

STATE OF OHIO

DEPARTMENT OF INSURANCE

IN THE MATTER OF:

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CONSENT ORDER

COMMUNITY INSURANCE  
COMPANY (NAIC NO. 10345)

The Superintendent of the Ohio Department of Insurance (hereinafter the "Superintendent") is responsible for administering Ohio insurance laws pursuant to Ohio Revised Code ("R.C.") Section 3901.011, Community Insurance Company ("CIC") is an Ohio-domiciled property and casualty company licensed pursuant to R.C. Section 3929.01 and, as such, is under the jurisdiction of the Superintendent.

SECTION I

- A) On or about September 8th, 2009, CIC filed with the Superintendent an actuarial memorandum describing its intended rating methodology to be used with Filing #ANTA-126314238. This filing comprised health individual market policy forms styled Premier, Premier Select, SmartSense, CoreShare, HSA, HSA Select, and Value Plans. The actuarial memorandum included a schedule of rating risk factors (the "September Risk Factor Filing") approved by the Superintendent for use as of October 16, 2009. On or about October 7, 2009, CIC filed with the Superintendent an actuarial memorandum describing its intended rating methodology to be used with Filing #AKYK-126329559. This filing comprised health individual market policy forms styled Blue Access Plans 1 to 4, Blue Traditional Plans 1 to 3, Blue Economy, Blue Access Saver, Lumenos HIA, Lumenos HIA+, TAA, and Blue Access Saver Plans (collectively the "Subject Policies"). On November 6, 2009, the filed rating methodology was approved by the Superintendent for use as of October 2009. Both of these filings were pursuant to a change in the Ohio law, Ohio Revised Code Section 3923.021, effective October 16, 2009, which requires insurance companies that issue individual health insurance policies through a trust to file premium rates for approval by the Ohio Department of Insurance no later than October 16, 2009.
- B) In January and February 2010, the Superintendent received twenty three complaints from policyholders regarding the rate increases by CIC for the subject policies. As a result of these complaints the Department initiated an inquiry to CIC to verify that CIC was using the rates that it had filed with and were approved by the Superintendent. The

Superintendent asserted that CIC's responses to the complaint inquires did not provide enough information to review the appropriateness of the risk factors. The Superintendent requested additional claim and premium information from CIC, and CIC promptly provided all requested information. As a result of this inquiry the Superintendent determined that CIC had applied renewal rating factors that were not consistent with filing ANTA-126314238, and filing #AKYK-126329559.

- (C) At the request of the Department, CIC adjusted its current rating practice and submitted revised rating materials in filing AKYK-126584709 to file the correct factors. This filing was approved on June 4, 2010.

## SECTION II

### IT IS HEREBY AGREED AND CONSENTED TO BY THE PARTIES THAT:

- A) The Superintendent and CIC enter into this Consent Order to resolve the allegations as set forth in Section I of this Consent Order. Further, CIC agrees with the summary of the issues set forth in Section I of this Consent Order.
- B) CIC has been advised that it has a right to a hearing before the Superintendent pursuant to R.C. Chapter 119; that, at a hearing, it would be entitled to appear in person, to be represented by an attorney or other representative who is permitted to practice before the Department; and that at a hearing, it would be entitled to present its position, arguments, or contentions in writing and to present evidence and examine witnesses appearing for and against it. CIC hereby waives all such rights.
- C) CIC consents to the jurisdiction of the Superintendent and the Department to determine the issues set forth herein. CIC waives any prerequisites to jurisdiction that may exist.
- D) CIC hereby waives all rights to challenge or to contest this Consent Order in any forum available to it now or in the future, including the right to any administrative appeal, or an action or appeal filed in any state or federal court.
- E) CIC has reviewed this Consent Order with counsel and knowingly and voluntarily enters into this Consent Order.
- F) CIC agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful Order of the Superintendent, an actionable violation in and of itself without further proof, and may subject CIC to any and all remedies available to the Superintendent.
- G) By executing the Consent Order in this case, the parties intend to and do resolve all issues arising out of actual or alleged violations of the applicable laws.
- H) This Consent Order shall be entered into the Journal of the Ohio Department of Insurance. The parties understand and acknowledge that this Consent Order is a public document pursuant to R.C. Section 149.43.

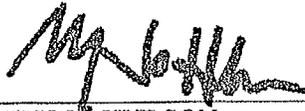
- D) CIC agrees that upon the signing of this Consent Order by its authorized representative, it shall be subject to the following additional terms and conditions:
1. CIC shall develop and submit a Corrective Action Plan ("Plan") and timetable to the Department on or before July 9, 2010, for approval by the Department. The Plan will provide, at minimum, the following for each item in the Plan:
    - a. CIC's plan and timetable for accomplishing the re-rating of the policies and how any adjustments to affected policyholders will be addressed
    - b. A description of the actions that the CIC Board of Directors has taken or will take within thirty (30) days of this Order to assure that such violations described in Section I will not recur, as well as specific improvements in CIC's compliance achievement processes in the areas of self-enforcement activities (to include controls and self-audits) and management's continuous involvement and accountability in same;
    - c. The name of the CIC officer, including his/her title, office location, and telephone number, responsible for assuring that all the corrective action necessary is documented in the Plan, and that each corrective action is undertaken and completed in a timely manner and in full compliance with the terms and conditions of this Consent Order and the Plan, as approved by the Superintendent.
  2. CIC will prepare a notice to all affected Ohio policyholders that will receive an adjustment in a form approved by the Superintendent, explaining what happened and how the issue will be corrected.
  3. CIC will report their progress on the corrective action noted in the Consent Order to the Superintendent within thirty (30) days after the Department's acceptance of the Plan, with further reports to be provided at the Superintendent's discretion.
  4. CIC agrees that it shall credit or refund all amounts overcharged to all individual Ohio policyholders affected by this order and, where applicable, reduce the premium rates of the subject policies for the affected policy period. The amount of the total adjustments will be approximately five million nine hundred thousand dollars (\$5,900,000). CIC also voluntarily agrees not to increase the premium rate for the Ohio policyholders that could be negatively affected by this order. CIC further agrees that it will file revised rate filings with the Department to the extent it has not already done so. CIC will report to the Department according to its filed and approved timetable the total number of policyholders affected, the total amount credited or refunded and the average amount credited or refunded per policyholder. The credits or refunds to policyholders shall be completed no later than ninety (90) days from the date of this Order.
  5. CIC agrees that it shall offer coverage to former policyholders who fall under the rate filings described in this Order and who cancelled or terminated their policies on their renewal date through non-payment of premium. CIC further agrees that such coverage shall remain open for thirty (30) days. CIC will report to the Department according to its filed and approved timetable the total number of previous policyholders affected.

6. CIC agrees that it shall pay all of the Department's administrative costs of conducting this investigation. All payments shall be made within thirty (30) days of the Company's receipt of an invoice from the Department and will be paid by check or money order made payable to: "Ohio Treasurer Kevin L. Boyce."

NOW, THEREFORE, the agreement by and between Community Insurance Company and the Superintendent on behalf of the Department, consisting of the terms and conditions set forth above, is approved.

FURTHER, all terms and conditions are hereby ORDERED.

APPROVED AND ORDERED this 29<sup>th</sup> day of June 2010.



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MARY JO HUDSON  
Superintendent of Insurance

#### ACKNOWLEDGEMENT AND ACCEPTANCE

By execution hereof, Community Insurance Company consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he/she has the authority to bind Community Insurance Company of Ohio to the terms and conditions of this Consent Order.

#### COMMUNITY INSURANCE COMPANY

By: Erin Hoeflinger

Print or type name: Erin Hoeflinger

Title: President, Anthem Blue Cross and Blue Shield in Ohio

Date: 6/29/10