

**BEFORE THE DIVISION OF INSURANCE  
DEPARTMENT OF LABOR AND REGULATION  
STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE TARGET  
MARKET EXAMINATION OF  
WASHINGTON NATIONAL  
INSURANCE COMPANY FORMERLY  
DBA CONSECO HEALTH  
INSURANCE COMPANY**

**FINDINGS OF FACT,  
CONCLUSIONS OF LAW AND  
ORDER**

On June 21, 2013 the Target Market Conduct Examination Report ("Report") for Washington National Insurance Company, formerly d.b.a. Conseco Health Insurance Company ("the Company"), whose address of record is 11825 N. Pennsylvania Street, Carmel, IN 46032, was submitted to the Company. The Company submitted its response to the Director of the South Dakota Division of Insurance ("Division") for his consideration and review pursuant to SDCL § 58-3-12. The Director reviewed the Report and makes the following Findings of Fact, Conclusions of Law and Order, pursuant to SDCL § 58-3-12 and SDCL Chapter 1-26:

**FINDINGS OF FACT**

**I.**

The Company is a licensed insurer in South Dakota subject to examination, pursuant to SDCL § 58-3-1. The Company is a licensed health insurer.

**II.**

On December 23, 2009, the Director of the Division issued an Order for Examination of the Company.

**III.**

A Target Market Conduct Examination of the Company was conducted that covered the period from January 1, 2005 through December 31, 2009, unless otherwise noted in the Report.

**IV.**

The Target Market Conduct Examination of the Company resulted in a Report which the Division has reviewed.

**V.**

The finalized Report was filed with the Division on June 21, 2013.

**VI.**

The Report was transmitted by the Division to the Company via Electronic Mail and U.S. First Class Mail on June 21, 2013.

**VII.**

The Company received the Report via Electronic Mail on June 21, 2013.

**VIII.**

The Company provided a written response to the Report to the Division via Electronic Mail pursuant to SDCL § 58-3-12.

**IX.**

The Director has considered and reviewed the Report and the Company's written response.

**X.**

The Company's response has been considered by the Director and is incorporated into the Report.

**XI.**

The Director determined that discrepancies exist between the Report and the Company's written response, but that the Report as modified and adopted by the Division accurately reflects the examination findings.

**XII.**

To the extent any of the foregoing are improperly designated and are instead conclusions of law, they are hereby redesignated and incorporated herein as Conclusions of Law.

## **CONCLUSIONS OF LAW**

### **I.**

The Director of the Division has jurisdiction over this matter pursuant to SDCL Chapter 58-3.

### **II.**

SDCL §§ 58-3-12 and 58-3-17 require the Director to issue an Order in this matter, pursuant to SDCL Chapter 1-26. The Report may be adopted as filed or with modifications or corrections, or the Report may be rejected in full, or the Director may call for an investigatory hearing.

### **III.**

Pursuant to SDCL § 58-3-17, the Company must serve its directors with a copy of this Order and the Report and file affidavits from the directors with the Division stating they have received a copy of the Order and Report.

### **IV.**

Pursuant to SDCL §§ 1-27-1.5(5) and 58-3-14, the Report, including the Company response, is not open to public inspection for a period of 30 days after the date of this Order.

### **V.**

Pursuant to SDCL § 58-3-25, the Director has the authority to set forth the time frame for implementation of the Report recommendations.

### **VI.**

To the extent any of the foregoing are improperly designated and are instead findings of fact, they are hereby redesignated and incorporated herein as Findings of Fact.

## **ORDER**

It is hereby ORDERED that the Company's response is incorporated into the Report as part of the Report as appropriate; and it is further

ORDERED pursuant to SDCL § 58-3-12(1), that the contents of the Report as modified are adopted; and it is further

ORDERED pursuant to SDCL § 58-3-17, that the Company is to serve a copy of the Order and Report on each member of its Board of Directors; and it is further

ORDERED pursuant to SDCL § 58-3-17, that within 30 days of the date of this Order, the Company shall file affidavits with the Division, executed by each member of its Board of Directors, stating that they have received a copy of the Order and Report; and it is further

ORDERED that the Director will provide the Company 20 days to propose the time frame for implementation of the Report recommendations; and it is further

ORDERED that once 20 days has passed, the Director will set the time frame for implementation of the Report recommendations; and it is further

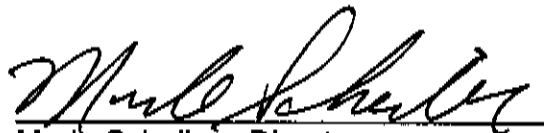
ORDERED that once the time frame has been set, the Company shall comply with the Report recommendations and shall continue to follow the policies and procedures that have been put in place during the course of the examination and those subsequent to the examination's completion; and it is further

ORDERED that the Director will release the adopted Report as modified in compliance with SDCL § 58-3-14 unless a court of competent jurisdiction stays its publication; and it is further

ORDERED that this Order may not be used by any person for any competitive purpose or used in a manner that would violate SDCL Chapter 58-33.

This Order may be appealed to the Circuit Court and South Dakota Supreme Court pursuant to SDCL Chapter 1-26.

Dated this 20<sup>th</sup> day of August, 2013.



Merle Scheiber, Director  
South Dakota Division of Insurance  
445 E. Capitol Ave.  
Pierre, SD 57501

**CERTIFICATE OF SERVICE**

I, Frank Marnell, the undersigned, do hereby certify that on this 20<sup>th</sup> day of August, 2013, a true and correct copy of the Findings of Fact, Conclusions of Law and Order with respect to the above-entitled action was sent U.S. First Class Mail thereon, to Washington National Insurance Company, 11825 N. Pennsylvania Street, Carmel, IN 46032.

Dated this 20<sup>th</sup> day of August, 2013 in Pierre, South Dakota.



---

Frank A. Marnell, Division Counsel  
South Dakota Division of Insurance  
445 E. Capitol Ave.  
Pierre, SD 57501