



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

November 12, 2013

Mr. Gerald Lenahan
President
HumanaDental Insurance Company
P.O. Box 740036
Louisville, KY 40201-7436

*sent via USPS certified mail
return receipt requested*

Dear Mr. Lenahan:

A Market Conduct Examination of your company was conducted by authorized examiners designated by the Director of Insurance pursuant to Illinois Insurance Code Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code. The examination covered the period January 1, 2010 through July 8, 2013 and January 1, 2012 through December 31, 2012 for claims.

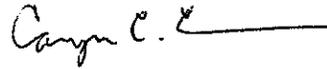
A copy of the examination report is enclosed with this letter as well as a Stipulation and Consent Order. As required by the Illinois Insurance Code Section 132, the Director must notify the company concerning the contents of the verified examination report before filing it and making the report public of any matters relating thereto, and must afford the company an opportunity to demand a hearing with reference to the facts and other evidence therein contained. The company may request a hearing within 10 days after receipt of the examination report by giving the Director written notice of the request, together with a statement of its objections. The examination report will generally not be filed until a hearing is completed. Companies that do not demand a formal hearing may submit their rebuttal with respect to any matters in the examination report. The rebuttal will be considered by the Director before the examination report is filed.

Please provide any rebuttals, or sign the attached Stipulation and Consent Order, to the undersigned by close of business 30 days from the date of this letter. In the event the Company elects to sign the Stipulation and Consent Order, please sign and return both copies. The Director will sign both copies and a fully executed copy will be returned to you for your records. The Stipulation and Consent Order requires HumanaDental Insurance Company to provide proof of compliance with Order numbers 1-7 and to also pay a civil forfeiture to the Department in the amount of \$20,000 within 30 days of receipt of these Orders.

Once the report of examination has been filed, the exam report, the company's rebuttal, if any, and corresponding Orders (if applicable) are public documents under the Freedom of Information Act (5 ILCS 140/1 *et al.*) and may be posted on the Department's website. In the event of a formal hearing, the record of the hearing, the Hearing Officer Recommendations, and the Director's final Order are also public documents and may be posted on the Department's website.

Please contact me if you have any questions. I may be reached at 217-557-7311.

Sincerely,

A handwritten signature in black ink that reads "Caryn C. Carmean" followed by a long horizontal flourish.

Caryn C. Carmean, A.C.A.S., M.A.A.A..
Acting Deputy Director Consumer Outreach and Protection
Illinois Department of Insurance
320 West Washington Street
Springfield, IL 62767
217-557-7311

This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

Caryn Carmean
Acting Deputy Director Consumer Outreach and Protection
Illinois Department of Insurance

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF THE EXAMINATION OF:

HUMANADENTAL INSURANCE COMPANY
1100 EMPLOYERS BOULEVARD
GREEN BAY, WI 54344

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402 and 5/425) do hereby appoint Examiner-In-Charge, Mike Hager and associates as the proper persons to examine the insurance business and affairs of HumanaDental Insurance Company, NAIC # 70580, and to make a full and true report to me of the examination made by them of HumanaDental Insurance company, with a full statement of the condition and operation of the business and affairs of HumanaDental Insurance Company, with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business. The costs of this examination shall be borne by the company.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of HumanaDental Insurance Company.



IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed this Seal.

Done at the City of Springfield, this 21st day of May, 2012

Andrew Boron

Andrew Boron

Director

HUMANADENTAL INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: July 08, 2013 through August 23, 2013

EXAMINATION OF: Humanadental Insurance Company
NAIC Number: 119 70580

LOCATION: 1100 Employers Boulevard
De Pere, Wisconsin 54115

PERIOD COVERED
BY EXAMINATION: Claims: January 1, 2012 through December 31, 2012
Complaints and Appeals: January 1, 2010 through July 8,
2013

EXAMINERS: Patricia S. Hahn
C. Michael Hager - Examiner in Charge

INDEX

I.	SUMMARY	1
II.	BACKGROUND	2
III.	METHODOLOGY	3-4
IV.	FINDINGS	5-7
	A. Producer Analysis	
	1. Agent Production	
	2. Terminated Agent Review	
	B. Claims Analysis	
	1. Paid Individual Dental	
	2. Denied Individual Dental	
	3. Paid Group Dental	
	4. Denied Group Dental	
	C. Policy Form and Advertising Review	
	1. Policy Form and Advertising Review	
	D. Complaints and Appeals	
	1. Department of Insurance Complaints	
	2. Appeals	
	3. Consumer Complaints	
V.	TECHNICAL APPENDICES	

I. SUMMARY

1. HDIC was criticized under 215 ILCS 5/154.6(d) for failure to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear resulting in underpayments.
2. HDIC was criticized for violating 215 ILCS 5/368a(c) for failure to pay interest on claims not paid within 30 days.
3. HDIC was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failure to provide the insured with the notice of availability of the Department of Insurance on denied group dental claims.
4. HDIC was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failure to provide to the insured notice of availability of the Department of Insurance on claims where a portion of the provider's bill was paid and the remaining portion denied.
5. HDIC was criticized under 50 Ill. Adm. Code 2602.40(b) for the adjustment of a claim overpayment without notifying the insured in writing within six months of the date of the overpayment.

II. BACKGROUND

Humanadental Insurance Company (“HDIC”) is a Wisconsin domiciled life, accident and health insurer, was originally organized on January 1, 1908, under the name Wisconsin National Life Insurance Company (WNLIC).

Effective March 25, 1975, N.V. Netherlands Insurance Company (NVNIC) acquired 91.4% of the outstanding capital stock of WNLIC, and on April 29, 1976, NVNIC acquired the remaining outstanding shares of WNLIC through a reverse stock split. Ownership and control of WNLIC was transferred to Nationale-Nederlanden U.S. Corporation, a wholly owned subsidiary of N.V. Netherlands, on May 2, 1997, and later to Nationale-Nederlanden a U.S. life insurance company effective January, 1, 1981. On June 30, 1985, the capital stock of the company was transferred to Nationale-Nederlanden U.S. Holdings Inc. On July 30, 1993, 100% of the capital stock of WNLIC was purchased by Protective Life Insurance Company (PLIC), a subsidiary of the Alabama domiciled insurance holding company, Protective Life Corporation.

Ownership and control of WNLIC was purchased from PLIC by HumanaDental, Inc., a Delaware domiciled holding company subsidiary of Humana Inc., effective May 10, 2000, when HDIC adopted its current name. Concurrent with the acquisition, all residual business on the books at the acquisition date was 100% ceded to and administered by PLIC, through reinsurance and administration agreements which remain in force. HDIC commenced issuing dental health insurance policies in 2001, which remains its primary line of business today.

III. METHODOLOGY

The Market Conduct Examination covered the business for the period of January 1, 2012 through December 31, 2012 for claims and July 1, 2010 through the start date of the examination for complaints and appeals. Specifically, the examination focused on a review of the following areas.

1. Sales, advertising and procedure files.
2. Enrollment procedures.
3. Claim procedures.
4. Complaints and Appeals.

The review of the categories was accomplished through examination of appointed and terminated producer files, claim files and complaint files. Each of the categories was examined for compliance with Department Regulations and applicable State laws. The report concerns itself with improper practices performed with such frequency as to indicate general practices. Individual criticisms were identified and communicated to the company, but not cited in the report if not indicative of a general trend, except to the extent that underpayments and/or overpayments in claim surveys or undercharges and/or overcharges in underwriting surveys were cited in the report.

The following methods were used to obtain the required samples and to assure a methodical selection:

Producer Review

New business was reviewed to determine if solicitations had been made by duly licensed persons.

Claims

1. Paid Claims - Payment for claims made during the examination period.
2. Denied Claims - Denial of benefits during the examination period for losses not covered by certificate of coverage provisions.

All claims were reviewed for compliance with policy contracts and applicable Sections of the Illinois Insurance Code (215 ILCS 5/1 et seq.), the Managed Care Reform and Patient Rights Act (215 ILCS 134/1 et seq.) and the Illinois Administrative Code.

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment or denial to the member.

The period under review was January 1, 2012 through December 31, 2012.

Department Complaints and Consumer Appeals

HDIC was requested to provide all files relating to complaints received via the Department of Insurance and those received directly from members. The HDIC was also requested to provide files of all member complaints and external independent reviews handled during the survey period.

Median periods were measured from the date of notification by the complainants to the date of response by HDIC.

The period under review was January 1, 2010 through the start date of the examination.

SELECTION OF SAMPLE

Survey Area Reviewed	Population	# Reviewed	% Population Reviewed
Producer Review			
# Producers	1,065	1,065	100%
# Applications	2,620	2,620	100%
Terminated Agents	2,886	2,886	100%
Claims Review			
Paid Individual Dental	563	100	18%
Denied Individual Dental	154	70	45%
Paid Group Dental	33,168	120	0.40%
Denied Group Dental	2100	110	5%
Policy Forms & Advertising			
Number of Policy Forms & Advertising	48	48	100%
Complaints & Appeals			
Dept. of Insurance Complaints	39	39	100%
Consumer Complaints	165	81	49%
Appeals	30	30	100%

IV. FINDINGS

A. Producer Analysis

1. Agent Production

A review of 1,065 producers HDIC paid commissions produced no criticisms.

A review of 2620 applications which HDIC received from producers produced no criticisms.

2. Terminated Agent Review

A review of 2,886 terminated producers produced no criticisms. None were terminated for cause.

B. Claims Review

1. Paid Individual Dental

A review of 100 paid individual dental claim files produced no criticisms.

The median for payment was six (6) days.

2. Denied Individual Dental

A review of 70 denied individual dental claim files produced no criticisms. While, as noted below, HDIC did not provide a Notice of Availability with the written reasonable explanation for the denial of group dental claims, HDIC did provide a timely written reasonable explanation for the denial of individual claims accompanied by a Notice of the Availability of the Department of Insurance as required by 50 Ill. Adm. Code 919.50(a)(1).

The median for denial was five (5) days.

3. Paid Group Dental

A review of 120 paid group dental claim files produced one (1) criticism. A general criticism was made under 50 Ill. Adm. Code 919.50(a)(1) for failure to provide notice of availability of the Department of Insurance on claims where a portion of the provider's bill was paid and the remaining portion denied. Sixty three (63) of one hundred twenty (120) claims or 53% of the files reviewed were partial denials where a Notice of Availability was not provided with the written explanation for the partial denial.

The median for payment was six (6) days.

4. Denied Group Dental

A review of 110 denied group dental claim files produced two (2) criticisms. A general criticism was made under 50 Ill Adm. Code 919.50(a)(1) for failure to provide notice of availability of the Department of Insurance on the denied claims. One hundred percent (100%) of the claims reviewed were found to be in violation.

An individual criticism was made for failure to pay interest on a claim not paid in 30 days as required by 215 ILCS 5/368a(c). The amount of interest owed was \$2.98. HDIC made the interest payment prior to the completion of the examination.

The median for denial was four (4) days.

C. Policy Forms and Advertising Review

1. A review of 48 policy forms and advertising produced no criticisms.

D. Complaints and Appeals

1. Department of Insurance Complaints

A review of 39 Department of Insurance complaints produced four (4) individual criticisms. The first individual criticism was for a violation of 215 ILCS 5/368a(c) for failure to pay interest on a claim not paid within 30 days. The amount of interest owed was \$5.76. HDIC made this interest payment prior to the conclusion of the examination.

The second individual criticism was for violating 50 Ill Adm. Code 2602.40(b). That regulation permits insurers to recoup claim overpayments via an offset against future claim payments provided that the insurer advises the insured of the claim overpayment within six (6) months of the claim overpayment. HDIC recouped via offset a claim overpayment of \$168.56 but had failed to notify the insured of the claim overpayment within six (6) months of the date of the overpayment. HDIC reversed this offset and made payment to the provider prior to the completion of the examination.

The examiners noted two other instances in which HDIC had recouped an overpayment but had failed to notify the insured in writing of the overpayment within six (6) months of the date of the overpayment as required by 50 Ill. Adm. Code 2602.40(b). While HDIC had reversed

these offsets prior to the start of the exam, it had not notified the insured of its intention to recoup the overpayment prior to the recoupment.

The median for response was 19 days.

2. Appeals

A review of 81 appeal files produced four (4) individual criticisms. Three (3) individual criticisms were made for violating 215 ILCS 5/368a(c). HDIC failed to pay interest on claims not paid within 30 days. Interest owed on the three claims not paid within 30 days was \$30.89, \$6.31 and \$35.51. The total interest owed was \$72.71. HDIC made these interest payments prior to the completion of the examination.

The fourth individual criticism was for a violation of 215 ILCS 5/154.6(d) for not attempting in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear. HDIC had denied a claim where the examiners considered HDIC's liability to be reasonably clear. HDIC re-evaluated the claim and made payment of \$116.57 prior to the completion of the examination.

The median for response was 31 days.

3. Consumer Complaints

A review of 30 consumer complaint files produced no criticisms.

The median for response was 44 days.

V. TECHNICAL APPENDICES

None.

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

Mike Hager being first duly sworn upon his oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of:

HumanaDental Insurance Company, NAIC #70580

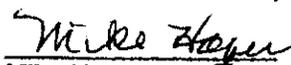
That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

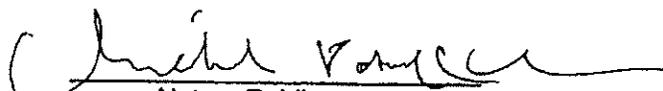
That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

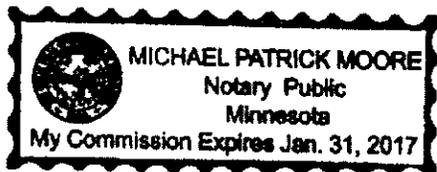
That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.


Mike Hager
Examiner-In-Charge

Subscribed and sworn to before me
this 22 day of October, 2013.


Notary Public



STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Humanadental Insurance Company
1100 Employers Boulevard
De Pere, Wisconsin 54115

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Humanadental Insurance Company, NAIC Number 119 70580, ("Company") is authorized under the insurance laws of this State and by the Director as a foreign life, accident and health insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by duly qualified examiners appointed by the Director pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425); and

WHEREAS, the appointed examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understand its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Company and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That the Director and the Company consent to this order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code, and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain procedures to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear as required by 215 ILCS 5/154.6(d).
2. Institute and maintain procedures to pay interest on claims not paid within 30 days as required by 215 ILCS 5/368a(c).
3. Institute and maintain procedures to provide the insured, or when applicable the insured's beneficiary, a notice of availability of the Department of Insurance on claims denied in full as required by 50 Ill. Adm. Code 919.50(a)(1).
4. Institute and maintain procedures to provide the insured, or when applicable the insured's beneficiary, a notice of availability of the Department of Insurance on claims denied in part as required by 50 Ill. Adm. Code 919.50(a)(1).
5. Institute and maintain procedures to notify the insured in writing within the required six months of the date of a claim overpayment error which the Company intends to recoup via an offset against a future claim payment as required by 50 Ill. Adm. Code 2602.40(b).
6. Submit to the Director proof of compliance within thirty (30) days of the date on which this Stipulation and Consent Order is executed by the Director.
7. The Company shall pay to the Director a civil forfeiture of twenty thousand dollars (\$20,000) within thirty days of the date on which this Stipulation and Consent Order is executed by the Director.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:
Humanadental Insurance Company

MR Sanders
Signature

Michelle R. Sanders
Name

Regulatory Compliance Director
Title

Subscribed and sworn to before me this
12 day of December 2013.

Robin M. Verbaugg
Notary Public

DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE 1-3-2014

Andrew Boron/mso
Andrew Boron
Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

April 2, 2014

Mr. Gerald Lenahan
President
HumanaDental Insurance Company
P.O. Box 740036
Louisville, KY 40201-7436

*sent via USPS certified mail
return receipt requested*

Re: Market Conduct Examination of HumanaDental Insurance Company

Dear Mr. Lenahan:

The Department has received the company's proof of compliance with Order #1 through Order #5 and the \$20,000 civil forfeiture as stated in the Stipulation and Consent Order issued by the Department.

The Department is closing its files on this exam. I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132.

Sincerely,

Lysa Saran
Acting Deputy Director of
Consumer Outreach and Protection
Illinois Department of Insurance
122 S. Michigan Avenue, 19th Floor
Chicago, IL 60603
Phone: 312-814-1767
Cell: 312-833-4396
E-mail: Lysa.Saran@Illinois.gov