STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE

TENNESSEE INSURANCE DIVISION, **Petitioner.** **vs.** **SEECHANGE HEALTH INSURANCE COMPANY,** **Respondent.**	**TID No.: 15-017**

CONSENT ORDER

WHEREAS, Petitioner, the Tennessee Insurance Division ("Division"), and the Respondent, Seechange Health Insurance Company ("Company"), hereby stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner") as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.

2. This Consent Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against Respondent for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Respondent fully understands that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner for violations of the Law addressed specifically in this Consent Order, against the Respondent for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order by the Respondents.

5. Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

AUTHORITY AND JURISDICTION

6. The Commissioner has jurisdiction over this matter pursuant to Tennessee Insurance Law ("Law"), Title 56 of the Tennessee Code Annotated ("TENN. CODE ANN."), specifically, TENN. CODE ANN. §§ 56-1-101 *et seq.*, §§ 56-1-401 *et seq.*, §§ 56-2-102 to 103, § 56-2-115 and §§ 56-11-101 through 56-11-119. The Law places on the Commissioner the responsibility of the administration of its provisions.

PARTIES

7. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the public.

8. Respondent is an insurance company licensed by the Commissioner to conduct insurance business in the State of Tennessee. The principal place of business on file with the Division is: 24025 Park Sorrento, Suite 100, Calabasas, CA 91302-4000.

FINDINGS OF FACT

9. Respondent is a life, accident and health insurance company domiciled in the State of California.

10. Respondent has received a Certificate of Authority to sell life, accident and health insurance in the State of Tennessee, thereby subjecting Respondent to regulations pursuant to the Law, specifically TENN. CODE ANN. § 56-1-101, *et seq*.

HAZARDOUS FINANCIAL CONDITION

11. On or about January 28, 2015, the Superior Court of the State of California for the County of Los Angeles ("Court") placed Respondent into liquidation under the direction and control of the Insurance Commissioner for the State of California as "Liquidator."

12. Pursuant to Tenn. Comp. R. Regs. Ch. 0780-01-66.03(1), Respondent's liquidation and insolvency is deemed financially hazardous to the policyholders, creditors, and the public.

FAILURE TO POSSESS AND MAINTAIN MINIMUM SURPLUS

13. As of September 30, 2014, Respondent reported surplus of Negative One Million, Seven Hundred Ninety-Two Thousand, Two Hundred Thirty-Nine Dollars (-$1,792,239) and is in violation of TENN. CODE ANN. § 56-2-115 for failing to possess and maintain bona fide surplus funds in the amount of one million dollars ($1,000,000).

CONCLUSIONS OF LAW

14. TENN. CODE ANN. § 56-1-416 provides that the Commissioner shall revoke or suspend all certificates of authority granted to an insurance company if the Commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition or has failed to comply with the law and, upon such a finding, no new business shall be done by the company or its agents under suspension or revocation while such default or disability continues until its authority to do business is restored by the Commissioner.

15. By virtue of the fact that the Respondent is in violation of TENN. CODE. ANN. § 56-2-115 and Tenn. Comp. R. Regs. Ch. 0780-01-66.03(1), Respondent is in violation of the Law and is in unsound financial condition. Therefore, Respondent is subject to sanctions under TENN. CODE ANN. § 56-1-416.

ORDER

NOW THEREFORE, on the basis of the foregoing and Respondent's waiver of the right to a hearing and appeal under the Law and Tennessee's Uniform Administrative Procedures Act, TENN. CODE ANN. §§ 4-5-101, to 4-5-404 (2011), and Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Respondent, for the purpose of settling this matter, admits the Findings of Fact and Conclusions of Law, agrees to the entry of this Order and agrees that this Order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Law.

IT IS ORDERED, pursuant to TENN. CODE ANN. § 56-1-416 of the Tennessee Insurance Law, that:

1. Respondent's Certificate of Authority is hereby revoked. Respondent shall continue to pay fees, licenses and taxes as required by law, and to service existing policyholders and adjust losses.

This Consent Order is in the public interest and in the best interests of the parties. This Consent Order represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signature affixed below, SeeChange Health Insurance Company affirmatively states that it is has freely agreed to the entry of this Consent Order, that it has been advised that it may consult legal counsel in this matter and has had the opportunity to consult with legal counsel, that it waives its right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Consent Order, are binding upon them.

Nothing in this Consent Order should be construed to limit the authority of the Insurance Division or the Commissioner to take further action against the Respondent should such action, in the opinion of the Insurance Division or the Commissioner, be necessary.

ENTERED this 24th day of March, 2015.

Julie Mix McPeak

Commissioner, Julie Mix McPeak
Department of Commerce and Insurance

APPROVED FOR ENTRY:

David E. Wilson
Special Deputy Insurance Commissioner
Liquidator for SeeChange Health
Insurance Company

Michael Humphreys
Assistant Commissioner of Insurance
Department of Commerce and Insurance

Respectfully Submitted,

By: _____

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