

**STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

In Re:

Health Management Advisors, LLC (HMA)

and

HM Life Insurance Company

Docket No.: Ins. No. 09-026-EP

CONSENT ORDER AND SETTLEMENT AGREEMENT

This Consent Order and Settlement Agreement is made this 11th day of September 2009 between the New Hampshire Insurance Department ("NHID") and HM Life Insurance Company, a Pennsylvania-domiciled insurance company ("Respondent").

WHEREAS,

1. On April 14, 2009, the NHID issued an Order to Show Cause and Notice of Hearing against the Respondent and Health Management Advisors, LLC ("HMA").¹
2. The allegations against the Respondent concerned the Respondent's issuance of stop-loss insurance policies to New Hampshire employer groups having 50 or fewer covered members ("the small-group market"). The Order to Show Cause alleged that the Respondent violated New Hampshire's insurance laws by: (1) issuing stop-loss insurance policies to the small group market where the policies specified aggregate attachment points less than the minimum aggregate attachment point required by RSA 415-H:4; and (2) by submitting two actuarial certifications to the NHID certifying that all stop-loss insurance policies issued by the Respondent in New Hampshire complied with New

¹ Despite having similar trade names, the Respondent has no affiliation with HMA, other than through arms' length contractual relationships.

Hampshire's stop-loss insurance statutes when the policies allegedly did not comply with the statutes, which, if proven at hearing, would constitute a violation of 400-A:15, III. Finally, the Order to Show Cause alleged that the Respondent's conduct, when considered in conjunction with HMA's conduct, constituted a violation of certain provisions of New Hampshire's Unfair Insurance Trade Practices Act, RSA 417.

3. The Respondent expressly denies any wrongdoing alleged by the NHID relating to the issuance of stop-loss insurance policies to the small group market or any other violation of New Hampshire statutes, rules, regulations or orders of the Commissioner. Furthermore, the Respondent does not admit or concede any actual or potential violation, fault, wrongdoing, or liability in connection with of the allegations made against them by the NHID in the Order to Show Cause or otherwise; and

4. The NHID and the Respondent wish to enter into this Consent Order to resolve all issues related to all matters referenced in the Order to Show Cause.

WHEREFORE, upon consent of the NHID and the Respondent, it is hereby agreed and ordered:

A. The foregoing recitals are hereby adopted, incorporated into and made a part of this Consent Order.

B. The Respondent has determined that it will not renew the Managing General Underwriter and Claims Services Administration Agreement (the "MGU Agreement") between Respondent and HMA. The MGU Agreement will then terminate according to its terms on or about December 1, 2009.

C. Prior to and subsequent to the termination of the MGU Agreement, the Respondent agrees to continue to perform its contractual responsibilities to policyholders with respect to the stop-loss policies issued by Respondent. If necessary in the event that

HMA and its affiliates are no longer able to perform those services, the Respondent shall cooperate with and assist NHID in the transition of the functions currently performed by HMA and its affiliates on behalf of its small-group employer clients to another entity; provided that such cooperation and assistance is not inconsistent with Respondent's contractual obligations, and, provided further, that the Respondent shall not be responsible itself for such first-dollar claims administration or payment for same.

D. The Respondent agrees to pay an administrative penalty to the State of New Hampshire the amount of \$25,000.00 (Twenty-five Thousand Dollars) in final settlement of the claims described in this Consent Order. Payment in full shall be made no later than 10 days following the execution of this Consent Order. The NHID and the Respondent agree that payment of this administrative penalty does not constitute an acknowledgement or admission of wrongdoing by the Respondent.

E. The Respondent waives its right to a hearing in this matter. Furthermore, this Consent Order and Settlement Agreement shall be final and non-appealable.

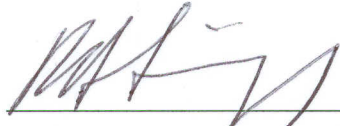
F. By entering into this Consent Order and Settlement Agreement, the NHID and the Respondent intend to resolve all issues relating to the matters raised in the Order to Show Cause, and this Consent Order and Settlement Agreement shall be deemed a full and final resolution of all allegations set forth in the Order to Show Cause.

G. By entering into this Consent Order and Settlement Agreement, the Respondent is not admitting any of the allegations set forth in the Show Cause Order. The Respondent is entering this Consent Order and Settlement Agreement for the sole purpose of purchasing its peace and avoiding any further administrative proceedings in connection with the allegations set forth in the Order to Show Cause.

IT IS SO ORDERED.

NEW HAMPSHIRE INSURANCE DEPARTMENT


Date: 9-11-09



Roger A. Sevigny, Commissioner

HM LIFE INSURANCE COMPANY

Date: 9/3/09



Name (print): Mike Sullivan

Title: President/COO