

**IN RE: CONSECO HEALTH
INSURANCE COMPANY**

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**CONSENT AGREEMENT
Docket No. INS 02-1590**

This document is a Consent Agreement, authorized by 10 M.R.S.A. § 8003(5)(B), entered into by and among Conseco Health Insurance Company (hereafter "Conseco"), the Superintendent of the Maine Bureau of Insurance (hereafter "the Superintendent"), and the Office of the Attorney General. Its purpose is to resolve, without resort to an adjudicatory proceeding, violations of the Maine Insurance Code as set forth below.

FACTS

1. The Superintendent is the official charged with administering and enforcing Maine's insurance laws and regulations.
2. Conseco Health Insurance Company is a Maine licensed life and health company (foreign), license number 954.
3. On July 8, 2002, the Consumer filed a complaint with the Bureau, complaint No. 2002-10977. The Consumer paid Conseco for a Medicare Supplement policy. Prior to the end of the policy period, the Consumer obtained coverage through another Medicare Supplement carrier, sent a notice of cancellation to Conseco, and asked Conseco for a refund of unearned premium for the policy year.
4. In response to the Consumer's complaint, Bureau staff wrote to Conseco on July 10, 2002 advising Conseco of the requirements of Title 24-A M.R.S.A. § 2453, which provides:

Life and health insurance policies that do not provide for any Refund of premium when a policyholder requests cancellation prior to the end of the period for which premiums have been paid must state that no refund is payable and that the cancellation will take effect at the end of the period for which premiums have been paid unless the policyholder requests an earlier cancellation.

5. On July 29, 2002, Bureau staff again wrote to Conseco, stating in part: "I have reviewed a copy of Conseco's Medicare Supplement Policy, Plan E, on file here at the Bureau of Insurance and note that there is not language in this policy that affirmatively discloses that no refund is available if the insured cancels coverage before the end of the period for which he has paid premiums."
6. On August 15, 2002, Conseco wrote to the Bureau advising that a refund of premium would be processed as of the date the insured's cancellation letter was received.

CONCLUSIONS OF LAW

7. As described in paragraphs 1-6 above, Conseco violated Title 24-A M.R.S.A. § 2453 by failing to refund unearned premium after receiving Consumer's notice of cancellation. The Medicare Supplement policy did not include a statement that no refund would be

payable if the policy was cancelled and that the cancellation would take effect at the end of the period for which premiums had been paid unless the policyholder requested an earlier cancellation.

COVENANTS

- 8. A formal hearing in this matter is waived and no appeal will be made.
- 9. At the time of executing this Agreement, Conseco shall pay to the Bureau of Insurance a penalty in the amount of five hundred dollars (\$500.00), payable to the Treasurer of the State of Maine.
- 10. In consideration of Conseco's execution of, and compliance with, the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measures or other civil sanction for the specific violations described above, other than those agreed to in this Consent Agreement.

MISCELLANEOUS

- 11. This Consent Agreement may only be modified by the written consent of the parties.
- 12. It is understood by the parties to this Agreement that nothing herein shall affect any rights or interests of any person not a party to this Agreement.
- 13. Conseco acknowledges that this Consent Agreement is a public record within the meaning of 1 M.R.S.A. § 402 and will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408, and that it will be reported to the NAIC and included in the RIRS database.
- 14. Conseco has been advised of its right to consult with counsel and has, in fact, consulted with counsel before executing this Agreement.
- 15. Nothing herein shall prohibit the Superintendent from seeking an order to enforce this Agreement, or from seeking additional sanctions in the event that Conseco does not comply with the above terms.

Signature Pages

Dated: _____, 2002

CONSECO HEALTH INSURANCE COMPANY

By: _____

Its: _____

Printed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2003.

Notary Public

Printed name

Date of commission expiration

MAINE BUREAU OF INSURANCE

Dated: _____, 2002

Alessandro A. Iuppa
Superintendent of Insurance

STATE OF MAINE
KENNEBEC, SS.

Subscribed and sworn to before me
this _____ day of _____, 2002

Notary Public/Attorney-at-Law

Dated: _____, 2002

**MAINE DEPARTMENT
OF THE ATTORNEY GENERAL**

Thomas C. Sturtevant
Assistant Attorney General