

**Before the State of South Carolina
Department of Insurance**

In the Matter of:

SCDOI File Number 03-172

Cigna Insurance Service Company

207 Regency Executive Park Drive
Charlotte, North Carolina 28217

**Consent Order
Imposing Administrative Penalty
\$6,000**

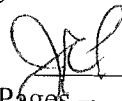
This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance (the Department) and Cigna Insurance Service Company (the company).

The Department conducted a target market conduct examination of the company and submitted a report on May 12, 2002. The examination revealed several instances wherein the company failed to appoint agent prior to their transacting business in the State of South Carolina and the company failed to notify the Department of cancellations of appointments of agents within the required time period. Those actions as alleged violate South Carolina Code Ann. §38-43-40, 38-43-50 (1987) and can ultimately lead to the revocation of the company's certificate of authority to transact the business of insurance within the State of South Carolina subject to the company's right to a public hearing before the Administrative Law Court.

Rather than contest this matter, the parties have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that the Company would waive its right to a public hearing and would submit an administrative penalty through the Department in the total amount of \$6,000.

Section 38-43-40, states: "a license issued by the director or his designee pursuant to Chapter 5 of this title gives to the insurer obtaining it the right to appoint any number of agents to take risks of transact any business of insurance in the state. However, the director or his designee must be notified of the appointment before the agent takes any risk or transacts any business. The notification shall give the post office address and residence of the agent."

Section 38-43-50, states: "All applicants for an insurance agent's license must be vouched for by an official or a licensed representative of the insurer for which the applicant proposes to act, who shall certify whether the applicant has been appointed an agent to represent it and that it has duly investigated the character and record of the applicant and has satisfied itself that he is trustworthy and qualified to act as its agent and intends to hold himself out in good



Cigna Insurance Service Company

faith as an insurance agent. When a contract of an agent is canceled by the insurer represented, that insurer shall notify the Department of the cancellation within ten days stating the cause of the termination. The records furnished by insurers are for the use of the Department solely and not for public inspection.”

After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that the Company has violated S.C. Code Ann. §§38-43-40 and 38-43-50. Accordingly, I hereby impose an administrative penalty in the amount of \$6,000 against the Company pursuant to the discretion provided to me by the State of South Carolina General Assembly in S.C. Code Ann. §§38-5-130 and 38-2-10. The Company must pay this administrative penalty within ten days of my date and my signature upon this consent order. If the Company has not paid that total amount on, or before, that date, then its certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

The parties have reached this consensual resolution in consideration of the internal corrective measures the Company has implemented to prevent this problem from recurring. The parties expressly agree and understand the Company’s payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

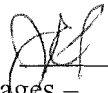
By the signature of one of its officers or authorized representative upon this consent order, the Company acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina’s *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to “report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report.” S.C. Code Ann. § 38-3-110 (Supp. 2004).

It is, therefore, ordered that Cigna Insurance Service Company shall within ten days of my date and my signature upon this consent order, pay through the Department an administrative penalty in the total amount of \$6,000.

It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective as of the date of my signature below.



Cigna Insurance Service Company

~~May~~ ^{June} 23 2006
Columbia, South Carolina

Eleanor Kitzman

Eleanor Kitzman
Director of Insurance

I CONSENT:

John R. Perlstein
Signature

JOHN R PERLSTEIN
Printed Name

DIRECTOR
Title

Cigna Insurance Service Company
207 Regency Executive Park Drive
Charlotte, North Carolina 28217

Dated this 8th day of ~~May~~ ^{June} 2006

John R. Perlstein

Cigna Insurance Service Company