

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed)	
Adoption of the Market Conduct)	Docket No. 28915-MC
Review Report of Blue Cross)	
Blue Shield of Kansas)	

ORDER

NOW COMES on for formal disposition the matter of the proposed adoption of the market conduct review report of Blue Cross Blue Shield of Kansas. This matter is brought before the Commissioner of Insurance for adoption, rejection, or modification pursuant to the provisions of Kansas Statutes Annotated (K.S.A.) 40-222.

I, Kathleen Sebelius, the duly elected, qualified, and acting Commissioner of Insurance of the State of Kansas, having fully considered and reviewed the examination report, together with all written submissions, applicable rebuttals, and all relevant portions of the examiners' work papers, and further being fully advised on all premises, hereby find:

Findings of Fact

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. A market conduct review of Blue Cross Blue Shield of Kansas, was undertaken by the Kansas Insurance Department and was completed on December 6, 2000.
3. Within thirty (30) days following the completion of the examination, the examiner-in-charge tendered and filed with the Kansas Insurance Department a verified written report of the market conduct review under oath.

4. Within thirty (30) days following receipt of the verified written report, the Kansas Insurance Department transmitted the report to Blue Cross Blue Shield of Kansas, with a duly executed notice advising the company of its opportunity to prepare and submit to the Kansas Insurance Department a written submission or rebuttal with respect to any and all matters contained in the report. Blue Cross Blue Shield of Kansas, was further advised that any written submission or rebuttal needed to be filed with the Kansas Insurance Department no later than thirty (30) days after receipt of the verified report.

5. Blue Cross Blue Shield of Kansas, filed a written response of the verified report on January 9, 2001. Two extension days were granted over the thirty (30) days allowed.

6. Within thirty (30) days following written response, the Commissioner of Insurance fully reviewed the report together with any written response provided by Blue Cross Blue Shield of Kansas. The Commissioner of Insurance further reviewed all relevant work papers.

7. Based upon the written submission tendered by Blue Cross Blue Shield of Kansas, the company took no exceptions to matters contained in the verified report.

8. No other written submissions or rebuttals were submitted by Blue Cross Blue Shield of Kansas.

Conclusions of Law

9. K.S.A. 40-222(k)(2) provides:

Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with any written submissions or rebuttals and any relevant portions of the examiners workpapers and enter an order:

(A) Adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, regulation or prior order of the commissioner, the

commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure such violations; or

(B) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation or information, and refiling pursuant to subsection (k); or

(C) call and conduct a fact-finding hearing in accordance with K.S.A. 40-281 and amendments thereto for purposes of obtaining additional documentation, data, information and testimony.

10. Based upon the Findings of Fact enumerated in paragraphs #1 through #8 above, the conduct of affairs examination report of Blue Cross Blue Shield of Kansas should be adopted.

Policy Reasons

11. It is stated public policy of the State of Kansas that whenever the Commissioner of Insurance deems it necessary, an examination of the affairs and financial condition of any insurance company in the process of organization, applying for admission, or doing business in this State can be undertaken. In all cases, such an examination must occur once every five (5) years. Through the examination process, the insurance consuming public will be well served and protected.

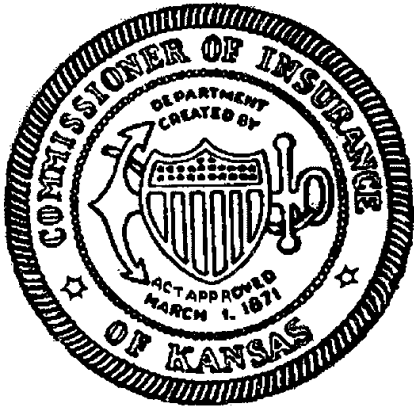
IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. The market conduct review of Blue Cross Blue Shield of Kansas is hereby adopted.

2. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action necessary to dispose of this matter.

3. The Commissioner further orders pursuant to K.S.A. 40-222(k)(3) that the company file written affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

**IT IS SO ORDERED THIS 11th DAY OF JANUARY, 2001, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



_____/s/ Kathleen Seblus_____

Kathleen Sebelius

Commissioner of Insurance

BY:

_____/s/_Kathy Greenlee_____

Kathy Greenlee

General Counsel