STATE OF MISSOURI

DEPARTMENT OF INSURANCE

MDCCCXX

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

TO: Office of the President
RBC Liberty Insurance
Liberty Life Insurance Co.
2000 Wade Hampton Blvd.
Greenville, SC 29615

RE: Market Conduct Examination # 0411-69-LAH
Liberty Life Insurance Company (NAIC # 65323)

STIPULATION OF SETTLEMENT
VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, hereinafter referred to as "Director" or "the Department," and Liberty Life Insurance Company, hereinafter referred to as "Liberty Life," as follows:

WHEREAS, W. Dale Finke is the Director of the Department of Insurance, 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, Liberty Life has been granted certificate(s) of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of Liberty Life and prepared report number 0411-69-LAH; and

WHEREAS, the report of the Market Conduct Examination resulted in the following conclusions by the department and responses from Liberty:

1. In some instances, Liberty Life used advertising materials that did not reference Missouri- specific suicide exclusions, thereby violating §375.936(4) and (6)(a), RSMo, and 20 CSR 400-5.100(3)(A).

2. In some instances, Liberty Life improperly inquired on a telephone interview form, which was supplementary to the policy application, and which was not filed with the Department prior to its use, as to whether applicants for coverage had ever been declined, postponed, or rated for coverage, thereby violating §§375.936(11)(f), 376.777.7(1), RSMo, and 20 CSR 400-8.200(2)(B)4. and (3)(A).

3. In some instances, Liberty Life failed to acknowledge the receipt of certain claims within 10 working days of receipt, in violation of 20 CSR 100-1.030(1).

4. In some instances, Liberty Life failed to either accept or deny certain claims within 15 working days after the submission of all forms necessary to establish the nature and extent of any claim, in violation of 20 CSR 100-1.050(1)(A).

5. In some instances, the examiners could not conduct a time study of certain group accident claims because information pertinent to the claims' handling was not stamped with the date of receipt by the Company, thereby violating 20 CSR 300-2.100.

6. In some instances, Liberty Life failed to perform due diligence when attempting to locate an individual or entity prior to escheating the funds to the State Treasurer's Office, in violation of §447.539.5, RSMo.

7. In some instances, Liberty Life did not respond to a formal request within the required time frame of 10 calendar days, thereby violating §374.205.2(2), RSMo, and 20 CSR 300-2.200(6).

WHEREAS, Liberty Life agreed to take remedial action bringing Liberty Life into compliance with the statutes and regulations of the State of Missouri and agreed to maintain those corrective actions at all times to assure that the errors noted in the above-referenced market conduct examination report do not recur.

WHEREAS, the Department takes note that Liberty Life took corrective action to eliminate many of the errors noted in the examination report during the course of the examination.

WHEREAS, Liberty Life neither admits nor denies the findings set forth above and enumerated in the examination report; and

WHEREAS, Liberty Life is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Liberty Life, 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, Liberty Life agreed to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0411-69-LAH further agrees, voluntarily and knowingly paid the sum of $4,926.00.

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 Liberty Life to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Liberty Life does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and did pay the sum of $4,926.00, to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 3-14-06

President
Liberty Life Insurance Company