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Attorneys for The California Department of Insurance

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

SACRAMENTO

In the Matter of the Certificate of Authority of: **ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY** Respondent.	File No. OSC- 2008-00014 **STIPULATION AND WAIVER**

Respondent, ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY, formerly known as BC LIFE & HEALTH INSURANCE COMPANY ("ANTHEM") and the California Department of Insurance ("Department"), stipulate as set forth herein:

1. Respondent, ANTHEM, holds a Certificate of Authority to transact the business of life and disability insurance in the State of California, pursuant to §700 et seq. of the California Insurance Code.[1]

2. Respondent, ANTHEM, is a California corporation and a wholly-owned subsidiary of WellPoint Inc.

3. On or about May 6, 2006, the Department commenced a Market Conduct examination of ANTHEM'S claims practices and procedures in California during the period of

[1] Unless otherwise stated, all references are to the California Insurance Code.

January 1, 2004 through February 28, 2006. The examination reviewed claims files and related records involving Group and Individual Preferred Provider Organization products and examined guidelines, policies and procedures, training plans and forms adopted by ANTHEM for use in California to determine whether ANTHEM'S denial of claims and claims handling practices conformed to contractual obligations and applicable law.

4. The Department also conducted a targeted Market Conduct examination focusing on ANTHEM'S rescission practices during the period from January 1, 2004 through February 28, 2006. The examination reviewed underwriting and rescission files and related records involving Individual and Family Plan health insurance products to determine whether ANTHEM'S rescission practices and related claims settlement practices conformed to contractual obligations and applicable law.

5. The Department issued a Revised Public Report of the Market Conduct Examination of the Claims Practices of ANTHEM dated July 19, 2007 that identified instances in which the Department alleged that ANTHEM did not comply with California Insurance Code §790.03 and the Fair Claims Settlement Practices Regulations contained in Title 10, Chapter 5, Subchapter 7.5 of the California Code of Regulations, commencing with §2695.1.

6. The Department also issued a Report of the Market Conduct Examination of the claims practices of ANTHEM pursuant to Section 735.5. dated May 4, 2007 that identified instances in which the Department alleged that ANTHEM did not comply with provisions of the Insurance Code other than §790.03 and the Fair Claims Settlement Practices Regulations.

7. In the Market Conduct Reports in which a sample of the 1800 rescissions during the review period were examined, and in its investigation of consumer complaints received since January 1, 2004, the Department cited ANTHEM for alleged violations of provisions of the California Insurance Code and applicable law in ANTHEM'S rescission practices and related claims settlement practices.

8. On or about February 9, 2009, the Department served ANTHEM with an Order to Show Cause, Accusation/ Statement of Charges ("Accusation") "In the Matter of the Certificate of Authority of ANTHEM, Respondent," File No.OSC-2008-00014. Said Accusation alleged that

ANTHEM engaged in acts or practices in violation of California Insurance Code §§790.03, 700(c), 704(b), 796.04, 10380, 10382 and 10384. The allegations were based on the findings of the Market Conduct Reports referenced in paragraphs 5 and 6.

9. ANTHEM and the Department have undertaken discussions to resolve the issues in this proceeding and now wish to resolve those issues without the need for a hearing or further administrative action. The parties mutually agree to enter into this Stipulation and Waiver and agree that the resolution embodied in this Stipulation and Waiver is made in good faith. Therefore, by this Stipulation and Waiver, ANTHEM waives any and all rights to a hearing in this matter, and any and all other rights related to this proceeding which may be accorded pursuant to Chapter 5, Part 1, Division 3, Title 2 (commencing with §11500) of the California Government Code, and by the California Insurance Code.

10. This Stipulation and Waiver does not constitute an admission by ANTHEM of liability, violation, wrongdoing, or improper conduct.

11. ANTHEM agrees to and shall immediately cease and desist from knowingly engaging in any acts or practices in the business of life and disability insurance in violation of California Insurance Code §§790.03, 700(c), 704(b), 796.04, 10113, 10380, 10381.5, 10382, and 10384.

12. ANTHEM agrees to make funds available for the purpose of payment of Reimbursable Expenses to FORMER INSUREDS, as defined by and pursuant to the terms set forth in this Stipulation and Waiver.

13. ANTHEM agrees to and shall pay a monetary penalty in the amount of one million dollars ($1,000,000.00) within twenty (20) business days after receipt of an invoice from the Department pursuant to California Insurance Code Sections 790.035 and 12976 upon Order of the Insurance Commissioner.

14. This Stipulation and Waiver contains offers for FORMER INSUREDS including an Offer of New Coverage and an Offer to Reimburse Medical Expenses both of which are subject to the express terms and conditions outlined herein. A FORMER INSURED is defined as any individual whose health insurance policy was rescinded by ANTHEM between January 1,

2004 and December 31, 2008, and who has not already resolved their dispute with ANTHEM about such rescission pursuant to a judicial judgment, arbitration award, prior reinstatement or letter of agreement or settlement agreement. ANTHEM estimates it rescinded health insurance coverage for approximately 2330 individuals between January 1, 2004 and December 31, 2008. ANTHEM will send a Notice (hereafter "THE NOTICE") to every FORMER INSURED which shall extend the Offer of New Coverage and the Offer to Reimburse Medical Expenses as defined herein. THE NOTICE will be in a form and content approved by the DEPARTMENT.

15. Except as otherwise expressly set forth herein and based entirely on the individual choices made by a FORMER INSURED, nothing in this Stipulation and Waiver limits a FORMER INSURED'S right to pursue any available legal remedies. This Stipulation and Waiver and the subsequent Order issued by the Commissioner pursuant to this Stipulation and Waiver provides FORMER INSUREDS, as defined above with a set of options designed to expedite the resolution of any potential claims related to the rescission of the FORMER INSURED'S health insurance policy by the Company, including claims for past out-of-pocket medical expenses. Each FORMER INSURED is free to choose among the options made available by the Commissioner's Order or is free to decline to participate.

16. Several Class and Representative Actions (collectively, "Class Actions") are currently pending in the Superior Court of the State of California, County of Los Angeles, deemed related and before the Honorable Judge Anthony Mohr. The FORMER INSUREDS are members of the proposed class of former COMPANY insureds whose health care coverage was rescinded, and may be members of the group of consumers on whose behalf the Los Angeles City Attorney's Office is seeking relief in the Representative action.

17. If a FORMER INSURED decides to accept Reimbursement of Medical Expenses as offered herein, the FORMER INSURED will give up his/her right to participate in any recovery that might become available in the Class Actions in the future. A FORMER INSURED may accept the Offer of New Coverage contained herein without waiving any legal rights he or she may have, including the right to participate in the Class Actions. THE NOTICE will advise the FORMER INSUREDS of the pendency of the Class Actions, and that they will be waiving

any and all rights that they may have in the Class Actions in the event they decide to accept reimbursement of Reimbursable Expenses.

OFFER OF COVERAGE

18. ANTHEM agrees to and shall offer, on a voluntary basis, to each FORMER INSURED, the right to purchase a health insurance policy providing coverage going forward ("New Coverage Offer"). That coverage shall be subject to the following terms, conditions, and restrictions:

a. The New Coverage Offer will not require medical underwriting.

b. The New Coverage Offer will waive exclusions for pre-existing conditions.

c. The New Coverage Offer will be for the same or similar policy as the FORMER INSURED'S rescinded policy based on policies currently being offered to the general public by ANTHEM.

d. The New Coverage Offer is for a new policy. All co-pays and deductibles will apply.

e. The New Coverage Offer will not be made to FORMER INSUREDS who have already been reinstated or have current coverage with ANTHEM or its affiliate Anthem Blue Cross.

f. The New Coverage Offer will not be made to individuals who (i) filed lawsuits asserting claims arising out of the rescission of the individuals' health insurance policy which have been subject to a ruling on their merits by a court, or (ii) have entered into or are otherwise bound by a settlement with ANTHEM regarding claims arising from rescission of the FORMER INSURED'S health insurance policy.

g. The New Coverage Offer will be open for a ninety (90) day period from the confirmed date of delivery of THE NOTICE of the New Coverage Offer, referred to in paragraph 14.

h. Notwithstanding subsection (g) above, the New Coverage Offer will be open to FORMER INSUREDS who did not receive THE NOTICE despite commercially reasonable search efforts, if acceptance of the offer by a FORMER INSURED is received by ANTHEM within 180 days of the Order of the Commissioner pursuant to this Stipulation and Waiver.

i. The New Coverage Offer, and continuation of such coverage, is conditioned on each FORMER INSURED meeting all non medical underwriting eligibility requirements including, by way of example and not limitation, residence in California, cancellation of any other current coverage (if applicable), age limits

for insureds and dependents, non eligibility for Medicare, and payment of the applicable premiums going forward.

j. The effective date of health coverage under the New Coverage Offer will be the first day of the month following ANTHEM'S receipt of a FORMER INSURED'S first month premium.

k. ANTHEM will not require FORMER INSUREDS who accept the New Coverage Offer to execute a release of claims against ANTHEM as a condition of acceptance.

OFFER OF REIMBURSEMENT OF MEDICAL EXPENSES

19. ANTHEM agrees to and shall reimburse out-of-pocket medical expenses, as defined below, which would have been paid pursuant to the terms of the FORMER INSUREDS' health insurance policies, were it not for the rescissions of those policies. Subject to the conditions and limitations set forth in this paragraph, ANTHEM agrees to and shall offer, on a voluntary basis, to reimburse each FORMER INSURED for those medical expenses described herein. Reimbursable Expenses do not include any applicable co-payments, coinsurance, deductible amounts or any other expense that would have been the responsibility of the FORMER INSURED under the terms of the rescinded policy.

a. Reimbursable medical expenses ("Reimbursable Expenses") under this Stipulation and Waiver are defined as expenses:

1) that are documented paid out-of-pocket medical expenses or medical expenses including those that were incurred and are owed but not yet paid by the FORMER INSURED;

2) for medically necessary medical services;

3) for medical services that were provided to the FORMER INSURED during the Settlement Period as defined in subsection (b) below;

4) which would have been covered under the terms of the FORMER INSURED'S rescinded ANTHEM health insurance policy;

5) which have not been covered or reimbursed by any third party payer entity, health care service plan, insurance contract (including, but not limited to, any applicable disability, workers' compensation, group, individual, or employer self-funded coverage), or from the proceeds of any judgment or settlement; and,

6) which have not been waived, released, discharged, barred, settled (specifically including hospital expenses that may have been resolved pursuant to a settlement between ANTHEM and certain hospitals) or otherwise no longer collectible by the medical provider at issue (including the medical provider's agents and assigns); except that an owed but not yet paid medical expense may include amounts which have been subject to any attempt at collection within the preceding 180 days of the date of the Commissioner's Order.

b. ANTHEM agrees to pay Reimbursable Expenses incurred during the Settlement Period which runs from the effective date of the original rescinded health insurance policy to the confirmed date of delivery of THE NOTICE.

c. This offer of reimbursement of medical expenses shall remain open for one hundred and eighty (180) days from the confirmed date of delivery of THE NOTICE. This offer will be open to FORMER INSUREDS who did not receive THE NOTICE despite commercially reasonable search efforts, if acceptance of the offer by a FORMER INSURED is received by ANTHEM within 180 days of the Order of the Commissioner pursuant to this Stipulation and Waiver.

d. This offer of reimbursement of medical expenses is an option that is in addition to, and separate from, ANTHEM'S New Coverage Offer as described in paragraph 18 above. ANTHEM will not require a FORMER INSURED to accept the New Coverage Offer in order to accept the offer of reimbursement of medical expenses, or vice versa.

e. Any claim for Reimbursable Expenses shall be subject to reasonable documentation requirements.

f. ANTHEM'S payment of Reimbursable expenses is conditioned upon a settlement and full release by the FORMER INSURED of all disputes and claims arising from the rescission of the FORMER INSURED'S health insurance policy.

g. When a FORMER INSURED submits a written request for reimbursement of medical expenses, which shall include reasonable documentation supporting the request, ANTHEM will either agree to reimburse all applicable medical expenses within sixty calendar (60) days of receiving the request, or dispute the request on the basis of:

1) medical necessity, or

2) the scope of coverage, or

3) the amount of the reimbursement request, including whether the requested amounts are live debts.

h. ANTHEM agrees not to assert the validity of the rescission as a defense.

i. ANTHEM may require authorization from FORMER INSUREDS for the release of medical records and bills, as well as other information reasonably necessary to verify the reimbursement request, obtained at ANTHEM'S cost.

j. If a FORMER INSURED disputes ANTHEM'S determination as to the amount of Reimbursable Expenses, the FORMER INSURED has various options to exercise in his or her sole discretion, as described below:

1) A FORMER INSURED may decline to follow any process set forth in this Stipulation and Waiver and may pursue any legal remedy for any and all claims, in which event ANTHEM retains the right to assert any and all defenses to any claim, including but not limited to, the validity of the rescission, statute of limitations and whether the claim would have been covered under the rescinded health insurance policy; or

2) If the dispute involves the question of medical necessity of a health care service, the FORMER INSURED has the option to refer the medical necessity question to the Department's Independent Medical Review Organization for review, pursuant to California Insurance Code §§10169.2-10169.3. Any Independent Medical Review shall be paid by ANTHEM and shall be binding on the parties; and,

3) If the dispute involves ANTHEM'S determination of the scope of coverage and/or the amount of Reimbursable Expenses, the FORMER INSURED has the option to resolve the dispute through an expedited proceeding that shall be conducted by a JAMS arbitrator, subject to the rules described herein, except that the only issues to be determined shall be those listed in this subparagraph during the relevant period. The proceeding shall be subject to the following rules:

i. ANTHEM shall not assert the validity of the rescission as a defense;

ii. The arbitration proceeding shall be on the basis of a written record without personal appearance of any party. The record shall consist of a statement by both parties, and their evidence addressing the appropriate amount of medical expenses reimbursable under the terms of this Stipulation and Waiver or the scope of coverage. Both parties shall have the right to submit additional written statements and materials following review of the materials submitted by the other party. No discovery shall be permitted, except that ANTHEM may obtain the FORMER INSURED'S medical records and bills at ANTHEM'S effort and expense;

iii. ANTHEM shall pay the cost of the arbitrator;

iv. Any award shall be based on Reimbursable Expenses and/or the issues subject to arbitration under the terms of this Stipulation and Waiver, and will be final and binding for both parties and conditioned upon a settlement and full and complete release of all disputes and claims arising from the rescission of the FORMER INSURED'S original health insurance policy;

v. In the event that an award is based upon Reimbursable Expenses owed by a FORMER INSURED that have not yet been paid to the provider, the arbitration decision shall provide that ANTHEM, in its sole discretion, has the right to resolve any such unpaid medical expenses directly with the billing provider in which event ANTHEM shall hold the FORMER INSURED harmless from any such unpaid medical expenses and deduct the amount owed by the FORMER INSURED from the award. In the event ANTHEM resolves any unpaid medical expenses directly with the billing provider and holds the FORMER INSURED harmless from any such unpaid medical expenses, such action shall satisfy fully ANTHEM'S obligation under this Stipulation and Waiver to reimburse the FORMER INSURED for such unpaid Reimbursable Expenses owed by the FORMER INSURED to such provider; and,

vi. The arbitrator shall be selected randomly by JAMS from a qualified healthcare panel of arbitrators. The FORMER INSURED shall have the right to reject the randomly selected arbitrator within fifteen (15) days of notice of selection by JAMS. Should the FORMER INSURED reject the selected arbitrator, JAMS will send a list containing five (5) arbitrators. ANTHEM and the FORMER INSURED each may strike up to two names and rank the remaining arbitrators in order of preference. The arbitrator with the highest composite ranking will be appointed. Such arbitrators shall follow the terms of the FORMER INSURED'S rescinded health insurance policy and applicable California law, including the California Insurance Code and implementing regulations, and shall periodically consult with each other to ensure consistency in decision-making. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, subject to the modifications in this Stipulation and Waiver.

20. ANTHEM shall report to the Department, on a monthly basis, beginning ninety (90) days after the date of the Order adopting this Stipulation and Waiver, the following

information: the name, last known address, last known telephone number (if available), and policy number of each FORMER INSURED as described herein. Each monthly report shall also contain a summary of the number of FORMER INSUREDS who accepted the offer of New Coverage and the number of FORMER INSUREDS who did not accept the offer of New Coverage; and the number of FORMER INSUREDS who accepted the offer to reimburse Reimbursable Expenses and the total dollar amount of Reimbursable Expenses subject to this Stipulation and Waiver and the date of the expected payment of such Reimbursable Expenses and/or the actual date of payment of such Reimbursable Expenses; and the number of FORMER INSUREDS who submitted a request for Reimbursable Expenses for whom ANTHEM disputed such request and the reason(s) for the dispute (medical necessity and/or scope of coverage and/or amount of Reimbursable Expenses); and the number of arbitrations for Reimbursable Expenses and the total dollar amount of arbitration awards as an outcome of such proceedings.

21. ANTHEM shall use commercially reasonable efforts to contact eligible FORMER INSUREDS to make the voluntary offers set forth herein, commencing no later than ninety (90) days from the date of the Order adopting this Stipulation and Waiver. Commercially reasonable efforts to contact eligible FORMER INSUREDS shall consist of notification of the voluntary offers by overnight or certified mail or private delivery service with confirmation of delivery to the last known address, and the use of an independent search service to locate the current address of FORMER INSUREDS, if ANTHEM'S last known address for each FORMER INSURED is no longer accurate. ANTHEM shall also post THE NOTICE and publish information regarding the settlement, and its specific terms on ANTHEM'S web site.

22. ANTHEM shall exercise commercially reasonable efforts to issue and send payment for reimbursement of Reimbursable Expenses to FORMER INSUREDS who accept the voluntary offer described in paragraph 19 herein within thirty (30) days of the date of the final resolution of the FORMER INSURED'S request for reimbursement of Reimbursable Expenses, and shall complete the offer to reimburse and payment of Reimbursable Expenses as soon as is reasonably possible, and in no event later than thirty (30) days following an award in the FORMER INSURED'S favor.

23. ANTHEM has established, and shall continue to maintain the following business process practices:

a. Use of an independent third party review process for rescissions of individual health insurance policies. In the event that one or more statutes are enacted and become effective that establish an independent review process for rescissions of individual health insurance policies by California insurers, ANTHEM'S obligations under this section shall cease and ANTHEM shall comply with such statute or statutes. Nothing in this section shall obligate ANTHEM to commit any action or inaction that would be contrary to applicable law.

b. Use of at least one source of information other than the application for coverage as part of its pre-issuance underwriting process prior to issuing the policy including but not limited to review of ANTHEM'S internal claim databases, a commercial pharmacy database, and other external sources of information.

24. ANTHEM agrees to submit a corrective action proposal to the Department within thirty (30) days of the date of the Order adopting this Stipulation and Waiver and to work with the Department to establish appropriate criteria for such corrective actions, and once the criteria are approved by the Department, to timely implement such corrective actions. ANTHEM agrees to and shall complete implementation of such corrective actions within one hundred twenty (120) days of the date the Department approves, in writing, the proposal for such corrective actions. The corrective action proposal shall cover the following areas:

a. the application form and health history questionnaire;

b. the underwriting process;

c. the training and integration of agent/broker involvement in the application and underwriting process;

d. the appropriate notification to policyholders and providers of a rescission investigation and decision;

e. the claims handling process related to rescissions;

f. the rescission investigation and decision-making process including timeframes;

g. the rescission appeals process,

h. internal audits of the rescission process; and,

i. internal audits of the claims handling process.

25. ANTHEM acknowledges that the Department will conduct a follow-up examination to verify that ANTHEM has timely and substantially complied with the terms of the corrective action proposal and complied with all applicable insurance laws and regulations. If, following completion of the follow up examination, the Department determines that ANTHEM has not timely implemented the corrective actions, the Department may impose a monetary penalty proportional to the identified deficiencies, up to two million dollars ($2,000,000.00). ANTHEM does not waive its right to contest any such determination through available administrative procedures and the Department does not waive its right to seek additional penalties based on its findings.

26. ANTHEM agrees to and shall pay, within ten (10) business days after receiving an invoice from the California Department of Insurance, Division of Accounting, the amount of fifty thousand dollars ($50,000.00) to the Department for reimbursement of attorneys fees and costs, pursuant to California Insurance Code §12921, upon written order of the Insurance Commissioner to be made and filed herein and without further notice to ANTHEM.

27. This Stipulation and Waiver will settle and fully resolve the matters alleged or arising out of practices identified in the Market Conduct Reports referenced in paragraphs 5 and 6, the allegations in the Accusation (File No. OSC-2008-00014), and citations in the consumer complaints received for rescission-related alleged acts or failures to act (paragraph 7) that occurred during the respective time periods referenced within such reports and the Accusation.

28. ANTHEM and the Department agree that this Stipulation and Waiver is intended to be a complete and final resolution of the issues and allegations referenced in paragraph 27 above and that no further action will be brought against ANTHEM upon the matters referenced therein; provided, however, that neither this Stipulation and Waiver nor the Order approving this Stipulation and Waiver are in any way intended to limit or waive the Commissioner's authority to bring disciplinary action against ANTHEM for alleged violations of California law arising from

rescissions occurring after December 31, 2008 or any other acts or failures to act not referred to in paragraph 27.

29. Nothing contained in this Stipulation and Waiver or the Order approving this Stipulation and Waiver shall prevent the Department from taking action at any time to enforce this Stipulation and Waiver or the Order approving this Stipulation and Waiver if ANTHEM is not in compliance with the terms and conditions of the Stipulation and Waiver and/or the Order approving this Stipulation and Waiver.

30. The Insurance Commissioner retains jurisdiction to ensure that ANTHEM complies with the provisions and terms of this Stipulation and Waiver and/or Order approving this Stipulation and Waiver and the Insurance Code.

31. ANTHEM represents and warrants that the persons executing this Stipulation and Waiver on behalf of ANTHEM are authorized to enter into and execute this Stipulation and Waiver.

32. ANTHEM acknowledges that California Insurance Code §12921 requires the Insurance Commissioner to approve the final settlement of this matter. Both the settlement terms and conditions contained herein and the acceptance of those terms and conditions are contingent upon the Commissioner's approval.

33. This Stipulation and Waiver is a compromise within the meaning of California Evidence Code §§1152 and 1154.

Dated: February 9, 2009

ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY

Signed: _____

Name: Keith Evans

Title: Vice President and General Manager, Individual, West Region.

Dated: February 9, 2009

CALIFORNIA DEPARTMENT OF INSURANCE

By: _____

ANDREA ROSEN
Staff Counsel

CALIFORNIA DEPARTMENT OF INSURANCE
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BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

SACRAMENTO

In the Matter of the Certificate of Authority of: **ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY** Respondent.	File No. OSC- 2008-00014 **ORDER**

WHEREAS, on or about February 9, 2009, the Insurance Commissioner (hereafter "Commissioner") served upon ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY (hereafter "ANTHEM") an Order to Show Cause, Notice of Hearing, Notice of Monetary Penalty and Accusation/Statement of Charges, referred to as "In the Matter of the Certificate of Authority of: ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY, Respondent, File No.OSC-2008-00014" (hereafter "Accusation"). Said Accusation is incorporated herein by reference and alleged that ANTHEM engaged in acts or practices in violation of California Insurance Code §§790.03, 796.04, 10380, 10382 and 10384; and,

WHEREAS, Respondent has executed a Stipulation and Waiver in which it waived its rights to a hearing in this matter, and any and all other rights which may be accorded pursuant to the provisions of the California Administrative Procedure Act (Government Code §§11500-

11528) and the California Insurance Code, and has stipulated to the entry of this Order. This Stipulation and Waiver is incorporated herein by reference.

GOOD CAUSE APPEARING,

IT IS HEREBY ORDERED that ANTHEM shall Cease and Desist from engaging in acts or practices in the business of disability insurance in violation of California Insurance Code Sections 790.03, 796.04, 10113, 10380, 10381.5, 10382 and 10384.

IT IS FURTHER ORDERED that ANTHEM shall pay, within twenty (20) business days of receipt of an invoice from the Department of Insurance, a monetary penalty in the amount of one million dollars ($1,000,000.00) pursuant to California Insurance Code §§790.035 and 12976 in settlement of the Accusation.

IT IS FURTHER ORDERED that ANTHEM shall offer to each FORMER INSURED, as defined in the Stipulation and Waiver, a written offer of health insurance coverage going forward as more fully described in the Stipulation and Waiver.

IT IS FURTHER ORDERED that ANTHEM shall offer to reimburse each FORMER INSURED for past medical expenses, or hold them harmless from those medical expenses, incurred during the Settlement Period which runs from the effective date of the original rescinded health insurance policy to the confirmed date of delivery of THE NOTICE which extends ANTHEM'S offers to the FORMER INSUREDS as more fully described in the Stipulation and Waiver. ANTHEM shall deliver THE NOTICE at their expense.

IT IS FURTHER ORDERED that ANTHEM shall submit a corrective action proposal to the Department to address improvements to its application form and health history questionnaire, the underwriting process, the training and integration of the agent/broker involvement in the application and underwriting process, the notification to policyholders and providers of a rescission investigation and decision, the rescission claims handling process, internal audits of the rescission process and internal audits of the claims handling process and shall work with the Department to accomplish such corrective actions, as more fully described in the Stipulation and Waiver.

IT IS FURTHER ORDERED that ANTHEM shall complete implementation of the actions contained in the corrective action proposal or required by the Department as part of the corrective action plan, as more fully described in the Stipulation and Waiver. Upon completion of the follow-up examination by the Department, if the Department determines that ANTHEM has failed to substantially and timely implement the corrective actions required by the Department, the Department may impose a monetary penalty of up to two million dollars ($2,000,000.00) as more fully described in the Stipulation and Waiver.

IT IS FURTHER ORDERED that ANTHEM shall pay, within ten (10) business days after receiving an invoice from the California Department of Insurance, the amount of fifty thousand dollars ($50,000.00) to the Department for reimbursement of attorneys fees and costs, pursuant to California Insurance Code §12921.

IT IS FURTHER ORDERED that this Order shall become effective immediately upon the date set forth below.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal, this 10th day of February, 2009.

STEVE POIZNER
Insurance Commissioner

By: _____
JERRY L. WHITFIELD
Assistant Chief Counsel

In the Matter of the Certificate of Authority of:	)	DECLARATION OF SERVICE BY U.S. MAIL
ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY	)	FILE NO. OSC-2008-00014
Respondent.	)	

I am over the age of 18 years, and not a party to this cause.

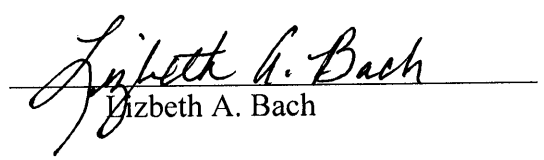
I am an employee at the Department of Insurance, State of California, employed at 300 Capitol Mall, Suite #1700, Legal Division, Sacramento, CA., 95814.

On February 10, 2009, at Sacramento, California, I sealed into an envelope and deposited in the U.S. Mail, postage there upon fully prepaid, true copies of the following documents in the above-entitled matter; the original, or a true copy, of each document served is attached hereto; said copies were addressed as follows:

c: ORDER, STIPULATION AND WAIVER, and DECLARATION OF SERVICE BY U.S. MAIL were mailed to:

U.S. CERTIFIED MAIL
7006 0100 0004 5739 0701
Karen Francolini
Managing Associate General Counsel
Anthem Blue Cross Life and Health Insurance
21555 Oxnard Street
Woodland Hills, CA 91367

I declare under penalty of perjury that the foregoing is true and correct.
Executed on February 10, 2009, at Sacramento, California.



Lizbeth A. Bach

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