

IN RE :

**CIGNA HEALTHCARE OF MAINE, INC.,
formerly HEALTHSOURCE MAINE, INC.**

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**CONSENT AGREEMENT
Docket No. INS 00-3036**

This document is a Consent Agreement, authorized by 5 Maine Revised Statutes Annotated (M.R.S.A.) §§ 12-A(1) and 9053(2), entered into by CIGNA HealthCare of Maine, Inc. (hereafter also "*CIGNA*") and the Superintendent of the Maine Bureau of Insurance (hereafter also the "*Superintendent*" and the "*Bureau*"). Its purpose is to resolve, without resort to an adjudicatory proceeding, violations of Maine Bureau of Insurance Rule Chapter 750 (9) and (10) [hereafter "*Rule 750 (9) and (10)*"], as set forth below.

FACTS

1. The Superintendent of Insurance is the official charged with administering and enforcing Maine's insurance laws and regulations.
2. CIGNA (formerly known as Healthsource Maine, Inc.) has been a Maine licensed health maintenance organization (HMO), License # HMD4, since January 30, 1987.
3. CIGNA is a participant in the individual and group HMO markets. CIGNA filed its community premium rates on October 31, 1997, October 14, 1998 and October 27, 1999, respectively for calendar years 1998, 1999 and 2000.
4. As of the October 26, 1998 amendments to Bureau Rule 750, § (10) of the rule requires an HMO selling both individual and group plans to pay producers commissions for individual plans they sell, calculated at a percentage rate at least the equivalent of commissions paid for sale of the carrier's small group plans.
5. During October 26, 1998 through January 31, 2000, CIGNA sold a number of individual plans but kept no record of sales generated by producers.
6. In a letter dated August 8, 2000, CIGNA responded to a request from the Bureau for disclosure of commissions CIGNA paid to producers who sold individual plans to consumers. In the letter CIGNA informed the Bureau that its policy, in effect from at least October 26, 1998 through January 31, 2000, was not to pay commissions for individual plans sold by producers. In a follow-up letter dated September 25, 2000, CIGNA represented to the Bureau that (a) in February 2000 it first recognized that Rule 750(10) requires payment of commissions for individual plans; (b) it began paying such commissions in February 2000; and (c) it continues to pay these commissions. CIGNA estimates that during the subject period producers sold eight of its individual policies.

CONCLUSION OF LAW

7. As described in paragraphs 3, 4, 5 and 6, CIGNA violated Bureau Rule 750(9) and (10) from October 26, 1998 through January 31, 2000 by failing to pay commissions to producers for their sales of CIGNA individual HMO plans.

COVENANTS

8. A formal hearing in this complaint proceeding is waived and no appeal will be taken.
9. At the time of executing this Agreement, which is an enforceable agency action under the Maine Administrative Procedure Act, CIGNA shall pay to the Maine Bureau of Insurance a penalty in the amount of \$6,000 drawn to the Treasurer of the State of Maine.
10. CIGNA shall comply with Rule 750(9) and (10) and with 24-A M.R.S.A. § 2736-C(6)(A), the latter requiring carriers in the individual HMO market to actively market individual plans, as follows. On or before the date of signing this Agreement, CIGNA shall submit to the Bureau a copy of a letter to all Maine health insurance producers, together with a certificate evidencing its mailing. The letter shall inform the addressees they may seek payment of commissions for sale of individual plans from October 26, 1998 through January 31, 2000, if they can document that during such period they submitted consumer applications or referred consumers to CIGNA for individual plans CIGNA issued. CIGNA retroactively shall pay a commission for each documented sale, per Rule 750(10)'s rate requirements.
11. On or before the date of signing this Agreement, CIGNA additionally shall document to the Bureau that (a) all its current contracts with Maine health insurance producers provide for payment of commissions for sale of individual plans; and (b) the contracts contain a commission schedule in accordance with Rule 750(10).
12. In consideration of CIGNA's execution of and compliance with the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measure or civil sanction for the violation described above, other than those agreed herein.

MISCELLANEOUS

13. CIGNA understands and acknowledges that this Agreement will constitute a public record within the meaning of 1 M.R.S.A. § 402, will be available for public inspection and copying as provided by 1 M.R.S.A. § 408, and will be reported to the NAIC "RIRS" database.
14. The parties understand that nothing herein shall affect any right or interest of any person who is not a party to this Agreement.
15. This Agreement may be modified only by the written consent of the parties.
16. Before executing this Agreement, CIGNA was informed of its right to consult with its counsel.
17. Nothing herein shall prohibit the Bureau of Insurance from seeking an order to enforce this Consent Agreement, or from seeking additional sanctions in the event CIGNA does not comply with the above terms, or in the event the Bureau receives evidence that further legal action is necessary for the protection of Maine consumers.

**FOR CIGNA
HEALTHCARE OF
MAINE, INC.**

Dated: _____, 2001

By: _____
Signature

Typed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2001.

Notary Public

**FOR THE BUREAU OF
INSURANCE**

Dated: _____, 2001

**Alessandro A. Iuppa
Superintendent of Insurance**

STATE OF MAINE, KENNEBEC, ss
Subscribed and sworn to before me
this _____ day of _____, 2001

Notary Public/Attorney at Law

**FOR THE MAINE
ATTORNEY GENERAL**

Dated: _____, 2001

**Carolyn Silsby
Assistant Attorney General**

STATE OF MAINE, KENNEBEC, ss
Subscribed and sworn to before me
this _____ day of _____, 2001

Notary Public/Attorney at Law