

DEC 21 1994

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE

By

[Signature]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

In the Matter of:

THE PYRAMID LIFE INSURANCE COMPANY

Respondent.

)
) Docket No. 8660
)
) CONSENT ORDER
)
)
)

A market conduct examination was made of The Pyramid Life Insurance Company, hereinafter referred to as "Pyramid", by a Market Conduct Examiner for the Arizona Department of Insurance, covering the time period from January 1, 1990 to April 30, 1993. Based upon the examination results, it is alleged that Pyramid has violated the provisions of Arizona Revised Statutes, Title 20, Section 20-461, and Arizona Administrative Code Rule ("A.A.C. R") 4-14-801. Pyramid wishes to resolve this matter without formal adjudicative proceedings and hereby agrees to a Consent Order.

The Director of Insurance of the State of Arizona (the "Director") enters the following Findings of Fact and Conclusions of Law, which are neither admitted nor denied by Pyramid, and the following Order:

FINDINGS OF FACT

1. Pyramid is authorized to transact life and disability insurance as an insurer pursuant to a Certificate of Authority issued by the Director.

2. The Examiner was authorized by the Director to conduct a market conduct examination of Pyramid and has prepared the Report of Examination of the Market Conduct Affairs of Pyramid

.....

1 (the "Report"). The period covered by the on-site examination
2 was from January 1, 1990 to April 30, 1993.

3 3. The Examiner reviewed two (2) complaints made to the
4 ADOI concerning Pyramid during the period covered by the
5 Examination. As to these, Pyramid failed to provide one (1)
6 claimant with an appropriate reply within ten (10) working days
7 after receipt of a pertinent communication from the claimant
8 which reasonably suggested that a response was expected.

9 4. The Examiner reviewed 446 of the 2330 health claims
10 paid and fifty-four (54) of the 340 health claims denied by
11 Pyramid during the period covered by the Examination. As to
12 these, Pyramid failed to advise thirteen (13) first party
13 claimants, who submitted a total of nineteen (19) claims to
14 Pyramid, of the acceptance or denial of the claim within fifteen
15 (15) working days after receipt of a properly executed proof of
16 loss.

17 CONCLUSIONS OF LAW

18 1. By failing to provide a claimant with an appropriate
19 reply within ten (10) working days after receipt of a pertinent
20 communication from the claimant which reasonably suggested that
21 a response was expected, Pyramid violated A.A.C. R4-14-801(E)(3).

22 2. By failing to advise claimants of the acceptance or
23 denial of the claim within fifteen (15) working days after
24 receipt of properly executed proofs of loss, Pyramid violated
25 A.R.S. § 20-461(A)(5) and A.A.C. R4-14-801(G)(1)(a).

26 3. Grounds exist for the Director to revoke or suspend
27 Pyramid's Certificate of Authority.

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

3. The ADOI shall be permitted, through an authorized representative, to verify that Pyramid has complied with all provisions of this Order, and the Director may separately order Pyramid to comply.

4. Pyramid shall pay a civil penalty of One Thousand Dollars (\$1,000) to the Director for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. § 20-220(B). This civil penalty shall be provided to the Market Conduct Examinations Division of the ADOI on or before December 16, 1994.

5. The Report of Examination of the Market Conduct Affairs of Pyramid as of April 30, 1993, including the objections of Pyramid thereto, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 21st day of December, 1994.



Chris Herstam
Director of Insurance

1 CONSENT TO ORDER

2 1. Respondent, The Pyramid Life Insurance Company, has
3 reviewed the foregoing Order.

4 2. Respondent is aware of its right to a hearing, at
5 which hearing Respondent may be represented by counsel, present
6 evidence and cross-examine witnesses. Respondent has
7 irrevocably waived its right to such public hearing and to any
8 court appeals relating thereto.

9 3. Respondent admits the jurisdiction of the Director of
10 Insurance, State of Arizona, and consents to the entry of this
11 Order.

12 4. Respondent states that no promise of any kind or
13 nature whatsoever was made to induce it to enter into this Order
14 and that it has entered into this Order voluntarily.

15 5. Respondent acknowledges that the acceptance of this
16 Order by the Director of Insurance, State of Arizona, is solely
17 for the purpose of settling this litigation against it and does
18 not preclude any other agency or officer of the state or
19 subdivision thereof from instituting other civil or criminal
20 proceedings as may be appropriate now or in the future.

21 6. M. Keith Hawkins represents that, as
22 Vice President, he/~~she~~ is an officer of ~~American Mutual~~
23 ~~Life~~ Insurance Company of ~~Texas~~ ^{Kansas}, and that as such, he/~~she~~ has
24 been authorized by it to enter into this Order for and on its
25 behalf.

26 PYRAMID LIFE INSURANCE COMPANY

27 By: 

28 12/14/94
Date

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COPY of the foregoing mailed/delivered
this 21st day of December , 1994, to:

- Gay Ann Williams
Deputy Director
- Gregory Y. Harris
Chief Administrative Law Judge
- Erin Klug
Executive Assistant to the Director
- Jimmy Potts
Examinations Coordinator
Market Conduct Examinations Division
- Saul Saulson
Supervisor
Examinations Section
- Shirley Polzin
Supervisor
Life and Disability Section
- Deloris E. Williamson
Assistant Director
Rates & Regulations Division
- Gary Torticill
Assistant Director and Chief Financial Examiner
Corporate & Financial Affairs Division
- Cathy O'Neil
Assistant Director
Consumer Services and Investigations
- Mary Butterfield
Manager
Health Policy Division

DEPARTMENT OF INSURANCE
2910 North 44th Street, Suite 210
Phoenix, AZ 85018

