

1 a. Bankers failed to enact procedures by January 3, 2005 to
2 establish standards for the reasonable determination that the coverage (long term care
3 insurance) is appropriate for the applicant.

4 b. Bankers failed to enact new procedures by May 10, 2005, that
5 would ensure that the required rating disclosures are provided to the policyholder at
6 the time of application or no later than at the time that the policy is delivered.

7 4. The Company implemented new procedures on July 21, 2005.

8 **CONCLUSION OF LAW**

9 1. Bankers violated A.A.C. R20-6-1008 by failing to implement procedures
10 to ensure that the required rating disclosures are provided to policyholders at the time
11 of application or no later than at the time that the policy is delivered.

12 2. Bankers violated A.A.C. R20-6-1018 by failing to establish standards for
13 the reasonable determination that the coverage (long term care insurance) is
14 appropriate for the applicant.

15 **ORDER**

16 **IT IS ORDERED THAT:**

17 1. Bankers Life and Casualty Company shall cease and desist from failing to
18 implement newly enacted long term care insurance rules in a timely manner.

19 2. The Department shall be permitted, through authorized representatives, to
20 verify that Bankers has complied with all provisions of this Order.

21 3. Bankers shall pay a civil penalty of \$15,000.00 to the Director for deposit in
22 the State General Fund in accordance with A.R.S. §20-220(B). This civil penalty shall
23 be provided to the Market Conduct Examinations Section of the Department prior to
24 the filing of this Order.

1 4. The Report of Examination of the Market Conduct Affairs of Bankers Life
2 and Casualty Company dated October 21, 2005, including the letter submitted in
3 response to the Report of Examination, shall be filed with the Department upon the
4 filing of this Order.

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6 DATED Arizona this 2nd day of May, 2006.

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9 Christina Urias
10 Director of Insurance
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1 **CONSENT TO ORDER**

2 1. Bankers Life and Casualty Company has reviewed the foregoing Order.

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

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

13 5. Bankers Life and Casualty Company acknowledges that the acceptance
14 of this Order by the Director of Insurance, State of Arizona, is solely to settle this
15 matter against it and does not preclude any other agency or officer of this state or its
16 subdivisions or any other person from any other civil or criminal proceedings, whether
17 civil, criminal, or administrative, as may be appropriate now or in the future.

18 6. James Valdez, who holds the office of
19 VP Associate General Counsel of Bankers Life and Casualty Company, is
20 authorized to enter into this Order for it and on its behalf.

21 **BANKERS LIFE AND CASUALTY COMPANY**

22 April 20, 2006
23 Date

24 By: 

1 COPY of the foregoing mailed/delivered
2 this 2nd day of May, 2006, to:

3 Gerrie Marks

Deputy Director

4 Mary Butterfield

Assistant Director

5 Consumer Affairs Division

6 Paul J. Hogan

Market Oversight Administrator

7 Market Oversight Division

8 Dean Ehler

Assistant Director

9 Rates & Regulations Division

10 Steve Ferguson

Assistant Director

11 Financial Affairs Division

12 Alan Griffieth

Chief Financial Examiner

13 Alexandra Schafer

Assistant Director

14 Life and Health Division

Terry L. Cooper

Fraud Unit Chief

15 DEPARTMENT OF INSURANCE

16 2910 North 44th Street, Suite 210

17 Phoenix, AZ 85018

18
19
20 Karen Leonard, Assistant Vice President, Consumer Relations

21 Bankers Life and Casualty Company

22 222 Merchandise Mart Plaza

Chicago, IL 60654-2001

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