STATE OF CONNECTICUT

INSURANCE DEPARTMENT

IN THE MATTER OF:	)	
	)	
UNION SECURITY INSURANCE	)	
COMPANY, TIME INSURANCE	)	Docket No.: MC 07-32
COMPANY, and JOHN ALDEN LIFE	)	
INSURANCE COMPANY	)	

STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between the Insurance Commissioner of the State of Connecticut (the "Commissioner"), Union Security Insurance Company, Time Insurance Company, and John Alden Life Insurance Company (collectively referred to as the "Respondents") to wit:

ARTICLE I

WHEREAS, the Commissioner has conducted an investigation into the claims payment practices of the Respondents;

WHEREAS, pursuant to such investigation, the Commissioner is contemplating an administrative action against the Respondents and, in that respect, she is prepared to allege the following:

1.

Union Security Insurance Company ("Union Security") is an insurance company domiciled in the state of Iowa and licensed to write life, accident and health insurance in the state of Connecticut; Time Insurance Company, formerly known as Fortis Insurance Company, ("Time") is an insurance company domiciled in the state of Wisconsin and licensed to write life, accident and health insurance in the state of Connecticut; and John Alden Life Insurance Company ("Alden") is an insurance company domiciled in the state of Wisconsin and licensed to write life, accident and health insurance in the state of Connecticut. (Collectively, Union Security, Time, and Alden are referred to as "Respondents.")

2.

A sampling of 547 of Respondents' claim files from January 1, 2000 to December 31, 2005 indicated Respondents were not in compliance with Conn. Gen. Stat. Sections 38a-815, 38a-816(6)(e) and 38a-816(15)(B) in that there were claims paid more than 45 days after receipt by Respondents of claimants' proof of loss forms or health care providers' request for payment which contained the necessary information with no deficiencies as required under Conn. Gen. Stat. Section 38a-477.

3.

A sampling of Respondents' claim files from January 1, 2000 to December 31, 2005 indicated Respondents were not in compliance with Conn. Gen. Stat. Sections 38a-815 and 38a-816(6)(c) in that there were claims that were initially delayed or denied on the basis of pre-existing conditions, but where such determinations were overturned after claimants or health care providers or representatives on their behalf appealed such decisions in an internal appeals process.

4.

A sampling of Respondents' claim files from January 1, 2000 to December 31, 2005 indicated Respondents were not in compliance with Conn. Gen. Stat. Sections 38a-815 and 38a-816(6)(f) in that there were delays in affirming or denying claims pending investigations into whether there were pre-existing conditions that would preclude payment of such claims.

5.

A sampling of Respondents' claims files from January 1, 2000 to December 31, 2005 indicated Respondents were not in compliance with Conn. Gen. Stat. Sections 38a-815 and 38a-816(15)(A) in that interest on claims that were paid more than 45 days after receipt by Respondents of the claimants' proof of loss forms or the health care providers' requests for payment was not paid as required by such statute on 39 files totaling in excess of $55,000.

ARTICLE II

WHEREAS, Respondents have voluntarily and without delay provided restitution to consumers and medical providers of improperly denied claims and interest payments as such denials were brought to their attention in sampled files during the course of this investigation;

WHEREAS, the Respondents neither admit nor deny the allegations contained in Paragraphs one through five inclusive, of Article I of this Stipulation and Consent Order, and enter into this Stipulation prior to the Commissioner commencing any administrative proceedings, or entering any findings of fact or conclusions of law relating to the Commissioner's investigation;

WHEREAS, the Respondents have been cooperating, and will continue to cooperate, with the Commissioner's investigation;

WHEREAS, in an effort to avoid the expenses and uncertainty of litigation and/or an administrative proceeding, the Respondents, without admitting or denying the allegations contemplated by the Commissioner, agree to voluntarily waive:

a. any right to a hearing;

b. any requirement that the Commissioner's decision contain a statement of findings of fact and conclusions of law; and

c. any and all rights to object to or challenge before the Commissioner or in any judicial proceedings any aspect, provision or requirement of this Stipulation and Consent Order;

WHEREAS, in an effort to avoid the expense and uncertainty of litigation and/or an administrative proceeding, the Respondents, without admitting or denying the allegations contemplated by the Commissioner, agree to the following:

a. For a period of three years commencing from the date of execution of this Stipulation, Respondents shall provide the Commissioner with quarterly reports detailing denials for pre-existing conditions under short –term health policies and certificates issued to Connecticut residents by the Respondents; and Respondents' prompt pay statistics for Connecticut, including the percentage of claims paid more than 45 days after claims were submitted by claimants or health care providers.

b. Respondents shall promptly submit for Commissioner's approval a written corrective action plan for health insurance claims under short-term health policies and certificates issued to Connecticut residents by the Respondents from the date of this order and in the future, including medical involvement and thorough review at the time claims are submitted and improvements in recordkeeping so the Department can readily obtain information on the relevant dates applicable to receipt and processing of information on specific claims;

c. Respondents agree (i) to send notice to all claimants who had claims denied for pre-existing conditions under short-term health policies and certificates issued to Connecticut residents by the Respondents for the years 2001,2002, 2003, 2004, 2005, 2006 and 2007 in a communication, to be approved by the Commissioner, that will provide for reconsideration of such denial by an independent third-party reviewer; (ii) to submit such claim denials to an independent third-party reviewer selected by the Commissioner and working under the overall supervision and direction of the Commissioner; and (iii) that all costs in connection with such third-party review shall be paid by Respondents. (The process in clauses i, ii iii above is the "Compliance Audit.") The third-party reviewer shall submit a report of the Compliance Audit to the Commissioner and Respondents concurrently at the conclusion of the third-party reviews. The Commissioner reserves the right to extend the Compliance Audit to include review of rescission issues, pre-existing denials for earlier years, other individual and group health policies (in addition to short-term), and other claims issues, if warranted, in the Commissioner's

determination, after the compliance audit of the denials for pre-existing conditions over the specified time period is completed. The Respondents reserve all statutory rights with respect to any such determination.

d. Respondents shall pay claims plus interest to claimants or health care providers in instances where the Compliance Audit determines that claims were improperly denied and interest on claims that were paid late in violation of Conn. Gen. Stat. Section 38a-815 and 38a-816(15).

e. Nothing herein shall relieve Respondents' obligations imposed by any applicable state insurance law or regulation.

f. This Stipulation and Consent Order may be amended at the conclusion of the compliance audit to include the imposition of administrative penalties.

g. Should the Respondents violate the Connecticut Unfair Insurance Practices Act, Connecticut insurance laws or any condition of this Stipulation, the Commissioner shall commence immediate administrative proceedings to impose administrative sanctions, up to and including revoking Respondents' insurance licenses in Connecticut, and in that respect the Commissioner may take into account the allegations contemplated in this Stipulation and Consent Order; and

h. This Stipulation and Consent Order is not intended and may not be construed to limit the authority of the Commissioner in investigating and taking appropriate action with regard to matters that are beyond the scope of the matters that were the subject of the Department's investigation.

WHEREAS, the Commissioner will cease any and all proceedings or other administrative action related to the matters stated herein contemplated against the Respondents as of the date of execution of this Stipulation and Consent Order;

WHEREAS, it is understood and agreed that this Stipulation and Consent Order represents a compromise of disputed claims and is not to be construed as an admission of liability on the part of Respondents;

WHEREAS, this Stipulation and Consent Order shall not be construed as limiting, curtailing, preempting, restricting or otherwise modifying any rights of third parties in connection with the Respondents' activities alleged herein.

NOW THEREFORE, upon consent of the parties, it is hereby agreed and ordered:

1. That the Commissioner has jurisdiction over the Respondents and over the subject matter of this administrative proceeding;

2. That the Respondents shall for a period of three years commencing from the date of execution of this Stipulation, provide the Commissioner with quarterly reports detailing Respondents' denial of claims for pre-existing conditions under short-term health policies and certificates issued to Connecticut residents by the Respondents; and prompt pay statistics for Connecticut, including the percentage of claims paid more than 45 days after claims were submitted by claimants or health care providers;

3. That Respondents shall (i) send notice to all claimants who had claims denied for pre-existing conditions under short-term health policies and certificates issued to Connecticut residents by the Respondents for the years 2001,2002, 2003, 2004, 2005, 2006 and 2007 in a communication, to be approved by the Commissioner, that will provide for reconsideration of such denial by an independent third-party reviewer; (ii) submit such claim denials to an independent third-party reviewer selected by the Commissioner and working under the overall supervision and direction of the Commissioner; and (iii) that all costs in connection with such third-party review shall be paid by Respondents;

4. That the Respondents shall submit for Commissioner's approval a written corrective action plan for health insurance claims under short-term health policies and certificates issued to Connecticut residents by the respondents from the date of this order and in the future, including medical involvement and careful review at the time claims are submitted and improvements in recordkeeping so the Department can readily obtain information on the relevant dates applicable to receipt and processing of information on specific claims;

5. That the Respondents shall pay claims plus interest to claimants or health care providers in instances where the Compliance Audit determines that claims were improperly denied and interest on claims that were paid late in violation of Conn. Gen. Stat. Section 38a-815 and 38a-816(15);

6. That any investigation by Respondents of a claim to determine whether a pre-existing condition existed at inception of the Policy under which the claim is being made shall involve a medical review prior to any decisions to deny the claim being made;

7. That Respondents will provide a plan to the Department to enhance their product materials in order to educate insureds on their rights to appeal as well as the steps necessary to make such appeal. At a minimum, such plan will include enhanced language regarding the fact that no coverage is provided for medical conditions existing at the time the Policy incepts;

8. That this Stipulation and Consent Order may be amended at the conclusion of the compliance audit to include the imposition of appropriate administrative

penalties. The Respondents reserve all statutory rights with respect to any such action;

9. That, should the Respondents violate the Connecticut Unfair Insurance Practices Act, any other Connecticut insurance law or any condition of this Stipulation and Consent Order, the Commissioner shall commence immediate administrative proceedings to impose administrative sanctions, up to and including revoking their insurance licenses in Connecticut, and in that respect the Commissioner may take into account the allegations contemplated in this Stipulation; and

10. This Stipulation and Consent Order shall not be construed to limit the authority of the Commissioner in investigating and taking appropriate action with regard to matters that are beyond the scope of the matters that were the subject of the Department's investigation.

Consented and agreed to this _____ day of March, 2007.

UNION SECURITY INSURANCE COMPANY

By: _____
Name:
Title:

TIME INSURANCE COMPANY

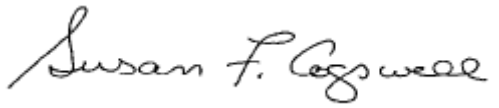
By: _____
Name:
Title:

JOHN ALDEN LIFE INSURANCE COMPANY

By: _____
Name:
Title:

SO ORDERED on this _29_ day of __March__, 2007 at Hartford, CT

SUSAN F. COGSWELL



Insurance Commissioner
State of Connecticut