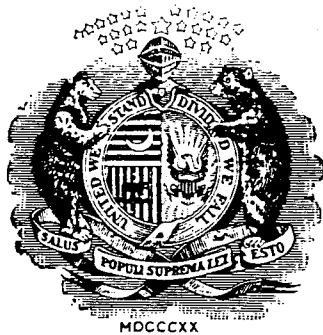


# STATE OF MISSOURI

DEPARTMENT OF



INSURANCE

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

TO: Office of the President  
BlueCross BlueShield of Kansas City  
One Pershing Square  
2301 Main  
Kansas City, MO 64141-6169

RE: Missouri Market Conduct Examination #0408-62-LAH  
Missouri Valley Life & Health Insurance Company (NAIC # 76040)

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

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, hereinafter referred to as "Director" or "the Department," and Missouri Valley Life & Health Insurance Company, hereinafter referred to as "MVLH," as follows:

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

WHEREAS, the Department conducted a Market Conduct Examination of MVLH and prepared report number 0408-62-LAH; and

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

1. In some instances, MVLH did not taking effective action on a member's request for termination and, consequently, failed to process the cancellation and refund the unearned premium in a timely manner, thereby violating §376.777.2(8), RSMo, and the Company's policy.

2. In some instances, MVLH failed to provide written acknowledgment of its Paid Individual PPO Plan Claims within 10 working days of receipt, thereby violating §376.383.2, RSMo.

3. In some instances, MVLH failed to provide written acknowledgment, send a request for additional information, or provide a status update of its Denied Individual PPO Plan Claims within 10 working days of receipt, and also failed to pay interest on its claims within 45 days from its original date of receipt, thereby violating §376.383.2 and .5, RSMo.

4. In some instances, MVLH failed to acknowledge receipt, send a request for additional information, or provide a status report its Denied Small Group Claims within 10 working days of receipt, as required by §376.383.2, RSMo.

5. In some instances, MVLH was criticized for its handling of the Company's Individual PPO and Small Group plans, because it unfairly denied claims, failed to effectuate prompt, fair and equitable settlements, misrepresented policy provisions related to the applicable mandated coverage, and issued false statements relative to covered services, thereby violating §§375.936(4) and (6), 375.1007(1) and (4), 376.383.5, 376.782, 376.1199(3), and 376.1250, RSMo, as well as 20 CSR 100-1.020(1) and (2) and 20 CSR 100-1.050.

6. In some instances, MVLH was criticized for not responding to examiner criticisms within 10 working days of receipt of the criticism and failing to provide all files, notes, and work papers pertaining to claims to the examiners upon request in such detail that all pertinent events and the dates of the events could be reconstructed, thereby violating §§376.383.9, RSMo, and Missouri Regulations 20 CSR 300-2:100 and 20 CSR 300-2.200(3)(B)1.

WHEREAS, MVLH hereby agrees to take remedial action bringing MVLH 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. MVLH agrees to take corrective action to assure that the errors noted in the market conduct examination report do not recur; and


2. MVLH agrees to review all claims filed after January 1, 2002, that were paid after 45 days of receipt and send interest payment to the claimants 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, MVLH, 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 above referenced Market Conduct Examination #0408-62-LAH; and

WHEREAS, MVLH hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination #0408-62-LAH further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$7,083.85.

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 MVLH to transact the business of insurance in the State of Missouri or the imposition of other sanctions, MVLH does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$7,083.85, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 12-6-05

  
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President,  
Missouri Valley Life & Health  
Insurance Company