

**IN RE:** )  
 **RISK ENTERPRISE MANAGEMENT** )  
 **LIMITED** ) **CONSENT AGREEMENT**  
 ) **Docket No. INS-12-232**  
 )

**THIS CONSENT AGREEMENT** is entered into by and among **RISK ENTERPRISE MANAGEMENT LIMITED** (the “Company”), the **MAINE SUPERINTENDENT OF INSURANCE** (the “Superintendent”), and the **OFFICE OF THE MAINE ATTORNEY GENERAL** (the “Attorney General”). Its purpose is to bring to a halt, without resort to an adjudicatory proceeding, violations of 39-A M.R.S. § 359(2) certified to the Superintendent by the Maine Workers’ Compensation Board (the “Board”) on September 10, 2010 pursuant to that provision.

**I**

**STIPULATIONS**

1. The Superintendent is the official charged with administering and enforcing Maine’s insurance laws and regulations.
2. The Company is organized and domiciled under the laws of the State of Delaware, and is licensed in Maine as a third-party administrator under License Number TAF148541, first issued on December 18, 2007. The Company administers claims arising under the Maine Workers’ Compensation Act of 1992, M.R.S. Title 39-A, as amended, and regulations of the Board issued thereunder (the “WCA”).
3. Between April and June 2010, the Board’s Monitoring Audit & Enforcement Division (the “MAE Division”) audited certain records of the Company with respect to claims filed under the WCA with dates of injury during 2009. This audit focused on compliance with WCA requirements for form filing, timeliness of indemnity payments, and accuracy of indemnity benefits.
4. On July 15, 2010, the Board issued a Compliance Audit Report detailing its findings (the “Report”).
5. In August 2010, the Board and the Company entered into a Consent Decree, in lieu of an administrative hearing, addressing the findings in the Report (the “Consent Decree”). The Company agreed in the Consent Decree that it had “engaged in a pattern of questionable claims-handling techniques and/or repeated unreasonably contested claims in violation of Section 359(2)” of the WCA by:
  - a. using unlicensed adjusters,
  - b. failing to file or timely file forms with the Board,
  - c. failing to pay or timely pay indemnity benefits,
  - d. failing to pay claims accurately, and
  - e. repeatedly and unreasonably contesting claims.
6. In August 2010, Company adjusters attended two days of Board training at the Company’s Quincy, Massachusetts office to address the claims-handling issues identified in the Report.

7. On September 10, 2010, the Board certified the Consent Decree findings to the Superintendent as required by 39-A M.R.S. § 359(2).
8. The Board's Quarterly Compliance Reports for periods after the Audit show that the Company performed as follows:

	<b>Post-Audit Performance</b>			
	<b>FROIs (85%)</b>	<b>Payments (87%)</b>	<b>MOPs (85%)</b>	<b>NOCs (90%)</b>
Q1 10:	52%	100%	50%	100%
Q2 10:	60%	33%	67%	No filings
Q3 10:	100%	100%	100%	100%
Q4 10:	100%	100%	100%	No filings
Q1 11:	No activity	No activity	100%	100%
Q2 11:	100%	No filings	67%	No filings
Q3 11:	90%	100%	No filings	No filings
Q4 11:	86%	58%	33%	No filings
Q1 12:	No filings	No filings	No filings	No filings
Q2 12:	100%	No filings	No filings	100%

9. The Company has conducted a formal review for accuracy of indemnity claims paid since January 1, 2009.

## II

### MAINE LAW

10. 39-A M.R.S. § 359(2) provides in part that:

[T]he [workers' compensation] board ... upon finding, after hearing, that an employer, insurer or 3rd-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims ... shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt.

## III

### CONCLUSIONS OF LAW

11. The Company violated 39-A M.R.S. § 359(2) by engaging in a pattern of questionable claims-handling techniques and repeated and unreasonably contested claims through September 10, 2010.
12. The Superintendent is required to take appropriate action to bring those practices to a halt.

## IV

### COVENANTS

13. The Company shall comply with each provision of this Agreement.
14. The Company represents that it has brought to a halt the pattern of questionable claims-handling techniques and/or repeated and unreasonably contested claims.
15. The Company represents that it has adopted written procedures that ensure that all claims

for indemnity benefits under the WCA are paid in compliance with Maine law, including:

- a. meeting the benchmarks in Exhibit A;
  - b. hiring and retaining supervisory and front-line staff experienced in handling workers' compensation claims in Maine;
  - c. training in-house claims personnel on the provisions of the WCA concerning derivation of benefit levels from average weekly wages and accuracy of indemnity payments;
  - d. ensuring that employers cooperate in meeting the reporting requirements of the WCA;
  - e. maintaining claims payment standards through education and supervision of in-house claims personnel; and
  - f. monitoring the accuracy and timeliness of WCB form filings and benefit payments.
16. The Company represents that it has, for the period starting January 1, 2009 and ending as of the effective date of this Agreement:
- a. delivered to the Superintendent a complete list of WCA indemnity claims with activity during this period and reviewed the indemnity claims, except those discharged under 39-A M.R.S. § 352, presented to the Company under the WCA, the incapacity periods, and indemnity benefits, penalties and interest originally paid thereon;
  - b. recalculated the benefits, penalties and interest to ensure their compliance with the WCA; and
  - c. paid to the appropriate claimants any deficiencies, with the penalties and interest provided for in the WCA, and filed with the Board such related forms as the WCA requires.

The Company represents that it has delivered to the Superintendent an accurate spreadsheet report listing each claim so reviewed (the "Look-Back Report"). The Company shall provide the Superintendent or his designee with such additional information as the Superintendent may require to review the Look-Back Report.

Should the Superintendent, in his sole and absolute discretion, determine, within nine (9) months after the effective date of this Agreement that the Company failed to correct deficiencies in indemnity benefits as required by paragraph 16.c, including penalties and interest due thereon, pursuant to the WCA, resulting in compliance with the WCA in less than 93 percent of the claims required to be reviewed pursuant to paragraph 16, then the Company shall deliver a civil penalty of Five Thousand Dollars (\$5,000) to the Superintendent, within thirty (30) days of receiving the determination.

The Company agrees that (i) any civil penalty assessed under this paragraph will have resulted from its continued failure through the period of the Look-Back Report, to halt the pattern of questionable claims-handling techniques and repeated and unreasonably contested claims established by the Consent Decree, (ii) in declaring any civil penalty due, the Superintendent may rely on the Look-Back Report as conclusive evidence of the fact and extent of such failure, and (iii) the amount of this penalty will not limit further

measures, penalties or remedies that the Superintendent or the Attorney General may impose or seek under paragraph 24 below.

17. The Company shall audit on at least a quarterly basis all indemnity claims to measure compliance with the benchmarks in Exhibit A. The Company shall deliver to the Superintendent and the WCB Deputy Director, MAE Division, the results of these audits for four (4) successive calendar quarters starting with the beginning of the quarter in which the Company executes this Agreement. The Company shall deliver each audit report within thirty (30) days after the end of the applicable calendar quarter. Within forty-five (45) days thereafter, the Superintendent may call a meeting with the Company to discuss any concerns he may have with the Company's claims performance during the period covered by such audit report. Failure to call any such meeting shall not waive any of the Superintendent's or the Attorney General's rights under this Agreement. The Company shall deliver with the last audit report (the "Final Self-Audit Report") a certification in the form attached as Exhibit B, attesting to the accuracy of all claims performance audit information required under this Agreement. The Company shall also deliver, upon the Superintendent's or the WCB Deputy Director's request, all work papers and documents, in any format, in its possession, custody or control, related to any self-audit report. The Company shall compile such information in a manner acceptable to the Superintendent.

Should the Superintendent, in his sole and absolute discretion, determine, within twelve (12) months after receiving the Final Self-Audit Report, that the Company did not meet or exceed on average the benefit payment and form filing benchmarks in Exhibit A during the self-audit review period, then the Superintendent may impose upon the Company a civil penalty not to exceed Fifteen Thousand Dollars (\$15,000), which the Company shall deliver to the Superintendent, within thirty (30) days of receiving the determination. In making this determination, the Superintendent will take into account (i) the Company's compliance with the Exhibit A benchmarks, expressed as a percentage, (ii) the nature of the Company's overall performance as to the Exhibit A benchmarks, and (iii) the size of the claim population audited under the terms of this paragraph.

18. The Company shall pay, as provided by law, the Superintendent's reasonable costs and expenses of monitoring its compliance with, and enforcing the Company's obligations under, this Agreement.

## V

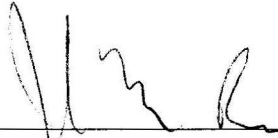
### MISCELLANEOUS

19. The Company waives any:
  - a. hearing rights arising from this Agreement,
  - b. objection to any action that may be taken by the Superintendent pursuant to this Agreement, including but not limited to the imposition of the civil penalties specified in paragraph 16 and agrees it will make no appeal from this Agreement; and
  - c. objection to the Board's release to the Superintendent and the Attorney General of "audit working papers," as defined in section 153 of the WCA, related to any audit of the Company and, in connection with this waiver, to the use of such papers by the Superintendent and Attorney General for purposes related to the implementation and enforcement of this Agreement.

20. The Company acknowledges that this Agreement is a public record within the meaning of 1 M.R.S. § 402 and will be available for public inspection and copying as provided for by 1 M.R.S. § 408, and will be reported to the Regulatory Information Retrieval System database at the National Association of Insurance Commissioners.
21. The Company has been advised of its right to consult with counsel before executing this Agreement, and it has done so.
22. This Agreement does not bind any person or entity not a party to this Agreement, or limit the Superintendent's ability to seek any available legal remedy for alleged or actual violations of the WCA or the Maine Insurance Code against any Company affiliate or subsidiary not a party to this Agreement or against any other entity handling claims for the Company.
23. Nothing in this Agreement shall limit the ability of the Superintendent, in his sole and absolute discretion, in order to determine whether the Company has brought to a halt all violations of 39-A M.R.S. § 359(2) established by the Consent Decree, to investigate the:
  - a. handling of the Company's indemnity claims having dates of injury after December 31, 2009;
  - b. accuracy of the indemnity claim review described in paragraph 16; or
  - c. accuracy of the self-audit quarterly review described in paragraph 17.
24. The purpose of the indemnity claim review described in paragraph 16 and the self-audit quarterly review described in paragraph 17 is to confirm that the Company did bring to a halt the violations established by the Consent Decree. Therefore, in consideration of the Company's execution of this Agreement, the Superintendent and the Attorney General shall not pursue civil penalties, disciplinary measures or other civil or administrative sanctions, other than those agreed to herein, for violations established by the Consent Decree that continue through the period of the paragraph 16 review. However, the Superintendent or the Attorney General may pursue any available legal remedy, including without limitation imposition of additional civil penalties and the limitation, suspension or revocation of workers' compensation authorities issued to the Company by the Superintendent should the Company:
  - a. engage in conduct that violates 39-A M.R.S. § 359(2) after the period of the paragraph 16 and paragraph 17 reviews; or
  - b. violate any provision of this Agreement other than as described in paragraph 16; or
  - c. otherwise violate Maine law.
25. The effective date of this Agreement is the date entered in the Superintendent's signature line below.
26. This Agreement may be modified only by the written consent of all parties.

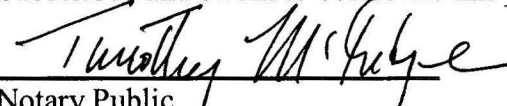
Dated: December 7, 2012

**RISK ENTERPRISE MANAGEMENT LIMITED**

By: 

Its: Joel M. Ross, Associate General Counsel  
Printed Name and Title

Subscribed and sworn to before me this 7th day of December, 2012.

  
Notary Public

TIMOTHY McINTYRE  
Printed name

10/26/2016  
Date commission expires

TIMOTHY McINTYRE  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires 10/26/2016

Dated: 12/20, 2012

**OFFICE OF THE MAINE ATTORNEY  
GENERAL**



Jonathan R. Bolton  
Assistant Attorney General

Effective  
Date: Dec 20, 2012

**MAINE BUREAU OF INSURANCE**



Eric A. Cioppa  
~~Acting~~ Superintendent



Exhibit B

Form of Certification

IN RE: )  
 RISK ENTERPRISE MANAGEMENT )  
 LTD. )  
 ) AFFIDAVIT OF  
 ) CORPORATE OFFICER  
 )  
 ) Docket No. INS-12-232  
 )  
 )

The undersigned, being duly sworn, says:

1. Terms used but not defined in this affidavit shall have the meanings given them in the Consent Agreement entered into between the above Company, the Superintendent and the Attorney General under Bureau docket number INS-12-232.
2. I have read and understand the Consent Agreement and exhibits attached thereto.
3. I understand that the Board and Bureau may rely on the truthfulness of the information contained in and materials attached to this affidavit and that the truthfulness of this information is material to the ability of the Superintendent and the Board to evaluate the Company's compliance with the Consent Agreement.
4. I have read the materials attached to this affidavit. They accurately and completely summarize the information contained therein, as required by paragraph 16 of the Consent Agreement.
5. I hold the position identified below and have obtained all necessary authority from the Company to give this affidavit on its behalf in connection with the proceedings undertaken as Bureau Docket No. INS-12-232.

Joel M. Ross  
 (name typed or printed)  
Associate General Counsel  
 (position typed or printed)  
Risk Enterprise Management Limited  
 (company name typed or printed)

Acknowledgement

State of New Jersey  
 County of Middlesex

Personally appeared before me on December 7, 20 12, the above named Joel M. Ross and, being duly sworn, affirmed that this affidavit is based upon his or her personal knowledge and is true and correct.

Before me,  
 TIMOTHY McINTYRE  
 NOTARY PUBLIC OF NEW JERSEY  
 My Commission Expires 10/26/2016

Timothy McIntyre  
 Notary Public/Attorney-at-Law  
 Printed Name: TIMOTHY McINTYRE  
 My Commission Expires: 10/26/16