

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Fidelis SecureCare of Michigan, Inc.
NAIC No. 10769

Enforcement Case No. 11-11428

Respondent

_____ /

Issued and entered
on 4/3 2012
by Annette E. Flood
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

A. FINDING OF FACT AND CONCLUSIONS OF LAW

It is alleged that the following statements are true and correct:

1. Fidelis SecureCare of Michigan, Inc. is a licensed Health Maintenance Organization under Chapter 35 of the Michigan Insurance Code (Code), 1956 PA 218, as amended, MCL 500.100 *et seq.*
2. Fidelis SecureCare of Michigan, Inc., Fidelis SecureCare of Texas, Inc., and Fidelis Secure Care of North Carolina, Inc. are all owned by Fidelis SeniorCare, Inc. Fidelis SeniorCare, Inc. is owned by the following four equity firms: Arcapita Ventures I, Limited (Arcapita), CHL Medical Partners II LLP (CHL), Versant Venture Capital II, L.P. (Versant), and Highland VI (Highland).
3. Fedelis SeniorCare is an insurance holding company system as defined in Section 115 of the Code and is subject to the requirements of Chapter 13 of the Code.
4. Fidelis SecureCare of Michigan, Inc. is a member of Fedelis SeniorCare's insurance holding company system and is subject to the requirements of Chapter 13 of the Code.
5. Fidelis SeniorCare, Inc. knew or had reason to know that Section 1325(1)(a) of the Code provides for the filing of a registration statement on a form provided by the commissioner containing the comprehensive financial condition of any person controlling the company.
6. Office of Financial and Insurance Regulation, (OFIR) received the appropriate financial filings for all of the entities except for the audited financial statement for Fidelis SeniorCare, Inc.

7. On January 5, 2011, the Commissioner of OFIR issued Order 10-104-M that prescribes forms, contents, and instructions for the completion of annual and quarterly statements of financial condition of Health Maintenance Organizations pursuant to MCL 500.438. The requirement for the audited financial statement is clearly stated in the Forms and Instructions for required filings in Michigan.
8. The audited financial statement was due to OFIR on June 1, 2011. An email requesting the audited financial statement was sent August 3, 2011 relating to the December 31, 2010 Form B filing and the March 31, 2011 statutory statement review. OFIR received an email response from Fidelis SeniorCare, Inc. on August 30, 2011 stating the Fidelis SeniorCare, Inc. audited financial statement was still a work in progress.
9. On October 5, 2011, Fidelis SeniorCare, Inc. sent an email which stated the audited financials were being finalized and Fidelis SeniorCare, Inc. expected to file the report soon.
10. On October 10, 2011, Fidelis SeniorCare, Inc. sent an email which stated Fidelis SeniorCare, Inc. would be submitting the audited financials shortly.
11. On October 20, 2011, Fidelis SeniorCare, Inc. sent an email which advised that there was a miscommunication with the firm that was handling Fidelis SeniorCare, Inc.'s submission and the item would be submitted shortly.
12. Fidelis SeniorCare, Inc. knew or had reason to know that Section 1371(1) of the Code states that the failure, without just cause, to file a registration statement as required in this chapter shall be required, after notice and hearing, to pay a penalty of \$1,000.00 for each day's delay, up to a maximum of \$50,000.00, to be recovered by the Commissioner and paid into the general fund.
13. OFIR received Fidelis SeniorCare, Inc.'s filing on October 26, 2011, 148 days late.
14. Fidelis SeniorCare, Inc. did not provide just cause for the delay.

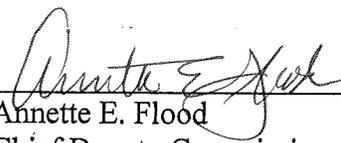
B. ORDER

Based upon the findings of fact and conclusions of law above, and Respondent's Stipulation to said facts, it is hereby ORDERED that:

1. Respondent Fidelis SecureCare of Michigan, Inc. shall immediately cease and desist from operating in a manner that violates the Michigan Insurance Code, 1956 PA 218, as amended, MCL 500.100 *et seq.*

2. Respondent Fidelis SecureCare of Michigan, Inc. shall develop and implement policy and procedure to ensure future filing are made in a timely manner.
3. Respondent Fidelis SecureCare of Michigan, Inc. shall pay to the State of Michigan, a civil fine of Fifty Thousand Dollars (\$50,000.00). Upon acceptance of this Order, OFIR will send an Invoice to Respondent, and Respondent shall pay the fine by the due date printed on the Invoice.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

By: 
Annette E. Flood
Chief Deputy Commissioner

C. STIPULATION

I have read and understand the Consent Order above. I agree that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Insurance Code. I waive any right to a hearing in this matter if this Consent Order is issued. I understand that this Stipulation and Consent Order will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this Consent Order. I waive any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. I admit the findings of fact and conclusions of law set forth in the above Consent Order and I agree to the entry of this Order. I admit that both parties have complied with the procedural requirements of the Code and the Michigan Administrative Procedures Act (MAPA), MCL 24.201 *et seq.* I have had an opportunity to review the Stipulation and Consent Order and have the same reviewed by legal counsel.


Authorized Representative of Fidelis
SecureCare of Michigan, Inc.
NAIC No. 10769

Dated: 3/22/12

OFIR staff approves this Stipulation and recommends that the Commissioner issue the above Consent Order.


William R. Peattie

Dated: 3/27/12