

1 Report of Examination of the Market Conduct Affairs of
2 Centennial ("the Report"). The period covered by the on-site
3 examination was concluded as of June 30, 1992, although some
4 issues were investigated into July, 1992.

5 3. The Examiner reviewed 231 of the Arizona health claims
6 paid by Centennial during the period covered by the
7 Examination. As to these, Centennial failed to:

8 a. accept or deny sixty-three (63) claims within
9 fifteen (15) working days after the receipt of properly executed
10 proofs of loss.

11 b. pay thirty-five (35) claims within thirty (30)
12 days after receipt of acceptable proofs of loss which contained
13 all information necessary for claim adjudication

14 4. The Examiner reviewed sixty-nine (69) of the accident
15 and health claims denied by Centennial during the time period
16 covered by the examination. Of these claims, Centennial failed
17 to deny nine (9) claims within fifteen (15) working days after
18 the receipt of properly executed proofs of loss.

19 CONCLUSIONS OF LAW

20 1. By failing to advise claimants of the acceptance or
21 denial of their claims within fifteen (15) working days after
22 receipt of properly executed proofs of loss, Centennial violated
23 A.A.C. R4-14-801(G)(1)(a) and (b) and A.R.S. § 20-461(A)(5).

24 2. By failing to pay claims within thirty (30) days after
25 the receipt of proofs of loss which contained all information
26 necessary for claim adjudication, and failing to pay interest on
27 the amount due, Centennial violated A.R.S. § 20-462(A).

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1 adjudication to the claimants listed on Pages 25 and 26 of the
2 Report. Interest shall be paid at the rate of ten percent (10%)
3 per annum calculated from the date the claim was received by the
4 insured to the date the claim was paid.

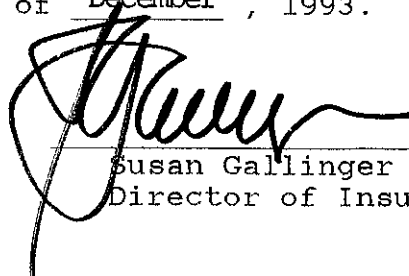
5 These payments shall be accompanied by a letter to the
6 insured acceptable to the Director. A list of payments, giving
7 the name and address of each party to whom they were made, the
8 base amount, the amount of interest paid and the date of
9 payment, shall be provided to the ADOI when all payments have
10 been made.

11 4. The ADOI shall be permitted, through an authorized
12 representative, to verify that Centennial has complied with all
13 provisions of this Order, and the Director may separately order
14 Centennial to comply.

15 5. Centennial shall pay the sum of FOUR THOUSAND NINE
16 HUNDRED DOLLARS (\$4,900) to the Director for remission to the
17 State Treasurer for deposit in the State General Fund in
18 accordance with A.R.S. § 20-220(B). Said \$4,900 shall be
19 provided to the Hearing Division of the ADOI on or before
20 December 6, 1993.

21 6. The Report of Market Conduct Examination as of June
22 30, 1992, to include the objections to the Report by Centennial,
23 shall be filed with the ADOI.

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25 DATED at Phoenix, Arizona this 13 day of December , 1993.

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28 Susan Gallinger
Director of Insurance

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CONSENT TO ORDER

1. Respondent, Centennial Life Insurance Company, has reviewed the foregoing Order.

2. Respondent is aware of its right to a hearing at which hearing Respondent may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such public hearing and to any court appeals relating thereto.

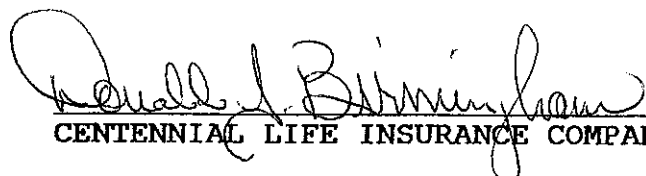
3. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and consents to the entry of this Order.

4. Respondent states that no promise of any kind or nature whatsoever was made to induce it to enter into this Order and that it has entered into this Order voluntarily.

5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this litigation against it and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.

6. Donald J. Birmingham represents that as President he is an officer of Centennial Life Insurance Company, and that as such, he has been authorized by it to enter into this Order for and on its behalf.

12-3-93
(Date)


CENTENNIAL LIFE INSURANCE COMPANY

1 COPY of the foregoing mailed/delivered
2 this 13th day of December, 1993, to:

3 Katrina Rogers
4 Chief Hearing Officer

5 Saul R. Saulson
6 Supervisor
7 Examinations Section

8 *Mary Butterfield
9 Supervisor
10 Life and Disability Section

11 Deloris E. Williamson
12 Assistant Director
13 Rates & Regulations Division

14 Jay Rubin
15 Assistant Director
16 Investigations Division

17 Gary Torticill
18 Assistant Director and Chief Financial Examiner
19 Corporate & Financial Affairs Division

20 Maureen Catalioto
21 Supervisor

22 Licensing Section
23 DEPARTMENT OF INSURANCE

24 2910 North 44th Street, Suite 210
25 Phoenix, AZ 85018

26 Donald J. Birmingham
27 President and Chief Operating Officer
28 HE CENTENNIAL LIFE INSURANCE COMPANY
P.O. Box 470
Shawnee Mission, Kansas 66201

