

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE
MARKET CONDUCT EXAMINATION OF THE
CLAIMS HANDLING, RATING, AND UNDERWRITING PRACTICES OF**

**DENTEGRA INSURANCE COMPANY
NAIC # 73474 CDI # 2381-2**

AS OF NOVEMBER 30, 2014

ADOPTED JUNE 19, 2015

STATE OF CALIFORNIA



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION**

NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

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DEPARTMENT OF INSURANCE

Market Conduct Division
45 Fremont Street, 22nd Floor
San Francisco, CA 94105



June 19, 2015

The Honorable Dave Jones
Insurance Commissioner
State of California
300 Capitol Mall
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under the California Insurance Code, Part 2, Chapter 1, Article 4, Sections 730, 733, 736 and Article 6.5, Section 790.04; and California Code of Regulations Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a), a limited examination was made of the claims handling, rating, and underwriting practices and procedures in California of:

Dentegra Insurance Company
NAIC # 73474
Group NAIC # 2479

Hereinafter, the Company listed above also will be referred to as Dentegra or the Company.

This report is made available for public inspection and is published on the California Department of Insurance website (www.insurance.ca.gov) pursuant to California Insurance Code section 12938(b)(1).

FOREWORD

This limited desk examination covered the claims handling, rating, and underwriting practices of the aforementioned Company's Dental line of business during the period December 1, 2013 through November 30, 2014. The limited examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law.

This report pertains to Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al. A separate report pertains to laws other than Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al.

The report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer's proposals for correcting the deficiencies. When identified violations result in payments by the Company to policyholders or claimants, those amounts paid are identified as recoveries in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company's responses, if any, have not undergone a formal administrative or judicial process.

SCOPE OF THE EXAMINATION

To accomplish the foregoing, the examination included:

1. A review of specified guidelines, procedures, and forms adopted by the Company for use in California.
2. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about this Company closed by the CDI during the period December 1, 2013 through November 30, 2014; a review of reports on the previous CDI market conduct examination of this Company; and a review of prior CDI enforcement actions.

This limited examination was conducted at the offices of the California Department of Insurance in San Francisco, California.

EXECUTIVE SUMMARY

This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Company in response to the Department's data request. There was no review of underwriting or claims files during this examination.

The primary findings resulting in alleged violations of Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al., that were identified in the course of the examination, include the failure to provide thorough and adequate training regarding the Fair Claims Settlement Practices Regulations to all their claims agents and the failure to include in its notice of a contested or denied claim that the insured may seek a review by the Department. Details of the findings are provided in the Summary of Examination Results section of this report.

Dentegra Insurance Company reported \$29,557.95 in written premiums on dental insurance coverage in California during 2014. The Company closed 268 dental claims during 2014.

**RESULTS OF REVIEWS OF CONSUMER COMPLAINTS AND
INQUIRIES, PREVIOUS EXAMINATIONS, AND PRIOR
ENFORCEMENT ACTIONS**

The review of consumer complaints and market analysis information identified no specific issues of concern within the scope of this report.

The previous examination was completed by the Field Claims Bureau and reviewed the period from February 1, 2009 through January 31, 2010. There were no specific areas of concern identified during the previous examination.

The Company was not the subject of any prior enforcement action by the California Department of Insurance.

DETAILS OF THE CURRENT EXAMINATION

The following tables summarize the Company’s responses, within the scope of this report, to the Department’s data request and the alleged violations under Section 790.03 and title 10, California Code of Regulations, Section 2695 et al., that resulted from the review of that data. All “NO” answers in the Areas of Review table are addressed in the Summary of Examination Results section of this report. A summary of each of the laws cited due to a “NO” answer is provided in the Cited Statutes and Regulations table.

AREAS OF REVIEW		
SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM NUMBER
Compliance with adequate training regarding the regulations to all claims agents - CCR § 2695.6(b) [CIC § 790.03(h)(3)]	NO	1
Certification by a company principal of claims training – CCR § 2695.6(b) [CIC § 790.03(h)(3)]	NO	1
Compliance with Special Investigative Unit Regulations – CIC § 1875.20 and CCR §§ 2698.30 – 2698.43 [CIC § 790.03(h)(3)]	YES	--
Compliance of letters and forms – CIC § 1879.2(a) [CIC § 790.03(h)(3)]	YES	--
Acknowledgement of receipt of claim from provider within 15 days and in same form as received – CIC § 10133.66(c) [CIC § 790.03(h)(2)]	YES	--
Compliance with requirements of HIPAA regulations on medical authorizations forms – CIC § 791.06 [CIC § 790.03(h)(3)]	YES	--
Compliance with requirements to provide a clear EOB – CCR § 2695.11(b) [CIC § 790.03(h)(3)]	YES	--

AREAS OF REVIEW		
SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM NUMBER
Compliance with requirement to include in its notice of a contested or denied claim that the insured may seek a review by the Department. CIC § 10123.13(a) [CIC §790.03(h)(3), (4), or (13)]	NO	2
Provider contracts contain required dispute resolution provisions – CIC § 10123.137(a) [CIC § 790.03(h)(3)]	YES	--
Non-contracting provider accessible dispute mechanism CIC § 10123.137(b) [CIC § 790.03(h)(3)]	YES	--
Compliance with requirements for providing information on Independent Medical Reviews – CIC § 10169(i) [CIC § 790.03(h)(3)]	*N/A	--
Compliance with requirements for time limits for response to requests for pre-authorization of non-emergency services – CCR § 2695.11(e) [CIC § 790.03(h)(3)]	YES	--
Compliance with requirements for no pre-authorization of emergency services – CCR § 2695.11(f) [CIC § 790.03(h)(3)]	YES	--

*N/A – Not applicable; the Company indicates that this law is not relevant to its particular claims handling, rating or underwriting practice.

CITED STATUTES AND REGULATIONS	
Citation	Description
CCR §2695.6(b) *[CIC §790.03(h)(3)]	All licensees shall provide thorough and adequate training regarding the regulations to all their claims agents. Licensees shall certify that their claims agents have been trained regarding these regulations and shall demonstrate compliance with this requirement as outlined in this subsection.
CIC §10123.13(a) *[CIC §790.03(h)(3)]	The insurer shall include in its notice of a contested or denied claim that the insured may seek a review by the Department. The notice shall include the address, Internet Web site address, and telephone number of the unit within the department that performs this review function.

***DESCRIPTORS OF APPLICABLE
UNFAIR CLAIMS SETTLEMENT PRACTICES**

CIC §790.03(h)(3)	The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.
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SUMMARY OF EXAMINATION RESULTS

The following is a brief summary of the practices, within the scope of this report, that were alleged to be non-compliant during the course of this limited examination. This report contains only alleged violations of Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al.

In response to each of the Department's allegations of non-compliance, the Company was required to identify remedial or corrective action that has been or will be taken to correct the deficiency. The Company is obligated to ensure that compliance is achieved and maintained.

Any noncompliant practices identified in this report may extend to other jurisdictions. The Company was asked if it intends to take appropriate corrective action in all jurisdictions where applicable. The Company indicates that these practices are not applicable in other jurisdictions. The Company reports it has individual business which impacts enrollees and providers in California only.

Within the scope of this report, there were no claims recoveries or return premium as a result of the issues described in this report.

DISABILITY HEALTH / DENTAL

1. Dentegra reported that it failed to provide thorough and adequate training regarding the Fair Claims Settlement Practices Regulations to all their claims agents. Licensees shall certify annually that their claims agents have been trained regarding these regulations and shall demonstrate compliance with this requirement as outlined in this subsection. The Department alleges this act is in violation of CCR §2695.6(b) and is an unfair practice under CIC §790.03(h)(3).

Summary of Company Response: Dentegra states it has California Fair Claims Settlement training which addresses the requirements of CCR §2695.6. These standards will be incorporated into the 2015 Compliance Training program that is completed by all employees. These training programs will be implemented for all

Dentegra agents by June 30, 2015. In addition, the Company will annually certify claims training for the previous year during the first quarter of each year. The appropriate certifications will be completed by September 1 of each year and maintained on site.

2. Dentegra reported that it failed to include in its notice of a contested or denied claim that the insured may seek a review by the Department. The required wording appears on the provider's Explanation of Benefits (EOB); however, it does not appear on the member's EOB. The Department alleges this act is in violation of CIC §10123.13(a) and is an unfair practice under CIC §790.03(h)(3).

Summary of Company Response: Dentegra will add the required contact information on member EOBs that informs the member how to contact the California Department of Insurance for assistance. This information will be updated on enrollee EOBs by April 30, 2015.