

1 found that NTL failed to file or obtain approval of any of these 4 pieces prior to their
2 use.

3 4. The Examiners reviewed 106 of 2,811 policies issued and declined by the
4 Company during the time frame of the examination and found as follows:

5 a. NTL's declination letter to 67 applicants failed to include a Summary
6 of Rights.

7 b. NTL used an HIV-related test consent form that was not filed nor
8 approved by the Director. The Company filed the HIV-related test consent form on
9 November 8, 1999, and the Department approved the form on December 9, 1999.

10 5. The Examiners reviewed 386 of 55,642 claims paid and denied by the
11 Company during the time frame of the examination and found as follows:

12 a. NTL failed to acknowledge the receipt of the notification of 90 claims within
13 10 working days of receipt.

14 b. NTL failed to advise 21 first party claimants of the acceptance or denial of
15 their claim within 15 working days of receipt of an acceptable proof of loss.

16 6. NTL issued a Health Care Appeals Information Packet from 7/1/98 to
17 2/12/99 to 514 newly issued health policy insureds, which had not been approved by
18 the Director prior to its use. However, the Company filed the packet for approval on
19 July 1, 1998.

20 **CONCLUSIONS OF LAW**

21 1. NTL violated A.R.S. § 20-1110(E) by failing to file advertising material prior
22 to its use.

23 2. NTL violated A.A.C. R20-6-1203(C) because it used an HIV-related test
24 consent form (INS 7291 AZ 1-96) that was not filed nor approved by the Director.

25 3. NTL violated A.R.S. §20-2110(A) because it failed to give declined

1 applicants for insurance a Summary of Rights.

2 4. NTL violated A.R.S. §20-2533(C) because it failed to distribute a health
3 care appeals information packet that had been filed and approved by the Director prior
4 to its use.

5 5. NTL violated A.R.S. §20-461(A)(2) and A.A.C. R20-6-801(E)(1) by failing to
6 acknowledge the receipt of a claim within 10 working days.

7 6. NTL violated A.R.S. §20-461(A)(5) and A.A.C. R20-6-801(G)(1)(a) because
8 it failed to advise first party claimants of the acceptance or denial of claims within 15
9 working days of receipt of an acceptable proof of loss.

10 7. Grounds exist for the entry of the following Order, in accordance with A.R.S.
11 §20-220, 20-456, and 20-2117.

12 **ORDER**

13 **IT IS ORDERED THAT:**

14 1. National Travelers Life Company shall cease and desist from committing
15 the following practices:

- 16 a. Using an unfiled HIV-related test consent form.
- 17 b. Failing to provide applicants with a Summary of Rights.
- 18 c. Failing to distribute to new policyholders a health care appeals
19 information packet that has been filed and approved by the Director prior to its use.
- 20 d. Failing to acknowledge receipt of a claim within 10 working days.
- 21 e. Failing to advise first party claimants of the acceptance or denial of
22 claims within 15 working days after receipt of an acceptable proof of loss.

23 2. Within 90 days of the filed date of this Order National Travelers Life
24 Company shall submit to the Arizona Department of Insurance, for approval, evidence
25 that corrections have been implemented and communicated to the appropriate

1 personnel, regarding all of the items listed above in Paragraph 1 of the Order section of
2 this Consent Order. Evidence of corrective action and communication thereof includes
3 but is not limited to memos, bulletins, Email, correspondence, procedure manuals, print
4 screens, training materials.

5 3. The Department shall be permitted through authorized representatives to
6 verify that NTL has complied with all of the provisions of this Order.

7 4. National Travelers Life Company shall pay a civil penalty of \$11,000.00 to
8 the Director for deposit into the State General Fund in accordance with A.R.S. §20-
9 220(B). The civil penalty shall be provided to the Market Conduct Section of the
10 Department prior to the filing of this Order.

11 5. The Report of Examination of the Market Conduct Affairs of National
12 Travelers Life Company as of November 24, 1999 including the letter submitted in
13 response to the Report of Examination shall be filed with the Department after the
14 Director has filed this Order.

15 DATED at Phoenix, Arizona this 1^{rst} day of March, 2001.

16
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18 Charles R. Cohen
19 Director of Insurance

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1 **CONSENT TO ORDER**

2 1. National Travelers Life Company has reviewed the foregoing Order.

3 2. National Travelers Life Company admits the jurisdiction of the
4 Department of Insurance, State of Arizona, admits the foregoing Findings of Fact, and
5 consents to the entry of the Conclusions of Law and Order.

6 3. National Travelers Life Company is aware of the right to a hearing, at
7 which it may be represented by counsel, present evidence, and cross-examine
8 witnesses. National Travelers Life Company irrevocably waives the right to such notice
9 and hearing and to any court appeals related to this Order.

10 4. National Travelers Life Company states that no promise of any kind or
11 nature whatsoever was made to it to induce it to enter into this Consent Order and that
12 it has entered into this Consent Order voluntarily.

13 5. National Travelers Life Company acknowledges that the acceptance of
14 this Order by the Director of the Arizona Department of Insurance is solely for the
15 purpose of settling this matter, and does not preclude any other agency or officer of
16 this state or its subdivisions or any other person from instituting proceedings, whether
17 civil, criminal, or administrative, as may be appropriate now or in the future.

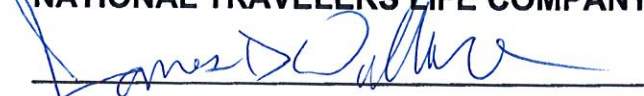
18 6. James D. Wallace who holds the office of President & CEO of
19 National Travelers Life Company is authorized to enter into this Order for it and on its
20 behalf.

21
22 February 22, 2001

23 **Date**

24 **By:**

NATIONAL TRAVELERS LIFE COMPANY



James D. Wallace, President & Chief Executive Officer

1 Copy of the foregoing mailed/delivered
this 2nd day of March, 2001, to:

2 Sarah Begley
3 Deputy Director
4 Mary Butterfield
5 Assistant Director
6 Consumer Affairs Division
7 Paul Hogan
8 Chief Market Conduct Examiner
9 Market Conduct Examinations Section
10 Deloris E. Williamson
11 Assistant Director
12 Rates and Regulations Division
13 Alexandra Shafer
14 Assistant Director
15 Life & Health Division
16 Steve Ferguson
17 Assistant Director
18 Financial Affairs Division
19 Nancy Howse
20 Chief Financial Examiner
21 Financial Affairs Division
22 Terry L. Cooper
23 Fraud Unit Chief

24 DEPARTMENT OF INSURANCE
25 2910 North 44th Street, Second Floor
Phoenix, AZ 85018

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