



Illinois Department of Insurance

Bruce Rauner
Governor

Anne Melissa Dowling
Acting Director

December 14, 2016

Kenneth R. Baldwin
President
Celtic Insurance Company
77 West Wacker Drive, Suite 1200
Chicago, IL 60601

Re: Celtic Insurance Company, NAIC 80799
Market Conduct Examination Report Closing Letter

Dear Mr. Baldwin:

The Department has reviewed your Company's proof of compliance and deems it adequate and sufficient. Therefore, the Department is closing its file 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. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Jack Engle".

Jack Engle, MCM
Assistant Deputy Director-Market Conduct and Analysis
Illinois Department of Insurance
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Springfield, IL 62767
217-558-1058
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CELTIC INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: August 11, 2015 through December 30, 2015

EXAMINATION OF: Celtic Insurance Company
NAIC Number: 80799

LOCATION: 77 West Wacker Drive
Chicago, Illinois 60601

PERIOD COVERED
BY EXAMINATION: April 1, 2014 through March 31, 2015 - Claims
October 1, 2013 through March 31, 2015 - Complaints

EXAMINERS: David Bradbury, Examiner-in-Charge
Patricia Hahn

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I. FOREWORD

This is a comprehensive market conduct examination report of Celtic Insurance Company (the “Company”), NAIC Code 80799. This examination was conducted at the offices of Celtic Insurance Company, located at 77 West Wacker Drive in Chicago, Illinois.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance.

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to, but not limited to, 215 ILCS 5/132.

The purpose of the examination was to determine if the Company complied with the Illinois Insurance Code (IIC), the Illinois Administrative Code (IAC) and the Illinois Essential Health Benefits (EHB) Benchmark Plan, and to consider whether the Company’s operations are consistent with the public interest. The primary period covered by this review is April 1, 2014 through March 31, 2015 for claims and October 1, 2013 through March 31, 2015 for complaints and appeals unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a comprehensive examination involving the following business functions and lines of business: claims handling practices, policy forms and advertising in use, producer licensing and the handling of consumer complaints, appeals and Department complaints for all lines of business.

In performing this examination, the examiners reviewed a sample of the Company’s practices, procedures, products, forms, advertising, extra-contractual claim adjudication guidelines and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

III. SUMMARY

The following represent general findings, however specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS							
Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
DB Denied Health	143	215 ILCS 5/154.6(i) & 50 Ill. Adm. Code 919.50(a)	Failed to deny in 30 days	1223	112	1	1%
DB Policy Form	63	215 ILCS 5/155.36	Non-compliant with entire section		n/a		
DB Policy Form	30	215 ILCS 5/143(1)	Dependent Maternity Care Exclusion		n/a		
DB Policy Form	31	215 ILCS 5/143(1)	Hospice Care Limit 6 months		n/a		
DB Policy Form	35	215 ILCS 5/143(1)	Pre-Existing Exclusions		n/a		
DB Policy Form	42	215 ILCS 5/143(1)	Massage Therapy Exclusion		n/a		
DB Policy Form	57	215 ILCS 5/143(1)	Hearing screening limitation to infants		n/a		
DB Policy Form	58	215 ILCS 5/143(1)	Non-emergency care exclusion- Travel		n/a		
DB Policy Form	55	215 ILCS 5/143(1)	Lifetime Limit on Organ Transplants		n/a		
DB Policy Form	37	215 ILCS 5/143(1) & 215 ILCS 5/356e	Cost sharing for criminal sexual assault victims		n/a		
DB Policy Form	38	215 ILCS 5/143(1) & 215 ILCS 5/356g	Reconstruction post mastectomy limitation		n/a		

Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
DB Policy Form	48	215 ILCS 5/143(1) & 215 ILCS 5/367k	Coverage excluded due to intoxication		n/a		
DB Policy Form	60	215 ILCS 5/143(1) & 215 ILCS 175/5	Formulary change violation post organ transplant		n/a		
DB Paid Health	99	215 ILCS 5/368a(c)	Failed to pay claims within 30 days	712	109	27	25%
DB Paid Health	various	215 ILCS 5/368a(c)	Interest due to late payments totaling \$1441.85	712	109	19	17%
PH Consumer Appeals	163	215 ILCS 134/45(c)	Oral Notification	177	177	177	100%
PH Consumer Appeals	183	215 ILCS 134/45(c)	15 days to respond	177	177	125	71%
PH Consumer Appeals	various	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment & interest totaling \$5425.50	177	177	10	6%
PH Consumer Appeals	180	215 ILCS 5/154.6(i)	30 days to deny	177	177	52	29%
PH Consumer Appeals	200	215 ILCS 180/20 & 215 ILCS 134/45(d)	Failure to provide Ext Review Info	177	177	12	7%
PH Consumer Appeals	various	215 ILCS 5/356x & 215 ILCS 5/368a(c)	Colorectal underpayments totaling \$1426.81	177	177	2	1%
PH Consumer Appeals	various	215 ILCS 5/356z.15(b)(2)	Habilitative underpayments totaling \$1613.46	177	177	2	1%
PH Consumer Appeals	62	215 ILCS 5/356z.3a	Routine Mammography underpayment of \$129.25	177	177	1	1%
PH Consumer Appeals	various	215 ILCS 5/368a(c)	Interest underpayments totaling \$1858.47	177	177	41	23%

Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
PH Consumer Appeals	33	215 ILCS 5/370o	ER Care underpayment of \$350.85	177	177	1	1%
PH Department of Insurance	various	215 ILCS 5/357.22	Premium Refunds unpaid totaling \$561.12	14	14	2	14%
PH Department of Insurance	182	215 ILCS 5/154.6(f)	Meritorious Complaints	14	14		
PH Department of Insurance	2	215 ILCS 5/356h	Claim Denial- Child Guardianship	14	14	1	7%
PH Department of Insurance	various	215 ILCS 5/368a(c)	Interest due to late payments totaling \$100.24	14	14	2	14%
PH Department of Insurance	64	215 ILCS 5/370o	Underpaid Ambulance interest payment of \$263.35	14	14	1	7%
PH Department of Insurance	88	50 Ill. Adm. Code 926.40(a)	Failure to respond in required time	14	2	2	14%

IV. BACKGROUND

Celtic Insurance Company was formerly known as Celtic Life Insurance Company and changed its name to Celtic Insurance Company in January 1999. The Company was founded in 1978 and is based in Chicago, Illinois. Celtic Insurance Company operates as a subsidiary of Celtic Group, Inc. Celtic Group, Inc. was acquired by St. Louis-based Centene Corporation (NYSE: CNC). The Company offers health products. The Company markets through the internet and the ACA marketplace.

Celtic Insurance Company had 2014 direct premiums of \$1,296,781 with a 0.01 Percent market share.

V. METHODOLOGY

The Market Conduct Examination covered the business for the period of April 1, 2014 through March 31, 2015 for claims and October 1, 2013 through March 31, 2015 for the complaint/appeal file review. Specifically, the examination focused on a review of the following areas:

1. Producer Production
2. Claims
3. Department Complaints and Consumer 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 by the Company which resulted in failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid violations were cited in the report. The following methods were used to obtain the required samples and to assure a methodical selection:

Producer Production

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 April 1, 2014 through March 31, 2015.

Department Complaints and Consumer Appeals

The Company was requested to provide all files relating to complaints received via the Department of Insurance and those received directly from members. The Company 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 the Company.

The period under review was October 1, 2013 through March 31, 2015.

Celtic Insurance Company

<u>Survey</u>	<u>Population</u>	<u>Reviewed</u>	<u>% Reviewed</u>
CLAIMS ANALYSIS			
Paid Health	712	109	15.00%
Denied Health	1223	112	9.00%
Paid Medicare Supplement	391	83	21.00%
Denied Medicare Supplement	13	13	100.00%
PRODUCER LICENSING	3 Producer/ # apps	3 Producer/ # apps	100.00%
CONSUMER APPEALS	177	177	100.00%
DEPARTMENT OF INSURANCE COMPLAINTS	14	14	100.00%
POLICY FORMS AND ADVERTISING			
Policy Forms	2	2	100.00%
Advertising	1 Brochure	1 Brochure	100.00%

VI. FINDINGS

A. Claims

1. Paid Health

- In 27 instances out of 109 files reviewed for an error percentage of 25%, the company failed to pay claims within 30 days of the date file was complete and interest resulted. This is a violation of 215 ILCS 5/368a(c).
- In 19 instances out of 109 files reviewed for an error percentage of 17%, interest was owed totaling \$1441.85. All interest underpayment were made and proof provided during the examination. This is a violation of 215 ILCS 5/368a(c).

The median for payment was seven (7) days.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
DB PH	100	215 ILCS 5/368a(c)	Interest due to late payment	\$2.35
DB PH	104	215 ILCS 5/368a(c)	Interest due to late payment	\$3.36
DB PH	105	215 ILCS 5/368a(c)	Interest due to late payment	\$1.31
DB PH	106	215 ILCS 5/368a(c)	Interest due to late payment	\$2.58
DB PH	107	215 ILCS 5/368a(c)	Interest due to late payment	\$1.71
DB PH	108	215 ILCS 5/368a(c)	Interest due to late payment	\$1.71
DB PH	109	215 ILCS 5/368a(c)	Interest due to late payment	\$1.76
DB PH	110	215 ILCS 5/368a(c)	Interest due to late payment	\$10.37
DB PH	111	215 ILCS 5/368a(c)	Interest due to late payment	\$11.04
DB PH	112	215 ILCS 5/368a(c)	Interest due to late payment	\$9.32
DB PH	113	215 ILCS 5/368a(c)	Interest due to late payment	\$6.73
DB PH	114	215 ILCS 5/368a(c)	Interest due to late payment	\$266.13
DB PH	116	215 ILCS 5/368a(c)	Interest due to late payment	\$8.14
DB PH	117	215 ILCS 5/368a(c)	Interest due to late payment	\$25.89
DB PH	120	215 ILCS 5/368a(c)	Interest due to late payment	\$2.40
DB PH	121	215 ILCS 5/368a(c)	Interest due to late payment	\$873.03
DB PH	122	215 ILCS 5/368a(c)	Interest due to late payment	\$66.70
DB PH	123	215 ILCS 5/368a(c)	Interest due to late payment	\$111.70
DB PH	124	215 ILCS 5/368a(c)	Interest due to late payment	\$35.62
			TOTAL	\$1441.85

2. Denied Health

In one (1) instance out of 112 files reviewed for an error percentage of less than 1%, the company failed to deny coverage within 30 days. This is a violation of 215 ILCS 5/154.6(i), as further clarified by 50 Ill. Adm. Code 919.50(a).

The median for denial was three (3) days.

3. Paid Medicare Supplement

A review of 83 Paid Medicare Supplement claims produced no exceptions.

The median for payment was one (1) day.

4. Denied Medicare Supplement

A review of 13 Denied Medicare Supplement claims produced no exceptions.

The median for denial was one (1) day.

B. Consumer Health Appeals

- In 125 instances out of 177 consumer appeals for an error percentage of 71%, the company failed to render a decision on appeals within 15 business days after receipt of the required information. This is a violation of 215 ILCS 134/45(c). The company disagreed that they must comply and contend they are not subject to the law. Pursuant to 215 ILCS 5/155.36, the company must comply.
- In 177 instances out of 177 consumer appeals for an error percentage of 100%, the company failed to orally notify the parties involved in the appeal of its decision. This is a violation of 215 ILCS 134/45(c). The company disagreed that they must comply and contend they are not subject to the law. Pursuant to 215 ILCS 5/155.36, the company must comply.
- In 52 instances out of 177 consumer appeals for an error percentage of 29%, the company failed to affirm or deny coverage within 30 days of receipt of the required information. This is a violation of 215 ILCS 5/154.6(i). The company disagreed that they were in violation.
- In 12 instances out of 177 consumer appeals for an error percentage of 7%, the company failed to provide notice of the right to external review upon an adverse determination as a result of the appeal denial. This is a violation of 215 ILCS 180/20 and 215 ILCS 134/45(d).

- In 41 instances out of 177 consumer appeals for an error percentage of 23%, the company failed to pay claims within 30 days of the date file was complete and interest resulted. This is a violation of 215 ILCS 5/368a(c). All of the criticisms were agreed to during the exam and totaled \$1858.47.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH CA	39	215 ILCS 5/368a(c)	Interest underpayment	\$66.70
PH CA	41	215 ILCS 5/368a(c)	Interest underpayment	\$2.39
PH CA	47	215 ILCS 5/368a(c)	Interest underpayment	\$48.78
PH CA	53	215 ILCS 5/368a(c)	Interest underpayment	\$101.48
PH CA	61	215 ILCS 5/368a(c)	Interest underpayment	\$91.35
PH CA	66	215 ILCS 5/368a(c)	Interest underpayment	\$12.17
PH CA	67	215 ILCS 5/368a(c)	Interest underpayment	\$7.99
PH CA	71	215 ILCS 5/368a(c)	Interest underpayment	\$91.19
PH CA	72	215 ILCS 5/368a(c)	Interest underpayment	\$50.39
PH CA	73	215 ILCS 5/368a(c)	Interest underpayment	\$194.96
PH CA	74	215 ILCS 5/368a(c)	Interest underpayment	\$42.57
PH CA	78	215 ILCS 5/368a(c)	Interest underpayment	\$3.90
PH CA	81	215 ILCS 5/368a(c)	Interest underpayment	\$19.26
PH CA	82	215 ILCS 5/368a(c)	Interest underpayment	\$5.50
PH CA	83	215 ILCS 5/368a(c)	Interest underpayment	\$87.26
PH CA	90	215 ILCS 5/368a(c)	Interest underpayment	\$64.16
PH CA	96	215 ILCS 5/368a(c)	Interest underpayment	\$3.44
PH CA	101	215 ILCS 5/368a(c)	Interest underpayment	\$5.11
PH CA	103	215 ILCS 5/368a(c)	Interest underpayment	\$1.29
PH CA	125	215 ILCS 5/368a(c)	Interest underpayment	\$266.13
PH CA	129	215 ILCS 5/368a(c)	Interest underpayment	\$15.74
PH CA	132	215 ILCS 5/368a(c)	Interest underpayment	\$3.90
PH CA	134	215 ILCS 5/368a(c)	Interest underpayment	\$152.15
PH CA	136	215 ILCS 5/368a(c)	Interest underpayment	\$1.85
PH CA	140	215 ILCS 5/368a(c)	Interest underpayment	\$35.62
PH CA	144	215 ILCS 5/368a(c)	Interest underpayment	\$60.18
PH CA	146	215 ILCS 5/368a(c)	Interest underpayment	\$3.59
PH CA	147	215 ILCS 5/368a(c)	Interest underpayment	\$56.22
PH CA	152	215 ILCS 5/368a(c)	Interest underpayment	\$42.62
PH CA	153	215 ILCS 5/368a(c)	Interest underpayment	\$154.16
PH CA	157	215 ILCS 5/368a(c)	Interest underpayment	\$18.69
PH CA	161	215 ILCS 5/368a(c)	Interest underpayment	\$6.74
PH CA	166	215 ILCS 5/368a(c)	Interest underpayment	\$25.58
PH CA	167	215 ILCS 5/368a(c)	Interest underpayment	\$5.62

PH CA	169	215 ILCS 5/368a(c)	Interest underpayment	\$40.96
PH CA	174	215 ILCS 5/368a(c)	Interest underpayment	\$1.32
PH CA	175	215 ILCS 5/368a(c)	Interest underpayment	\$3.80
PH CA	176	215 ILCS 5/368a(c)	Interest underpayment	\$22.16
PH CA	177	215 ILCS 5/368a(c)	Interest underpayment	\$33.87
PH CA	178	215 ILCS 5/368a(c)	Interest underpayment	\$4.34
PH CA	179	215 ILCS 5/368a(c)	Interest underpayment	\$3.34
			TOTAL	\$1858.47

- In ten instances out of 177 for an error percentage of 6%, the company was criticized for failure to pay claims. This is a violation of 215 ILCS 5/154.6(d) with resulting interest a violation 215 ILCS 5/368a(c). Nine (9) of the criticisms were agreed to and paid for a total of \$5305.50. The company disagreed with one criticism and \$120.00 plus interest is due and owing.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH CA	46	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$101.15
PH CA	89	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$910.88
PH CA	97	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$650.20
PH CA	133	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$120.00
PH CA	137	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$1362.80
PH CA	139	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$270.52
PH CA	145	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$94.53
PH CA	165	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$974.13
PH CA	168	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$847.07
PH CA	170	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Underpayment and interest	\$94.22
			TOTAL	\$5425.50

- In two (2) instances out of 177 for an error percentage of 1%, the company was criticized for imposing cost sharing on routine colorectal screenings. This is a violation of 215 ILCS 5/356x and 215 ILCS 5/368a(c). The company agreed and made payment for the total amount of \$1426.81. By imposing cost sharing for colorectal screening, the company is in violation of the Illinois Benchmark Plan requirements and Illinois law as referenced above.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH CA	79	215 ILCS 5/356x & 215 ILCS 5/368a(c)	Colorectal underpayment	\$929.67
PH CA	80	215 ILCS 5/356x & 215 ILCS 5/368a(c)	Colorectal underpayment	\$497.14
			TOTAL	\$1426.81

- In two (2) instances out of 177 for an error percentage of 1%, the company was criticized for underpayment of claims involving habilitative services for children. This is a violation of 215 ILCS 5/356z.15(b)(2). The company agreed and paid both claims in the total amount of \$1613.46 and included subsequent interest.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH CA	77	215 ILCS 5/356z.15(b)(2)	Habilitative underpayment	\$1328.04
PH CA	160	215 ILCS 5/356z.15(b)(2)	Habilitative underpayment	\$285.42
			TOTAL	\$1613.46

- In one (1) instance out of 177 for an error percentage of 1%, the company was criticized for failing to pay a claim as an emergency. This is a violation of 215 ILCS 5/370o. The company agreed and paid the claim in the amount of \$350.85 which included subsequent interest.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH CA	33	215 ILCS 5/370o	ER Care underpayment	\$350.85

- In one (1) instance out of 177 for an error percentage of 1%, the company was criticized for failing to pay a claim for a radiologist at an in-network facility for routine mammography. This is a violation of 215 ILCS 5/356z.3a. The company agreed and paid the claim in the amount of \$129.25 which included subsequent interest.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH CA	62	215 ILCS 5/356z.3a	Routine Mammography	\$129.25

C. Department of Insurance Complaints

- The company was criticized for engaging in activity which results in a disproportionate number of meritorious complaints. This is a violation of 215 ILCS 5/154.6(f). The company disagreed with the finding.
- In two (2) instances out of 14 complaint files for an error percentage of 14%, the company failed to pay claims within 30 days of the date the file was complete and interest resulted. This is a violation of 215 ILCS 5/368a(c). The total interest agreed to and paid was \$78.23 with one remaining interest payment cited that Celtic disagreed with. The amount of interest for that criticism was \$22.01.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH DOI	5	215 ILCS 5/368a(c)	Interest due to late payment	\$22.01
PH DOI	65	215 ILCS 5/368a(c)	Interest due to late payment	\$78.23
			TOTAL	\$100.24

- In one (1) instance out of 14 complaint files for an error percentage of 7%, the company failed to afford coverage to a grandchild in an insured's custody pursuant to a court issued sole custody order. This is a violation of 215 ILCS 5/356h. All of the medical claims remain unpaid from birth through the present time and interest must be paid.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH DOI	2	215 ILCS 5/356h	Claim Denial- Child Guardianship	Unknown

- In two (2) instances out of 14 for an error percentage of 14%, the company failed to provide proof of premium refunds upon request by the insured. This is a violation of 215 ILCS 5/357.22. The company partially agreed with the criticism but returned \$561.12 in unearned premium.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH DOI	86	215 ILCS 5/357.22	Premium Refund unpaid	\$323.16
PH DOI	87	215 ILCS 5/357.22	Premium Refund unpaid	\$237.96
			TOTAL	\$561.12

- In one (1) instance out of 14 for an error percentage of 7%, the company failed to pay a claim as an emergency. This is a violation of 215 ILCS 5/370o. The company has agreed to reprocess the claim to address the underpaid amount of \$263.35 plus interest, and will provide proof.

Criticism	Crit#	Statute/Rule	Description of Violation	Interest Underpayment
PH DOI	64	215 ILCS 5/370o	Underpaid Ambulance	\$263.35

- In two (2) instances out of 14 for an error percentage of 14%, the company was criticized for failure to respond to the Department of Insurance within the required time. This is a violation of 50 Ill. Adm. Code 926.40(a). The company agreed with the criticism.

D. Producer Licensing

1. Agent Production

A review of three producers and three applications produced no criticisms.

2. Terminated Agent Review

There were no agents terminated for cause.

E. Policy Forms and Advertising

Reviews of the policy forms filed and in use for the period under review did not meet the current standards under 215 ILCS 5/143(1), Essential Health Benefits and/or the Illinois EHB Benchmark Plan Requirements.

- The first criticism was written under 215 ILCS 5/143(1) for explicitly excluding coverage for dependent maternity care and coverage. The company agreed that the policy form is in violation.
- The second criticism was written under 215 ILCS 5/143(1) for imposing a 180 day limitation on hospice care. The company agreed that the policy form is in violation.
- The third criticism was written under 215 ILCS 5/143(1) for imposing pre-existing exclusions. Language requiring the insured to be covered under the policy at occurrence of injury or from birth is in violation. The company disagreed that the policy form is in violation. Celtic stated in the response that this language was changed. Examiners reviewed the form provided and the company failed to produce any correspondence or amended language in response to the criticism.

- The fourth criticism was written under 215 ILCS 5/143(1) and 215 ILCS 5/356e for imposing cost-sharing scenarios (deductible and co-insurance) for treatment of victims of criminal sexual assault or abuse. The company disagreed that the policy form is in violation. However, they agree that the Outline of Coverage is in violation. The outline is the form criticized.
- The fifth criticism was written under 215 ILCS 5/143(1) and 215 ILCS 5/356g for limiting reconstructive surgery post-mastectomy to a cancer diagnosis in violation of this Section. The company disagreed with the criticism. Examiners reviewed the form provided and the company failed to produce any correspondence or amended language in response to the criticism.
- The sixth criticism was written under 215 ILCS 5/143(1) because massage therapy is a Benchmark Plan Requirement yet it is shown as an exclusion. The company disagreed with the criticism. Examiners reviewed the form provided and the company failed to produce any correspondence or amended language in response to the criticism.
- The seventh criticism was written under 215 ILCS 5/143(1) and 215 ILCS 5/367k for a prohibited exclusion of coverage for intoxication. The company disagreed with the criticism. Examiners reviewed the form provided and the company failed to produce any correspondence or amended language in response to the criticism.
- The eighth criticism was written under 215 ILCS 5/143(1) for imposing an annual or lifetime spending limit on organ transplants. This violates the EHB Benchmark plan. The company agreed with the criticism.
- The ninth criticism was written under 215 ILCS 5/143(1) for failure to include preventive service of hearing screening to newborns. The company disagreed with the criticism. Examiners reviewed the form provided and the company failed to produce any correspondence or amended language in response to the criticism.
- The tenth criticism was written under 215 ILCS 5/143(1) for failure to include non-emergency care when traveling outside of the country. It is a Benchmark Plan requirement. The company disagreed with the criticism. Examiners reviewed the form provided and the company failed to produce any correspondence or amended language in response to the criticism.
- The eleventh criticism was written under 215 ILCS 5/143(1) and 215 ILCS 175/5 (Organ Transplant Medication Notification Act) for failure to include the limitation of any formulary change for immunosuppressant drugs. The company disagreed with the criticism. Examiners reviewed the form provided and the company failed to produce any correspondence or amended language in response to the criticism.
- The twelfth criticism was written for violation of 215 ILCS 5/155.36. The entire section contained in the policy form is incorrect. The Company agreed with this criticism.

The Company has updated, or intends to update, its form policies and outlines of coverage that are currently in use to the extent necessary to address each of the Department's findings in this Section. The Company also intends to voluntarily perform a claims review to determine if any claims were processed inappropriately in connection with these findings.

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

STATE OF TEXAS)
) ss
COUNTY OF Collin)

David Bradbury, being first duly sworn upon his/her 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 Celtic Insurance Company, (the "Company"), NAIC #80799.

That the Examiner-In-Charge 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 the Examiner-In-Charge nor any other persons so designated 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 a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated 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 she/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.


Examiner-In-Charge

Subscribed and sworn to before me

this 12th day of January, 2016


Notary Public



STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

CELTIC INSURANCE COMPANY
77 WEST WACKER DRIVE, SUITE 1200
CHICAGO, IL 60601

STIPULATION AND CONSENT ORDER

WHEREAS, the Acting Director ("Acting 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, Celtic Insurance Company ("Company"), NAIC 80799, is authorized under the insurance laws of this State and by the Acting Director to engage in the business of soliciting, selling and issuing insurance policies; and

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

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with 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 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 understands 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 Acting 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 Acting Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Acting 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 Department Regulations.

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

1. Institute and maintain procedures whereby the Company shall render a written decision on appeals within 15 business days and orally notify all parties involved in the appeal of its decision as required by 215 ILCS 134/45(c).
2. Institute and maintain procedures whereby the Company shall affirm or deny claims within a reasonable time after proof of loss statements have been completed as required by 215 ILCS 5/154.6(i).
3. Institute and maintain procedures whereby the Company shall ensure claims are paid within 30 days and ensure payment of interest when a claim remains unpaid for more than 30 days as required by 215 ILCS 5/368a(c).
4. Institute and maintain procedures whereby the Company shall promptly return the unearned portion of any premium paid on a canceled policy as required by 215 ILCS 5/357.22.
5. Institute and maintain procedures whereby the Company shall not exclude a child from coverage or limit coverage for a child solely because the child is adopted or because the child does not reside with the insured as required by 215 ILCS 5/356h.
6. Institute and maintain procedures whereby the Company shall provide emergency care coverage, whether preferred or nonpreferred, at the same benefit level as if the service had been rendered by a plan provider as required by 215 ILCS 5/370o.
7. Institute and maintain procedures whereby the Company shall respond to the Department of Insurance by the date specified when notified of a complaint received by the Department as required by 50 Ill. Adm. Code 926.40(a).

8. Institute and maintain procedures whereby the Company shall notify a covered person of their right to request an external independent review as required by 215 ILCS 180/20 and 215 ILCS 134/45(d).
9. Institute and maintain procedures whereby the Company shall ensure forms are not misleading, inconsistent, deceptive, contrary to law or public policy of this state, or contain exceptions or conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy or evidence of coverage as required by 215 ILCS 5/143(1).
10. Institute and maintain procedures whereby the Company shall ensure forms comply with the applicable sections of the Managed Care Reform and Patient Rights Act as required by 215 ILCS 5/155.36.
11. Submit to the Acting Director of Insurance, State of Illinois, proof of compliance with the above ten (10) orders within 30 days of execution of this Order.
12. Pay to the Acting Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$63,350 to be paid within 30 days of execution of this Order.

NOTHING contained herein shall prohibit the Acting 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 CELTIC INSURANCE COMPANY



Signature

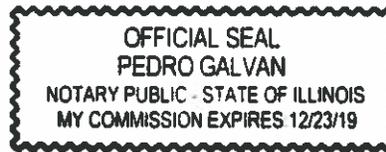
ANAND SHUKLA
Name

SENIOR VICE PRESIDENT
Title

Subscribed and sworn to before me this
19th day of Oct. 2016.



Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 10-27-16



Anne Melissa Dowling
Acting Director

