

Deloris Williamson

STATE OF ARIZONA  
FILED

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

OCT 5 1994

DEPARTMENT OF INSURANCE  
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In the Matter of:	)	Docket No. 8570
JOHN ALDEN LIFE INSURANCE COMPANY	)	CONSENT ORDER
Respondent.	)	

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A market conduct examination was made of John Alden Life Insurance Company, hereinafter referred to as "John Alden", by a Market Conduct Examiner for the Arizona Department of Insurance ("ADOI") covering the time period from January 1, 1988 to December 31, 1990. Based upon the examination results, it is alleged that John Alden has violated the provisions of Arizona Revised Statutes, Title 20, Sections 20-461 and 20-462, and Arizona Administrative Code Rule ("A.A.C. R") 4-14-801. John Alden wishes to resolve this matter without formal adjudicative proceedings and hereby agrees to a Consent Order.

The Director of Insurance of the State of Arizona ("the Director") enters the following Findings of Fact, and Conclusions of Law, which are neither admitted nor denied by John Alden, and the following Order:

FINDINGS OF FACT

1. John Alden is authorized to transact life and disability insurance as an insurer pursuant to a Certificate of Authority issued by the Director.

2. The Examiner was authorized by the Director to conduct a market conduct examination of John Alden and has prepared the

1 Report of Examination of the Market Conduct Affairs of John  
2 Alden ("the Report"). The period covered by the on-site  
3 examination was concluded as of December 31, 1990.

4 3. The Examiner reviewed forty-three (43) complaints made  
5 to the ADOI concerning John Alden during the time frame of the  
6 Examination. Of these, John Alden failed to respond to twenty  
7 (20) of the inquiries sent by the ADOI within fifteen (15)  
8 working days of receipt.

9 4. The Examiner reviewed 238 Arizona accident and health  
10 claims which were paid by John Alden during the period covered  
11 by the Examination. As to these, John Alden failed to:

12 a. acknowledge the receipt of nine (9) claims within  
13 ten (10) working days.

14 b. accept or deny nine (9) claims within fifteen  
15 (15) working days after the receipt of properly executed proofs  
16 of loss, and failed to notify the claimant of the reasons that  
17 more time was needed.

18 c. pay one (1) claim in the amount of \$41.20 within  
19 thirty (30) days after receipt of acceptable proofs of loss  
20 which contained all information necessary for claim  
21 adjudication, and failed to pay interest thereon.

22 5. The Examiner reviewed 175 of the accident and health  
23 claims which were denied by John Alden during the time period  
24 covered by the examination. Of these claims, John Alden failed  
25 to:

26 a. acknowledge three (3) claims within ten (10)  
27 working days of receipt.

28 . . . . .

1           b. deny four (4) claims within fifteen (15) working  
2 days after the receipt of properly executed proofs of loss, and  
3 failed to notify the claimant of the reasons that more time was  
4 needed.

5   CONCLUSIONS OF LAW

6           1. By failing to respond to inquiries concerning claims  
7 from the ADOI within fifteen (15) days of receipt, John Alden  
8 violated A.A.C. R4-14-801(E)(2) and A.R.S. § 20-461(A)(2).

9           2. By failing to acknowledge notification of claims or  
10 pay the claims within ten (10) working days of their receipt,  
11 John Alden violated A.A.C. R4-14-801(E)(1) and A.R.S. §  
12 20-461(A)(2).

13           3. By failing to advise claimants of the acceptance or  
14 denial of their claims within fifteen (15) working days after  
15 receiving receipt of properly executed proofs of loss, John  
16 Alden violated A.A.C. R4-14-801(G)(1)(a) and (b) and A.R.S. §  
17 20-461(A)(5).

18           4. By failing to pay a claim in the amount of \$41.20  
19 within thirty (30) days after the receipt of proofs of loss  
20 which contained all information necessary for claim  
21 adjudication, and failing to pay interest on the amount due,  
22 John Alden violated A.R.S. § 20-462(A).

23           5. Grounds exist for the entry of all provisions of the  
24 following order.

25   ORDER

26           John Alden having admitted the jurisdiction of the Director  
27 to enter the Order set forth herein, having waived the Notice of  
28 Hearing and the hearing, having waived any and all rights to

1 appeal this Order, and having consented to the entry of the  
2 Order set forth hereinafter, and there being no just reason for  
3 delay:

4 IT IS HEREBY ORDERED THAT:


5 1. John Alden shall respond to inquiries concerning  
6 claims from the ADOI within fifteen (15) days; acknowledge  
7 notification of claims within ten (10) working days of their  
8 receipt; notify insureds of the acceptance or denial of claims  
9 within fifteen (15) working days of receipt of properly executed  
10 proofs of loss; and either pay claims within thirty (30) days  
11 after receipt of a proof of loss which contains all information  
12 necessary for claim adjudication, or pay interest on the claims  
13 from the date the claim was received by John Alden.

14 2. The ADOI shall be permitted, through an authorized  
15 representative, to verify that John Alden has complied with all  
16 provisions of this Order, and the Director may separately order  
17 John Alden to comply.

18 3. John Alden shall pay a civil penalty of FOUR THOUSAND  
19 DOLLARS (\$4,000) to the Director for remission to the State  
20 Treasurer for deposit in the State General Fund in accordance  
21 with A.R.S. § 20-220(B). Said \$4,000 shall be provided to the  
22 Hearing Division of the ADOI on or before September 30, 1994.

23 4. The Report of Market Conduct Examination as of June  
24 30, 1990, to include the objections to the Report by John Alden,  
25 shall be filed with the ADOI.

26 DATED at Phoenix, Arizona this 5th day of October, 1994.

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28 Chris Herstam  
Director of Insurance

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CONSENT TO ORDER

1. Respondent, John Alden Life Insurance Company, has reviewed the foregoing Order.

2. Respondent is aware of its right to a hearing at which hearing Respondent may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such public hearing and to any court appeals relating thereto.

3. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and consents to the entry of this Order.

4. Respondent states that no promise of any kind or nature whatsoever was made to induce it to enter into this Order and that it has entered into this Order voluntarily.

5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this litigation against it and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.

6. Anne V. Wardlow represents that as Senior Vice President she is an officer of John Alden Life Insurance Company, and that as such, he has been authorized by it to enter into this Order for and on its behalf.

JOHN ALDEN LIFE INSURANCE COMPANY

9/28/94

By: Anne V. Wardlow

(Date)

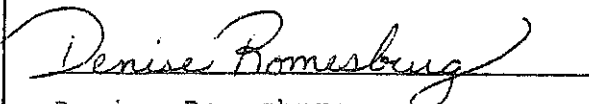
1 COPY of the foregoing mailed/delivered  
2 this 5th day of October , 1994, to:

3 Gay Ann Williams  
4 Deputy Director  
5 Gregory Y. Harris  
6 Chief Administrative Law Judge  
7 Erin Klug  
8 Manager  
9 Market Conduct Examinations Division  
10 Saul Saulson  
11 Supervisor  
12 Examinations Section  
13 Deloris E. Williamson  
14 Assistant Director  
15 Rates & Regulations Division  
16 Shirley Polzin  
17 Supervisor  
18 Life and Disability Section  
19 Gary Torticill  
20 Assistant Director and Chief Financial Examiner  
21 Corporate & Financial Affairs Division  
22 Cathy O'Neil  
23 Assistant Director  
24 Consumer Services and Investigations  
25 Mary Butterfield  
26 Manager  
27 Health Policy Division

15 DEPARTMENT OF INSURANCE  
16 2910 North 44th Street, Suite 210  
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18 Philip T. Paris, Esq.  
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21 Anne V. Wardlow  
22 Vice President, Assistant General Counsel  
23 and Assistant Secretary  
24 John Alden Life Insurance Company  
25 P.O. Box 020270  
26 Miami, Florida 33102-0270

24   
25 Denise Romesburg