

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

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In re: Blue Cross Blue Shield)	DOCKET NO. 03-031-I
Of Vermont)	
)	

**ORDER AMDENDING
ORDER ADOPTING REPORT OF EXAMINATION**

NOW COMES John P. Crowley, Commissioner of the Vermont Department of Banking, Insurance, Securities and Health Care Administration (the "Department"), and hereby makes the following findings and amends the Order Adopting Report of Examination dated May 20th, 2003 in the above matter (hereinafter "Order") as follows:

FINDINGS OF FACT

1. Blue Cross Blue Shield of Vermont (hereinafter "the Company") failed to make the payments required by Paragraph 25 of the Order by October 1, 2003 as required.
2. The Company has not provided the reports required by Paragraph 28 of the Order.
3. The Company has indicated that providing the reports required by the Department as described in Paragraph 28 of the Order may be unduly burdensome. The Department has reviewed the Company's procedures, technology systems and additional information made available by the Company. It appears the Company lacks the resources to produce the required reports in a useful fashion.

4. The Company has not yet complied with Paragraph 27 of the Order, although it has communicated with the Department as required and has indicated a continued effort to meet this requirement.

ORDER

Based on the foregoing, the Order is amended as follows:

5. Paragraph 28 is deleted. The Department shall conduct a follow up market conduct examination within 12 – 24 months of this Order. Such follow up examination will focus on the Company's compliance with 18 V.S.A. § 9418, as well as any other issue deemed appropriate by the Department at that time. As required by law, the Company shall ensure it maintains adequate records sufficient to verify compliance with the 18 V.S.A. § 9418. Nothing in this Amended Order shall be construed to limit the Department's ability to conduct a market conduct examination of the Company prior to 12 months from the date of this Amended Order.

6. Paragraph 31 shall be added to read: The Company shall provide the Department with a proposed Compliance Plan within 60 days of the date of this Order. Such compliance plan shall indicate what steps the Company is taking and plans on taking to ensure compliance with all of the requirements of 18 V.S.A. § 9418 and the requirements of Paragraph 27 of the Order. Such Compliance Plan shall set goals and provide dates by which the Company intends to accomplish those goals. Upon approval of the Compliance Plan, the Company shall provide the Department with status reports regarding the Compliance Plan, specifically identifying whether the Company has accomplished its goals. Such status reports shall be provided to the Department's Market Conduct Chief every thirty days following Compliance Plan approval until the start of the

follow up market conduct exam or the achievement of the Compliance Plan objectives, whichever comes first.

7. Paragraph 32 shall be added to read: The Company shall make the payments as required by Paragraph 25 of the Order and shall further provide a written response to the undersigned as to why such payment was not made in compliance with the Order. The Company shall further provide the Market Conduct Chief with a detailed list of all the payments made pursuant to Paragraph 25. Such detailed list shall be provided on an excel spreadsheet and shall provide sufficient information such that the Market Conduct Chief can verify payments were made correctly. The written explanation to the undersigned and the verifiable list of payments shall be provided no later than ten days from the date of this Amended Order.

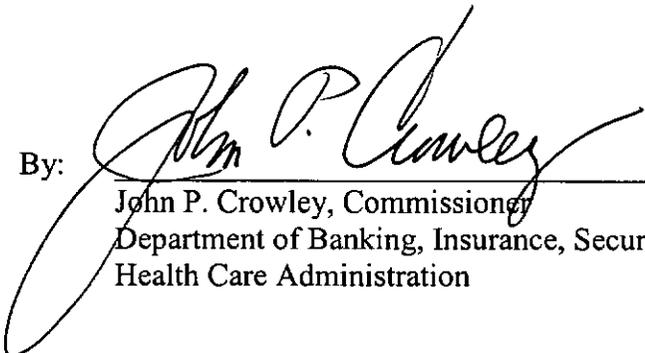
8. The Company shall pay a \$20,000 administrative penalty within ten days of the expiration date of the appeal deadline of this Amended Order.

PURSUANT TO 8 V.S.A. § 3574(c), THIS ORDER AND REMEDIAL ACTION SET FORTH HEREIN MAY BE APPEALED TO THE COMMISSIONER BY FILING AN ADMINISTRATIVE APPEAL WITHIN THIRTY (30) DAYS OF THE DATE SET FORTH BELOW.

Dated at Montpelier, Vermont this 3rd day of November, 2003.

Department of Banking, Insurance,
Securities and Health Care Administration

By:



John P. Crowley, Commissioner
Department of Banking, Insurance, Securities and
Health Care Administration