

**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

TO: Office of the President  
Unicare Life & Health Insurance Company  
233 S. Wacker Drive  
Suite 3900  
Chicago, IL 60606

RE: Missouri Market Conduct Examination 0504-08-LAH  
Unicare Life & Health Insurance Co. (NAIC #80314)

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Unicare Life & Health Life Insurance Co., (hereafter referred to as "Unicare"), as follows:

WHEREAS, Douglas M. Ommen is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), 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 in Missouri; and

WHEREAS, Unicare has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of Unicare and prepared report number 0504-08-LAH; and

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

1. In some instances, Unicare used forms in some of its large group underwriting files that included an incorrect definition of "emergency," in violation of §376.1350(12), RSMo.

2. In some instances, Unicare failed to acknowledge receipt of certain grievances within 10 working days as required by §376.1382, RSMo, and Missouri Regulation 20 CSR 1001.030(2).

3. In some instances, Unicare improperly denied claims or denied claims without conducting a reasonable investigation and subsequently failed to pay applicable interest when the claims were reprocessed, thereby violating §§375.1007(1), (4), and (6), 376.383.5, and 376.1350(12), RSMo.

4. In some instances, Unicare's response letters to grievances failed to inform the enrollees of the specific reason for a reduction in benefits for a claim or of certain relevant DIFP grievance procedures and contact information, as required by §§376.383.9, 376.1350(1), and 376.1363.5, RSMo, 20 CSR 100-5.010(4) and 20 CSR 100-5.020(1).

5. In some instances, Unicare failed to reply to provider grievances within 10 working days as required by 20 CSSR 100-1.030(2).

6. In some instances Unicare improperly denied provider claims and also failed to pay interest on claims that were paid more than 45 days after its receipt, thereby violating §§376.383.5, 376.1007(1), (4) and (6), 376.1225.2, and 376.1250.1(3), RSMo.

7. In some instances Unicare failed to mail a response to the Department's inquiry regarding complaints it received within 20 days as required by 20 CSR 100-4.100.

8. In some instances Unicare failed to pay claims on or before the 45<sup>th</sup> day from the date receipt of the claim as well as the applicable accrued interest, thereby violating §§375.1007(1) and (4), 376.383.5 and .9, and 376.1250.1(2), RSMo, and Missouri Regulation 20 CSR 300-2.200(3)(B).

9. In some instances, Unicare failed to maintain its books, records, documents, and other business records and to provide relevant materials, files, and documentation in such a way to allow the examiners to sufficiently ascertain the rating and underwriting and claims handling and payment, complaint handling, termination, and marketing practices of the Company, thereby violating §374.205.2(2), RSMo, and 20 CSR 300-2.200(2) and (3).

10. In some instances, Unicare failed to timely and completely respond to the examiners' requests for information and criticisms, thereby violating §374.205, RSMo.

WHEREAS, Unicare hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, taking the following actions:

1. Unicare agrees to take corrective action to reasonably assure that the errors noted in the above-referenced market conduct examination report do not recur;

2. Unicare agrees to review all paid and denied small and large employer group accident and health and dental claims that were filed with the Company between January 1, 2002, and January 1, 2006, that not preempted by ERISA as per the parties' discussions, and that were not paid after 45 days

from the date of receipt and send interest payments to the claimants pursuant to §376.383, RSMo, along with a letter stating that the interest payments are being paid “as a result of findings from a Missouri Market Conduct examination.” Evidence will also be provided to the DIFP within 90 days after the entry of a final Order concluding this examination that such payments have been made.

3. Unicare agrees to review all denied PSA claims that are dated between January 1, 2002, and January 1, 2006, that were not paid after 45 days from the date of receipt and send interest payments to the claimants pursuant to §376.383, RSMo, along with a letter stating that the interest payments are being paid “as a result of findings from a Missouri Market Conduct examination.” Evidence will also be provided to the DIFP within 90 days after the entry of a final Order concluding this examination that such payments have been made.

4. Unicare agrees to review all denied complications of pregnancy claims that are dated between January 1, 2002, and January 1, 2006, that were not paid after 45 days from the date of receipt and send interest payments to the claimants pursuant to §376.383, RSMo, along with a letter stating that the interest payments are being paid “as a result of findings from a Missouri Market Conduct examination.” Evidence will also be provided to the DIFP within 90 days after the entry of a final Order concluding this examination that such payments have been made.

5. Unicare agrees to review all denied pap smear claims that are dated between January 1, 2002, and January 1, 2006, that were not paid after 45 days from the date of receipt and send interest payments to the claimants pursuant to §376.383, RSMo, along with a letter stating that the interest payments are being paid “as a result of findings from a Missouri Market Conduct examination.” Evidence will also be provided to the DIFP within 90 days after the entry of a final Order concluding this examination that such payments have been made.

6. Unicare agrees to pay the denied Modifier – 25 claims listed in the examination report, in addition to review all of its Modifier – 25 claims dated January 1, 2002, to January 1, 2006, that were paid after 45 days from the receipt of the claims and send interest payments to the claimants pursuant to §376.383, RSMo, along with a letter stating that the interest payments are being paid “as a result of findings from a Missouri Market Conduct examination.” Evidence will also be provided to the DIFP within 90 days after the entry of a final Order concluding this examination that such payments have been made.

WHEREAS, Unicare neither admits nor denies the findings or violations set forth above and enumerated in the examination report;

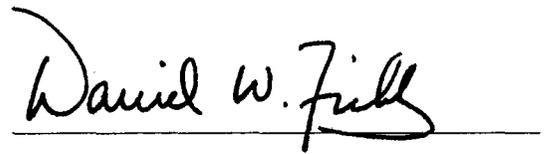
WHEREAS, Unicare is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation;

WHEREAS, Unicare, 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, Unicare hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination #0504-08-LAH further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$23,810.83.

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 Unicare to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Unicare 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 \$23,810.83, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 7.19.07

A handwritten signature in cursive script that reads "Daniel W. Fells". The signature is written in black ink and is positioned above a horizontal line.

President  
Unicare Life & Health Insurance Company