

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF THE
REPORT OF EXAMINATION OF
UNITED HEALTHCARE OF ARKANSAS, INC.**

A.I.D. NO. 2007- 013

ADOPTION ORDER

Now on this day the matter of the Report of Examination as of December 31, 2005, of United HealthCare of Arkansas, Inc. ("Company"), NAIC No. 95446, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by the Finance Division and Nina Samuel Carter, Associate Counsel, of the Arkansas Insurance Department ("Department"). From the facts, matters, and law before her, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is an Arkansas domiciled health maintenance organization and is in good standing. The Company is a member of the UnitedHealth Group Insurance Holding Company known as UnitedHealth Group Incorporated, which is a publicly traded HMO provider corporation. The Company is a wholly owned subsidiary of UnitedHealthcare, Inc., which is a wholly owned subsidiary of United HealthCare Services, Inc. (UHS). UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated.
3. Pursuant to Ark. Code Ann. §§ 23-61-201, et seq., the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records and assets of the Company as of December 31, 2005.
4. The Department Examiners commenced the examination on August 7, 2006, and completed it on December 22, 2006.

5. The verified Report of Examination (“Report”) was filed with the Department on January 31, 2007, and was forwarded to the Company via certified mail on January 31, 2007. The Company received the Report on February 2, 2007, as evidenced by the certified mail receipt.

6. The Company filed a response to the Report by a letter dated February 23, 2007, from Garland Scott, President and Chief Executive Officer, and this response was received by the Department on February 28, 2007. The Company response included a request for a revision to the Report of Examination.

7. The Report is confined to comments on matters involving departures from laws, regulations, bulletins or matters deemed to require explanation or description.

8. The Report contains the following comments or discrepancies or areas of non-compliance regarding the Company’s operation:

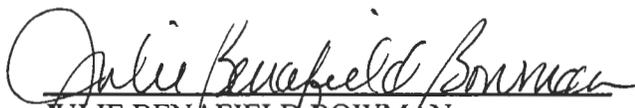
a) That the Examiners noted in the Market Conduct section that of the files tested during the course of the examination, four claim files were found to be non-compliant per Arkansas Rule 43, Section 6, regarding the file and documentation. These files did not contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events could be reconstructed.

Company Response or Corrective Action Proposed: The Company requests that the finding identified in the Market Conduct section regarding the four claim files found to be non-compliant be removed from the report. The Company asserts that of the approximately 227 claim files reviewed, only four files were found to be incomplete, which represents an approximate 1.75% error rate. The Company has implemented a file checklist to be reviewed with examiners and which will function as quality control for file content to be used in future examinations. It is the Company’s position that the minimum standards defined by Arkansas Rule 43 were not committed with such frequency so as to indicate a general business practice and, therefore, should not be deemed as constituting unfair claim settlement practices.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205, the Commissioner hereby orders:

1. That the Examination Report as filed with the Department is hereby adopted;
2. That the Department shall forward a copy of this Order and the adopted Examination Report to the Company via certified mail;
3. That within twenty (20) days of its receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each of its Directors stating under oath that they have received a copy of this Order and the adopted Examination Report; and
4. That the adopted examination Report will be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order.
5. That after receipt the Company is hereby ordered and directed to continue to ensure compliance with the minimum standards of claim settlements defined by Arkansas Rule 43.
6. That the Department, as a matter of course, reserves the right to consider administrative proceedings against of United HealthCare of Arkansas, Inc. at a later date, although none are contemplated at this time.

IT IS SO ORDERED this 2nd day of March, 2007.


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS