

IN RE :

PIONEER LIFE INSURANCE COMPANY

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CONSENT AGREEMENT
Docket No. INS 00-3017

This document is a Consent Agreement, authorized by 5 Maine Revised Statutes Annotated (M.R.S.A.) §9053(2), entered into by Pioneer Life Insurance Company (hereafter also "*Pioneer*") and the Superintendent of the Maine Bureau of Insurance (hereafter also the "*Superintendent*"). Its purpose is to resolve, without resort to an adjudicatory proceeding, a violation of 24-A M.R.S.A. §2736-C(3)(A), as set forth below.

FACTS

1. Pioneer has been a Maine licensed health insurer, License # LHF976, since December 19, 1988.
2. The Superintendent of Insurance is the official charged with administering and enforcing Maine's insurance laws and regulations.
3. On March 17, 2000, the Bureau received complaint #2000507777 from Consumer, whose right to continuation of her group health insurance under the federal Consolidated Omnibus Budget Reconciliation Act (hereafter COBRA) was scheduled to terminate as of March 31, 2000. Consumer's former employer was the policyholder of a small group health insurance policy. Consumer complained after Pioneer failed to honor her right, guaranteed by 24-A M.R.S.A. §2736-C(3)(A), to purchase an individual health policy without medical underwriting.
4. On February 28, 2000, in anticipation of the end of her COBRA benefits, Consumer telephoned Pioneer and discussed purchasing an individual health policy. During this conversation and in three other telephone discussions on March 14th and 15th, Consumer informed Pioneer about her soon-to-expire COBRA continuation benefits, and of her need to know when the Pioneer policy would go into effect.
5. On March 15th, Consumer spoke with Chad M. Conti, Pioneer's Supervisor of Small Group Customer Service, and repeated her request as to the effective date if she purchased a policy. The Bureau asked Pioneer for Mr. Conti's version of this conversation. Mr. Conti responded in a letter to the Bureau dated June 23, 2000, in which he states:

She... asked...as to when she may anticipate her coverage going into force. I replied that it would depend on several factors including the way she answered the health questions on the application and if the Underwriting Department deemed it necessary to obtain medical records based on her answers.

6. According to Consumer, Mr. Conti also told her in their March 15th discussion that Pioneer could deny her application, and it might be four to ten weeks before Pioneer decided whether to issue the policy.
7. 24-A M.R.S.A. §2153 proscribes, as an unfair trade practice, misrepresentation of the terms of a policy to be issued "or the benefits or advantages promised thereby."

CONCLUSIONS OF LAW

8. As described in paragraphs 4 through 7, Pioneer violated 24-A M.R.S.A. §2153 by misrepresenting to Consumer that she did not have a right to guaranteed issuance of an individual health insurance policy, and that she was subject to medical underwriting before she could be considered for a policy.

COVENANTS

9. A formal hearing in this complaint proceeding is waived and no appeal will be taken.

This Consent Agreement is an enforceable agency action within the meaning of the Maine Administrative Procedure Act.

10. At the time of executing this Agreement, Pioneer shall pay to the Maine Bureau of Insurance a penalty in the amount of \$2,000, drawn to the Treasurer of the State of Maine.
11. In consideration of Pioneer's execution of and compliance with the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measure or other civil sanction for the violation described above other than those agreed to herein.

MISCELLANEOUS

12. Pioneer understands and acknowledges that this Agreement will constitute a public record within the meaning of 1 M.R.S.A. §402, will be available for public inspection and copying as provided by 1 M.R.S.A. §408, and will be reported to the NAIC "RIRS" database.
13. The parties understand that nothing herein shall affect any right or interest of any person who is not a party to this Agreement.
14. This Agreement may be modified only by the written consent of the parties.
15. Pioneer was informed of its right to consult with counsel of its own choice before executing this Agreement.
16. Nothing herein shall prohibit the Bureau of Insurance from seeking an order to enforce this Consent Agreement, or from seeking additional sanctions in the event Pioneer does not comply with the above terms, or in the event the Bureau receives evidence that further legal action is necessary for the protection of Maine consumers.

**FOR PIONEER LIFE
INSURANCE COMPANY**

Dated: _____, 2000

By: _____

Signature

Typed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2000.

Notary Public

Dated: _____, 2000

**FOR THE BUREAU OF
INSURANCE**

**Alessandro A. Iuppa
Superintendent of Insurance**

STATE OF MAINE
KENNEBEC, ss.

Subscribed and sworn to before me
this _____ day of _____, 2000

Notary Public/Attorney at Law

**FOR THE MAINE
ATTORNEY GENERAL**

**Judith Shaw Chamberlain
Assistant Attorney General**

Dated: _____, 2000

STATE OF MAINE
KENNEBEC, ss.

Subscribed and sworn to before me
this _____ day of _____, 2000

Notary Public/Attorney at Law