

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION
OF QUALCHOICE LIFE AND HEALTH
INSURANCE COMPANY, INC.**

A.I.D. NO. 2019-

45

ADOPTION ORDER

Now on this day the matter of the Examination Report (“Report”) as of December 31, 2017, of QualChoice Life and Health Insurance Company, Inc. (“Company”), of Little Rock, Arkansas, NAIC No. 70998, is taken under consideration by Allen Kerr, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department (“Department”). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Company is domiciled in Arkansas and is a full capital stock legal reserve life insurance company licensed in Arkansas to transact the business of life and accident and health insurance.
2. Pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2017.
3. Said examination was commenced by the Department on January 12, 2018, and completed on March 25, 2019.
4. The verified Report was filed with the Department on May 15, 2019. It was then mailed to the Company via certified mail on May 15, 2019. The Company

received the Report on May 16, 2019, according to the tracking service available through the United States Postal Service.

5. The Company failed to prepare its financial statements in accordance with the NAIC “Annual and Quarterly Statement Instructions”. Specifically, the Company failed to formally document presentation from the appointed actuary to the Board of Directors, did not accurately complete Note No. 1 to the 2017 Annual Statement, failed to provide a complete presentation of affiliated entities in Schedule Y and inaccurately completed line 15 in that the non-admitted assets did not agree with Exhibit 2 of the Annual Statement and was not consistent with the Company’s affiliate, QCA Health Plan, Inc. Additionally, the reporting of Arvest Bank as investment custodian was incorrect in General Interrogatory 28.01.

6. The review of the Company’s credentialing policy showed that applicants were not provided ninety (90) days’ notice to submit missing application information for verification.

7. The Company failed to file an Access Plan with the State of Arkansas for plan years 2016 and 2017.

8. The Company failed to notify a health claimant within thirty (30) days of receipt of a claim required to be processed and failed to pay or deny a claim within the time required.

9. In correspondence dated June 14, 2019, the Company provided a written acknowledgement or its receipt of the Report and a summary of its plans to correct any noncompliance.

10. Subsequent to the examination period, the Company was acquired by Centene Corporation following the filing and approval of the proposed transaction with the Department. The change of control was made effective March 25, 2019, by A.I.D. Order No. 2019-018.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.
2. This Order has been properly entered in accordance with the Arkansas Insurance Code and Arkansas Insurance Department Rules.
3. The Company's failure to prepare its financial statements in accordance with the NAIC "Annual and Quarterly Statement Instructions" is a violation of Ark. Code Ann. § 23-63-216.
4. The failure of the Company to provide ninety (90) days' notice to applicants to submit missing application information for credentialing verification prior to abandoning or denying an application is a violation of Ark. Code Ann. § 23-99-411(a)(2)(C)(iv).
5. The failure of the Company to file an Access Plan for 2016 and 2017 is a violation of Department Rule 106, Section 5(I).
6. The Company's failure to notify a health claimant within thirty (30) days of receipt of a claim required to be processed and failure to pay or deny a claim within the time required are violations of Department Rule 43, Sections 12(b) and 13(d).

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205, the Commissioner hereby orders:

1. That the Examination Report, as filed with the Department, is hereby adopted;

2. That the Company shall follow the NAIC “Annual and Quarterly Statement Instructions” as required by Ark. Code Ann. § 23-63-216;

3. That the Company shall provide ninety (90) days’ notice to applicants regarding missing application information as required by Ark. Code Ann. § 23-99-411(a)(2)(C)(iv);

4. That the Company shall file an Access Plan for each plan year as required by Department Rule 106, Section 5(I).

5. That the Company shall comply with all claims settlement practices required by Department Rule 43, Sections 12(b) and 13(d);

6. That the Department shall forward a copy of this Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company’s Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Order;

7. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Order and the adopted Examination Report; and

8. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company’s receipt of this Order.

IT IS SO ORDERED this 24th day of June, 2019.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS

