IN THE MATTER OF

HUMANA INSURANCE COMPANY

NAIC # 73288

REGULATORY SETTLEMENT AGREEMENT

TARGETED MARKET CONDUCT INVESTIGATION

This Regulatory Settlement Agreement ("Agreement") is entered into as of this 4th day of DECEMBER, 2013 by and among

Humana Insurance Company and each of its insurer and health plan affiliates that insure, underwrite, or offer, either now or in the past, life and/or health benefit plans in the small group market (Humana Insurance Company, the "Company" and together with its previously described affiliates, the "Companies"),

the Missouri Department of Insurance. Financial Institutions and Professional Registration, the Wisconsin Office of the Commissioner of Insurance and the Mississippi Insurance Department (the "Lead States") and

the insurance regulators who, on behalf of their agencies, have executed the form of "Participating State Adoption" set forth at Exhibit A (along with the Lead States, the "Participating States" as further defined in Section B hereof).

A. Recitals

1. At all relevant times the Company has been a licensed insurance company domiciled in the State of Wisconsin and authorized to write life and medical insurance in Wisconsin and certain other Participating States. The Companies have offered small group health insurance policies in certain Participating States.

2. In 2012, the Lead States initiated a targeted market conduct investigation (the "Investigation") of the Companies regarding their small group insurance sales practices in certain states (the "Investigation States.")

3. The Lead States allege that the Company engaged in a practice of requiring employers who purchased small group medical insurance in certain states and at certain times to also have purchased a group life insurance product (the "Alleged Practice").

4. The Companies assert that they do not now engage in the Alleged Practice in any state.

5. The Lead States and the Companies engaged in discussions with respect to regulatory issues raised by the Lead States and a voluntary plan by the Companies to address those issues.

6. The Companies deny any wrongdoing or activity that violates any applicable laws or regulations related to the Alleged Practice, but in light of the complicated issues raised, the Parties have agreed to resolve all issues relating to the Investigation or the Alleged Practice through this compromise Agreement. The Participating States and the Companies voluntarily agree to enter into this Agreement solely for the purpose of reaching a compromise and settlement to fully and finally resolve the issues raised in this Investigation without the need for a hearing or further administrative action.

7. The terms and conditions of this Agreement will apply in all of the Participating States.

8. This Agreement sets forth (i) the Voluntary Corrective Action Plan (defined below), (ii) the Employer Reimbursement Program, and (iii) other miscellaneous provisions of this Agreement.

B. Definitions

Concurrent Coverage - means the occasion where an employer currently has both small group medical and Life Product coverage in force and written by one of the Companies, and where both products were sold to the employer in the same transaction.

Effective Date - means the date upon which this Agreement has been executed by the Company, the Lead States and the insurance departments of at least ten (10) Participating States, the latter reflected by execution of Exhibit A by each Participating State.

Employers - means the employer customers of the Companies that had Concurrent Coverage in a Participating State and during the timeframe set forth in Exhibit B (A)(1)(a).

Examination Time Frame - means January 1, 2001 through October 31, 2011.

Life Product - means the life insurance product that was alleged to be required to be purchased in the same transaction with the purchase of a small group medical product.

Participating States - means states in which the Alleged Practice may have occurred during the Examination Time Frame and that have executed the form of "Participating State Adoption" set forth at Exhibit A .

The definitions contained in this Agreement shall apply equally to the exhibits to this Agreement. Where a term is expressly defined in an exhibit, the definition in that exhibit shall control.

C. Voluntary Corrective Action Plan

The Companies have proposed a voluntary corrective action plan ("Voluntary Corrective Action Plan") that has been accepted by the Lead States to address the regulatory issues arising from the Investigation. It seeks to accomplish the following:

a. Enhance compliance procedures and resources to improve the performance thereof as described in this Agreement;
   1) More staff has been added to compliance and regulatory functions;
   2) Training for compliance and regulatory functions has been augmented to address issues raised in this Investigation;
   3) Changes have been made to procedures to provide for escalations of issues that arise through regulatory inquiries, and provide for escalations thereof when the issue appears to have cross-jurisdictional impact or applicability.

b. Re-communicate the fact that small group medical insurance sales may not be contingent upon a sale of life insurance products to agents and customers as described in Sections C.1. and C.2.

c. Establish the Employer Reimbursement Program ("Program") in which, as described more fully in Exhibit B, the Companies provide a pro rata monetary settlement to certain Employers who were sold small group medical insurance contingent upon purchase of life insurance and who elect to participate.

1. Agent Notice

The Company will re-communicate to agents that small group medical insurance coverage is available to employers regardless of whether or not life insurance is purchased by the employer. Such re-communication will be provided to agents within 60 calendar days from the Effective Date of this Agreement:

a) Agent Notice on Agent Portal.

A notice reminding agents of the availability of small group medical insurance coverage whether or not life insurance is purchased will be posted on the Humana Agent Portal accessed through www.humana.com. This notice will receive prominent placement on the Humana Agent Portal.

b) Directed Agent Notice.

Additional notices will be mailed (or emailed) to all currently-appointed and contracted resident agents that have sold either small group medical or small group life in the 5 calendar years prior to the Effective Date and that are in the Participating States. A draft of the notice is attached hereto as Exhibit C.

2. Employer Notice

Notice will be mailed to all Employers who have Concurrent Coverage as of the Effective Date, and who never had Companies' small group health coverage without the life insurance coverage. This notice will inform or remind the Employer that they need not retain the group life insurance coverage in order to keep the small group medical coverage, and that they should contact their agent should they wish to discontinue the life insurance coverage.

3. Employer Reimbursement. The Company shall conduct the Program in which the Company provides a monetary pro rata settlement to Employers, as described in Exhibit B.

4. Monitoring of Compliance. The Lead States shall monitor compliance with this Agreement and shall apprise other Participating States of the results of such monitoring as may be appropriate. Such monitoring will consist of reporting by the Company as described in Exhibit B.

D. Other Provisions

1. This Agreement shall be governed by and interpreted according to the laws of the State of Missouri, excluding its conflict of laws provisions, and any applicable federal laws.

2. This Agreement constitutes full and final resolution of the issues raised in the Investigation in each of the Participating States.

3. Subject to the Company's performance of and compliance with the terms and conditions in this Agreement, the Participating States hereby release the Company and any of its current or former affiliates, subsidiaries, officers, directors, employees, agents, or representatives from any and all claims, demands, interest, penalties, actions or causes of action that each

Participating State may have by reason of any matter, cause or thing whatsoever, regarding or relating to the Alleged Practice.

4. The issues investigated by the Lead States in connection with this Agreement shall not be the subject of any future examinations, investigations or other regulatory action of any of the Companies by any of the Participating States.

5. Any of the Participating States may seek to enforce the provisions of this agreement through administrative or legal enforcement actions and may seek penalties for violations of this agreement.

6. The Company will pay a fine of $1.8 million, within thirty (30) calendar days of the Effective Date to be distributed among the Participating States in an equitable manner proposed by the Lead States. The payment contemplated by this paragraph includes any reimbursement or other payment for the Lead States' own expenses in conducting this Investigation.

7. Neither this Agreement nor any part thereof, including the Voluntary Corrective Action Plan or the Program, nor any related negotiations, statements or court proceedings shall be offered by the Companies, the Lead States, the Participating States or any third party as evidence of or an admission, denial or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including but not limited to the Companies; as a waiver by the Companies of any applicable defenses, including without limitation any applicable statute of limitation or statute of frauds; or as a waiver by the Participating States of any regulatory authority regarding the matters addressed in the Investigation.

8. This Agreement does not constitute an admission of liability, violation, or wrongdoing by the Companies and the Companies expressly deny that any of their actions or alleged actions were knowingly committed or represented a pattern and/or business practice that would violate the insurance unfair trade practice laws, claims settlement laws, or any other applicable statutes or regulations of any of the Participating States.

9. This agreement embodies the entire agreement of the parties with respect to the subject matter contained herein.

10. This Agreement (or its Exhibits) may be amended by the Participating States and the Companies at any time, upon agreement in writing by all Parties. All such amendments to this Agreement shall be recorded in writing.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DATE SET FORTH AFTER EACH OF THEIR NAMES.

[SIGNATURE PAGES IMMEDIATELY FOLLOW]

Humana Insurance Company

By: GERALD L. GANDINI

Title: Vice President

Date: 11/21/13

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____
John M. Huff, Director

Date: _____

Wisconsin Office of the Commissioner of Insurance

By: _____
Theodore K. Nickel, Commissioner

Date: _____

Mississippi Insurance Department

By: _____
Mike Chaney, Commissioner

Date: _____

Humana Insurance Company

By:_____

Title: _____

Date:_____

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____
John M. Huff, Director

Date: DECEMBER 4, 2013

Wisconsin Office of the Commissioner of Insurance

By: _____
Theodore K. Nickel, Commissioner

Date: _____

Mississippi Insurance Department

By: _____
Mike Chaney, Commissioner

Date: _____

Humana Insurance Company

By:_____

Title: _____

Date:_____

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____
John M. Huff, Director

Date: _____

Wisconsin Office of the Commissioner of Insurance

By: _____
Theodore K. Nickel, Commissioner

Date: 5 December 13

Mississippi Insurance Department

By: _____
Mike Chaney, Commissioner

Date: _____

Humana Insurance Company

By:_____

Title: _____

Date:_____

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____
John M. Huff, Director

Date: _____

Wisconsin Office of the Commissioner of Insurance

By: _____
Theodore K. Nickel, Commissioner

Date: _____

Mississippi Insurance Department

By: _____
Mike Chaney, Commissioner

Date: 12/6/13

Exhibit A

PARTICIPATING STATE ADOPTION
of
REGULATORY SETTLEMENT AGREEMENT

TARGETED MARKET CONDUCT INVESTIGATION OF
SMALL GROUP INSURANCE CONTINGENT SALES PRACTICE

IN THE MATTER OF

HUMANA INSURANCE COMPANY
(and its insurer affiliates)

NAIC # 73288

On behalf of [STATE INSURANCE REGULATORY AGENCY], I, [EXECUTING OFFICIAL], as [EXECUTING OFFICIAL'S TITLE], hereby adopt, agree, and approve the Regulatory Settlement Agreement dated [EFFECTIVE DATE] by and between the above-named Companies and the regulatory agencies named therein.

[STATE INSURANCE REGULATORY AGENCY]

By:_____

Title:_____

Date:_____

Exhibit B

Employer Reimbursement Program

A. **Reimbursement to Employers**

1. Outreach to Employers

   a. The Company will conduct outreach in the form of a notice to each Employer (mailed to the address contained on the most recent business records of Humana) in the Participating States that had Concurrent Coverage between January 1, 2006 and the year the Practice ceased in that respective State.

   b. An opt-in procedure pursuant to the notice will require the Employer to elect to participate by returning the notice to the Company.

   c. Employers will have thirty (30) calendar days to respond to the notice in order to claim a share of reimbursement.

2. Pool of Funds for Reimbursement

   a. The Company proposes to create a $2,700,000 total pool of funds for use in returning monies to Employers (the "Pool").

   b. Employers who elect to participate in the Pool distribution will receive a pro rata share of the Pool based upon total Life Product premium paid by the opting-in Employer during the period January 1, 2006 through October 31, 2011 as compared to the Life Product premium paid during the that same period of time by all Employers who opt in; provided, however that no Employer will receive more than the premium amounts it had paid for the Life Product coverage.

   c. Any funds remaining in the Pool after Employers who elect to participate have been paid their share shall be distributed in the manner described in Section C.

B. **Self-Reporting of Results of Program**

1. Timing and Content of Self-Reporting

a. Ninety (90) calendar days after the Effective Date, the Company shall provide a report to the Lead States that contains information about the number of notices that have been sent to Employers notifying them of the Program, and the date upon which they were sent, by state.

b. One hundred eighty (180) calendar days after the Effective Date, the Company shall provide a report to the Lead States that contains information about the number of notices that have been sent to Employers notifying them of the Program, and the date upon which they were sent, by state, as well as the number of opt-in responses that have been received.

2. Final Program Reporting. Once the timeframe for opt-in response has ended, and the Company has calculated the premium paid for the Life Product during the January 1, 2006 through October 31, 2011 period, by those Employers who have opted-in, and the pro-rata shares of the Pool are allocated for Employers and paid to Employers, the Company will provide the Lead States with a self-report of the final Pool calculation and the residual funds in the Pool, if any.

C. Residual Pool Funds.

Any funds that remain in the Pool after the Final Program Reporting set forth in paragraph B. 2, above shall be contributed by the Company to a charitable or non-profit organization or organizations selected by the Company and subject to the approval of the Lead States. Such contribution shall be made within 60 days after Final Program Reporting.

Exhibit C

Content of Agent Notice

Dear [Agent name]:

As a reminder:

> **Humana has no requirement that a small employer group must purchase small group life insurance with small group medical insurance**.

Although an employer may choose to voluntarily purchase Humana small group life insurance when it purchases small group medical insurance, no employer must purchase small group life insurance when it purchases small group medical insurance.