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Oregon to receive \$352,588 in HealthMarkets settlement

(Salem) – The state of Oregon stands to receive an estimated \$352,588 as part of a \$20 million multistate settlement between state insurance regulators and HealthMarkets, Inc., and its affiliated companies, said Cory Streisinger, Oregon insurance commissioner and director of the Oregon Department of Consumer and Business Services.

The regulatory settlement follows a three-year multistate exam of The MEGA Life and Health Insurance Company, Mid-West National Life Insurance Company, and The Chesapeake Life Insurance Company. MEGA and Mid-West are subsidiaries of HealthMarkets, Inc., and Chesapeake is a subsidiary of MEGA.

The exam found multiple problems involving consumer disclosure, oversight and training of agents, claims handling, and complaint-handling practices. HealthMarkets faces up to \$10 million in additional penalties if it fails to meet performance standards outlined in the settlement.

“This multistate exam identified some significant consumer protection problems,” Streisinger said. “The settlement will help Oregonians and consumers nationwide by ensuring HealthMarkets treats its policyholders fairly and provides appropriate disclosures and services.”

Insurance regulators from 35 states and the District of Columbia worked together through the National Association of Insurance Commissioners.

According to the terms of the settlement, the companies must implement an outreach program that includes the following:

- ∞ Sending a notice to all policyholders with policies issued prior to Aug. 1, 2005, that includes a toll-free number, mailing address, and e-mail address where policyholders can ask questions about their coverage. The notice also must include a Web site address for each company.
- ∞ Ensuring someone will staff each method of communication to be able to provide detailed information about the policyholder's specific plan.
- ∞ Establishing a Web site with a “frequently asked questions” section, general coverage descriptions, a listing of contact information and information on how to appeal a claim or file a grievance.

Also, the companies must report progress twice a year through Dec. 31, 2009, on performance standards targeted for improvement.

The participating jurisdictions will divide the \$20 million penalty among themselves based on the companies' premium volume. The companies reported about \$24 million in Oregon premiums in 2007.

The Insurance Division, part of the Department of Consumer and Business Services, helps ensure the financial soundness of insurers, the fair treatment of consumers, and the affordability and availability of insurance products. For more information, visit www.insurance.oregon.gov.

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