



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Notice of Adoption and Filing of Examination Report

Take notice that the proposed report of the market conduct examination of the

United Wisconsin Life Insurance Company
3100 AMS Boulevard
Green Bay, WI 54313

dated March 4-15, 2002, and served upon the company on November 6, 2002, has been adopted as the final report, and has been placed on file as an official public record of this Office.

Dated at Madison, Wisconsin, this 2nd day of January, 2003.

Connie L. O'Connell
Commissioner of Insurance

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE

MARKET CONDUCT EXAMINATION

OF

UNITED WISCONSIN LIFE INSURANCE COMPANY
GREEN BAY, WI

MARCH 4 - 15, 2002

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March 15, 2002

Honorable Connie L. O'Connell
Commissioner of Insurance
Madison, WI 53702

Commissioner:

Pursuant to your instructions and authorization, a compliance market conduct examination was made in March 4 - 15, 2002 of:

United Wisconsin Life Insurance Company
Green Bay, WI

and the following report is respectfully submitted.

I. INTRODUCTION

United Wisconsin Life Insurance Company (UWLIC) is a Wisconsin stock life and accident health insurer licensed to do business in 40 states and the District of Columbia. UWLIC was organized by Blue Cross & Blue Shield United of Wisconsin (BCBSUW) in December 1982 at which time BCBSUW acquired 100% of the issued and outstanding shares of UWLIC. BCBSUW sold 35% of UWLIC's stock in February 1983 to International Financial Services, Inc., a holding company domiciled in Miami, Florida (IFS). In April 1983, BCBSUW contributed all of its 65% interest in UWLIC to American Medical Security Group, Inc.(AMSG), a Wisconsin corporation formerly known as United Wisconsin Services, Inc. At that time, BCBSUW owned 100% of the issued and outstanding shares of AMSG. In December 1985,

AMSG acquired the remaining 35% interest in UWLIC from IFS thus becoming the sole shareholder of UWLIC. In December 1996, AMSG contributed 100% of the issued and outstanding shares of UWLIC to American Medical Security Holdings, Inc., a Wisconsin corporation (AMSH), which was and remains a wholly owned subsidiary of AMSG. As of December 31, 2001, BCBSUW owned approximately 45.2% of AMSG and at all times since April 1983 had owned not less than approximately 38% of AMSG. BCBSUW currently owns 11.9 %. Other shares of AMSG common stock are traded publicly on the New York Stock Exchange.

Wisconsin Premium and Benefits Paid Summary

2000			
Line Of Business	Direct Premiums	% of WI Total	Direct Losses Paid
Group Policies	\$54,159,332	76.3%	\$41,352,687
Federal Employees Health Benefits	N/A	N/A	N/A
Credit (Group & Individual)	N/A	N/A	N/A
Collectively Renewable Policies	N/A	N/A	N/A
Other Individual Policies	N/A	N/A	N/A
Total	\$54,159,332	76.3%	\$41,352,687

1999			
Line Of Business	Direct Premiums	% of WI Total	Direct Losses Paid
Group Policies	\$48,298,135	72.6%	\$35,072,616
Federal Employees Health Benefits	N/A	N/A	N/A
Credit (Group & Individual)	N/A	N/A	N/A
Collectively Renewable Policies	N/A	N/A	N/A
Other Individual Policies	N/A	N/A	N/A
Total	\$48,298,135	72.6%	\$35,072,616

Complaints

The Office of the Commissioner of Insurance received 224 complaints against UWLIC January 1, 2000 through December 31, 2001. A complaint is defined as "a written communication received by the Commissioner's Office that indicates dissatisfaction with an

insurance company or agent." The company was ranked 8th on the OCI above-average complaint list in 2001 for group accident and health insurance, with a complaint ratio of .14 compared to the average of .05 complaints/\$100,000 of written premium for all group accident and accident companies in the state. The company was also ranked 8th in 2000 for group accident and health insurance, with a complaint ratio of .20 compared to the average of .05 complaints/\$100,000 of written premium for all group and accident companies in the state. The following table categorizes the complaints received against the company by type of policy and complaint reason. A complaint may involve more than one type of coverage and/or reason for each complaint.

Complaint Reason

2001 Coverage Type	Underwriting	Marketing & Sales	Claims	Policyholder Service	Other
Health	0	0	25	3	54
Individual A&H	0	0	1	1	10
Group A&H	0	1	15	1	23
Credit A&H	0	0	0	0	0
HMO	0	0	0	0	0
PPO	0	1	41	5	28
LSHO	0	0	2	1	1
All Others	0	0	6	0	12
Total	0	2	90	11	128

Complaint Reason

2000 Coverage Type	Underwriting	Marketing & Sales	Claims	Policyholder Service	Other
Individual A&H	0	0	1	0	1
Group A&H	1	0	56	0	38
All Others	0	0	14	0	13
Total	1	0	71	0	52

Grievances

The company submitted annual grievance summary reports to OCI for 2000 and 2001 as required by s. Ins 18.06, Wis. Adm. Code. A grievance is defined as "any dissatisfaction with the provision of services or claims practices of an insurer offering a health benefit plan or administration of a health benefit plan by the insurer that is expressed in writing to the insurer by, or on behalf of, and insured."

Grievances Categories

Grievances	Plan Adminstration	Benefit Denial	Total
2001	324	167	491
2000	183	183	366

II. PURPOSE AND SCOPE

The examination was conducted to determine whether the company's practices and procedures comply with the Wisconsin insurance statutes and rules. The examination focused on the period from January 1, 2000 through December 31, 2001. In addition, the examination included a review of any subsequent events deemed important by the examiner-in-charge during the examination.

The examination included a review of UWLIC's operations in the areas of administrative and provider agreements, grievances and complaints, small employer health insurance, producer licensing, and claims; for the purpose of verifying compliance with recommendations made in the prior compliance examination report adopted September 7, 1999. The examiners also reviewed the company's use of the Internet and attempted to audit the timeliness with which the company is providing quotes for new small employer groups. Finally, the examiners reviewed the manner in which the company has implemented and is following its Compliance Program to verify that the company is in compliance with the terms of the Stipulation and Order related to the 1999 examination report.

The report is prepared on an exception basis and comments on those areas of the company's operations where adverse findings were noted.

III. SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS

The prior market conduct examination of UWLIC was done in January, 1999 and the report of the examination was adopted on September 7, 1999. That examination was conducted to verify compliance with market conduct related recommendations made in the previous examination of UWLIC conducted in 1994 in conjunction with the financial examination of the company. Following are the recommendations contained in the 1999 market conduct compliance examination report and our findings of the company's compliance with each recommendation:

1. **Administrative Agreements**--It is again recommended that UWLIC include in its agreements with PPOs, language requiring the reporting of complaints and grievances to the company, and provide OCI with a copy of each amended agreement within 30 days of the adoption of the examination report in order to document compliance with s. Ins 3.48 (7) (f) 2, Wis. Adm. Code.

Action-Compliance

2. **Administrative Agreements**--It is again recommended that UWLIC include in its agreements with PPOs, language explaining responsibility for quality assurance and utilization review, and provide OCI with a copy of each amended agreement within 30 days of the adoption of the examination report.

Action-Compliance

3. **Agent Files**--It is recommended that UWLIC institute procedures for documenting that terminated agents receive the notice of termination promptly after notice from OCI that the agents' intermediary license is being terminated in order to comply with s. Ins 6.57 (2), Wis. Adm. Code, and s. 628.40, Wis. Stat.

Action-Compliance

4. **Agent Files**--It is recommended that UWLIC annually justify its agent listings with the list billing it receives from OCI on its February billing month, and make appropriate additions or deletions to the listings within one month of paying its listing fees in order to comply with s. Ins 6.57, Wis. Adm. Code.

Action-Compliance

5. **Agent Files**--It is recommended that UWLIC maintain a copy of all validation forms, rejection forms, and reports of suspension received from OCI to document agent listing status in order to comply with s. Ins 6.57, Wis. Adm. Code.

Action-Compliance

6. **Agent Files**--It is recommended that UWLIC code in its system the agent termination code corresponding with that in the report of agent suspension received from OCI in order to comply with s. Ins 6.57 (2), Wis. Adm. Code.

Action-Compliance

7. **Agent Files**--It is again recommended that UWLIC institute procedures for maintaining accurate agent listings in order to comply with s. 628.11, Wis. Stat., and s. Ins 6.57, Wis. Adm. Code.

Action-Compliance

8. **Agent Files**--It is recommended that UWLIC create a management level position with responsibility for the compliance plan for the agent licensing and listing system, and provide OCI within 90 days of the adoption of the examination report, the name, title, and position description for the compliance position.

Action-Compliance

9. **Agent Files**--It is recommended that ULWIC develop a compliance plan with clear goals and criteria for monitoring its agent listing and agent management systems in order to comply with s. 628.11, Wis. Stat., and s. Ins 6.57, Wis. Adm. Code, and file with OCI a copy of the compliance plan within 90 days of adoption of the examination report.

Action-Compliance

10. **Agent Files**--It is recommended that UWLIC file with the Commissioner on a monthly basis the results of its compliance plan including all activity current listings and terminations that have been reviewed, and the actions taken as a result of each new application for agent appointment or new request for termination in order to comply with s. 628.11, Wis. Stat., and s. Ins 6.57, Wis. Adm. Code.

Action-Compliance

11. **Agent Files**--It is recommended that UWLIC prepare a report for OCI of all agents who have listing dates on its system that do not correspond with those on OCI's system, and indicate the number of applications written and commissions paid on a monthly basis for those agents in order to comply with s. Ins 6.57 (1) and (5), Wis. Adm. Code.

Action-Compliance

12. **Claims Administration**--It is again recommended that UWLIC develop claims administration procedures to ensure that interest is calculated and paid on delayed claims, as required by s. 628.46, Wis. Stat., and provide a copy of these procedures to OCI within 30 days of the adoption of the examination report.

Action-Compliance

13. **Claims Administration**--It is recommended that UWLIC institute an internal auditing mechanism to ensure that interest is calculated and paid on delayed claims, as required by s. 628.46, Wis. Stat., and provide OCI with a copy of the audit guides within 30 days of the adoption of examination report.

Action-Compliance

14. **Claims Administration**--It is further recommended that UWLIC report on a monthly basis the number of claims received, the number paid after 30 days of receipt and the number and amount of interest paid on each claim in order to demonstrate compliance with s. 628.46, Wis. Stat.

Action-Compliance

15. **Claims Administration**--It is again recommended that UWLIC produce explanation of benefits forms and remittance advice forms that utilize the ANSI codes as the claims adjustment reason code as required by s. Ins 3.651, Wis. Adm. Code, and present to OCI its plan for compliance within 30 days of the adoption of the examination report.

Action-Compliance

16. **Complaint and Grievance Procedures**--It is recommended that UWLIC file with the Commissioner within 30 days of the adoption of the examination report an amended Grievance Report for 1997 in order to comply with s. Ins 3.48 (7) (f), Wis. Adm. Code.

Action-Compliance

17. **Complaint and Grievance Procedures**--It is recommended that UWLIC develop and submit to the Commissioner within 30 days of the adoption of the examination report, a report of how it intends to supervise the collection and reporting of grievance data to the Commissioner in order to comply with s. 609.15 (1) (c), Wis. Stat., and s. Ins 3.48 (7) (f) 3, Wis. Adm. Code.

Action-Compliance

18. **Complaint and Grievance Procedures**--It is recommended that UWLIC date stamp all grievance correspondence to document the date of receipt and other activity on its grievance files in order to comply with s. Ins 3.48 (7), Wis. Adm. Code.

Action-Compliance

19. **Complaint and Grievance Procedures**--It is recommended that UWLIC provide written notification to each grievant of the disposition of the grievance and of any corrective action taken on the grievance in order to comply with s. 609.11 (2) (d), Wis. Stat., and s. Ins 3.48 (7) (c), Wis. Adm. Code.

Action-Compliance

20. **Complaint and Grievance Procedures**--It is recommended that UWLIC resolve all grievances within 30 days of receipt or provide written notification to the grievant that it is extending its review, when resolution can be expected, and the reason the additional time is needed in order to comply with s. Ins 3.48 (7) (c), Wis. Adm. Code.

Action-Compliance

21. **Complaint and Grievance Procedure**--It is recommended that UWLIC provide written notification to the grievant of the right to appear in person before the grievance committee, and of the time and place of the meeting in order to comply with s. Ins 3.48 (7) (d), Wis. Adm. Code.

Action-Compliance

22. **Complaint and Grievance Procedure**--It is recommended that UWLIC ensure that its grievance log accurately reports the date of receipt as the date stamp the grievance is received by the company and the date closed as the date the resolution letter is sent in order to comply with s. Ins 3.48 (7) (c), Wis. Adm. Code.

Action-Compliance

23. **Complaint and Grievance Procedure**--It is recommended that UWLIC refer all grievances to its grievance committee and allow each grievant the opportunity to appear before the grievance committee to present written or oral information and to question those people responsible for making the determination which resulted in the grievance as required by s. 609.15 (2) (b), Wis. Stat. and s. Ins 3.48 (7) (d), Wis. Adm. Code.

Action-Compliance

24. **Complaint and Grievance Procedures**--It is recommended that UWLIC institute a procedure for capturing information regarding the number and disposition of urgent care grievances in order to comply with s. Ins 3.48 (7) (e), Wis. Adm. Code.

Action-Compliance

25. **Complaint and Grievance Procedures**--It is recommended that UWLIC create a management level position with responsibility for the compliance plan for the UWLIC's complaints and grievance procedures, and provide OCI within 30 days of the adoption of the examination report, the name, title, and position description for the compliance position.

Action-Compliance

26. **Complaint and Grievance Procedures**--It is recommended that ULWIC develop a compliance plan with clear goals and criteria for evaluating its grievance and

complaint systems and file with OCI a copy of the compliance plan within 30 days of adoption of the examination report in order to comply with s. Ins 3.48 (7), Wis. Adm. Code.

Action-Compliance

27. **Complaint and Grievance Procedures**--It is recommended that UWLIC file with the commissioner on a monthly basis the results of its compliance plan including a listing of all complaints and grievances received and the actions taken on each grievance and complaint in order to comply with s. Ins 3.48 (7), Wis. Adm. Code.

Action-Compliance

IV. CURRENT EXAMINATION FINDINGS

Administrative Agreements

The examiners reviewed the company's preferred provider organization (PPO) agreements and sample provider agreements that were in effect during the examination period, a total of 26 agreements. The examiners found that all of the agreements complied with the two recommendations made in the prior examination report. However, the examiners also found that the two agreements for Preferred One, Inc., did not include provisions adequate to satisfy the requirements of s. Ins. 18.03 (2) (c) 2 a., Wis. Adm. Code. This rule requires provider agreements to include provisions requiring the contracting entity to promptly provide the insurer with the information necessary to permit the insurer to respond to complaints and grievances received. At the time of the examination, the company was working with Preferred One, Inc, to verify that the agreements have been amended to comply with these requirements.

The examiners found that the three provider agreements for Greater LaCrosse Health Plans, Inc. n/k/a Health Tradition Health Plan had provisions adequate to satisfy the requirements of s. Ins 18.03 (2) (c) 2 a. Wis. Adm. Code, but the provisions referenced the old code cites of s. Ins 3.50 and 3.48 (7) (f) Wis. Adm Code.

1. Recommendation: It is recommended that UWLIC revise its provider agreements for Preferred One, Inc., to satisfy the requirements of s. Ins 18.03 (2) (c) 2 a., Wis. Adm. Code.
2. Recommendation: It is recommended that UWLIC revise its provider agreements with Greater LaCrosse Health Plans, Inc. n/k/a Health Tradition Health Plan to reference the current administrative code, s. Ins 18.03 (2) (c) 2 a., Wis. Adm. Code.

Producer Licensing

The examiners reviewed UWLIC's procedures for listing and terminating agents and a sample of 50 agent files. The company contracted exclusively with independent agents to market its policies in Wisconsin. UWLIC had an ongoing contractual arrangement with Cobalt Corporation (f/k/a Newco/UWS, Inc.) and Blue Cross & Blue Shield United of Wisconsin for the benefit of their subsidiaries for the listing and termination of agents. Two of these subsidiaries are United Wisconsin Insurance Company (UWIC) and United Heartland Life Insurance Company (UHLIC). These companies, operating under a marketing name of United Wisconsin Group (UWG) are allowed to appoint and terminate agents under the UWLIC name. This process required a continual reconciliation of agent information maintained on AMS's database for UWLIC and the agent database maintained for UWG. Although UWLIC's administrator, AMS, had extensive written procedures in place regarding this process, the examiners found that this contractual arrangement made it difficult for UWLIC to control the accuracy and timeliness of updating its agent data with UWG's information.

The examiners requested from UWLIC a listing of all agents licensed and appointed in Wisconsin. The agent licensing data provided by UWLIC was compared to the agents' database maintained by OCI. The examiners found five instances where the company reported an agent as active listing when in fact the listing had been terminated according to OCI records. The active agent listing data provided by UWLIC was from the database of contracted agents for companies other than UWLIC. The examiners found that although UWLIC properly terminated the agents and documented the terminations internally so no new business could be accepted from these agents, the identified agents remained actively contracted with companies other than UWLIC. The examiners also found that UWLIC agent termination data was not downloaded to the database of contracted agents for companies other than UWLIC nor was information shared in a timely manner between the two agent databases.

The examiners found 13 instances in their review of the database match where the company did not show agents as being actively listed when OCI records showed those active listings. The examiners found that these 13 agents were properly listed with UWLIC, but this listing information was not shared with AMS for entry into its agent database.

3. Recommendation: It is recommended that UWLIC amend its contractual arrangement with UWIC and UHLIC in order to ensure its compliance with s. 628. 11, Wis. Stat. and s. Ins 6.57, Wis. Adm. Code. It is recommended that in the interim, UWLIC improve the existing process for sharing agent appointment and termination data between the separate agent database systems to ensure that data is shared in a timely manner with UWLIC in order to comply with. s. 628. 11, Wis. Stat. and s. Ins 6.57, Wis. Adm. Code.

The examiners also reviewed random 50 active and terminated agents files. No exceptions were noted.

Grievances & Complaints

The examiners reviewed UWLIC's grievance process and its written procedures for handling, recording, and reporting grievances to OCI. UWLIC's reported in its annual grievance reports that the company received 393 grievances in 2000 and 491 grievances in 2001. The prior examination report included 12 recommendations related to the company's grievance process.

The examiners reviewed a random sample of 50 grievance files. The examiners found that the company was in compliance with the recommendations made in the prior examination report.

However, the examiners found 3 grievance files that did not include documentation that an acknowledgement letter was sent within 5 days of receiving the grievance. Section Ins 18.03 (4) Wis. Adm. Code., requires that an insurer shall, within 5 business days of receipt of a grievance, deliver or deposit in the mail a written acknowledgment to the insured or the insured's authorized representative confirming receipt of the grievance.

4. Recommendation: It is recommended that UWLIC improve its existing grievance procedures to ensure that a letter acknowledging receipt of a grievance is sent to the insured or the insured's representative within 5 business days following receipt of the grievance as required by s. Ins 18.03 (4), Wis. Adm. Code.

The examiners reviewed the company's system and written procedures for recording and handling complaints. The company reported receiving only 49 complaints during the period of review. The examiners reviewed the 49 complaints and found that 23 complaints did not contain adequate documentation to determine the reason for the complaint, the manner in which the complaint was handled, and the disposition of the complaint. The company was able to provide additional documentation that satisfactorily addressed the handling and disposition of 13 of the 23 complaints. For the 10 remaining complaints, the examiners found that the company did not fill out the complaint form completely in 7 cases; recorded inaccurate information on the

complaint form in 1 case and was unable to provide any additional information to explain the reason for and the resolution of the complaint in 2 cases. Section Ins 18.06 (1), Wis. Adm. Code requires that each record of each complaint and grievance submitted to the insurer shall be kept and retained for a period of at least 3 years. These records shall be maintained at the insurer's home or principal office and shall be available for review during examinations by or on request of the commissioner or office.

5. Recommendation: It is recommended that UWLIC institute a process for the periodic auditing of its complaint files to ensure that complaints are handled consistent with the company's written procedures and to ensure that a more complete and accurate record of complaints is maintained in order to document compliance with s. Ins 18.06 (1), Wis. Adm. Code.

Small Employer Health Insurance

The scope of the current examination included a review of the timeliness with which the company provided rate quotes for small employer groups. The examiners found that the company maintained detailed records of rate quote requests for small employer groups and had written procedures for the rate quoting process. The company had an unwritten standard of providing rate quotes within 24 hours of receiving a request for a quote from an agent or employer. The examiners found that although the company's rate quote records reflect the date the quote is released, they do not capture the date the quote request is received at the company. Therefore, the examiners could not audit the timeliness of the company's handling of this process as an indicator of compliance with the requirements of s. 635.18, Wis. Stat. Section 635.18 (2) 1., Wis. Stat., provides that a small employer insurer or an intermediary may not, directly or indirectly, discourage a small employer from applying, or direct a small employer not to apply, for coverage with the small employer insurer because of health status, claims experience, industry, occupation or geographic location of the small employer. The turn around time for providing rate quotes for small employer groups could be a potential indicator of compliance with this requirement.

6. Recommendation: It is recommended that UWLIC revise the manner in which it maintains records for small employer group rate quotes to include the date the quote request is received at the company in order to document compliance with s. 635.18 (2) 1., Wis. Stat.

E-Commerce

The scope of this examination included a review of the company's web site, and its response to the electronic commerce interrogatory. The examiners also interviewed the company personnel responsible for e-commerce and website activities. The company's third party administrator, American Medical Security (AMS), had three areas of web activities, including its eAgencies overseen by the AMS Special Markets department, its public site AMSchoices.com overseen by the AMS Marketing Services Department, and its agent portal eAMS.com overseen the AMS e-Business Development Department. The separate departments work in conjunction with one another to coordinate web activities.

The company reported that AMS's e-AMS was a secure agent internet portal that allowed agents to view their existing block of business, commission information and electronic forms and brochures. AMS's e-Sales was a quoting tool for MedOne medical products for individuals that allowed consumers to obtain quotes via a link between the agent's website and the agent's secure eAMS, eSales sites. AMSchoices.com was the AMS Group, Inc. corporate site. This site had separate sites for contracted agents, noncontracted agents, current customers, prospective customers and investors. Only very general customer service and product information was available to consumers and insureds on this site. Application for insurance could not be made using this site.

During the examination period of January 1, 2000 through December 31, 2001 the company's secure agent portal was known as eAMS.com. Currently, eAMS.com refers to the corporate site, which was known as AMSchoices.com during the examination period. The secure agent portal is now referred to as the Agent Center and exists as a link from the corporate site. The eSales quoting tool for MedOne medical products remains available to agents from the Agent Center for use as a link on their web sites by their consumers.

The company's agents were allowed to establish sites that advertise UWLIC products. The examiners found that UWLIC's agents were required to follow specific procedures during

the development of the website and that all advertisements and information specific to the company's products was submitted to and approved by AMS prior to use.

The examiners found that the company had procedures in place to ensure the security of information on its non-public sites and to monitor its sites to ensure that information was kept up to date.

7. Recommendation: It is recommended that UWLIC consider naming one individual or department to be responsible for oversight of all of the company's Internet and Web activities.

Compliance Program

Following the September 7, 1999 adoption of the prior examination report, OCI issued a Stipulation and Order to UWLIC dated February 8, 2000. The Stipulation and Order required that the company obtain an independent evaluation of the compliance improvement plan it developed as a result of the findings of the examination report. The Stipulation and Order further required that the company develop and implement improvements to its existing compliance improvement plan to ensure compliance with Wisconsin insurance laws and regulations specifically in those areas where deficiencies were noted in the 1999 examination report. The company was also required to provide monthly progress reports to OCI regarding the implementation of the plan.

The examiners found that the company had contracted with a firm to complete an independent evaluation of its compliance improvement plan and that the company submitted to OCI a copy of the evaluation report. The examiners found that the company had provided monthly progress reports to OCI in order to document its ongoing efforts to comply with the recommendations of the examination report. The examiners also found that the company had developed and instituted improvements to its existing compliance improvement plan.

The examiners reviewed the company's current compliance plan, selective internal reports related to the implementation and operation of the plan, the company's written procedures, and internal audits for various departments. The examiners also conducted interviews with individuals directly responsible for compliance issues. The examiners found that the company had made a significant effort to follow the compliance plan standards in all operational areas.

No exceptions were noted.

V. CONCLUSION

The prior examination report contained 27 recommendations in the areas of administrative agreements, producer licensing, claims administration, and complaint and grievance procedures. The company was found to be in compliance with all of the recommendations made in the prior examination report. The company also appears to be in compliance with the terms of the February 8, 2000 OCI Stipulation and Order that required the company to implement improvements to its existing compliance plan to ensure the company complies with Wisconsin insurance laws and regulations. This report contains 7 new recommendations in the areas of administrative agreements, producer licensing, complaint and grievance procedures and e-commerce.

VI. SUMMARY OF RECOMMENDATIONS

Administrative Agreements

Page 13 1. It is recommended that the provider agreements for Preferred One, Inc., be revised to satisfy the requirements of s. Ins 18.03 (2) (c) 2 a. Wis. Adm. Code

Page 13 2. It is recommended that UWLIC revise its provider agreements with Greater LaCrosse Health Plans, Inc. n/k/a Health Tradition Health Plan to reference the current administrative code, s. Ins 18.03 (2) (c) 2.a, Wis. Adm. Code.

Producer Licensing

Page 15 3. It is recommended that UWLIC amend its contractual arrangement with UWIC and UHLIC in order to ensure compliance with s.628.11, Wis. Stat. and s. Ins 6.57 Wis. Adm. Code. It is recommended that, in the interim, UWLIC improve the existing process for sharing agent appointment and termination data between the separate agent database systems to ensure that data is shared in a timely manner with UWLIC in order to comply with s. 628.11, Wis. Stat., and s. Ins 6.57, Wis. Adm. Code.

Grievances & Complaints

Page 16 4. It is recommended that UWLIC improve its existing grievance procedures to ensure that a letter acknowledging receipt of a grievance is sent to the insured or the insured's representative within 5 business days following receipt of the grievance as required by s. Ins 18.03 (4), Wis. Adm. Code.

Page 17 5. It is recommended that UWLIC institute a process for the periodic auditing of its complaint files to ensure that complaints are handled consistent with the company's written procedures and to ensure that a more complete and accurate record of complaints is maintained in order to document compliance with s. Ins 18.06 (1), Wis. Adm. Code.

Small Employer Health Insurance

Page 18 6. It is recommended that UWLIC revise the manner in which it maintains records for small employer group rate quotes to include the date the quote request is received at the company in order to document compliance with s. 635.18 (2) 1., Wis. Stat.

E-Commerce

Page 20 7. It is recommended that UWLIC consider naming one individual or department to be responsible for oversight of all of the company's Internet and Web activities.

VII. ACKNOWLEDGEMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company is acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, state of Wisconsin, participated in the examination.

Name	Title
Stephanie Cook	Insurance Examiner
Kristy Jacobson	Insurance Examiner
Linda Low	Insurance Examiner

Respectfully submitted,

Examiner-in-Charge
Pam Ellefson