

**STATE OF VERMONT  
DEPARTMENT OF BANKING, INSURANCE, SECURITIES  
AND HEALTH CARE ADMINISTRATION**

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IN RE: AETNA LIFE INSURANCE ) DOCKET NO. 10-059-H  
COMPANY )  
)  
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**STIPULATION AND CONSENT ORDER**

**NOW COME** the Department of Banking, Insurance, Securities and Health Care Administration of the State of Vermont (“Department”) and Aetna Life Insurance Company (“Respondent”) and hereby stipulate and agree as follows:

**WHEREAS**, pursuant to the authority contained in 8 V.S.A. §§ 11, 12, 13, 15, 4087 and 4726 the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont; and

**WHEREAS**, Aetna Life Insurance Company domiciled in the State of Connecticut, is authorized to transact insurance business in Vermont pursuant to the laws of the State of Vermont; and

**WHEREAS**, Respondent, since at least July 1, 2009, has marketed and sold limited benefit health insurance policies in Vermont; and

**WHEREAS**, the Department has conducted an investigation of Respondent’s activities regarding these Limited Benefit Policies and found that Respondent is: (1) providing group health insurance certificates to Vermont subscribers (“the Vermont subscribers”) issued by Aetna Life Insurance Company pursuant to a group contract between Aetna Life Insurance Company and R. L. Vallee, Inc.; (2) providing group

health insurance certificates to Vermont subscribers (“the Vermont subscribers”) issued by Aetna Life Insurance Company pursuant to a group contract between Aetna Life Insurance Company and Okemo Mountain, LLC; and (3) providing group health insurance certificates to Vermont subscribers (“the Vermont subscribers”) issued by Aetna Life Insurance Company pursuant to a group contract between Aetna Life Insurance Company and J. Hutchins, Inc.; and

**WHEREAS**, the Department concluded, after investigation, that, as of June 10, 2010, the number of Vermont subscribers totaled 66 Vermont residents; and

**WHEREAS**, the Department concluded, after investigation; that Respondent, on more than one occasion, delivered or issued for delivery certificates to the Vermont Subscribers that did not comply with forms that were filed and approved by the Commissioner pursuant to 8 V.S.A. § 4062; and

**WHEREAS**, the Vermont Insurance Trade Practices Act, 8 V.S.A. § 4724 (19) provides that it is an unfair or deceptive act or practice in the business of insurance to fail to comply with any forms filed with the Commissioner; and

**WHEREAS**, the Department has instituted an administrative action against Respondent for violating 8 V.S.A. § 4723; and

**WHEREAS**, Respondent is not admitting that any of its actions or any of the allegations set forth in the notice of administrative action are true or violations of applicable law, or that any of the same were done intentionally or with knowledge as alleged in the notice of administrative action, or that it admits to any of the conclusions of the Department referred to in this Consent Order; and

**WHEREAS**, Respondent and the Department wish to resolve this matter and the administrative proceeding by entering into a stipulation and consent order on the terms and conditions hereinafter as set forth in lieu of proceeding with a hearing.

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, the Department and Respondent stipulate and agree as follows:

1. Respondent shall pay an administrative penalty of One Hundred Twenty Five Thousand Dollars (\$125,000.00) payable within thirty (30) days of the date of the execution of this Consent Order.
2. Respondent shall pay the Department's reasonable costs and expenses associated with this order and the investigation pursuant to 8 V.S.A. § 18 in the amount of Thirteen Thousand Two Hundred Eighty Dollars (\$13,280.00). Payment shall be made no later than 10 days after the execution of this Consent Order.
3. Respondent shall cease and desist from the selling and marketing of the Limited Benefit Policies of health insurance or certificates to Vermont residents.
4. Notwithstanding paragraph 3 above, Respondent shall continue to administer and provide to the Vermont Subscribers covered under the Limited Benefit Policies the benefits under all existing Limited Benefit Policies as issued by the Respondent and in effect as of the date of this Order, including, but not limited to, contractual or legal obligations to pay claims until no such Vermont Subscriber is enrolled in any Limited Benefit Policies or no Limited

Benefit Policies issued by the Respondent are in force with respect to the Vermont Subscribers.

5. Notwithstanding paragraph 3 above, Respondent shall continue to provide health insurance coverage, including all Vermont statutorily mandated coverage, to the Vermont Subscribers who are covered under the R. L. Vallee, Inc. group health plan (and with respect to whom an exception to certificate of authority and/or license requirement does not exist) as of the date of this Order and any additional subscribers that become enrolled under the Limited Benefit Policies pursuant to the certificates or agreements between Respondent and R. L. Vallee, Inc. until July 1, 2011, unless replacement coverage for the Vermont Subscribers is obtained or such coverage is otherwise terminated by termination of the master policy contract or by the subscriber at an earlier date.
6. Notwithstanding paragraph 3 above, Respondent shall continue to provide health insurance coverage, including all Vermont statutorily mandated coverage, to the Vermont Subscribers who are covered under the Okemo Mountain, LLC group health plan (and with respect to whom an exception to certificate of authority and/or license requirement does not exist) as of the date of this Order and any additional subscribers that become enrolled under the Limited Benefit Policies pursuant to the certificates or agreements between Respondent and Okemo Mountain, LLC until December 1, 2010, unless replacement coverage for the Vermont Subscribers is obtained or such

coverage is otherwise terminated by termination of the master policy contract or by the subscriber at an earlier date.

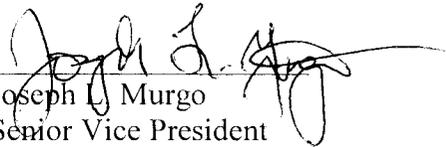
7. Notwithstanding paragraph 3 above, Respondent shall continue to provide health insurance coverage, including all Vermont statutorily mandated coverage, to the Vermont Subscribers who are covered under the J. Hutchins, Inc. group health plan (and with respect to whom an exception to certificate of authority and/or license requirement does not exist) as of the date of this Order and any additional subscribers that become enrolled under the Limited Benefit Policies pursuant to the certificates or agreements between Respondent and J. Hutchins, Inc. until August 1, 2011, unless replacement coverage for the Vermont Subscribers is obtained or such coverage is otherwise terminated by termination of the master policy contract or by the subscriber at an earlier date.
8. An explanatory letter from Respondent that has been approved by the Department shall be sent to all Vermont Subscribers within 30 days of the signing of this order notifying each of all the Vermont Subscribers and to each of R. L. Vallee, Inc.; Okemo Mountain, LLC; and J. Hutchins, Inc.; of the mandated coverage and that the certificate holder and all covered subscribers are being provided this health coverage in accordance with Vermont law.
9. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or her designated appointee.
10. Respondent acknowledges and agrees that this stipulation is entered into

freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges that it has a right to consult with its attorney in this matter and it has reviewed this Stipulation and Consent Order and it understands all terms and obligations contained herein.

11. Respondent consents to the entry of this Order and agrees to be fully bound by its terms and conditions. Respondent acknowledges that noncompliance with any of the terms of this Order shall constitute a violation of a lawful order of the Commissioner and shall be a separate violation of the laws of the State of Vermont and shall subject Respondent to administrative action or sanctions as the Commissioner deems appropriate. Respondent further acknowledges that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this order.
12. The undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.
13. With the execution of this Stipulation and Consent Order, the Department hereby settles all claims against the Respondent, its employees, officers, directors, agents, and affiliates relating to the issuance of the Limited Benefit Policies and related certificates issued by Aetna Life Insurance Company pursuant to group contracts between Aetna Life Insurance Company and R. L. Vallee, Inc., Aetna Life Insurance Company and Okemo Mountain, LLC and

Aetna Life Insurance Company and J. Hutchins, Inc. only, including but not limited to, the claims set forth in this administrative action. It is agreed that the Department retains any rights it has to respond to and address any consumer complaint that may be made with regard to the issuance of the Limited Benefit Policies and related certificates. This includes the right to pursue any remedy authorized by law in response to such consumer complaint. Respondent retains the right to assert any factual or legal defenses that it may have to any such complaint, or any claim or action asserted by the Department relating to such complaint.

STATE OF South Carolina  
COUNTY OF Lexington

  
Joseph L. Murgio  
Senior Vice President  
and General Manager  
SRC, an Aetna Company  
Aetna Life  
Insurance Company

Sworn to and subscribed before this  
The 26<sup>th</sup> day of October, 2010.

  
NOTARY PUBLIC

My Commission Expires July 29, 2020  
My Commission Expires: \_\_\_\_\_

Accepted by:   
Christine M. Oliver  
Deputy Commissioner,  
Health Care Administration Division,  
Vermont Department  
of Banking, Insurance, Securities  
and Health Care Administration

Date: 10/29/10

**ORDER**

**IT IS HEREBY ORDERED:**

- A. Respondent, Aetna Life Insurance Company, shall comply with all agreements, stipulations, and undertakings as recited above.
  
- B. Nothing contained in this Order shall restrain or limit the Department in responding and addressing any consumer complaint about Respondent filed with the Department or shall preclude the Department from pursuing any other violation of law.

Dated at Montpelier, Vermont this 29<sup>th</sup> day of \_\_\_\_\_ 2010.

  
\_\_\_\_\_  
MICHAEL S. BERTRAND, Commissioner  
Vermont Department of Banking, Insurance, Securities  
and Health Care Administration