

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

BEFORE THE INDIANA
COMMISSIONER OF INSURANCE

CAUSE NUMBER: 11325-MC12-0507-004

IN THE MATTER OF:)
)
John Alden Life Insurance Company)
501 W. Michigan St.)
Milwaukee, WI 53203-2706)
)
)
NAIC Number: 65080)
)
Market Conduct Examination)

FILED

MAY 09 2012

STATE OF INDIANA
DEPT. OF INSURANCE

EXAMINATION WARRANT

I, Stephen W. Robertson, Commissioner of the Indiana Department of Insurance ("Commissioner") pursuant to Indiana Code § 27-1-1-1, do hereby issue an Examination Warrant of John Alden Life Insurance Company ("John Alden"). Pursuant to Indiana Code §27-1-3.1-1 *et seq.*, I hereby appoint J. David Leslie, Rackemann, Sawyer & Brewster, PC, 160 Federal Street, Boston, MA 02110 as an examiner to conduct a targeted market conduct examination. The targeted examination will be of the following company authorized to conduct the business of insurance in the State of Indiana as a life, accident and health insurance company:

John Alden Life Insurance Company
501 W. Michigan St.
Milwaukee, WI 53203-2706

The examination shall review the company's small group health insurance products and determine whether John Alden has:

- 1) Violated Indiana Code § 27-8-15-1 *et seq.*; or

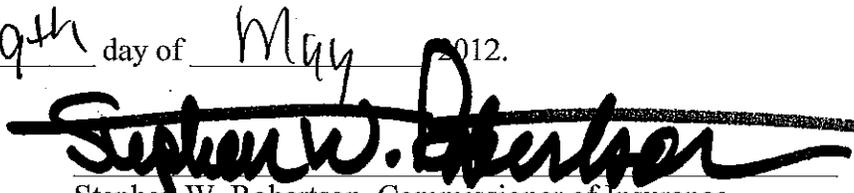
- 2) Violated Indiana Code § 27-8-5-1 *et seq.*; or
- 3) Violated any of the other insurance laws of the State of Indiana.

Although the scope of this examination is limited, the Commissioner reserves the right to expand this examination.

As provided by in Indiana Code § 27-1-3.1-9(d), the expenses of the examination shall be borne by John Alden. Additionally, Indiana Code § 27-1-3.1-9(b) states that John Alden must provide access to its files and records. The Department interprets this statute to specifically include the preservation and retention of all paper files and electronically stored information that is related to this matter or within the scope period of the examination. Failure to take adequate steps to collect and preserve this information, including electronic data could result in additional administrative action.

The examination review period is from October 1, 2010 through May 7, 2012. The Commissioner reserves the right to expand the examination review period.

IN WITNESS WHEREOF, I have hereunto subscribed my name at the city of Indianapolis, Indiana on this 9th day of May, 2012.



Stephen W. Robertson, Commissioner of Insurance
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204

Distribution:

Debra M. Webb
Bryan Shade
Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, IN 46204

John Alden Life Insurance Company
501 W. Michigan St.
Milwaukee, WI 53203-2706

J. David Leslie
Rackemann, Sawyer & Brewster, PC
160 Federal Street
Boston, MA 02110

REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement And Release ("RSA") is entered into by and between the Indiana Department of Insurance (the "Department"), on behalf of itself and the State of Indiana; and John Alden Life Insurance Company ("JALIC"), Time Insurance Company ("TIC"), and Union Security Insurance Company ("USIC") (collectively, "Assurant"). Together, the Department and Assurant are the "Settling Parties."

RECITALS

- A. The Department received a complaint ("the Complaint") regarding a premium increase implemented by JALIC that the insured considered unreasonable.
- B. As a result of the Complaint, the Department initiated an enforcement investigation against JALIC, enforcement case number 11179.
- C. The Department's investigation revealed that JALIC, TIC, and USIC had implemented premium increases in Indiana that were, in the view of the Department, either unapproved or specifically disapproved.
- D. The Department further concluded that Assurant charged Indiana small employers higher premiums than were allowed by the Department.
- E. Assurant asserts that the premiums were part of a methodology previously allowed by the Department, not required to be filed, and not excessive.
- F. Further investigation by the Department revealed that Assurant may have violated certain provisions of Indiana's Small Employer Group Rating Law and other provisions of the Insurance Code.
- G. Assurant maintains that it attempted in good faith to comply with all provisions of Indiana law.

H. The Parties wish to avoid the uncertainty and expense of protracted regulatory proceedings and litigation, and quickly return to Indiana small businesses the agreed amount.

NOW THEREFORE, the Settling Parties hereby enter into the following Agreement.

AGREEMENT

1. Within ninety (90) days of the execution of this RSA, Assurant will issue refunds (the "Refunds") totaling Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000) less any amounts required to be refunded pursuant to PPACA to all small employer groups (the "Insureds") who paid premium increases in Indiana to JALIC, TIC, or USIC on or after October 1, 2010.

- a. The Refunds will be made to the Insureds in proportion to total premium paid from October 1, 2010, to the date this RSA is executed.
- b. The Refunds will be sent to the address of record of each of the Insureds. If a refund is returned as undeliverable, Assurant will work with the Department to locate the insured using best business practices.
- c. The Refunds will be accompanied by a cover letter or other statement, approved by the Department, indicating that the Refund is a return of premium as a result of negotiations with the Department.

2. Within thirty (30) days of the execution of this RSA, Assurant will pay to small employer groups that (1) were quoted since October 1, 2010, a renewal premium outside of the allowable margins defined in IC 27-8-15-24, and (2) chose not to renew coverage with Assurant, a refund equal to the equivalent of one month's premium prior to cancellation. These groups are identified on Exhibit A, attached hereto.

- a. The refunds will be sent to the address of record of each of the Insureds. If a refund is returned as undeliverable, Assurant will work with the Department to locate the insured using best business practices.
 - b. The Refunds will be accompanied by a cover letter or other statement, approved by the Department, indicating that the payment is as a result of negotiations with the Department. The cover letter will also address the rate now being charged.
3. Assurant agrees to file, annually with the actuarial certification required by IC 27-8-15-4, a spreadsheet indicating the data on which the actuarial certification was based.
4. The rate charged by the Settling Parties to Insureds upon execution of this Agreement will be calculated by taking the October 2010 premium and applying an average medical trend of 9% while holding all other rating factors constant.
5. The 9% trend will also apply going forward for a period of twelve months from the date of execution of this Agreement or until a new trend is approved. Any trend not approved by the Department may not be applied after twelve months from the date of execution in this Agreement.
6. Within thirty (30) days of the execution of this RSA, Assurant will pay to the Department a penalty of One Hundred Thousand Dollars (\$100,000).
7. Within thirty (30) days of the execution of this RSA, Assurant will pay to the Department One Hundred Thousand Dollars (\$100,000) to reimburse the Department for its administrative expenses in investigating the Complaint and Assurant's other conduct, and in enforcing the terms of this RSA.
8. The Department intends to issue a press release regarding this RSA and agrees that it will provide Assurant an opportunity to see the press release and comment on it prior to its release.

9. The Department agrees that this Agreement fully resolves any and all claims regarding unapproved rates on TIC, JALIC and USIC small employer group products in Indiana from October 1, 2010, to the date of execution of this Agreement. The Department further releases TIC, JALIC and USIC from any and all claims, liabilities, and causes of action, including but not limited to insurance department investigations, rules, order, mandate, and market conduct examinations regarding rates and rate filings on TIC, JALIC and USIC small group products in Indiana from October 1, 2010 to the date of execution of this Agreement.

OTHER AGREED TERMS

10. This RSA is the entire agreement among the Settling Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and/or written agreements, negotiations, and discussions.

11. This RSA may not be modified, changed, contradicted, added to, or altered in any way by any previous written or oral agreements or any subsequent oral agreements. This RSA may be modified or amended only pursuant to a mutual instrument in writing, executed and delivered on behalf of each party.

12. This RSA is not intended to and shall not confer any rights upon any persons or entities other than the Settling Parties.

13. Whenever this Settlement Agreement requires that notice be provided, such notice shall be provided by certified or registered mail, return receipt requested, postage prepaid or by hand delivery to:

If to Assurant:
Jennifer M. Kopps-Wagner, Esq.
Senior Vice President / General Counsel
ASSURANT HEALTH
501 West Michigan Street
P.O. Box 3050
Milwaukee, Wisconsin 53201-3050

If to the Department:

Logan Harrison, Esq.

Chief Deputy Commissioner for Health, Legislative, and Public Affairs

INDIANA DEPARTMENT OF INSURANCE

311 West Washington Street, Suite 103

Indianapolis, Indiana 46204

14. This RSA shall be governed by and interpreted according to the laws of the State of Indiana, notwithstanding its conflict of laws provisions. Exclusive venue and jurisdiction to enforce this agreement shall be in the Marion County Courts in Marion County, Indiana. All parties consent to personal jurisdiction and venue therein.

15. The Settling Parties acknowledge and agree that all matters relating to the enforcement and interpretation of this RSA shall be subject to the jurisdiction of the state courts of Indiana.

16. This RSA may be signed in counterparts, each of which shall constitute a duplicate original. Execution by facsimile or by electronically transmitted signature shall be fully and legally binding on Assurant and the Department. This RSA shall be deemed executed on the date it has been signed by both Settling Parties, or if signed on different dates, then the date last signed.

17. Nothing in this RSA or any of its terms and conditions shall be interpreted to alter in any way the contractual terms of any insurance policy sold, assumed or acquired by Assurant.

18. Each signatory to this RSA who signs on behalf of another hereby warrants that he or she has the authority to sign on behalf of said person or entity, and that this RSA shall be binding as to said person or entity.

Indiana Department of Insurance, on behalf of
itself and the State of Indiana

By: Stephen W. Robertson
Stephen W. Robertson
Insurance Commissioner

Dated: 5/15/12

Time Insurance Company, John Alden Life
Insurance Company, Union Security Insurance
Company.

By: Mark Bergquist
Name: Mark Bergquist
Title: VP & CHIEF ACTUARY

Dated: 5/14/12

EXHIBIT A

Case	Plan #	Effective Date	Renewal Date	Term Date	Monthly Premium Prior to Rate Increase
121729	0001	10/1/2003	10/1/2010	10/1/2010	\$3,365
152970	0001	11/1/2009	11/1/2010	1/1/2012	\$2,316
990261	0001	11/1/1999	11/1/2010	11/1/2010	\$8,155
139457	0001	12/1/2006	12/1/2010	12/1/2010	\$459
382058	0001	12/1/1999	12/1/2010	12/1/2010	\$3,753
139744	0001	1/1/2007	1/1/2011	1/1/2011	\$11,556
144149	0001	1/1/2008	1/1/2011	1/1/2011	\$1,664
144149	0002	1/1/2008	1/1/2011	1/1/2011	\$2,611
130361	0001	2/1/2005	2/1/2011	2/1/2011	\$4,517
148985	0001	2/1/2009	2/1/2011	10/1/2011	\$3,048
149019	0001	2/1/2009	2/1/2011	2/1/2012	\$2,303
154593	0001	2/1/2010	2/1/2011	5/1/2011	\$927
M02000	0001	2/1/2010	2/1/2011	1/1/2012	\$3,560
154680	0001	2/15/2010	2/15/2011	1/15/2011	\$1,849
M02135	0001	3/1/2010	3/1/2011	4/1/2011	\$1,431