

M. GALE LEMMON #4363  
Assistant Attorney General  
MARK L. SHURTLEFF #4666  
Attorney General  
Attorneys for Utah Insurance Department  
160 East 300 South, Fifth Floor  
P.O. Box 140874  
Salt Lake City, UT 84114-0874  
Telephone: 801.366.0375

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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

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**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT:**

AETNA LIFE INSURANCE COMPANY  
2625 Shadelands Drive  
Walnut Creek, CA 94598  
NAIC ID #60054

**STIPULATION AND ORDER**

Docket No. 2011-118 HL

Enf. Case No. 2886

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**STIPULATION**

1. Respondent, Aetna Life Insurance Company is an insurer domiciled in the State of Connecticut, and authorized to do business in the State of Utah, NAIC identification number 60054.
2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:
  - a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;

- b. Respondent admits the Findings of Fact and Conclusions made therefrom;
- c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and
- d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which he may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.


4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 17 day of June, 2011.

  
AETNA LIFE INSURANCE COMPANY  
Mary W. Anderson, General Counsel

  
UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon  
Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

**FINDINGS OF FACT**

1. On or about July 14, 2010, Respondent submitted a small group rate filing to the Department which contained an industry rate factor in the rate manual that exceeds the 15% restriction under Utah law.

2. On or about September 21, 2010, Lorry Herrera, a Department rates and forms analyst, spoke with Kevin Sheehy, Actuarial Manager for Respondent. Mr. Herrera advised Mr. Sheehy of the error and Mr. Sheehy stated he was surprised to learn of the error and agreed to make the necessary corrections in the company rate manual.

3. In addition, Mr Sheehy agreed to take measures to identify those insureds that were over charged due to the incorrect industry factor being used, and to refund the over-payments to the insureds.

4. On or about November 3, 2010, Mr. Herrera requested via telephone information from Mr Sheehy. On March 15, 2011 a written request was made requesting the same information. Mr Herrera did not receive the requested information until May 6, 2011.

4. On May 6, 2011, Mr. Sheehy provided a letter disclosing that there were 17 small groups impacted by the rate discrepancy. The amount of refund due from February 1, 2007 through December 31, 2010 is \$7,353.74.

5. On May 9, 2011 Respondent agreed to an administrative forfeiture in the amount of \$13,000.00.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

**CONCLUSIONS OF LAW**

1. In using an industry factor exceeding the allowed 15% limitation Respondent violated Utah Code Ann. § 31A-30-106(1)(e).
2. In failing to timely respond to an inquiry from the commissioner, Respondent violated Utah Code Ann. § 31A-2-202(1).
3. An administrative forfeiture in the amount of \$13,000.00 is appropriate in this matter.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:


**ORDER**

**IT IS HEREBY ORDERED:**

Respondent Aetna Life Insurance Company is assessed an administrative forfeiture in the amount of \$13,000.00 to be paid to the Department within 30 days of the issuance of this Order.

DATED this 29 day of June, 2011.

NEAL T. GOOCH  
Insurance Commissioner

  
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MARK E. KLEINFELD  
Administrative Law Judge  
Utah Insurance Department  
State Office Building, Room 3110  
Salt Lake City, Utah 84114  
Telephone: (801) 538-3800

## NOTIFICATION

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeiture of up to \$5,000 per violation and the suspension or revocation of your license and the filing of an action in district court, which may impose forfeitures of up to \$10,000 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.