

**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Peoples Benefit Life Insurance Company  
Office of the President  
4333 Edgewood Road NE  
Cedar Rapids, IA 52499

RE: Missouri Market Conduct Examination #0310-37-LAH  
Peoples Benefit Life Insurance Company (NAIC #66605)

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Peoples Benefit Life Insurance Company, (hereafter referred to as "Peoples Benefit"), as follows:

WHEREAS, Douglas M. Ommen is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Peoples Benefit has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of Peoples Benefit and prepared report number 0310-37-LAH; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. Peoples Benefit was cited for using misleading applications and brochures in that the documents appear to have been sent from the Social Security Administration (SSA) when in fact they are materials advertising the company and have no connection to the SSA or the federal government, thereby violating §375.936(4) and (6), RSMo, and 20 CSR 400-5.100(3)(A) and (5)(B).

2. Peoples Benefit was cited for using telephone scripts and other advertising and marketing materials that contained incorrect Missouri-specific suicide exclusions, thereby violating §375.936(4) and (6), RSMo, and 20 CSR 400-1.050, and 20 CSR 400-2.060(3)(F). These errors repeated violations found to have occurred in previous Missouri market conduct examinations, the most recent having been closed with directions for the Company to take corrective actions pursuant to an Order of the Director dated April 10, 2000.

3. Peoples Benefit was cited for using an accidental death and dismemberment benefit rider that contains an incorrect Missouri-specific suicide exclusion, thereby violating §375.936(4) and (6), RSMo, and 20 CSR 400-2.060(3)(F).

4. Peoples Benefit was cited for using a Student Sickness policy that incorrectly stated that the contract was always considered excess or secondary coverage, thereby violating 20 CSR 400-2.030(3)(C)2.

5. Peoples Benefit was cited for failing to conduct a semi-annual review of one of its third party administrators as required by §376.1084.3, RSMo.

6. Peoples Benefit was cited for failing to maintain and produce sufficient information and documentation in its marketing and underwriting files associated with certain advertisements and certificates of coverage, thereby violating §374.205.2, RSMo, and 20 CSR 300-2.200.

7. Peoples Benefit was cited for using a telephone questionnaire that was not previously filed with the department, as required by 20 CSR 400-8.200(2) and (3).

8. Peoples Benefit was cited for not providing the examiners complete files and relevant materials and documentation to allow the examiners to sufficiently ascertain the claims handling and payment, complaint handling, termination, rating, underwriting, and marketing practices of the Company, thereby violating §374.205.2(2), RSMo, 20 CSR 300-2.100, and 20 CSR 300-2.200. These errors repeated violations found to have occurred in previous Missouri market conduct examinations, the most recent having been closed with directions for the Company to take corrective actions pursuant to an Order of the Director dated April 10, 2000.

9. In some instances, Peoples Benefit was cited for failing to adequately maintain copies of some of its life policy applications so that the examiners could readily ascertain its claims handling practices, thereby violating 20 CSR 300-2.200(2) and (3).

10. Peoples Benefit was cited for miscalculating some of its life claims and failing to refund unearned premium as required by its certificates of coverage, resulting in underpayments to the insured, in violation of §408.020, RSMo, 20 CSR 400-1.010(1)(B) and 20 CSR 100-1.050(1)(H).

11. Peoples Benefit was cited for an error in its claims handling practices for Closed Group Life claims in that the Company failed to attempt to locate the beneficiary, as required by §447.539.5, RSMo.

12. Peoples Benefit was cited for failing to conduct sufficiently adequate investigations of some of the complaints it received, thereby violating 20 CSR 100-4.100(2)(A) and 20 CSR 300-2.200(3)(D).

13. Peoples Benefit was cited for failing to send out four due diligence letters when attempting to locate individuals or entities prior to escheating the funds to the State Treasurer's Office, thereby violating §447.539.5, RSMo.

14. Peoples Benefit was cited for failing to respond to examiners' criticisms and formal requests within 10 calendar days, as required by §374.205.2(2), RSMo, and 20 CSR 300-2.200(6). These errors repeated violations found to have occurred in previous Missouri market conduct examinations, the most recent having been closed with directions for the Company to take corrective actions pursuant to an Order of the Director dated April 10, 2000.

WHEREAS, Peoples Benefit hereby agrees to take remedial action bringing Peoples Benefit into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, the following:

1. Peoples Benefit agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination report do not recur;

2. Peoples Benefit agrees to review all of its Paid Group life claims dated January 1, 2001, through July 1, 2003, and determine if any claim was underpaid; and if so, agrees to make any additional payments to the payees, bearing in mind that an additional payment of nine per cent (9%) interest on the balance is also required, as per §408.020, RSMo;

a. Furthermore, Peoples Benefit agrees to provide evidence of such payments to the Department within 90 days after the entry of a final Order in this examination; and

b. Furthermore, Peoples Benefit agrees to provide documentation to the Department attesting to its contention that the errors in the calculation of unearned premium as specified by the terms of its contract have been corrected as of July 1, 2003, so that the correct claims' payments are being made on its Paid Group life claims; and

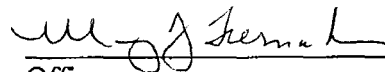
3. Peoples Benefit agrees to review all unclaimed property reports for the calendar years 2004, 2005, and 2006, and attempt to locate any individuals on those lists who were not sent a due diligence letter pursuant to §447.359(5), RSMo. Peoples Benefit will provide written notice to those individuals identified in the review of their right to receive their property from Missouri State Treasurer's Unclaimed Property Fund. Peoples Benefit will provide a report of its review to the Department within 60 days after the entry of a final Order in this examination.

WHEREAS, Peoples Benefit, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, Peoples Benefit hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination #0310-37-LAH further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$39,991.75.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Peoples Benefit to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Peoples Benefit does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$39,991.75, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: September 17, 2007

  
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Officer  
Peoples Benefit Life Insurance Company