

**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

In re: )  
Benicorp Insurance Company, in Rehabilitation ) Examination No. 0311-38-LAH  
(NAIC #69752) )

**ORDER OF THE DIRECTOR**

NOW on this 15<sup>th</sup> day of October, Douglas M. Ommen, Director of the Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as “the Department”), 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, finds and concludes as follows:

WHEREAS, Benicorp Insurance Company, (hereafter referred to as “Benicorp”) was granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Department conducted a Market Conduct Examination of Benicorp and prepared report number 0311-38-LAH;

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

1. Benicorp failed to provide the examiners adequate documentation and consistent recordkeeping relating to its producers, as required by §375.022, RSMo and Missouri Regulation 20 CSR 300-2.200(3)(C) and Missouri Regulation 20 CSR 700-1.130(2)(B)..
2. Some of Benicorp’s advertising brochures relating to its life insurance coverage and term life insurance policy forms included language detailing a suicide exclusion that was inconsistent with §376.620, RSMo (2000), and Missouri Regulation 20 CSR 400-1.050.

3. Benicorp used forms that included a claim notification provision in excess of 15 days which was inconsistent with Missouri Regulation 20 CSR 100-1.050(1)(A).

4. Benicorp's forms incorrectly stated that an additional premium may be required for the first 31 days of coverage retroactive to the date of birth for newborns and the date of placement for adopted children, in violation of §§376.406 and 376.816, RSMo.

5. Benicorp's forms contained language stating that a claim is "deemed denied" if the Company does not pay benefits or sends the insured an explanation of the denial, which is inconsistent with §375.1007(7), RSMo.

6. Benicorp rescinded individuals insured by some of its Small Employer Group contracts from their group based on the individual's health status rather than waiting until the anniversary date and either non-renewing or re-rating the entire group based on the additional information, thereby violating §§379.938 and 379.952.1 and .6, RSMo.

7. Benicorp failed to use an underwriting or rating manual or other objective information and documentation that are based on commonly accepted actuarial assumptions and that are in accordance with sound actuarial principles when it determined rates and rating factors, as required by §§375.936(11) and 379.936.5(1) and (3), RSMo.

8. Benicorp failed to acknowledge the receipt of some of its Group Medical and Dental claims within 10 working days as required by §§376.383 and 376.384, RSMo.

9. Benicorp failed to respond to some of the examiners' formal requests within 10 calendar days, as required by §374.205.2(2), RSMo.

WHEREAS, prior to the closing of the aforementioned Examination, the Marion County, Indiana, Circuit Court on August 9, 2007, entered an Order of Rehabilitation against Benicorp and appointed Indiana Insurance Commissioner Jim Atterholt (hereafter "Commissioner") as Rehabilitator in accordance with a Verified Petition for Rehabilitation as against Benicorp;

WHEREAS, on October 5, 2007, the Marion County, Indiana, Circuit Court entered an Order of Liquidation against Benicorp in accordance with the Rehabilitator's Verified Petition for Liquidation as filed by the Commissioner, as Rehabilitator of Benicorp, which named the Commissioner as Liquidator of Benicorp and directed him to take possession of the assets of Benicorp and to administer them under the court's supervision. This Order resulted in the ceasing of all business operations of Benicorp in Indiana, Missouri and all other jurisdictions in which it conducted the business of insurance. It also ordered the Commissioner, as Liquidator, the National Organization of Life & Health Insurance

Guaranty Associations, and the insurance guaranty associations in those states where Benicorp was licensed to transact business, including, but not limited to Missouri, to liquidate Benicorp's assets and to discharge the outstanding claims of residents in those states, including, but not limited to those in Missouri;

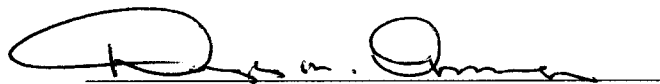
WHEREAS, §375.1218.6, RSMo, designates the claims of states for a penalty or forfeiture against the Company as a Class 6 claim. Whatever forfeiture or penalty the Director were to impose upon Benicorp as a result of the findings enumerated in the above-referenced market conduct examination report fall under this statute and are considered Class 6 claims;

WHEREAS, it is unlikely that the Department will be able to recover any such forfeitures or penalties against Benicorp, based upon the information obtained by the Department regarding Benicorp's assets and liabilities following the entry of the Order of Liquidation.

NOW, on this 15<sup>th</sup> day of October, 2007, the Director, after consideration and review of the market conduct examination report of Benicorp, report numbered 0311-38-LAH, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), RSMo, does hereby adopt such report as filed. After consideration and review of the report, relevant workpapers, and any written submissions or rebuttals, the findings and conclusions of such report is deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4), RSMo.

This order, issued pursuant to §§374.205.3(4), RSMo, and §374.046.15. RSMo Cum. Supp. 2006, is in the public interest.

So Adopted, Found, Concluded, and Ordered.



Douglas M. Ommen  
Director