

JAN 16 2002

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
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In the Matter of: )  
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**UNITED AMERICAN INSURANCE COMPANY** )  
 )  
NAIC #92916, )  
 )  
Respondent )

Docket No. 02A-011-INS  
CONSENT ORDER

Examiners for the Department of Insurance (the "Department") conducted a market conduct examination of United American Insurance Company ("UA"). The Report of the Examination of the Market Conduct Affairs of UA, dated March 15, 2001 alleges that UA has violated A.R.S. §§20-466.03, 20-1110, 20-2106, 20-2108, and A.A.C. R20-6-1014 and R20-6-1115.

UA wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

**FINDINGS OF FACT**

1. UA is authorized to transact life and disability insurance pursuant to a Certificate of Authority issued by the Director.
2. The Examiners were authorized by the Director to conduct a market conduct examination of UA. The on-site examination covered the time period from January 1, 2000 through December 31, 2000, and was concluded on March 15, 2001. Based on the findings the Examiners prepared the "Report of Examination of the

1 Market Conduct Affairs of United American Insurance Company" dated March 15,  
2 2001.

3 3. The Examiner reviewed form letters to claimants and providers, claim  
4 forms, disclosure forms, individual policy forms and related documents used by UA  
5 during the time frame of the examination and found as follows:

6 a. UA failed on the three claim forms to provide the required notice  
7 regarding the filing of fraudulent claims. UA revised its forms to include the required  
8 notice while the Examiners were on-site.

9 b. UA failed on one claim form that included an authorization to  
10 obtain personal information from third parties to advise the individual, or the  
11 individual's representative, that he/she is entitled to receive a copy of the authorization  
12 form. UA revised its form to include the required disclosure while the Examiners were  
13 on-site.

14 4. The Examiners reviewed UA's website and found that the website  
15 included advertising information, testimonials from current policyholders and  
16 information concerning UA's claim and application processing that was not filed with  
17 the Director.

18 5. The Examiners reviewed 38 of 38 long-term care applications issued and  
19 declined during the period of the examination and found that UA failed to provide two  
20 applicants, in letters in response to an inquiry asking for more information about an  
21 adverse underwriting decision, a summary of the procedures by which the individual  
22 may request correction, amendment or deletion of recorded personal information.

23 **CONCLUSIONS OF LAW**

24 1. UA violated A.R.S. §20-466.03 by failing to provide the required fraud  
25 warning statement on claim forms.





1 Arizona Department of Insurance, for approval, evidence that corrections have been  
2 implemented and communicated to the appropriate personnel regarding all of the  
3 items mentioned in Paragraph 1 of the Order section of this Consent Order. Evidence  
4 of corrective action and communication thereof includes, but is not limited to, memos,  
5 bulletins, E-mails, correspondence, procedures manuals, print screens, and training  
6 materials.

7 3. The Department shall be permitted, through authorized representatives,  
8 to verify that UA has complied with all provisions of this Order.

9 4. UA shall pay a civil penalty of \$2,650 to the Director for deposit in the  
10 State General Fund in accordance with A.R.S. §§ 20-220(B). The civil penalty shall be  
11 provided to the Market Conduct Examinations Section of the Department prior to the  
12 filing of this Order.

13 5. The Report of Examination of the Market Conduct Affairs of United  
14 American Insurance Company as of March 15, 2001, including the letter submitted in  
15 response to the Report of Examination, shall be filed with the Department after the  
16 Director has filed this Order.

17 DATED at Phoenix, Arizona this 16<sup>th</sup> day of January, 2002.

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19  
20 Charles R. Cohen  
21 Director of Insurance  
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1 **CONSENT TO ORDER**

2 1. United American Insurance Company has reviewed the foregoing Order.

3 2. United American Insurance Company admits the jurisdiction of the  
4 Director 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. United American Insurance Company is aware of the right to a hearing,  
7 at which it may be represented by counsel, present evidence and cross-examine  
8 witnesses. United American Insurance Company irrevocably waives the right to such  
9 notice and hearing and to any court appeals related to this Order.

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

13 5. United American Insurance Company acknowledges that the acceptance  
14 of 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 this  
16 state or its subdivisions or any other person from instituting proceedings, whether civil,  
17 criminal, or administrative, as may be appropriate now or in the future.

18 6. Keith P. Ryan, who holds the office of  
19 Vice-President and  
20 Assoc. General Counsel of United American Insurance Company, is authorized  
21 to enter into this Order for it and on its behalf.

22 **UNITED AMERICAN INSURANCE COMPANY**

23 Date

24 12-18-01

25 By Keith P. Ryan, Vice President



1 COPY of the foregoing mailed/delivered  
2 this 16th day of January, 2002, to:

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

23  
24 DEPARTMENT OF INSURANCE  
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