist from such violation or threatened violation.		
25	6. Pursuant to ORS 746.230(1)(a), no insurer or other person shall misrepresent		
26	facts or policy provisions in settling claims.		

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Division of Financial Regulation Labor and Industries Building Sale Winter Street NE, Suite 410 Salem, OR 97301-388, Telephone: (503) 378-4387

John Hancock INS-16-0262

7. Respondent violated ORS 746.230(1)(a) on 21 occasions when it
 misrepresented facts and/or policy provisions by incorrectly calculating the elimination
 period and/or waiver of premium benefit when settling claims as described in paragraphs
 2A through 2U above.

8. Pursuant to ORS 743.652(5), "long term care insurance" means any insurance
policy designed to provide coverage for not less than 24 consecutive months for one or
more necessary or medically necessary services, including but not limited to nursing,
diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services,
provided in a setting other than an acute care unit of a hospital.

9. Pursuant to Oregon Administrative Rule ("OAR") 836-052-0770(2), within 30 business days after receipt of a claim for benefits under a long term care insurance policy or certificate, an insurer shall pay the claim if it is a claim that has no defect or impropriety, or (a) send a written notice acknowledging the date of receipt of the claim and that the insurer is declining to pay all or part of the claim and the specific reason for denial or (b) that additional information is necessary to determine if all or any part of the claim is payable and the specific additional information that is necessary.

17 10. Respondent violated OAR 836-052-0770(2) on 122 occasions by failing to
18 respond within 30 business days after receipt of a claim for long term care.

19 11. Pursuant to ORS 731.988(1) the Director may impose a civil penalty of up to
20 \$10,000 per violation upon any person that violates any provision of the Insurance Code
21 or any lawful rule or final order of the Director.

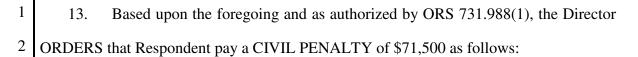
ORDERS

Now, therefore, the Director issues the following ORDERS:

12. As authorized by ORS 731.252(1), the Director ORDERS Respondent to
CEASE AND DESIST from violating any provision of the Insurance Code or the
administrative rules promulgated thereunder.

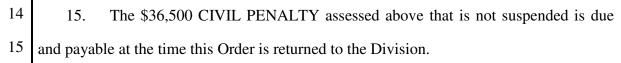
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- 3 A. A CIVIL PENALTY of \$500 per occurrence for 21 violations of ORS
 4 746.230(1)(a) for a total CIVIL PENALTY of \$10,500.
- 5 B. A CIVIL PENALTY of \$500 per occurrence for 122 violations of OAR 8366 052-0770(2) for a total CIVIL PENALTY of \$61,000.

7 14. The Director SUSPENDS the collection of \$35,000 of the total CIVIL
8 PENALTY assessed above, so long as Respondent complies with all terms and
9 conditions of this Order and all requirements of the Oregon Insurance Code. If
10 Respondent complies with the terms of this Order and the Director has not initiated an
11 enforcement action for new violations of the Oregon Insurance Code during the three12 year period from the effective date of this Order, the Director WAIVES the collection of
13 the suspended CIVIL PENALTY assessed herein.



SO ORDERED this <u>17th</u> day of <u>February</u>, 2017.

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PATRICK M. ALLEN, Director Department of Consumer and Business Services

> /s/ David Tatman David C. Tatman, Chief of Enforcement Division of Financial Regulation

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	1	CONSENT TO ENTRY OF ORDER
		I, <u>William Ball</u> , state that I am an officer of John
	2	Hancock Life Insurance Company (U.S.A.) and I am authorized to act on its behalf. I
	3	have read the foregoing order, and I know and fully understand the contents hereof. I
	4	have been advised of the right to a hearing and of the right to be represented by counsel
	5	in this matter. John Hancock Life Insurance Company (U.S.A.) voluntarily and without
	6	any force or duress consents to the entry of this order expressly waiving any right to a
	7	hearing in this matter. John Hancock Life Insurance Company (U.S.A.) understands that
		the Director reserves the right to take further actions to enforce this order or to take
	8	appropriate action upon discovery of other violations of the Insurance Code. John
	9	Hancock Life Insurance Company (U.S.A.) will fully comply with the terms and
	10	conditions stated herein.
	11	John Hancock Life Insurance Company (U.S.A.) understands that this order is a
	12	public document.
	13	/s/ William Ball
		Signature
	14	William Ball
	15	Printed name
	16	Vice President Operations
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Regulation Building , Suite 410 1 -4387	18	
nancial ustries eet NE (01-388 (3) 378	19	ACKNOWLEDGMENT
a of Fii nd Indu ater Sti OR 973 one: (50		There appeared before me this 9^{th} day of February , 2017,
bivision abor a 50 Wii alem, elepho	20	<u>William Ball</u> , who was first duly sworn on oath, and stated that
H N W L	21	she/he was and is an officer of John Hancock Life Insurance Company (U.S.A.) and that
	22	she/he is authorized and empowered to sign this Consent to Entry of Order on behalf of
	23	John Hancock Life Insurance Company (U.S.A.) and to bind John Hancock Life
	24	Insurance Company (U.S.A.) to the terms hereof.
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	26	/s/ Julie Tamburo Signature of Notary Public
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