

NOV 07 2016

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

FILED

STATE OF NEBRASKA	)	
DEPARTMENT OF INSURANCE,	)	
	)	CONSENT ORDER
PETITIONER,	)	
	)	
VS.	)	CAUSE NO. C-2248
	)	
PENNSYLVANIA LIFE INSURANCE	)	
COMPANY (NAIC #67660),	)	
	)	
RESPONDENT.	)	

In order to resolve this matter, the Nebraska Department of Insurance (“Department”), by and through its attorney, Matthew Holman, and Pennsylvania Life Insurance Company (“Respondent”), mutually stipulate and agree as follows.

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. § 44-101.01, 44-135, and 44-303 et. seq. Said jurisdiction and control have been present at all times material hereto.
2. Respondent is a Pennsylvania domiciled insurance company licensed to engage in the business of insurance in the State of Nebraska.

STIPULATIONS OF FACT

1. Respondent and Constitution Life Insurance Company (“Reinsurer”) are parties to an Administrative Services Agreement and Indemnity Reinsurance Agreement effective as of April 1, 2011.

2. A limited scope market conduct examination of Respondent by the Department focused on, but was not limited to, Respondent's long-term care claims during the period of October 1, 2014 through September 30, 2015.

3. The Department initiated this administrative proceeding by filing a petition captioned State of Nebraska Department of Insurance vs. Pennsylvania Life Insurance Company (NAIC #67660), Cause Number C-2248, on September 21, 2016. A copy of the Petition and Notice of Hearing was served upon Respondent's agent for service of process, CT Corporation System, 5601 South 59th Street, Lincoln, NE 68516, by certified mail, return receipt requested.

4. The Department has alleged that Respondent was not in compliance with 210 Neb. Admin. Code § 61-008.02 as a result of the conduct set forth in Paragraph 7 of the Petition and Notice of Hearing.

During an examination of Respondent, the following facts were established:

- a) Between October 1, 2014 and September 30, 2015, Respondent paid approximately 375 long term care policy claims to Nebraska residents. This includes claims only in which both the date of loss and the claim payment took place between October 1, 2014 and September 30, 2015.
- b) Of the above referenced 375 claims paid, at least 138 claims were paid more than fifteen days after Respondent received proof of loss related to the claim.
- c) Of the above referenced 138 claims, the insurer sent out written explanation for the delay for only two claims.
- d) Between October 1, 2014 and September 30, 2015, Respondent denied approximately 105 long term care policy claims to Nebraska residents. This includes claims only in which both the date of loss and the closure of the claim took place between October 1, 2014 and September 30, 2015.
- e) Of the above referenced 105 claims paid, at least 38 claims were denied more than fifteen days after Respondent received notification of the claim related to the claim.

f) Of the above referenced 38 claims, the insurer sent out written explanation for the delay for only five claims.

5. Respondent's long term care policies are reinsured and administered by Constitution Life Insurance Company.

6. The Department and Respondent, for the purpose of resolving all matters raised by the Petition and Notice of Hearing and in order to avoid any further administrative action, hereby enter into this Consent Order. Respondent has been informed that it has the right to a hearing and that by agreeing to and signing this Consent Order waives this right.

7. Respondent is aware of and understands the nature of the allegations. Respondent has represented to the Department that quality control measures have been implemented to prevent similar issues from occurring in the future.

#### CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes non-compliance of 210 Neb. Admin. Code § 61-008.02 and is subject to disciplinary action pursuant to Neb. Rev. Stat. § 44-1542.

#### CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by the Respondent, Pennsylvania Life Insurance Company, that

Respondent shall pay a monetary penalty of thirty-five thousand dollars (\$35,000) due within thirty (30) days after the Director of Insurance or his designee approves and signs this consent order.

The Department of Insurance will continue to retain jurisdiction over this matter. If respondent fails to pay the amount as specified under this consent order, additional administrative



CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Pennsylvania Life Insurance Company, Cause No. C-2248.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

Bruce R. Ramge  
BRUCE R. RAMGE  
Director of Insurance

11-7-2016  
Date

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Consent Order was provided to Respondent by mailing a copy to Respondent's agent for service of process registered with the Department, CT Corporation System, 5601 South 59th Street, Lincoln, NE 68516, by certified mail, return receipt requested, on this 7 day of November, 2016.

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