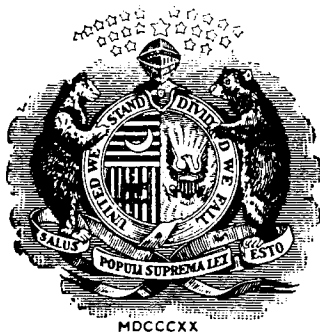


STATE OF MISSOURI

DEPARTMENT OF



INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: CIGNA Healthcare of St. Louis, Inc.
Office of the President
One North Brentwood, Suite 700
St. Louis, Missouri 63105

RE: Missouri Market Conduct Examination # 0306-28-PPE

STIPULATION OF SETTLEMENT **VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR**

It is hereby stipulated and agreed by Dale Finke, Director of the Missouri Department of Insurance, hereinafter referred to as "Director," and CIGNA Healthcare of St. Louis, Inc., hereinafter referred to as "CIGNA Healthcare," as follows:

WHEREAS, Dale Finke is the Director of the Department of Insurance, an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, CIGNA Healthcare has been granted certificate(s) of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Director conducted a Market Conduct Examination of CIGNA Healthcare and prepared report number 0306-28-PPE; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. In some instances, CIGNA Healthcare failed to acknowledge receipt in writing and/or send a notice of the status of the claim that includes a request for additional information within ten (10) working days after receipt of the claims, thereby violating §§376.383 and 376.384, RSMo.

2. In some instances, CIGNA Healthcare failed, within fifteen (15) days, to pay the claim or any undisputed part of the claim or send a notice of receipt and status of the claim that denies all or part of the claim and specifies each reason for denial, or that makes a final request for additional information, thereby violating §§376.383.3(1) and (2), RSMo.

3. In some instances, CIGNA Healthcare failed to pay claims within forty-five (45) working days after receipt of the claims, thereby violating §376.383.5 RSMo.

4. In some instances, CIGNA Healthcare failed to include interest when it calculated the benefits for the claims paid forty-five (45) working days after receipt of the claims, thereby violating §§376.383 and 376.384, RSMo.

5. In some instances, CIGNA Healthcare failed to produce documentation to the examiners to show that the Company has a business practice of issuing a confirmation of receipt within one working day of receipt for electronically filed claims, thereby violating §376.384.1(4), RSMo.

6. In some instances, CIGNA Healthcare failed to maintain files that contained all notes and work papers pertaining to the claims in such detail that pertinent events and the dates these events could be reconstructed, thereby violating Regulations 20 CSR 300-2.100 and 20 CSR 300-2.200(2).

7. In some instances, CIGNA Healthcare failed to document its files with evidence to show that it conducted a reasonable investigation before improperly denying claims for lack of authorization, thereby violating §§375.1007(3), (4), (6) & (12), and 376.1361.13, RSMo.

8. In some instances, CIGNA Healthcare improperly reduced its benefit payments because the member failed to obtain a referral or prior authorization although the primary carrier approved the claim, thereby violating §§375.1007(3), (4), (6) & (12), RSMo, and Regulation 20 CSR 400-2.030.

9. In some instances, CIGNA Healthcare failed to promptly settle claims where liability was reasonably clear, thereby violating §§375.1007(3), (4), (6) & (12), RSMo.

10. In some instances, CIGNA Healthcare failed to provide a list of requested electronic claims to the examiners, thereby violating §374.205, RSMo.

11. In some instances, CIGNA Healthcare failed to generate and issue an explanation of benefits after claims were adjusted and the resultant balance was negative, thereby violating §376.1400, RSMo.

12. In some instances, CIGNA Healthcare failed to conduct a reasonable investigation before settling or denying claims, thereby violating §§375.1007(3), (4), (6) & (12), RSMo.

13. In some instances, CIGNA Healthcare failed to respond to criticisms or provide request documentation within ten calendar days of the request, thereby violating §374.205, RSMo, and Regulation 20 CSR 400-2.030.

WHEREAS, CIGNA Healthcare hereby agrees to take remedial action bringing CIGNA Healthcare into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, the following;

1. CIGNA Healthcare agrees to review all claims filed after January 1, 2002, through the date upon which this Stipulation of Settlement is executed, that were paid after 45 days of receipt and send interest payment to the claimants with total accrued interest due of \$5.00 or more, with a letter stating that the interest payments are being paid "as a result of findings from a market conduct examination performed by the Missouri Department of Insurance." Additionally evidence should be provided to the Department, within 90 days of payment, that such interest payments have been made.

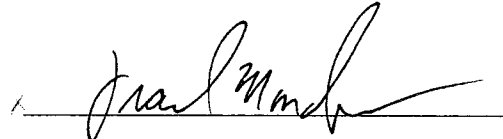
WHEREAS, CIGNA Healthcare, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the examination findings set forth above relating to the above-referenced Market Conduct Examination; and

WHEREAS, CIGNA Healthcare hereby agrees to the imposition of the ORDER of the Director resolving only the issues set forth and agreed to above, and as a result of Market Conduct Examination # 0306-28-PPE further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$149,084.12.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of CIGNA Healthcare to transact the business of insurance in the State of Missouri or the imposition of other sanctions, CIGNA Healthcare does hereby voluntarily and knowingly waive all rights, as stated above, to any hearing, does consent to the ORDER of the Director resolving all issues from Market Conduct Examination #0306-28-PPE except those in Section I – Claims Practices, paragraph C, Provider Grievances,

relating to payments made to non-participating providers as set forth on pages 18 – 19 of the examination report, and does surrender and forfeit the sum of \$149,084.12, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: Feb 26 05



President
CIGNA Healthcare of St. Louis, Inc.