IN THE DEPARTMENT OF COMMERCE AND INSURANCE  
STATE OF MISSOURI  

In Re:  
LINCORN NATIONAL LIFE  
INSURANCE COMPANY  
(NAIC #65676)  

Market Conduct Investigation No. 331514  

ORDER OF THE DIRECTOR  

NOW, on this 7th day of July, 2020, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and Lincoln National Life Insurance Company (NAIC #65676) (hereinafter “Lincoln”), relating to the market conduct investigation no. 331514, does hereby issue the following orders:  

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.  

IT IS THEREFORE ORDERED that Lincoln and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.  

IT IS FURTHER ORDERED that Lincoln shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it 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, and shall fully comply with all terms of the Stipulation.  

IT IS FURTHER ORDERED that Lincoln shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of $15,000.00, 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 7th day of July, 2020.  

Chlora Lindley-Myers  
Director  

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.
IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re: Lincoln National Life Insurance Company (NAIC #65676) Market Conduct Investigation No. 331514

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the "Division"), and Lincoln National Life Insurance Company (NAIC #65676) (hereinafter "Lincoln National"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter, 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 of Missouri; and

WHEREAS, Lincoln National has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

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

WHEREAS, the Division conducted a Market Conduct Investigation of Lincoln National, Investigation No. 331514;

WHEREAS, based on the Market Conduct Investigation of Lincoln National, the Division alleges that:

1. Lincoln National made a distinction or discrimination in favor of individuals of the same class and equal expectations of life in the payment of benefits in violation of §375.936 (11)
2. Lincoln National made agreements to contracts of insurance other than as plainly expressed in the policies and paid or offered to pay benefits based on those extra-contractual agreements in violation of §376.500.

3. Lincoln National offered to pay or paid a cash surrender value in a manner that was neither filed with nor approved by the Director of the Department (hereinafter “Director”) in violation of §376.675.

4. Lincoln National failed to include the method for the calculation of its Enhanced Cash Surrender Value Option (hereinafter ECSVO) in its contracts in violation of §376.670.2 (5) and §376.675.

WHEREAS, the Division, and Lincoln National have agreed to resolve the issues raised in the Market Conduct Investigation as follows:

A. Scope of Agreement. This Stipulation of Settlement and Voluntary Forfeiture (hereinafter, “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. Remedial Action. Lincoln National agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agree to maintain those remedial actions at all times. Such remedial actions shall include, but are not limited to, the following:

1. Lincoln National agrees not to make or permit any unfair discrimination between individuals of the same class and equal expectation of life in the availability of benefits payable

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1 All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended.
under life insurance policies issued in Missouri or issued to Missouri residents.

2. Lincoln National agrees to pay only those benefits that are plainly expressed in the contract on life insurance policies issued in Missouri or issued to Missouri residents.

3. Lincoln National agrees to file an amended ECSVO endorsement that discloses the method used in calculating the enhanced cash surrender value. A letter must be included with the filing of the amended ECSVO endorsement which states that “as a result of a Missouri Market Conduct investigation, an amended ECSVO endorsement is being filed”. The letter should also include the SBRFF tracking number relating to the original filing of the ECSVO endorsement.

4. Upon approval by the DCI of the amended ECSVO endorsement, Lincoln National agrees to endorse all policies of the same class and equal expectation of life, whether or not the policy owner elects to exercise the benefit offered in the endorsement. A copy of the amended ECSVO endorsement shall be sent to all policy owners.

5. Lincoln National agrees to only issue life insurance policies in Missouri or to Missouri residents that have been filed for approval with the Director and which contain accurate information regarding all coverages and benefits.

C. Compliance. Lincoln National agrees to file documentation with the Division, in a format acceptable to the Division, within 60 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. Voluntary Forfeiture. Lincoln National agrees, voluntarily and knowingly, to surrender and forfeit the sum of $15,000 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

E. Other Penalties. The Division agrees that it will not seek penalties against Lincoln
National, other than those agreed to in this Stipulation, in connection with the above referenced Market Conduct Investigation.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Lincoln National, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigation.

G. **Waivers.** Lincoln National, after being advised by legal counsel, do hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the Market Conduct Investigation No. 331514.

H. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and Lincoln National.

I. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

J. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and Lincoln National respectively.

K. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director approving this Stipulation.

M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to
the issuance of such Order.

DATED: 7-16-2020

Stewart Freilich
Chief Market Conduct Examiner and Senior Counsel
Division of Insurance Market Regulation

Laura Muse

Laura Muse, VP & Actuary, Life Inforce Business
Lincoln National Life Insurance Company