

STATE OF MISSOURI

DEPARTMENT OF



INSURANCE

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

TO: Office of the President
Continental General Insurance Co.
17800 Royalton Rd.
Cleveland, OH 44136-5197

RE: Missouri Market Conduct Examination 0405-40-LAH
Continental General Insurance Company (NAIC #71404)

STIPULATION OF SETTLEMENT **VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR**

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, hereinafter referred to as "Director" or "the Department," and Continental General Insurance Company, hereinafter referred to as "Continental General," as follows:

WHEREAS, W. Dale Finke is the Director of the Department of Insurance, 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 of Missouri; and

WHEREAS, Continental General has been granted certificate(s) of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of Continental General and prepared report number 0405-40-LAH; and

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

1. In some instances, Continental General included an inaccurate statement in one of its life insurance advertising brochures, thereby violating 20 CSR 400-1.050(2)(A) and 20 CSR 400-5.100(3)(A) and (4)(B).

2. In some instances, Continental General used applications for a graded death benefit policies which did not comply with Missouri law and which was inconsistent with the actual language of the policy, thereby violating Missouri Regulation 20 CSR 400-1.040(1)(A)3. and 8.

3. In some instances, Continental General used applications and telephone interview forms which inquired into whether the applicant had ever been declined, postponed, or re-rated, thereby violating §376.936(11)(f), RSMo, and MDI Bulletin 94-04.

4. In some instances, Continental General used telephone interview forms which had not been filed for approval with the Department, thereby violating §376.777.7(1), RSMo.

5. In some instances, Continental General issued major medical policies which contained an inaccurate definition of emergency care, thereby violating §376.1350(12), RSMo.

6. In some instances, Continental General's denials of certain Accident Only, Specified Disease and Limited Benefit Claims were not based on specific policy provisions, conditions, or exclusions, thereby violating §375.1007(12), RSMo, and Missouri Regulation 20 CSR 100-1.050(1)(A).

7. In some instances, Continental General failed to maintain its documents in a manner so that the Company's claims and complaint handling practices may be readily ascertained during a market conduct exam, thereby violating §§375.936(3) and 376.1375, RSMo, and Missouri Regulation 20 CSR 300-2.200.

8. In some instances, Continental General did not conduct a thorough or detailed investigation to determine if certain benefits were payable, thereby violating §375.1007(6), RSMo.

9. In some instances, Continental General improperly denied coverage for certain mandated or covered benefits, thereby violating §§375.1007, 376.782, 376.1215, 376.1250, 376.1350, 376.1361, and 376.1367 RSMo.

10. In some instances, Continental General failed to cancel a certificate of insurance after it received a request to do so from the insured, thereby violating §408.020, RSMo.

11. In some instances, Continental General failed to promptly provide necessary claim forms, instructions, and reasonable assistance to the claimant, as required by §375.1007(2), (3), (4), and (7), RSMo, and Missouri Regulation 20 CSR 100-1.030(3).

12. In some instances, Continental General did not promptly and adequately investigate, adjudicate, and pay certain claims, thereby violating §§375.1007, and 376.383, RSMo, and Missouri Regulation 20 CSR 100-1.030 through 20 CSR 1.100-1.050.

13. In some instances, Continental General did not comply with the acknowledgement requirements relating to enrollee grievances, thereby violating §374.205, RSMo, and Missouri Regulation 20 CSR 300-2.200.

WHEREAS, Continental General hereby agrees to take remedial action bringing Continental General into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times.

WHEREAS, Continental General, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, Continental General hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination # 0405-40-LAH further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$6,225.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Continental General to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Continental General does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$6,225, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 4/19/2006



President
Continental General Insurance Co.