STATE OF MISSOURI

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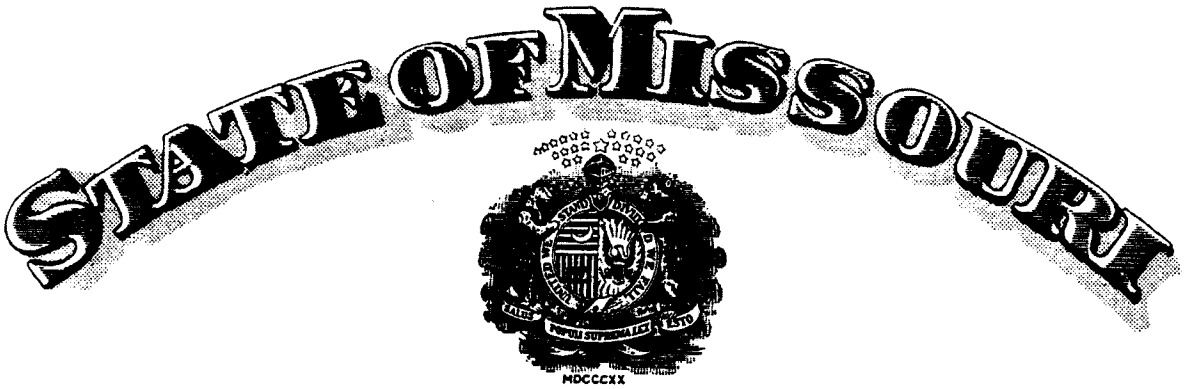


DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

In re:	)	
	)	Examination No. 0411-65-LAH
Monumental Life Insurance Co. (NAIC #66281)	)	

ORDER OF THE DIRECTOR

NOW, on this 11th day of ~~May~~ June, 2009, Director John M. Huff, after consideration and review of the market conduct examination report Monumental Life Insurance Co. (NAIC #66284), (hereafter referred to as "Monumental Life") report numbered 0411-65-LAH, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), RSMo, and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation") does hereby adopt such report as filed. After consideration and review of the Stipulation, report, relevant workpapers, and any written submissions or rebuttals, the findings and conclusions of such report is deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4), RSMo.

This order, issued pursuant to §§374.205.3(4) and 374.280, RSMo and §374.046.15. RSMo (Cum. Supp. 2006), is in the public interest.

IT IS THEREFORE ORDERED that Monumental Life and the Division of Insurance Market Regulation have agreed to the Stipulation and the Director does hereby approve and agree to the Stipulation.

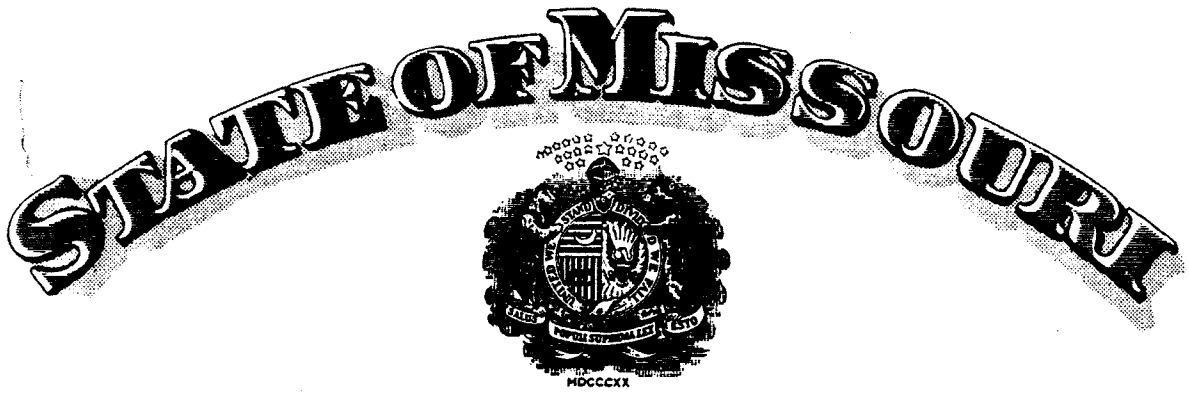
IT IS FURTHER ORDERED that Monumental Life shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Monumental Life in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that Monumental Life shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of $26,001.25, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 11th day of June, 2009.

John M. Huff
Director



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

TO: Office of the President
AEGON Companies
4333 Edgewood Rd. NE
Cedar Rapids, IA 52499

RE: Monumental Life Insurance Co. (NAIC #66281)
Missouri Market Conduct Examination 0411-65-LAH

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Monumental Life Insurance Co., (hereafter referred to as "Monumental Life"), as follows:

WHEREAS, John M. Huff 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, Monumental Life 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 Monumental Life and prepared report number 0411-65-LAH; and

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

1. In some instances, Monumental Life's national telemarketing scripts and printed advertisements did not contain specific information regarding the Missouri suicide exclusion, found at §376.620, RSMo, thereby violating 20 CSR 400-1.500(3).

2. In some instances, Monumental Life's advertisements failed to indicate the exact nature or method the benefits were to be payable, as required by 20 CSR 400-5.700(5)(A)1. and 6.

3. In some instances, Monumental Life's advertisements contained confusing, deceptive and misleading information, thereby violating 20 CSR 400-5.700(4).

4. It was alleged that Monumental Life's advertisements contained misleading and ambiguous information, in that they failed to explain the nature, extent, or conditions of certain discounts apparently available, thereby violating 20 CSR 400-5.100(3)(A).

5. In four instances, Monumental Life's advertisements and telephone interview forms and applications contained the question relating to prior declinations, cancellations or non-renewals for life or health insurance, in violation of §375.936(11)(f), RSMo, and DIFP Bulletin 94-04.

6. It was alleged that Monumental Life's Income Select Consumer Guide contained deceptive and misleading statistics and information which may create ambiguity and confusion, in violation of 20 CSR 400-5.700(4)(A).

7. It was alleged that Monumental Life failed to file its telemarketing advertising scripts and telephone interview scripts with the Department, even though the forms in question were supplemental to the application, pursuant to 20 CSR 400-8.200. The Company has since discontinued the use of such scripts.

8. In some instances, Monumental Life failed to maintain its books, records, documents, and other business records and to provide relevant materials, files, and documentation in such a way to allow the examiners to sufficiently ascertain the rating and underwriting and claims handling and payment, complaint handling, and marketing practices of the Company, thereby violating §374.205, RSMo, 20 CSR 300-2.100 and 20 CSR 300-2.200(2), (3)(A), (5), and (6), including 20 CSR 400-3.500, relating to the Company's Medicare Supplement Replacement policy files.

9. In five instances, Monumental Life failed to acknowledge some of its health policy claims within 10 working days of the date of receipt, as required by 20 CSR 100-1.030.

10. It was alleged that Monumental Life failed to adequately investigate claims, assist claimants, accurately calculate the amount of the claims and applicable thereon, and timely pay certain life policy claims, thereby violating §375.1007(3), (4), (6), and (8), RSMo.

11. It was alleged that in two instances Monumental Life failed to provide notification of the denial of certain life policy claims to the claimant as required by 20 CSR 100-1.050(1)(A).

12. It was alleged that Monumental Life incorrectly escheated unclaimed property, in violation of the Missouri Unclaimed Property Act §§447.503 – 447.539, RSMo). The Company has since taken action to correct this issue.

13. In some instances, Monumental Life failed to timely and completely respond to the examiners' requests for information and criticisms, thereby violating §374.205, RSMo.

WHEREAS, Monumental Life hereby agrees to take remedial action so as to maintain compliance with the statutes and regulations of the State of Missouri at all times and to reasonably assure that the alleged errors noted in the above-referenced market conduct examination reports do not recur;

WHEREAS, Monumental 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, Monumental Life hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination #0411-65-LAH further agrees, voluntarily and knowingly to surrender and forfeit the sum of $26,001.25.

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 Monumental Life to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Monumental Life 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 $26,001.25, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: April 29, 2009

Mary J. Tresnak
Vice President Compliance & Associate
General Counsel
Monumental Life Insurance Company

MONUMENTAL LIFE INSURANCE COMPANY
(NAIC # 66281)

COMPANY RESPONSE TO THE

Missouri Market Conduct Examination
Report Number 0411-65-LAH

Examination Findings

Executive Summary

The Company acknowledges the Executive Summary but offers no specific response except to say it is the subjective conclusion of the examiners regarding the findings in the examination report. Because the Executive Summary relies on the findings in the examination report, the Company addresses its response only to those specific findings.

Section I. SALES AND MARKETING

A. Company Authorization

No comment.

B. Advertising

1. The Company respectfully disagrees with this finding. The fact that the advertising does not fully explain the exact statute in Missouri on suicide does not of itself make the advertisement "misleading and false" as meant by the advertising statute. Specifically, the advertising regulation, 20 CSR 400-5.100(3), requires that an advertisement be considered by the "overall impressions that the advertisement reasonably may be expected to create on a person of average education and intelligence." The examination report ignores that the scripts also state that "the exclusions may vary based on the state where you reside" and advises that any insurance coverage received will outline the exclusions specifically and that they should be examined carefully.

   The balance of the cited regulations in the examination report relate to what must be in the policy. Since the policies were issued correctly, these citations are irrelevant, as they do not address how advertising is to be presented.

2. The Company respectfully disagrees with this finding. The fact that the advertising does not fully explain the exact statute in Missouri on suicide does not of itself make the advertisement "misleading and false" as meant by the advertising statute. Specifically, the advertising regulation, 20 CSR 400-5.100(3), requires that an advertisement be considered by the "overall impressions that the advertisement reasonably may be expected to create on a person of average education and intelligence." The examination report ignores that the scripts also state that "the exclusions may vary based on the state where you reside" and advises that any insurance coverage received will outline the exclusion specifically and that they should be examined carefully.

The balance of the cited regulations in the examination report relate to what must be in the policy. Since the policies were issued corrected, these citations are irrelevant, as they do not address how advertising is to be presented. The Company has admitted that four advertisements which related purely to life policies, and not accidental life, were incorrect for the Missouri exclusion. Those four advertisements are numbered 31303, 29938, 26335, and 19703.

3. The Company agrees with this section.

4. The Company respectfully disagrees with this finding. The examination report offers no guidance as to how the language cited would lead to "undue fear" by a reader. The statements in the advertisement are questions of needs analysis and the issues presented are quite true. All that is presented are income alternatives if a disability should occur. The examination report references no standard in regulation 20 CSR 400-5.700(4) by which the ad could be viewed as leaving erroneous impression. As such, the finding of the examiners is totally subjective and provides no basis on which the Company could respond to, or rebut, the contention of the examiners.

5. The Company agrees with this section.

6. The Company respectfully disagrees with this finding. First, the examination report erroneously cites language as being included in a quotation of the second sentence of the advertisement, when in fact that language is not on the advertisement. The language is only the impression of the examiner. This erroneous quotation should be removed from the report. Secondly, the entire nature of this examination finding is conceptually contrary to the regulation of advertising. The regulatory theory, best expressed in 20 CSR 400-5.700(4)(B) is that one should not have to rely upon insurance terminology to understand advertising. However, the analysis in the examination report is entirely based upon references to specific insurances terminology. The advertisement uses terms in their more generic general sense so that "basic health insurance" is not a type of policy form but is generally understood as basic coverage.

   The average person would expect basic insurance coverage to be exactly that and would expect the limitation on out-of-pocket expenses to be exactly that, a limit. The advertisement expresses the notion that not all expenses are covered, which is generally true. Therefore the advertisement does not leave any misleading impressions.

7. The Company respectfully disagrees with this finding. This examination finding appears to quote from the home page of the Government Employees Association USA website. The quoted statement in the

examination report appears only on the first page of the GEA site in a welcome section. This website provides only a basic introduction to the association and to member benefits.

A visitor to the website may then click on member services link and is provided with an outline of general financial plans and the type of purchasing done by the association to make products available to their members. One of the listed services is "insurance products". By reading through the entire progression of links which get a reader to products from Monumental Life Insurance, the reader is provided with information on the nature of insurance discounts, which comes from the group negotiating and purchasing power, and the most important condition to receive the discount, being a member of the group itself. The specific provisions regarding individual policies do no occur until one clicks on the link for insurance products.

Therefore, when taken as a whole Monumental Life feels the advertisement is sufficiently complete and clear and does not provide any deception or misrepresentation. The initial GEA webpage is not the entire compilation of information available. When taken as a whole, as required by 20 CSR 400-5.100(3), the advertising give abundant information.

8. The Company agrees with this section.

9. The Company respectfully disagrees with the examiners' conclusions. Nothing about the inclusion of statistics of persons not likely to be in the employment pool is misleading as the age groups are identified and nothing in those statistics had been shown by the examination report to be inaccurate.

10. The Company agrees with this section.

C. Licensing of Agents, Agencies and Brokers

No comment.

Section II. UNDERWRITING AND RATING PRACTICES

A. Forms and Filings

The Company respectfully disagrees with the examiner's finding.

The Company does not use Form FP7-5 MO to underwrite its policies. The form is used to confirm written answers previously obtained from applicants via written applications. Form FP7-5 MO is an administrative form to help the staff conduct the telephone interview. The answers from the telephone interview are not used in the underwriting process and do not become part of the contract. If a

discrepancy is discovered between the written application and the interview, additional supplemental written applications are obtained and then those supplemental applications would become part of the contract and the basis for underwriting. The Company's position is that this telephone script is an administrative form and not required to be filed with the Missouri Department of Insurance under 20 CSR 400-8.200. It is an administrative form used to determine whether any supplemental application form is needed.

The Missouri Department of Insurance website has a checklist providing guidance to companies on forms submitted for approval. It quotes Missouri's "Entire Contract" provision, 20 CSR 400-1.010(A), which states:

> Policies, endorsements, and attached application(s) constitute the entire contract. No change in the policy shall be valid until approved by an executive officer of the insurer and unless such approval is attached to the policy.

The information confirmed or obtained from telephone interviews using form FP&-5 MO are not attached to the policy are not part of the policy or contract. They are not "supplemental" to the application or policy.

General guidance on what forms are part of an insurance contract, and therefore, supplemental thereto, can be found in *Couch on Insurance*. Section 18:23, Miscellaneous Papers, describes such supplemental documents as follows:

> Separate documents may become part of a contract of insurance by law, by being annexed or attached to the policy, or by clear reference in the policy that they are intended to be a part thereof. To have this effect, the intent to incorporate them should be plainly manifest and not dependent upon implication.

In the "Observation" section, specific examples of documents that may become part of the insurance contract are given. These include a letter from an insurer, a loan certificate, and a certificate of insurance issued under a group life policy. All are written documents speaking to provisions of the policy or contract.

For policies issued by the Company in Missouri, only the original written application and any written supplemental applications are copied and made a part of the contract. No other administrative underwriting script, such as Form FP7-5 MO is part of the contract, and is not supplemental to it. There was only one Company policy for which Form FP7-5 MO was used in the state of Missouri during the examination period.

Form FP7-5 MO is not used to underwrite the Company's policies; it is not supplemental to the application nor a part of the contract. All written application forms are filed and approved. But the administrative Form FP7-5 MO is not a form that is required to be filed and approved. The Company continues to take the position that such a finding is contrary to the use and intent of the form, the

Missouri insurance regulations and filing checklist and counter to general insurance contract law principles.

B. In-Force Policies

Life Insurance Policies

1. **Life Insurance – All Plans**

   No Comment.

2. **Replacement – Life Polices**

   No Comment.

3. **Matured Polices and Endowments**

   a. The Company agrees that it was unable to locate the complete file for 1 of the 10 files noted, namely IO00185897. The company disagrees with the finding that the 9 other files were incomplete.

   b. The Company agrees it was unable to provide 8 of the 76 files requested.

Health Insurance Policies-All Lines

1. **Health Insurance Plans**

   No Comment.

2. **Replacement Policies – Medicare Supplement**

   a. The Company agrees with this section.

   b. The Company agrees with this section.

   c. The Company agrees with this section.

   d. The Company respectfully disagrees with the examiner's conclusion. There was no evidence that the application was altered by anyone other the insured, and the fact that the policy was issued as a Medicare Supplement Plan F in conformance with the indications on the application, and accepted by the policyholder, is substantial evidence that the policy was issued as requested by the policyholder.

3. Replacement – Health Plans

No Comment.

C. Cancellations and Rejections

1. Cancellations – Life Policies

No Comment.

2. Cancellations – Health Policies

The Company strongly disagrees with the finding that the files did not include documents supporting the cancellations. Although not in the initial file pull, additional documentation was provided to the examiner for all 50 files. For three of the files (F43-386351, A88-1901903, and F43-3860440) copies of the written cancellation letters from the certificate holders were provided to the examiner. In the remaining 47 files, the cancellation requests were made verbally by certificate holders via the telephone. The Company's practice is to electronically record the date the cancellation request was received on our systems and to send a notice letter to the certificate holder confirming that the coverage was cancelled and indicating the effective date of the cancellation. Screen prints for all 47 files were provided showing electronic documentation of the date information. In addition, a spreadsheet was provided for the 50 files showing the effective date of cancellation and whether a refund was made. This finding is not accurate and the Company respectfully request that it be removed from the report.

3. Free Looks – All Lines

No Comment.

4. Rejections – All Lines

The Company respectfully disagrees with this finding. For two of the policies cited in the report, the Company had never received premium with the application. Therefore, when declined there would have been no premium refund due and the files would not contain any evidence of a refund.

- For Policy MM1205853, the request was for a policy change and no premium had been collected, so there would be no refund of premium.
- For Policy MM4610284, no premium was ever remitted to the Agent or to the Company and so there would not be any premium refund due.

For Policy MM4659839, our original response indicated that this case was set up as a military allotment and that no premium was collected. In reviewing the information for our response to this report, we have discovered that this file was not a military allotment, and that a premium of $43.37 was received with this application. On declining the policy, a refund check of $43.37 was issued to the applicant.

Section III. CLAIMS PRACTICES

A. Time Studies – Prompt Pay

1. Paid Claims – Prompt Pay

The Company agrees that two claims were not paid within the specified time, but notes that the error ratio in this category falls within the allowed tolerance.

2. Paid Claims – Health Policies

The Company agrees that if failed to acknowledge claim number 480109765 (incorrectly shown as claim number 4801097665 in the report) and claim number 48018408 within 10 days. The Company agrees the other three cited claims were not acknowledged within 10 days of receipt, but notes that the time period for those errors occurred during severe winter weather in the Baltimore area and the offices of the Company were closed for several days, impacting the Company's ability to respond to claims.

3. Denied Claims – Life Policies

No Comment.

4. Denied Claims-Health Policies

The Company agrees that four claims were not acknowledged within 10 days of receipt, but notes that the time period for those errors occurred during severe winter weather in the Baltimore area and the offices of the Company were closed for several days, impacting the Company's ability to respond to claims.

B. Unfair Claim Practices

1. Paid Claims- Life Policies

The Company agrees that in regard to claim number WPL00358889 a copy of the notice of claim could not be provided. The Company disagrees with the examination report conclusion that it did not maintain copies of claim checks for claims number 000419101 and 00340753. The examiners were provided with copies of the claim checks. The specificity for claim record identification cited by the examination report is not required by the regulation cited or by any other regulation of the Department of Insurance.

2. Paid Claims – Health Policies

No Comment.

3. Denied Claims – Life Policies

a. The Company agrees with this section.

b. The Company agrees with this section.

4. Denied Claims – Health Policies

Company agrees with the citation, but notes that the error in this category falls within the tolerance standard.

Section IV. COMPLAINTS AND GRIEVANCES

A. Consumer Grievances

No comment.

B. MDI Complaint Inquiries

1. The Company agrees with the section.

2. The Company respectfully disagrees with this finding. The examination report provides no evidence of any error by the Company in the handling of this complaint. The first response to the complaint indicated difficulty in finding the appropriate records, but the response was timely. In addition, the Company later wrote a letter to the complainant from a different division which provided the appropriate information for the complainant to achieve the desired result. This information was also provided on a timely basis. When the complainant did call, the request for the discontinuance of an automatic premium withdrawal was handled appropriately. The initial complaint was received in January and a response was not due until February. The processing to end the withdrawal of premium was completed by the end of February so no

further withdrawals of premium were made following the initial complaint. There in no explanation as to why the examination report alleges that the complaint file did not show a resolution of this complaint, since a response was provided to the examination team noting the date of every piece of correspondence with the complainant and the dates on which the requested processing occurred.

3. The Company agrees with the section.

Section V. UNCLAIMED PROPERTY

The Company agrees with this section.

Section VI. CRITICISM AND FORMAL REQUEST TIME STUDY

No Comment.

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STATE OF MISSOURI

DEPARTMENT OF INSURANCE

MARKET CONDUCT EXAMINATION REPORT

OF

MONUMENTAL LIFE INSURANCE COMPANY

NAIC NUMBER 66281

ADMINISTRATIVE OFFICES
1111 NORTH CHARLES STREET 6TH FLOOR
BALTIMORE, MARYLAND 21210

March 6, 2009

REPORT NUMBER 0411-65-LAH

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FOREWORD

This market conduct report regarding the operations of the Monumental Life Insurance Company is in general, a report by exception. The examiners, in writing this report, cited errors made by the Company. However, the absence of comments on specific products, procedures, or files does not constitute approval thereof by the Missouri Department of Insurance.

Wherever used in the report:

"AWD" refers to the automated records system for claims and underwriting;

"Company" refers to Monumental Life Insurance Company;

"CSR" refers to Code of State Regulations;

"EOB" refers to Explanation of Benefits;

"DIFP" refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;

"MLIC" refers to Monumental Life Insurance Company;

"NAIC" refers to the National Association of Insurance Commissioners;

"RSMo" refers to Revised Statutes of Missouri;

"URC" refers to Usual, Reasonable and Customary; and

"UR" refers to Utilization Review.

SCOPE OF THE EXAMINATION

The DIFP has authority for performing this examination pursuant to, but not limited to, Sections 374.045, 374.110, 374.205, 375.445, 375.938 and 375.1009 RSMo. In addition, Section 447.572, RSMo grants authority to the DIFP to determine compliance with the Uniform Disposition of Unclaimed Property Act.

January 1, 2003, through December 31, 2003, constitutes the period primarily covered by this examination.

The examination sought to determine whether Monumental Life Insurance Company complied with Missouri's Insurance Laws and with DIFP regulations. In addition the examiners reviewed the operations of the Company to determine if these were consistent with the public interest.

The examination focused upon the general business practices of the Company, while the examination team cited errors found in individual files. The DIFP has adopted the "error tolerance ratio guidelines" published by the NAIC. Unless otherwise noted, the examiners applied a ten percent error criterion to all operations of the Company except claims handling. The threshold for claims matters is seven percent. For Prompt Pay issues the threshold is five percent. The DIFP deems Company operations and practices exceed these thresholds to be inappropriate business practices and thus subject to regulatory action. The DIFP conducted this examination at the Company's offices in Baltimore, Maryland.

The DIFP reviewed the following operations of the Company:

Organization / Operations

Sales and Marketing

Underwriting and Rating Practices

Small Group Law

Claims Practices

Complaints / Grievances

Unclaimed Property

The DIFP conducted the examination at the following address:

Monumental Life Insurance Company
1111 North Charles Street, 6th Floor
Baltimore, Maryland 21210

ORGANIZATION / OPERATIONS

A. Operations and Future Plans of MLIC

Maryland Mutual Life and Fire Insurance Company incorporated in accordance with the laws of the State of Maryland on March 5, 1858. Operations commenced on May 22, 1860. In 1870, the name changed to Mutual Life Insurance Company. The Company converted to a stock company in 1928 and adopted its current name, Monumental Life Insurance Company during 1935. The Company structured its operation through the establishment of seven divisions. The names of the divisions and the products principally sold through these operations are as follows:

- AFP - Louisville, KY (AEGON Financial Partners)
- DMS - Baltimore, MD (Direct Response Group AD&D, Hospital Accident)
- FMD - Cedar Rapids, IA (Fixed Annuities)
- IMD – Louisville, KY (Structured Settlement Annuities)
- Mon Life – Baltimore, MD (Whole, Term, Interest Sensitive and Universal)
- DMS – Plano, MD (Credit Card Life)
- WMD – Little Rock, AR (Term and UL, hospital indemnity, Supp Disability)

In 1986 AEGON N.V., a Netherlands Corporation, purchased MLIC which became an indirectly wholly owned subsidiary of AEGON USA, Inc. Capital General Development Corporation (73.23%) and AEGON USA, Inc. (26.77%) constitute the current ownership of the Company. Capital General Development Corporation is a wholly owned subsidiary of Commonwealth General Corporation. AEGON USA, Inc. and Commonwealth General Corporation are subsidiaries of AEGON U. S. Corporation, an indirect, wholly owned subsidiary of AEGON N.V.

On November 30, 1998, three affiliated life insurance companies merged into MLIC. The names and states of domicile of these three companies are as follows: Capital Security

Life Insurance Company (North Carolina), Commonwealth Life Insurance Company (Kentucky), and Peoples Security Life Insurance Company (North Carolina).

On October 1, 2004 an affiliated life insurance company, Pension Life Insurance Company of America (New Jersey) merged with MLIC.

Grievances and appeals are processed through the Company's Cedar Rapids, Iowa office. The Company has plans to centralize many of its operations to include automation, but its feasibility remains under study at this time.

ORGANIZATION / OPERATIONS

A. Operations and Future Plans of MLIC

Maryland Mutual Life and Fire Insurance Company incorporated in accordance with the laws of the State of Maryland on March 5, 1858. Operations commenced on May 22, 1860. In 1870, the name changed to Mutual Life Insurance Company. The Company converted to a stock company in 1928 and adopted its current name, Monumental Life Insurance Company during 1935. The Company structured its operation through the establishment of seven divisions. The names of the divisions and the products principally sold through these operations are as follows:

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On November 30, 1998, three affiliated life insurance companies merged into MLIC. The names and states of domicile of these three companies are as follows: Capital Security

EXAMINATION FINDINGS

I. SALES AND MARKETING

This section of the report details the examination findings regarding the Company's compliance with the laws that monitor marketing practices. The items reviewed included the Company's Certificate of Authority for Missouri, licensing records pertaining to the Company's sales personnel and product marketing/advertising materials.

A. Company Authorization

The Company's current authority allows it to transact business in the following lines of insurance:

Life Insurance
Accident and Health Insurance

Regarding this Company's operation in Missouri, the examiners' determined the Company complies with its Certificate of Authority.

B. Advertising

The Company engaged in extensive advertising during the examination period. The examiners reviewed a census of those advertisements in use during 2003. The following details the errors noted during the review.

1) Twenty-eight telemarketing scripts for accidental death and life insurance policies contained misleading and false information.

Each script states the referenced plan will not pay a benefit for death, as a result of: suicide, attempted suicide, or intentionally self-inflicted injury.

Suicide is not a defense to payment in Missouri under a life insurance policy unless it can be demonstrated the insured intended suicide upon application. Suicide while insane is not a defense under an accident and health policy. To state otherwise or omit these provisions is misleading and false.
Reference: 20 CSR 400-1.050 20, CSR 400-2.060(4)(F) and 20 CSR 400-5.100(3),

Ad File Numbers

27822	27821	39759	28151
28950	29405	22252	24186
24489	25890	33849	37592
37593	38192	41250	41161
40804	40258	40257	39080
39079	39078	39077	46048
46049	46916	48179	49423

2) Seventy-six printed advertisements for accidental death policies and life insurance policies contained misleading and false information.

Each ad states that the plan will not pay a benefit for death as a result of suicide, attempted suicide, or intentionally self-inflicted injury.

Suicide is not a defense to payment in Missouri under a life insurance policy unless it can be demonstrated that the insured intended suicide upon application. Suicide while insane is not a defense under an accident and health policy. To state otherwise or omit these provisions is misleading and false.
Reference: Section 376.620, RSMo, 20 CSR 400-1.050, 20 CSR 400-2.060(4)(F) 20 CSR 400-5.100(3)

Ad File Numbers

39725	39724	39735	39736
39737	39738	39739	39740
39751	39752	39753	39754
40248	40200	40249	40810
40817	40821	40822	40823
40824	40825	40826	41900
41903	41904	37583	37580
37581	37578	37577	37576
37575	37574	37567	37566
37564	37562	37560	35809
35808	33848	31303	26333
24754	26335	29938	48715
48714	48713	48712	48711
48710	48709	48707	48706
48705	46897	46896	46895
46894	46893	46891	46890
46886	39076	39722	48718
48716	49221	49220	49224
49226	49240	39755	19703

3) The AFSA Cancer space advertisement contains the statement: "Up to $9,000.00 cash a month for hospitalization." The ad fails to indicate the benefit payable on a daily basis.

Reference: 20 CSR 400-5.700(5) 6

Ad File Number

44096

4) The Income Select Flyer for NPC, in current use, contains language that serves to create undue fear in the minds of readers. It states under the heading: "Why Do You Need Income Select?"

* If you became disabled, how would you pay the bills? How would you provide for your family?
* Savings? How long would your savings last?
* Spouse's income? Could only one income cover all of your bills?
* Social Security? It's very difficult to get Social Security benefits; there is a lot of paperwork.
* Loans? Without an income, it's almost impossible to get a loan.

Reference: 20 CSR 400-5.700(5)(A)(1)

Ad File Number

43328

5) The Income Select Flyer for NPC, currently in use, contains deceptive and misleading information under the heading: "Why Do You Need Income Select?"

The short-term disability insurance plan, Income Select, may only be purchased through a group policy from the certificate holder's employer. The illustrative statistics for disability include people age 5 and under as well as the elderly or 19% of United States residents.

The illustration emphasizes the disability rates of a population that by and large would not be eligible for coverage because of youth or retired status, and then stresses the need for the disability insurance to only employed persons. This is an unfair comparison and is deceptive and misleading.

Reference: 20 CSR 400-5.700(4)(A)

Ad File Number

43328

6) Paragraph one on page one of ad file number 35875 (SMPTE Cancer Expense Plan) states:

> Basic health insurance may not be enough to cover the newest cancer treatments and procedures. For example, chemotherapy is a very expensive form of treatment and many major medical plans have a limit on out-of-pocket expenses. Without supplemental insurance, your savings could be in jeopardy.

These sentences used in one context have the tendency to confuse and mislead the reader. The first sentence references "basic health insurance." The second sentence, used as an example of the first sentence, references a treatment or procedure ostensibly excluded in a basic health plan, but found in many major medical plans. These two different types of insurance plans are not comparable.

The next sentence indicates a limit on "out of pocket" expenses, followed by: "Without supplemental insurance your savings could be in jeopardy."

The referenced limit on out-of-pocket expenses actually limits the amount the insured must take from personal resources, and therefore reduces the need for supplemental insurance. Use of these two statements together is confusing, deceptive and misleading.
Reference: 20 CSR 400-5.700(4)

Ad File Number
35875

7) The advertisement contains a misleading and ambiguous statement the plan offers "discounts on insurance." The advertisement does not explain the nature,

extent, or conditions of any discount. The advertisement makes no reference to an amount to which the discounts might apply.
Reference: 20 CSR 400-5.100(3)(A)

Ad File Number
30437

8) Some advertisements contained an application for insurance. Each application included the prohibited question: "Have you ever applied for life or health insurance, which has been declined, rated, or modified in any way?"
Reference: Section 375.936(11)(f), RSMo

Ad File Numbers
34938
34943
34944
30437

9) The Income Select Consumer Guide identified as Ad File Number 40054, used from 6/19/03 through 7/30/04, contained deceptive and misleading information under the heading: "Why Do You Need Income Select?"

Income Select is a short-term disability insurance plan available only to those insured under a group policy issued through their employer. The illustrative statistics incorporate disability for people between the ages of 5 and 20, and those 65 and older.

These statistical groups contain relatively few persons who are employed and therefore eligible for this coverage, but the advertisement uses the statistics to dramatize and emphasize the need for employed individuals to purchase coverage for themselves. This is deceptive and misleading.

The statistics create ambiguity and are difficult to understand. The advertisement states that 49.7 million people over the age of five have a disability, and this figure represents 19% of the total. The ad fails to disclose or identify the total number. The advertisement also states 14 million people over the age of 65 are disabled and this number represents 42% of some other undisclosed and unidentified total.

The advertisement also presents an illustrative pie chart in close proximity to these statements, but the segments and population are not identified within the chart. This lack of information produces a misleading visual presentation used to emphasize the need for coverage.
Reference: 20 CSR 400-5.700(4)(A)

Ad File Number
40054

10) The telemarketing advertising script identified as Ad File Number 22251, used from 11/14/00 to 9/30/03, contains misleading and false information on page 3.

The script states: "This plan will not pay a benefit for death as a result of: Suicide, attempted suicide, or intentionally self-inflicted injury while sane or insane;"

Suicide while insane is not a defense to payment in Missouri under an accident policy. Suicide while sane is a defense. To state otherwise is misleading and false.
Reference: 20 CSR 400-5.100(3) and 20 CSR 400-1.010(1)(H), 20 CSR 400-1.050

Ad File Number
22251

C. Licensing of Agents, Agencies and Brokers

The examiners reviewed insurance license data of the agents and brokers associated with certain underwriting files in order to determine the Company's compliance with Missouri's laws and regulations.

The examiners noted no errors in this review.

II. UNDERWRITING AND RATING PRACTICES

This section of the report details the examiners' review of the Company's underwriting and rating practices. Such practices may include the filing and use of policy forms, adherence to underwriting guidelines, assessment of premiums for coverage, and procedures used to decline, non-renew, or terminate coverage. The examiners' review of the Company's underwriting and rating practices sought to determine whether Monumental Life Insurance Company complied with Missouri's laws and regulations. To minimize the duration of the examination, while still achieving an accurate evaluation of underwriting and rating practices, the examiners reviewed a statistical sample of the policy files. The DIFP defines a policy file, in the context of a sampling unit, as a contract between the Company and the insured. A policy file includes all of the obligations of the parties to the contract. The percentage of files found to be in error is the most appropriate statistic to measure compliance with Missouri law regarding rating and underwriting.

The DIFP defines an underwriting or rating error according to NAIC guidelines, which define an error as any of the following:

- A miscalculation of premium,
- An improper acceptance of an application,
- An improper rejection of an application,
- A misapplication of the Company's underwriting guidelines, and
- Any other underwriting or rating action that violates Missouri law or regulation

A. Forms and Filings

The examiners reviewed policy contracts and related forms to determine the Company's compliance with Missouri laws and regulations that refer to filing, approval, and content of policies and related forms. The examiners also reviewed the forms to ensure the contracts contained unambiguous language and the provisions adequately protect Missouri consumers. The Company initially filed its policy forms with the DIFP and received the necessary approvals from the DIFP. Subsequent to changes in the law that affected mandated benefits and mandated benefit offerings, the Company made the required filings to update its policy forms to meet compliance standards.

The examiners noted one error in this review.

The Company uses form FP7-5 MO to record information obtained from applicants during the underwriting process. The form is associated with telephone interviews conducted subsequent to the submission of the written application and serves to confirm information provided in the written application as well as to record additional information not contained in the original written application. As such, this form is considered supplemental to the application form and is required to be filed for approval with the DIFP. The Company did not file form FP7-5 MO with the DIFP.
Reference: 20 CSR 400-8.200(1)(2)(b).4

B. In-Force Policies

The examiners reviewed general underwriting guidelines and procedures necessary to service existing policy files to determine whether Monumental Life Insurance Company used correct premium rates, adhered to prescribed and acceptable underwriting criteria, and complied with Missouri laws and regulations.

Life Insurance Policies

1. Life Insurance – All Plans

Field Size:	36,272
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	0

The examiners noted no errors in this review.

2. Replacements – Life Policies

Field Size:	22
Type of Sample:	Census
Number of Errors:	0
Within DIFP Guidelines?	Yes

The examiners identified 22 life policies as replacements based upon information contained in the Company's response to the original underwriting data call. Under normal circumstance, the Company disallows its career agents to solicit replacement of existing insurance. This seemed to be confirmed by the review. The Company maintains a version of a replacement log that contains the required information in its AWD system. The examiners noted no errors in this review.

3. Matured Policies and Endowments

Field Size:	76
Type of Sample:	Census
Number of Errors:	18
Error Ratio:	23.7%
Within DIFP Guidelines?	No

The examiners noted the following errors in this review:

a) The Company failed to provide the examiners with complete files for the 10 underwriting files listed below. The failure to provide this information violates requirements that an insurer maintains its books, records, documents and other business records in an order that its claims, rating, underwriting or marketing practices may be readily ascertained by the Department of Insurance.
Reference: 20 CSR 300-2.200(3)

Division	Policy #
M	MM0656361
M	IX00039530
M	IO08151312
M	IX00030861
M	W70489806
M	0NX001548
M	MX0016079
M	IO10842276
M	W71125537
M	IO00185897

b) The Company failed to provide eight of the 76 files sought in request number 001 issued 12/23/2004.
Reference: 20 CSR 300-2.200(2), (3)(A), (5) and (6)

Policy Numbers	Policy Numbers
IO00123991	IO00171931
IO00206508	IO00262799
IO00264433	IO00267833
IX00040511	IX00057300

Health Insurance Policies – All Lines

1. **Health insurance Plans**

Field Size:	19,112
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	0
Within DIFP Guidelines?	Yes

The examiners noted no errors in this review.

2. **Replacement Policies – Medicare Supplement**

Field Size:	16
Type of Sample:	Census
Number of Errors:	4
Error Ratio:	25%
Within DIFP Guidelines?	No

a) The Company wrote a Medicare Supplement policy that replaced an existing Medicare Supplement plan. The file did not contain a completed and signed replacement form.
Reference: 20 CSR 300-3.200 and 20 CSR 400-3.500

Policy Number
MZ0100362H0000A

b) The Medicare Supplement policy file did not contain the application for coverage thus precluding the examiners from ascertaining the Company's handling of the policy.
Reference: 20 CSR 300-3.200(2), (3)(A) 1

Policy Number

IZ0800767H0002A

c) The following two files did not contain fully completed applications and information essential for the examiners to ascertain the Company's handling of the files. The application for policy MZ0200327H0005A, signed on 12/6/2002, indicated the Medicare Supplement policy would replace an existing Medicare Supplement policy set to lapse on 12/31/2002. The file did not contain evidence the Company completed a required replacement form.

Reference: 20 CSR 300-2.200(2), (3)(A)1

Policy Numbers

MZ0100362H0000A
MZ0200305H0002A

d) The application contained evidence the request for coverage was changed from Medicare Supplement Plan A to Medicare Supplement Plan F. The alteration did not indicate the insured made the change. It is unknown who made the change, but the Company issued the policy without evidence to confirm the insured requested Medicare Supplement Plan F.

Reference: Section 376.783, RSMo

Policy Number

MZ0100841H0005A

3. Replacements – Health Plans

Field Size:	8
Type of Sample:	Census
Number of Errors:	0

Only eight met the definition of a replacement. The Company maintains a version of a replacement log that contains the required information in its AWD system. The examiners noted no errors in this review.

C. Cancellations and Rejections

The examiners reviewed policies cancelled by the Company during the period under review. In addition, the examiners reviewed the Company's procedures and practices with regard to its rejection of applicants that sought a rate quotation. The examiners made no note of discrimination in the selection process.

1. Cancellations – Life Policies

Field Size:	1,977
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	0
Within DIFP Guidelines?	Yes

The examiners noted no errors in this review.

2. Cancellations – Health Policies

Field Size:	3,679
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	50
Error Ratio:	100%
Within DIFP Guidelines?	No

The examiners noted the following errors in this review:

Company form letters in all 50 files alluded to the insured's request for cancellation. The files provided to the Missouri examiners did not include evidence of the policyholders' requests for cancellation. The files did not include documentation of the date the Company received the request for cancellation, the date the Company sent the letters of cancellation to the certificate holders, the effective dates of the cancellations, or the amount of the refunds, if applicable.

The market conduct examiner could not ascertain the cancellation underwriting practices of the insurer based on the information provided.
Reference: 20 CSR 300-2.200(2), (3)(A)

Policy Numbers	Certificate Numbers
MZ0910521H0002F	F43-3869128
MZ0909765H0001F	F12-3433761
MZ0910429H0002F	H49-4197950
MZ0910521H0002F	F43-3865215
MZ1800044 0001F	937-0822215
MZ2000104 0001F	F37-3297467
MZ1800190 0000F	H05-0154117
MZ2400093 0003F	D75-3013628
MZ2000088 0000F	D94-2131084
MZ0910521H0002F	F43-3898193
MZ2000104 0001F	E62-3527142
MZ1800044 0001F	937-0788876
MZ2000104 0002F	AD7-3718698
MZ0910469H0002F	H57-4202171
MZ2000104 0001F	E62-3513730
MZ2400093 0003F	D75-3003669
MZ2000104 0001F	E62-3319166
MZ0910429H0002F	H49-4221061
MZ2000052 0001F	D12-1752529
MZ0910521H0002F	F43-3860678
MZ2000104 0002F	AD7-3724251
MZ0910429H0002F	H49-4223513
MZ2000104 0003F	G58-3920869
MZ0910521H0002F	F43-3863651

Policy Numbers	Certificate Numbers
MZ0910589H0003F	F47-3889365
MZ0910521H0002F	F43-3860689
MZ0910521H0002F	F43-3901090
MZ0910469H0002F	H57-4198763
MZ0910469H0002F	H57-4196657
MZ1800044 0001F	937-0808982
MZ2000028 0001F	A88-1901903
MZ2400093 0003F	D75-1956668
MZ1800044 0001F	937-0789838
MZ2000104 0002F	AD7-3651063
MZ0910521H0002F	F43-3860440
MZ2000104 0001F	E62-3204707
MZ2400093 0003F	926-1934354
MZ0910556H0002F	H65-4240359
MZ2000104 0001F	E62-3391948
MZ1800044 0001F	937-0876652
MZ0910521H0002F	F43-3878542
MZ0910429H0002F	H49-4218333
MZ1800044 0001F	937-0792211
MZ2000104 0001F	E62-3467972
MZ0910429H0002F	H49-4198118
MZ2000104 0002F	AD7-3599639
MZ1800044 0001F	937-1303862
MZ2000104 0001F	E62-3196956
MZ2000104 0002F	AD7-3796821
MZ2000022 0000F	H43-4098693

3. **Free Looks – All Lines**

Field Size:	531
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	0
Within DIFP Guidelines?	Yes

The examiners reviewed newly issued policies returned to the Company for cancellation during the period under review. The examiners reviewed the Company's practices and procedures with regard to free looks to ensure prompt

refund of premium as well as to determine whether improper marketing practices contributed to the return of the policies.

The examiners noted the files identified as Free Looks actually cancelled because the Company could not collect the initial premium. Based upon how the Company defines the effective date of coverage, it never activated these files.

The examiners noted no errors in this review.

4. Rejections – All Lines

Field Size:	116
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	3
Error Ratio:	6%
Within DIFP Guidelines?	Yes

The Company failed to provide the examiners with proof of premium refund for the following three underwriting files. Missouri law requires an insurer to maintain its books, records, documents and other business records in an order the insurer's claims, rating, underwriting or marketing practices may be readily ascertained by the Department of Insurance.
Reference: 20 CSR 300-2.200(2)(3)

Policy Number / Division

MM1205853 / M
MM4659839 / M
MM4610284 / M

III. CLAIM PRACTICES

The examiners reviewed the claim practices of the Company in order to determine its efficiency of handling, accuracy of payment, adherence to contract provisions and compliance with Missouri law and regulations. Due to the large number of claim files, the examiners were unable to review every claim. Consequently, the examiners used a scientific sampling to review the Company's claim files. A claim file, as a sampling unit, is an individual demand/request for payment/action under an insurance contract for benefits which may or may not be payable. The most appropriate statistic to measure the Company's compliance with the law is the percentage of files in error. An example of an error includes, but is not limited to any unreasonable delay in the acknowledgment, investigation, or payment/denial of a claim. An error could also include the failure of the Company to calculate claim benefits accurately, or the failure of the Company to comply with Missouri law regarding claim settlement practices.

A. Time Studies – Prompt Pay

1. Paid Claims – Life Policies

Field Size	867
Sample Size:	50
Type of Sample:	Random
Number of Errors:	2
Error Ratio:	4%
Within DIFP Guidelines?	Yes

The examiners noted the following errors:

The Company failed to pay the following life claims within 15 workdays of the date it received all necessary claim information to make a final determination.
Reference: 20 CSR 100-1.050(1)(A)

Claim Numbers

000372173
000338004

2. Paid Claims – Health Policies

Field Size	11,757
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	5
Error Ratio:	10%
Within DIFP Guidelines?	No

The Company failed to acknowledge five claims within 10 workdays from the date of receipt.

Reference: 20 CSR 100-1.030

Claim Numbers	Number of Workdays
3014147801	20
3020024001	14
3041785901	22
480109765	19
480108408	11

3. Denied Claims – Life Policies

Field Size:	40
Type of Sample:	Census
Number of Errors:	0

The examiners noted no errors in this review.

4. **Denied Claims – Health Policies**

Field Size:	3,466
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	4
Error Ratio:	8%
Within DIFP Guidelines?	No

The examiners noted four errors in this review.

The Company failed to acknowledge four claims within 10 workdays from the date of receipt.

Reference: 20 CSR 100-1.030

Claim Numbers	Number of Workdays
3013737201	21
3025930801	19
3017430101	18
3031668001	16

B. **Unfair Claim Practices**

The examiners reviewed paid and denied claims to determine the Company's adherence to claim handling requirements.

1. **Paid Claims – Life Policies**

Field Size:	867
Sample Size:	50
Type of Sample:	Random
Number of Errors:	4
Error Ratio:	8%
Within DIFP Guidelines?	No

The examiners noted four errors in this review.

The following four life claim files lacked the date the Company received the initial notice of the claim, as well as a copy of the check showing the date the Company paid the claim. The law requires the Company to maintain its files, notes and work papers in such detail that pertinent events and dates may be reconstructed. In response to the examiners criticism about lack of file documentation, the company provided photocopies of checks it represented as verification of payment of the claims in question. However, none of the copies of these checks included a claimant's name, a claim number, or other information necessary to associate the checks with payment of the claims.
Reference: 20 CSR 300-2.100

Claim Numbers	Missing Information
000419101	Copy of Claim Check
WPL00358889	Notice of Claim
000340753	Copy of Claim Check
03205846021	Copy of Claim Check

2. Paid Claims – Health Policies

Field Size:	11,757
Sample Size:	50
Type of Sample:	Random
Number of Errors:	0
Within DIFP Guidelines?	Yes

The examiners noted no errors in this review.

3. **Denied Claims – Life Policies**

Field Size:	11,757
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	3
Error Ratio:	6%
Within DIFP Guidelines?	Yes

The examiners noted the following errors in this review:

a) The Company recorded the following claim on the denied claim list. The company failed to accurately calculate the interest payable on this claim. The Company used the policy's loan interest rate rather than the 9% interest rate required by the DIFP. This resulted in an underpayment of interest in the amount of $72.78. The Company also paid $5.91 of additional accumulated interest for the period from April 20, 2004, to April 5 2005. The company voluntarily agreed to pay the additional interest during the examination.
Reference: Section 375.1007(8), RSMo

Claim Number

3204569-01

b) The company failed to adequately maintain its records on two files in a manner that allowed the examiners to readily ascertain its claim practices. The Company failed to provide notification of the denial in writing to the claimant.
Reference: 20 CSR 300-2.200(2) and 20 CSR 100-1.050(1)(A)

Claim Number

WPL00332849
LCL00346766

4. Denied Claims – Health Policies

Field Size:	3,466
Sample Size:	50
Type of Sample:	ACL Random
Number of Errors:	1
Error Ratio:	2%
Within DIFP Guidelines?	Yes

The examiners noted one error in this review.

The Company failed to maintain the following claim file in its records.
Reference: 20 CSR 300-2.200(2), (3)(B)

Claim Number

20328946400

IV. COMPLAINTS AND GRIEVANCES

Missouri law requires the Company to maintain a register of any complaints it receives and to retain the documentation regarding the handling of complaints. The Company recorded 35 complaints directly from members during 2001, 2002 and 2003. It received 11 inquiries from the DIFP. The examiners reviewed all consumer (non DIFP) grievances/appeals and all DIFP complaint inquiries.

The examiners noted the following errors:

A. Consumer Grievances

The examiners noted no errors in the review of 11 written consumer grievances.

B. DIFP Complaint Inquiries

1. The complainant submitted a receipt for "paid-up" life insurance policy number 2780647 in support of a claim for death benefits for the deceased insured. The Company denied the claim. The Company's denial letter stated it had been unable to locate any record of the policy in question. Based only on the documents submitted by the complainant, the Company stated it could only conclude the policy in question terminated prior to 1994 and therefore retained no current value.

The examiners requested the Company provide additional information and documentation to support its conclusion and claim denial. The examiners review of the file did not lead to a conclusion that a paid-up policy terminated, regardless of whether the Company properly maintained its records.

In response to the examiner's request for more information, the company made a determination to pay the claim in question. Consequently, the company voluntarily paid a $500.00 death benefit as well as interest of $16.00.

The Company did not pay the claim in question in a timely manner.
Reference: Sections 375.1007(3), (4) and (6), RSMo, 20 CSR 100-1.020 and 20 CSR 300-2.200(2) and (3)

Complaint
02S001574

2. The complainant attempted to cancel a life insurance policy and stop an automatic withdrawal being taken from his mother's bank account. The insured's son filed a complaint with DIFP on January 21, 2003. The company received and acknowledged this complaint on January 30, 2003.

On February 5, 2003, Monumental Life Insurance Company sent a letter to the complainant that stated, "I have not located any records indicating that Monumental issued or services a policy insuring Ms. GXXXXX. Nor have I located any records indicating that Monumental has down payments of any kind from Ms. GXXXXX's Account." [redaction added]

Complainant then provided a copy of his mother's bank statement. The bank statement clearly shows a payment of $16.50 and the transaction description states "Monumental Life; Dos=ins Payment; ID=R#9370778054"

On February 21, 2003, another employee at Monumental Life Insurance Company wrote a letter that stated, "Ms. GXXXXX is insured by a group insurance policy, which is serviced by Insurance Administrative Services. Please ask Ms. GXXXXX to contact Insurance Administrative Services at 1-800-438-8218 regarding her policy." [Redaction added]

In a letter to the DIFP dated February 15, 2003, the complainant states "I find it interesting that two different officials sent us two different sets of information."
A premium payment made by the insured to IAS, the third party administrator, constitutes payment to the insurer. The company should have known or been able to determine its receipt of premium payments for the insured's policy. The company is entitled to periodic accountings that detail all transaction performed by the TPA.

The company failed to provide a written notice to the insured advising them of the identity of and relationship among the administrator and the policyholder and the insurer. The use of "Monumental" and absence of identification for IAS in the description of the transaction on the insured's bank statement would lead a reasonable person to believe they were dealing directly with Monumental. The insured's son could not identify the TPA prior to contact with Monumental. The Company denied knowledge of his mother's policy in spite of the fact its records

reflected receipt of premium from the TPA for this insured. The matter remains unresolved.

Reference: Section(s) 375.1007(3), 376.383, 376.1080, 376.1085.1 and 376.1088.1, RSMo

DIFP Complaint Inquiry Number

03J000226

3. In 2001, the complainant sought information about the status of life insurance policies written on five family members. The complainant identified policy numbers: IO10769570, IO10769571, IO10769572, IO10769573 and IO10769574 and sought to cash surrender the policies. Washington National originally issued the policies. In 1990, Monumental acquired a block of business from Washington National Insurance Company. The Company acknowledged it acquired policy numbers IO10769570 and IO10769571. However, it stated it had no record of the other policies. The complainant subsequently provided the Company with copies of cancelled checks issued in 1991 (subsequent to the acquisition) payable to Monumental Life Insurance Company. Initially, the Company could not provide documentation that it applied these premium payments to policies IO10769570 or IO10769571, but acknowledged it cashed the checks. Because the Company could not produce premium or billing records for any of the policies, it is therefore conceivable the payments may have applied to all five policies. Washington National issued all of the policies on the same date. In the absence of documentation to the contrary, all of the policies may have achieved "paid-up" status in September 1991. The last known premium payment occurred in September 1991.

The examiners sought additional information on the status of all five policies. The Company advised the two active policies were "paid-up" since 1991, but could not produce any payment history because it no longer maintained records on these active policies. The Company denied knowledge of information on the other

policies. However, after further inquiries by the examiners, the Company then confirmed that it paid a $1,000 death claim on IO10769570 on 09/28/1999. The Company also advised that policy number IO10769571 had a cash value of $743.84. In the absence of documentation the Company provided the complainant with an adequate response at the time of the original inquiry, the Company agreed to send a letter of explanation to the complainant. The Company sent the letter on 04/12/2005. The company failed to maintain adequate records and failed to provide an adequate response to the complaint.
Reference: 20 CSR 300-2.200(2)

DIFP Complaint Inquiry Number

01J001183

V. UNCLAIMED PROPERTY

The examiners reviewed the Company's unclaimed property reports and records to determine its compliance with Missouri laws and regulations relative to unclaimed property.

The examiners noted one error in this review.

The Company escheated $92.00 to the State of Maryland instead of the State of Missouri.
Reference: Section 447.510.1, RSMo

VI. CRITICISM AND FORMAL REQUEST TIME STUDY

The examiners performed a time study to determine the amount of time it took for the Company to respond to criticisms and requests submitted by the examiners during the examination. A review of the Company's response time follows.

Formal Criticism Time Study

Number of Days	Number Criticisms	Percentages
0 to 10	42	98%
11 to 30	1	2%
Not returned	1	2%
Totals	44	100%

Formal Request Time Study

Number of Days	Number of Request	Percentages
0 to 10	51	93%
11 to 30	3	6%
Not Returned	1	1%
Totals	55	100%

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Monumental Life Insurance Company, Examination Number 0411-65-LAH. This examination was conducted by Alene Rose, CIE, Martha Burton, JD, CIE, and Dan Roewe, CIE. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated January 23, 2007. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

Michael Woolbright 3/18/09

Michael W. Woolbright Date
Chief Market Conduct Examiner