

4. On February 17, 2006, Reliance Standard notified J.M. that his long term disability claim would terminate on June 14, 2007 under the policy provisions, and that J.M. could request a review of this adverse benefit determination within 180 days of June 14, 2007.
5. On March 29, 2007, Reliance Standard was notified by J.M. that a review of the decision to terminate his benefits under the long term disability policy was requested in writing by J.M. and a signed medical release form was included in this request for a review.
6. Reliance Standard did not contact J.M. regarding the status of the review of the adverse benefit determination until April 20, 2007.
7. A final determination on J.M.'s request for review of the adverse benefit determination was not made until by Reliance Standard until January 4, 2008.
8. Between the request for review, on March 29, 2007, and the determination to reinstate benefits on January 4, 2008, J.M. attempted to contact Reliance Standard by leaving a message on their phone no fewer than ten (10) times to which he received no answer at all from Reliance Standard.
9. On September 24, 2007, J.M. wrote to Reliance Standard detailing his attempts to obtain a status update and explanation for the delay in the requested review of the policy termination.
10. Reliance Standard did not respond to J.M.'s written request until January 4, 2008.
11. On November 27, 2007, KID informed Reliance Standard of a complaint filed against them by J.M. and requested all applicable and pertinent information.

12. Reliance Standard did not respond directly to the request from KID for specific information, however on January 4, 2008, did respond with a copy of a letter it sent to J.M.
13. On January 15, 2008, KID again wrote to Reliance Standard requesting information on J.M.'s complaint.
14. Reliance Standard replied to KID request for information on May 30, 2008.
15. On June 2, 2008, KID requested that Reliance Standard further explain the delay in the review of the claim by J.M. and the delay in paying the claim following the reinstatement of the benefits.
16. On July 7, 2008, Reliance Standard responded to KID stating that the independent medical review of J.M.'s claim had never taken place and that there had been a personnel issue delaying the payment of the J.M. claim once it had been reinstated following the review.
17. On August 14, 2008, KID requested that Reliance Standard explain why it had not completed the medical review of J.M.'s case despite having received the medical records on several different occasions more than a year previously.
18. Reliance Standard did not reply to the KID request until September 9, 2008.

Applicable Law

K.S.A. 40-4909 provides in relevant parts:

(9) *Unfair claim settlement practices.* It is an unfair claim settlement practice if any of the following or any rules and regulations pertaining thereto are: (A) Committed flagrantly and in conscious disregard of such provisions, or (B) committed with such frequency as to indicate a general business practice.

(b) failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies;

(c) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;

(d) refusing to pay claims without conducting a reasonable investigation based upon all available information;

K.S.A. 40-2,125(a) provides, in relevant part:

(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:

(1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation;

K.S.A. 40-2,125(b) provides, in relevant part:

If any person fails to file any report or other information with the commissioner as required by statute or fails to respond to any proper inquiry of the commissioner, the commissioner, after notice and opportunity for hearing, may impose a penalty of up to \$500 for each violation or act, along with an additional penalty of up to \$100 for each week thereafter that such report or other information is not provided to the commissioner.

Conclusions of Law

Based on the Findings of Fact in Paragraphs #1 through #18 and the Applicable Law above,

**IT IS THEREFORE, AGREED UPON BY THE COMMISSIONER OF INSURANCE
AND RELIANCE STANDARD:**

19. Reliance Standard neither admits nor denies the allegations set forth in Paragraph #1 through #18 above.
20. Reliance Standard agrees to make a payment to KID of Six Thousand Three Hundred Dollars and 00/100 (\$6,300.00) for failing to comply with inquiries of KID and for failing to act reasonable promptly with regard to reasonable communications from a claimant. In exchange for the payment KID will dismiss this action with prejudice.
21. Upon entry of this Consent Order this action shall be dismissed with prejudice. The Findings of Fact, Conclusions of Law or Orders contained in KID's Summary Order filed March 25, 2009, are not deemed binding or effective since no hearing was conducted in this matter.
22. If payment is not made as required, KID may vacate and/or declare this Consent Order void or proceed with a hearing.
23. The Commissioner shall retain jurisdiction over this matter to issue any Order(s) deemed necessary and appropriate.

NOTICE OF RIGHTS

Reliance Standard Life Insurance Company ("Reliance Standard") is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If Reliance Standard desires a hearing, the company must file a written request for a hearing with:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If Reliance Standard requests a hearing, the Kansas Insurance Department will notify the company of the time and place of the hearing and information on the procedures, right of

representation, and other rights of parties relating to the conduct of the hearing, before commencement of the same.

If a hearing is not requested in the time and manner stated above, this Summary Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. 77-613. In the event Reliance Standard files a petition for judicial review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

**IT IS SO ORDERED THIS ___12th___ DAY OF MAY, 2009, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



_____/s/ Sandy Praeger_____

Sandy Praeger
Commissioner of Insurance

BY:

_____/s/ John W. VCampbell_____

John W. Campbell
General Counsel

Submitted and Approved By:

_____/s/ Charles Denaro_____

Charles Denaro
Secretary
Reliance Standard Life Insurance Company

_____/s/ Mark A. Marion_____

Mark A. Marion
Staff Attorney
Kansas Insurance Department

Certificate of Service

The undersigned hereby certifies that above and foregoing Consent Order was served via the United States Postal Service, first-class postage prepaid, on this 12th day of May, 2009, addressed to the following:

Charles Denaro, Secretary
Reliance Standard Life Insurance Company
2001 Market Street, Suite 1500
Philadelphia, Pennsylvania 19130-7000

Richard D. Walsh
Director, Quality Review Unit
P.O. Box 8330
Philadelphia, PA 19101-8330

/s/ Mark A. Marion
Mark A. Marion
Staff Attorney