

**STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE**

IN RE:

Anthem Life Insurance Company
NAIC Company Code: 61069
Maine License No. LHF70467

Docket No. INS-21-202

**CONSENT AGREEMENT
AND ORDER**

Anthem Life Insurance Company (“Anthem Life” or “the Company”), the Superintendent of the Maine Bureau of Insurance (“Superintendent”), and the Maine Office of the Attorney General (“Attorney General”) hereby enter into this Consent Agreement pursuant to 10 M.R.S. § 8003(5)(B) to resolve, without resort to an adjudicatory proceeding, violations of the Maine Insurance Code and the Maine Bureau of Insurance Rules. As set forth in more detail below, a market conduct examination has identified unfair claims practices in violation of 24-A M.R.S. § 2164-D and violations of Bureau of Insurance Rule 530 (“Rule 530”).

STATUTORY AUTHORITY

1. Under 10 M.R.S. § 8003(5)(A-1) and 24-A M.R.S. § 12-A, the Superintendent may issue a warning, censure or reprimand to a licensee; may suspend, revoke or refuse to renew the license of a licensee; may impose conditions of probation on a licensee; may levy a civil penalty against a licensee; or may take any combination of such actions in response to the licensee’s violation of any insurance law, rule, regulation, subpoena or order of the Superintendent.
2. Pursuant to 10 M.R.S. § 8003(5)(B), the Superintendent may resolve an investigation without further proceedings by entering into a consent agreement with a licensee and with the consent of the Attorney General.

STATEMENT OF FACTS

A. Background

3. The Superintendent of Insurance is the State official charged with administering and enforcing Maine's insurance laws and regulations, and the Bureau of Insurance is the administrative agency with such jurisdiction.

4. The Superintendent has jurisdiction over this matter pursuant to the powers set forth in the Insurance Code generally, as well as the specific provisions of 24-A M.R.S. §§ 12-A and 211 and 10 M.R.S. § 8003.
5. Anthem Life has been licensed in Maine as a foreign life and health insurance company since 2000 holding Maine Certificate of Authority number LHF70467. Its NAIC Code is 61069 and it is domiciled in Indiana.
6. On August 31, 2017, the Superintendent appointed J. David Leslie of Verrill Dana, LLP to serve as the examiner-in-charge for an examination of Anthem pursuant to 24-A M.R.S. § 221.
7. By letter dated September 15, 2017, the Superintendent called a targeted market conduct examination of the Company's short-term disability claims handling practices, which was conducted pursuant to 24-A M.R.S. §§ 211 and 221.
8. The examiners reviewed Anthem Life's compliance with Rule 530 and the unfair claims practices statute, 24-A M.R.S. § 2164-D, from January 1, 2011 to August 31, 2017 ("Examination Period").
9. The examination was conducted in three phases.
10. During Phase One, the examiners reviewed Anthem Life's claim administration manuals, claim training manuals, and claim administration and organization charts applicable during the Examination Period for consistency with the applicable short-term disability policies/certificates and the Maine insurance laws.
11. During Phase Two, the examiners reviewed a random sample of fifty short-term disability claim files to evaluate compliance with the applicable policies/certificates and Maine law.
12. During Phase Three, the examiners requested all short-term disability claims filed by Maine residents between October 1, 2016 and August 31, 2017, in which the Company considered the application of an offset for workers compensation benefits in order to test the Company's compliance with Rule 530.
13. The examiners prepared a market conduct examination report detailing their findings. The findings set forth in the examination report (supported by the examination workpapers), are incorporated herein by reference and serve as the basis for this Consent Agreement.

B. Phase One

14. The examiners did not note any deficiencies in the materials they reviewed.

C. Phase Two

15. The examiners drew two twenty-five claim samples from a population database of Maine claim files that included all short-term disability claims filed with Anthem Life or its affiliate by Maine residents from January 1, 2011, through August 31, 2017.
16. The examiners raised concerns regarding the handling of thirty of the fifty randomly selected claim files reviewed, which is an error rate of 60%.
17. This error rate exceeds the benchmark error rate of 7% for claims handling practices, which is set by the NAIC Market Regulation Handbook.
18. Within those 30 claim files, the examiners noted a total of fifty-eight exceptions, which they grouped into seven basic categories:
 - a. Failure to maintain adequate records – observed in 19 files
 - b. Inadequate claimant communication – observed in 16 files
 - c. Failure to conduct an adequate investigation – observed in 9 files
 - d. Failure to pay benefits owed – observed in 5 files
 - e. Failure to apply policy language – observed in 4 files
 - f. False statement of relevant fact – observed in 3 files
 - g. Undue delay – observed in 2 files

D. Phase Three

19. The examiners reviewed a total population of four (4) files.
20. The examiners found no indication in any of the files reviewed that a claim handler, manager, or appeal specialist was aware of Rule 530 or considered its application.
21. In one file, the Company failed to determine that the claimant's injury was work-related and made a claim determination without reference to work-related exclusions or Rule 530.
22. In three files, the Company failed to recognize the existence and applicability of Rule 530 and failed to "determine eligibility and provide benefits to the claimant according to the terms of the [STD] policy but without reference to any policy exclusions for work-related injury or disease," as required by Rule 530 § 4(A).
23. In one of those three (3) files, the appeals specialist failed to apply Rule 530 even though the claimant included a description of Rule 530 in her appeal.

VIOLATIONS OF LAW

24. As set forth in Paragraphs 15 through 18, Anthem Life's claim handling practices are in violation of the Maine Insurance Code's unfair claims practices provision, located at 24-A M.R.S. § 2164-D. Specifically, the examiners found that Anthem Life:
- a. Failed to maintain adequate records in violation of § 2164-D(3)(D)
 - b. Failed to adequately communicate with claimants in violation of § 2164-D(3)(B), (H) and (J)
 - c. Failed to conduct adequate claims investigations in violation of § 2164-D(3)(C) and (E)
 - d. Failed to pay benefits owed in violation of § 2164-D(3)(C), (E), and (J)
 - e. Failed to apply policy language in violation of § 2164-D(3)(A), (C), and (H).
 - f. Made false statements regarding relevant facts in violation of § 2164-D(3)(A)
 - g. Exhibited undue delay in the investigation and settlement of claims in violation of § 2164-D(3)(C) and (F).
25. As set forth in Paragraphs 19 through 23, Anthem Life also failed to comply with Rule 530's requirement that health carriers determine a claimant's eligibility for payment according to the terms of the short-term disability policy without regard to any policy exclusion for work-related injuries if the workers' compensation carrier has filed a notice of controversy challenging the work-relatedness of the claimant's workers' compensation claim.

COVENANTS

26. Anthem Life agrees to the Statement of Facts and Violations of Law stated above and agrees that such actions make it subject to disciplinary action.
27. Anthem Life accepts as disciplinary action the imposition of a civil penalty in the amount of one hundred thousand dollars (\$100,000). Fifty thousand dollars (\$50,000) to be imposed forthwith, and the balance suspended pending a further review of Anthem Life's short-term disability claims.
28. No later than sixty (60) days after executing this Consent Agreement, Anthem Life will remit to the Maine Bureau of Insurance a company check in the amount of fifty thousand dollars (\$50,000) payable to the Treasurer of the State of Maine.
29. No later than thirty (30) days after executing this Consent Agreement, Anthem Life shall submit a proposed Corrective Action Plan to the Superintendent for his review and approval specifying the actions that Anthem Life intends to implement to correct the claims handling deficiencies the examiners found during the examination and set forth in the Market Conduct Examination Report and this Consent Agreement. The Plan should include, as attachments, all form letters and notices that have been revised by Anthem Life based on the examiners' findings.

30. The Corrective Action plan should include the following items, which specifically address the concerns noted by the examiners:
- a. Create a policy or procedure to ensure that proper case notes are consistently entered into all claims files.
 - b. Create a policy or procedure to ensure that all key records the company relies upon when making a claim determination are included in the claim file.
 - c. Update the templates used for benefit award letters to ensure that they include:
 - i. The approved benefit level
 - ii. The policy language under which the benefit was paid
 - iii. The policy language governing any elimination period, offset or reduction
 - d. Provide a copy of a sample termination letter, which should include sections for the relevant policy language and the underlying rationale for the termination decision.
 - e. Update claims handling manuals, policies, and/or procedures to ensure that claim handlers.
 - i. Understand when outreach to treating providers is required
 - ii. Follow-up with a further investigation after making an initial approval of STD benefits for a limited period
 - iii. Do not base claims decisions upon a perceived lack of objective evidence supporting the claimant's position
 - f. Provide a plan to ensure that benefit calculations, starting dates for benefits, and benefit periods are all supported by the information in the claim file.
 - g. Provide a plan to ensure that any statements claim handlers make to claimants are consistent with the information in the claim file.
 - h. Provide a plan to ensure that all claims are investigated and decided within a reasonable period of time after the Company receives all necessary information.
 - i. Develop a training, organizational, and/or systems solution to ensure that Maine disability claims are handled in compliance with Rule 530.
31. The Bureau will conduct a subsequent review of short-term disability claims initially filed during a one-year period that begins ninety (90) days after approval date of the Corrective Action Plan.
- a. If that review shows that Anthem Life is no longer engaging in the unfair claims practices described in Paragraph 24, 50% of the suspended portion of the penalty will be waived. If that review shows that the unfair claims practices described above are still ongoing, 50% of the suspended penalty may be imposed.

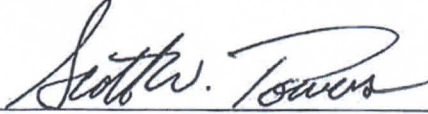
- b. The Bureau will also conduct a subsequent review of all short-term disability claims involving Rule 530 that were filed by Maine residents during a one-year period, beginning on the approval date of the Corrective Action Plan.
 - c. If that review shows that Anthem Life is compliant with Rule 530, 50% of the suspended portion of the penalty will be waived. If that review shows that Anthem Life continues to be noncompliant with Rule 530, as described in Paragraph 25, 50% of the suspended penalty may be imposed.
 - d. The Superintendent's decision to impose all or part of the suspended penalty under the preceding subparagraphs 30(b) and (d) will be in his sole and absolute discretion. In exercising that discretion, the Superintendent may consider the nature and quantity of any continuing conduct discovered during the review.
32. Anthem Life shall continue to take all necessary steps to ensure that its processing of short-term disability claims remains in compliance with Maine law and shall continue to cooperate with all bureau requests for information relating to its processing of these claims.
33. The parties to this Consent Agreement understand that nothing herein shall affect any right or interest which any person not a party to this Agreement may possess.
34. This Consent Agreement is not subject to appeal. Anthem Life waives any right it might have to appeal any matter that is a subject of this Consent Agreement.
35. This Consent Agreement constitutes an Order of the Superintendent. A violation of its terms is enforceable by the Superintendent pursuant to 24-A M.R.S. § 12-A and 211.
36. This Consent Agreement is also enforceable by an action in Maine Superior Court pursuant to 24-A M.R.S. § 214, 10 M.R.S. § 8003(5)(B), and 14 M.R.S. § 3138.
37. The effective date of this Consent Agreement is the date of the Superintendent's signature.
38. This Consent Agreement may be modified only by a written agreement executed by all of the parties hereto. Any decision to modify, continue or terminate any provision of this Consent Agreement rests in the discretion of the Superintendent and the Attorney General.
39. This Consent Agreement is a public record subject to the provisions of the Maine Freedom of Access Act. It will be available for public inspection and copying as provided by 1 M.R.S. § 408-A and will be reported to the National Association of Insurance Commissioners' (NAIC) Regulatory Information Retrieval System "RIRS" database.

40. By the duly-authorized signature of its representative on this Consent Agreement, Anthem Life warrants that it has consulted with counsel before signing the Consent Agreement or has knowingly and voluntarily decided to proceed in this matter without consulting counsel, that it understands this Consent Agreement, and that it enters into the Consent Agreement voluntarily and without coercion of any kind from any person.
41. In return for Anthem Life's execution of and compliance with the terms of this Consent Agreement, the Superintendent and the Attorney General agree to forego pursuing further disciplinary measures or other civil or administrative sanctions arising under the Maine Insurance Code for the specific conduct described in this Consent Agreement, other than those sanctions agreed to herein. However, should Anthem Life fail to comply with or violate this Consent Agreement, it may be subject to any available remedy under the law for such a failure or violation.

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ANTHEM LIFE INSURANCE COMPANY

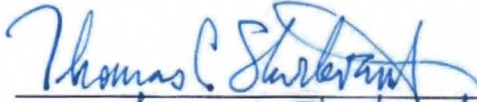
Dated: 20 OCTOBER, 2023



Name: Scott Towers
Title: President

FOR THE OFFICE OF THE ATTORNEY GENERAL

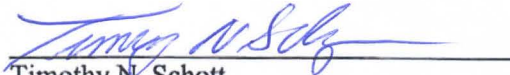
Dated: October 25, 2023



Name: Thomas C. Sturtevant, JR.
Assistant Attorney General

THE MAINE SUPERINTENDENT OF INSURANCE

Dated: October 26, 2023



Timothy N. Schott
Acting Superintendent