REPORT OF
MARKET CONDUCT EXAMINATION
OF

BALTIMORE LIFE INSURANCE COMPANY
Owings Mills, Maryland

AS OF
January 6, 2005

COMMONWEALTH OF PENNSYLVANIA

INSURANCE DEPARTMENT
MARKET CONDUCT DIVISION

Issued: February 7, 2005

BALTIMORE LIFE INSURANCE COMPANY

TABLE OF CONTENTS

	Order	
I.	Introduction	3
II.	Scope of Examination	6
III.	Company History and Licensing	7
IV.	Advertising	8
V.	Forms	9
VI.	Agent/Producer Licensing	11
VII.	Consumer Complaints	12
VIII.	Underwriting	13
	A. Underwriting Guidelines	14
	B. Group Policies Issued, Declined, or Terminated	14
	C. Certificates Enrolled, Declined, or Terminated	15
	D. Life Conversions	15
	E. Individual Policies Issued	16
	1. Health	16
	2. Life	17
	3. Annuity Contracts	21
	4. Long Term Care	22
	F. Individual Policies Declined	23
	1. Health	23
	2. Life	23
	3. Long Term Care	24
	G. Individual Policies Terminated	25
	1. Health	25
	2. Life	25
	3. Annuity Contracts	26
	4. Long Term Care	27
	H. Individual Policies Not-Taken	27
	1. Life	27
	2. Annuity Contracts	28
	3. Long Term Care	29

I. Individual Policies Issued as Replacements 30
1. Health 30
2. Life 30
3. Annuity Contracts 34

IX. Internal Audit and Compliance Procedures 36

X. Claims 37
A. Group Dental 38
B. Group Accident and Health 38
C. Group Life 39
D. Individual Accident and Health 39
E. Individual Annuity 40
F. Individual Life 40
G. Individual Single Premium Annuity 41

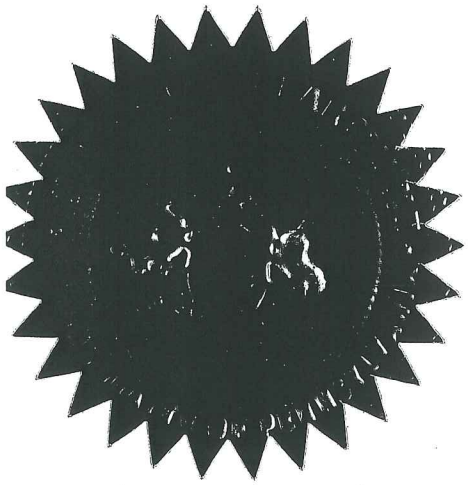
XI. Recommendations 42

XII. Company Response 43

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 29 day of April, 2002, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate Randolph L. Rohrbaugh, Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.



M. Diane Koken
Insurance Commissioner

Baltimore Life Insurance Company

Docket No.
MC05-02-002

Market Conduct Examination as of the
close of business on January 6, 2006

ORDER

A market conduct examination of Baltimore Life Insurance Company was conducted in accordance with Article IX of the Insurance Department Act, 40 P.S. § 323.1, et seq., for the period January 1, 2003 through December 31, 2003. The Market Conduct Examination Report disclosed exceptions to acceptable company operations and practices. Based on the documentation and information submitted by Respondent, the Department is satisfied that Respondent has taken corrective measures pursuant to the recommendations of the Examination Report.

It is hereby ordered as follows:

1. The attached Examination Report will be adopted and filed as an official record of this Department. All findings and conclusions resulting from the review of the Examination Report and related documents are contained in the attached Examination Report.

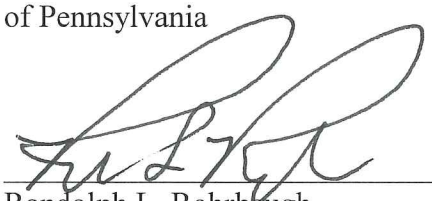
2. Respondent shall comply with Pennsylvania statutes and regulations.

3. Respondent shall comply with all recommendations contained in the attached Report.

4. Respondent shall file an affidavit stating under oath that it will provide each of its directors, at the next scheduled directors meeting, a copy of the adopted Report and related Orders. Such affidavit shall be submitted within thirty (30) days of the date of this Order.

The Department, pursuant to Section 905(e)(1) of the Insurance Department Act (40 P.S. § 323.5), will continue to hold the content of the Examination Report as private and confidential information for a period of thirty (30) days from the date of this Order.

BY: Insurance Department of the Commonwealth of Pennsylvania



(February 7, 2005)
Randolph L. Rohrbaugh
Deputy Insurance Commissioner

I. INTRODUCTION

The Market Conduct Examination was conducted on Baltimore Life Insurance Company, hereafter referred to as "Company," at the Company's offices located in Owings Mills, Maryland, April 6, 2004, through June 4, 2004. Subsequent review and follow-up was conducted in the office of the Pennsylvania Insurance Department.

Pennsylvania Market Conduct Examination Reports generally note only those items, to which the Department, after review, takes exception. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the Officers and Employees of the Company during the course of the examination is acknowledged.

The undersigned participated in the Examination and in the preparation of this Report.

Dan Stemcosky, AIE, FLMI
Market Conduct Division Chief

Gary Boose
Market Conduct Examiner

Deborah Lee
Market Conduct Examiner

Verification

Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).

Deborah Lee
Examiner-in-Charge

Sworn to and Subscribed Before me

This 6th Day of January, 2005

Debra Lee Roadcap
Notary Public

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
DEBRA LEE ROADCAP, Notary Public
Wayne Township, Dauphin County
My Commission Expires Sept. 28, 2008

II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by Sections 903 and 904 (40 P.S. §323.3 and §323.4) of the Insurance Department Act and covered the experience period of January 1, 2003, through December 31, 2003, unless otherwise noted. The purpose of the examination was to determine compliance by the Company with Pennsylvania insurance laws and regulations.

The examination focused on the Company's operation in areas such as: Advertising, Consumer Complaints, Forms, Licensing, Underwriting Practices and Procedures, and Claim Handling Practices and Procedures.

The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

During the course of the examination, for control purposes, some of the review segments identified in this Report may have been broken down into various sub-categories by line of insurance or Company administration. These specific sub-categories, if not reflected individually in the Report, would be included and grouped within the respective general categories of the Examination Report.

III. COMPANY HISTORY AND LICENSING

Baltimore Life Insurance Company was incorporated in the State of Maryland on March 27, 1882, and was initially known as The Mutual Aid Society of Baltimore City, Maryland. The Company assumed its current name in 1905. The Company received its certificate of authority to operate in the Commonwealth of Pennsylvania on April 17, 1886. The Company is authorized to transact business in the District of Columbia and all states except New York.

In 1998, the Company merged with The Home Mutual Life Insurance Company. The Company reorganized from a mutual insurer into a stock insurer subsidiary of a mutual insurance holding company on December 29, 2000. An affiliated subsidiary company, the Life of Maryland, Inc., transferred all of its business and liabilities to the Company in 2002 and was dissolved in 2003.

As of their 2003 annual statement for Pennsylvania, the Company reported direct premium for ordinary, group, and industrial life insurance and annuities in the amount of $37,043,503; and direct premium for accident and health insurance in the amount of $6,834,827.

IV. ADVERTISING

Title 31, Pennsylvania Code, Section 51.2(c) provides that "Any advertisements, whether or not actually filed or required to be filed with the Department under the provisions of this Regulation may be reviewed at any time at the discretion of the Department." The Department, in exercising its discretionary authority for reviewing advertising, requested the Company to provide copies of all advertising materials used for solicitation and sales during the experience period.

A total of five hundred thirty-eight pieces of advertising material was provided, including Letters, Direct Mailers, Brochures, Telemarketing Scripts, Post Cards, Reference Guides, Product Brochures, Recruiting Pamphlets and Web Pages. All advertising was reviewed to ensure compliance with Title 31, Pennsylvania Code, Chapters 51 and 89, and Act 205 (40 P.S. §1171.4) Unfair Insurance Practices Act. No violations were noted.

V. FORMS

Throughout the course of the examination, all underwriting files were reviewed to identify the policy contracts, riders, endorsements and applications used in order to determine compliance with requirements of Insurance Company Law, Chapter 2, Section 354 (40 P.S. §477b), as well as provisions for various mandated benefits. Applications and claim forms were also reviewed to determine compliance with Title 18, PA. C.S., Section 4117(k). The following violations were noted:

45 Violations – Insurance Company Law, Section 354 (40 P.S. §477b)

It shall be unlawful for any insurance company, association, or exchange, including domestic mutual fire insurance companies, doing business in this Commonwealth, to issue, sell, or dispose of any policy, contract, or certificate, covering life, health, accident, personal liability, fire, marine, title, and all forms of casualty insurance or contracts pertaining to pure endowments or annuities, or any other contracts of insurance, or use applications, riders, or endorsements, in connection therewith, until the forms of the same have been submitted to and formally approved by the Insurance Commissioner.

The following application forms identified in the underwriting sections of the exam were not filed for approval.

Application Number	Number of Files
6484	1
7430	2
437-0100	2
437-1098	1
2837S-1102(PA)	37
5788S-0201	1
3742-1	1

13 Violations – Title 18 PA. C.S., Section 4117(k)

All applications for insurance and all claim forms shall contain or have attached thereto the following notice:

"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

The following application forms identified in the underwriting sections of the exam did not contain or have attached the required fraud statement.

Application #	Number of Files
6484	1
6519(rev 8/00)	5
6520(rev 8/00)	1
437-0100	1
437-1098	3
3679	2

VI. AGENT/PRODUCER LICENSING

The Company was requested to provide a list of all agents/brokers active and terminated during the experience period. Section 605 (40 P.S. §235) of the Insurance Department Act prohibits agents from doing business on behalf of any entity without a written appointment from that entity. Section 623 (40 P.S. §253) of the Insurance Department Act prohibits a company from accepting insurance applications or securing any insurance business through anyone acting without a license. Title 31, Pennsylvania Code, Section 37.61 requires the Company to report all agent terminations to the Department.

Effective June 4, 2003, Insurance Department Act, No. 147, Licensing of Insurance Producers, replaced Section 601 through Section 663 of the Insurance Department Act and any sections of Title 31, Pennsylvania Code, Chapter 37 which are inconsistent with the new statute.

The Company provided a list of 410 active agents and 20 agents terminated during the experience period. All agents were compared to Insurance Department's records of agents and brokers to verify appointments, terminations and licensing. In addition, agents identified as producers on applications were reviewed for proper licensure and appointment. No violations were noted.

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for 2000, 2001, 2002, and 2003. The Company identified 228 written consumer complaints received during the experience period and provided complaints logs for 2000, 2001, 2002, and 2003. The Department's list of written consumer complaints that were forwarded to the Company during the experience period was compared to the Company's complaint log. The 228 complaint files and the 4 years of complaint logs were reviewed for compliance with the Unfair Insurance Practices Act, No 205 (40 P.S. §1171.5). Section 5(a)(11) of the Act requires maintenance of a complete record of all complaints received during the preceding four (4) years. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaint and the time it took to process each complaint. Written complaint files involving claims were also reviewed for compliance with Title 31, Pennsylvania Code, Section 146.5(b) and 146.5(c), Unfair Claims Settlement Practices. The following violation was noted:

1 Violation - Insurance Department Act, Section 903 (40 P.S. §323.3)

(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify and ascertain whether the company or person has complied with the laws of this Commonwealth. The Company failed to provide one complaint file for review.

VIII. UNDERWRITING

The Underwriting review was sorted and conducted in nine general segments.

A. Underwriting Guidelines
B. Group Policies Issued, Declined, or Terminated
C. Certificate Enrolled, Declined, or Terminated
D. Life Conversions
E. Individual Policies Issued
F. Individual Policies Declined
G. Individual Policies Terminated
H. Individual Policies Not-Taken
I. Policies Issued as Replacements

Each segment was reviewed for compliance with underwriting practices and included forms identification and agent identification. Issues relating to forms or licensing appear in those respective sections of the Report and are not duplicated in the Underwriting portion of the Report.

A. Underwriting Guidelines

The Company was requested to provide copies of all established written underwriting guidelines in use during the experience period. Underwriting guidelines were reviewed to ensure guidelines were in place and being followed in a uniform and consistent manner and no underwriting practices or procedures were in place which could possibly be considered discriminatory in nature, or specifically prohibited by statute or regulation. The Company provided one underwriting procedure manual. The manual described the Company's practices in the following areas: Underwriting Objectives, Agents Role, Medical and Non-Medical Limits, Ratings, Standard and Preferred Risks, Military Risks, and Occupational Ratings. No violations were noted.

B. Group Policies Issued, Declined, or Terminated

The Company was requested to provide a list of all group health, life, annuity, and long term care policies issued, declined or terminated during the experience period. The Company reported that 275 group policies were issued, and 440 group policies were terminated. A random sampling of 50 group policy files issued and a sampling of 50 group policy files terminated was requested for review. The files were reviewed to ensure compliance with issuance statutes and regulations and with Title 18 PA. C.S., Section 4117(k) Fraud Statement. No violations were noted.

C. Certificates Enrolled, Declined, or Terminated

The Company was requested to provide a list of all certificate holders enrolled and a list of all group certificates declined during the experience period. The Company provided a list of 4,045 certificate holders enrolled and 85 certificates declined during the experience period. A random sampling of 100 certificates enrolled and a sampling of 25 certificates declined were requested for review. The files were reviewed to ensure compliance with Title 18 PA. C.S., Section 4117(k) and to ensure the declinations were not the result of any discriminatory underwriting practice and any remittance of unearned premium was properly refunded. No violations were noted.

D. Life Conversions

The Company was requested to identify all life conversion policies issued during the experience period. The company identified 2 group life conversion policies issued during the experience period and 158 term life conversions. Both group life conversion files and a random sampling of 50 term conversion files were requested, received, and reviewed. Policy files were reviewed to determine compliance to issuance and underwriting statutes and regulations. Violations regarding fraud statement requirements and forms approval requirements are addressed in Section V. Forms. The following violation was noted:

1 Violation – Insurance Company Law, Section 408-A(e)(2)(iii)
(40 P.S. §625-8)

The following applies if no illustration is used by a producer in the sale of a life insurance policy or if a screen illustration is displayed. If the policy is issued, a

basic illustration conforming to the policy as issued shall be sent with the policy and signed by the policy owner no later than the time the policy is delivered. A copy shall be provided to the policy owner at the time the policy is delivered and to the insurer. The file noted did not contain the signed certification and acknowledgement of the delivery of an illustration.

E. Individual Policies Issued

1. Health Policies Issued

The Company was requested to provide a list of all policies issued during the experience period. The Company identified a list of 4,409 policies issued. Of the 4,409 policies issued, 38 were identified as health policies. All 38 health policy files was requested, received, and reviewed. The policy files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

1 Violation – Title 31, Pennsylvania Code, Section 88.102

Upon determining that a sale will involve replacement, an insurer, other than a direct response insurer or its agent, shall furnish the applicant at the time of completing the application, the notice described in § 88.103 of this title (relating to notice form). One copy of such notice shall be furnished to the applicant and an additional copy signed by the applicant shall be retained by the insurer.
The file noted was missing the notice of replacement.

2 Violations - Insurance Company Law, Section 404-A (40 P.S. §625-4)
When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by a means other than by hand delivery by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. A certificate of mailing is adequate proof of delivery. Verification of policy delivery could not be established in the 2 files noted.

2. Life Policies Issued

The Company was requested to provide a list of all policies issued during the experience period. The Company identified a list of 4,409 policies issued. Of the 4,409 policies issued, 3,960 were identified as life policies. A random sampling of 50 life issued files was requested, received and reviewed. The policy files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

3 Violations - Title 31, Pennsylvania Code, Section 81.5(b)
The insurer shall require as part of a completed application for life insurance or annuity a statement signed by the applicant as to whether the proposed insurance

or annuity will replace existing life insurance or annuity. The applicant's replacement question on the application was not answered in the files noted.

1 Violation - Title 31, Pennsylvania Code, Section 81.6(a)(1)
An insurer that uses an agent or broker in a life insurance or annuity sale shall: Require with or as part of a completed application for life insurance or annuity a statement signed by the agent or broker as to whether the broker knows replacement is or may be involved in the transaction. The agent's statement on replacement was not completed in 1 application.

5 Violations – Title 31, Pennsylvania Code, Section 83.3 Disclosure Statement
(a) Required written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such. An acceptable disclosure statement is attached as Appendix A. The 5 files noted did not contain the required written disclosure form.

6 Violations - Title 31, Pennsylvania Code, Section 83.4a and Section 83.4b
(a) The agent shall submit to the insurer with or as a part of the application for life insurance a statement, signed by him, certifying that the written disclosure statement was given no later than the time that the application was signed.
(b) The insurer shall maintain the agent's certification of disclosure statement delivery in its appropriate files for at least three years. The absence of the agent's certification from the appropriate files of the insurer shall constitute prima facie evidence that no disclosure statement was provided to the prospective purchaser of life insurance. The 6 files noted did not contain a copy of the required agent's certification of disclosure.

2 Violations – Title 31, Pennsylvania Code, Section 83.55

a) The Surrender Comparison Index Disclosure shall be given as a separate document upon delivery of the policy or earlier if requested by the life insurance applicant. If requested earlier, the index disclosure shall be provided as soon as reasonably possible.

(b) A disclosure that is minimally satisfactory to the Insurance Department is set forth in Appendix B. If the Appendix B disclosure will be used, a letter to that effect, prior to use, is adequate notification to the Department for review prior to use. The 2 files noted did not contain the Cost Surrender Comparison Index Disclosure form.

4 Violations–Title 31, Pennsylvania Code, Sections 83.55a and 83.55b

a) The agent shall submit to the insurer a statement, signed by him, certifying that the surrender comparison index disclosure was given upon delivery of the policy or earlier at the request of the life insurance applicant.

b) The insurer shall maintain the agent's certification of surrender comparison index disclosure delivery in its appropriate files for at least 3 years or until the conclusion of the next succeeding regular examination by the insurance department of its domicile, whichever is later. The absence of the agent's certification from the appropriate files of the insurer shall constitute prima facie evidence that no surrender comparison index disclosure was provided to the prospective purchaser of life insurance. The agent delivered the following policies. The 4 files noted did not contain the agent's certification of the surrender comparison index disclosure delivery.

2 Violations - Insurance Company Law, Section 404-A (40 P.S. §625-4)

When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of policy delivery could not be established in the 2 files noted.

2 Violations – Insurance Company Law, Section 408-A (e)(1)(i)
(40 P.S. §625-8)

If the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this section, shall be submitted to the insurer no later than the time the policy application is sent to the insurer. A copy shall also be provided to the applicant no later than the time the application is signed by the applicant. The agent certification and applicants acknowledgement of the illustration used was signed and dated after the application date in the 2 files noted.

3. Annuity Contracts Issued

The Company was requested to provide a list of all policies issued during the experience period. The Company identified a list of 4,409 policies issued. Of the 4,409 policies issued, 411 were identified as annuity contracts. A random sampling of 50 annuity files was requested, received and reviewed. The annuity files were reviewed to determine compliance to issuance and replacement statutes and regulations. The following violations were noted:

1 Violation - Insurance Department Act, Section 903 (40 P.S. §323.3)
Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. The company failed to provide one annuity contract file for review.

1 Violation - Title 31, Pennsylvania Code, Section 81.5(b)
The insurer shall require as part of a completed application for life insurance or annuity a statement signed by the applicant as to whether the proposed insurance or annuity will replace existing life insurance or annuity. The applicant's replacement question was not answered in the annuity file noted.

2 Violations - Title 31, Pennsylvania Code, Section 81.6(c)
The replacing insurer shall maintain evidence of the Notice Regarding Replacement of Life Insurance and Annuities.
The 2 files noted did not contain a copy of the required notice of replacement.

3 Violations - Insurance Company Law, Section 404-A (40 P.S. §625-4)
When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of policy delivery could not be established in the 3 files noted.

4. Long-Term Policies Issued

The Company was requested to provide a list of all policies issued during the experience period. The Company identified a list of 4,409 policies issued. Of the 4,409 policies issued, 8 were identified as long-term care policies. All 8 long-term care policy files were requested, received, and reviewed. The policy files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. No violations were noted.

F. Individual Policies Declined

1. Health Policies Declined

The Company was requested to identify all individual applications declined coverage during the experience period. The Company identified a total of 258 applications declined during the period. Of the 258 applications declined, 3 were applications for health insurance. All 3 health insurance applications were requested, received and reviewed. The files were reviewed for compliance with Title 18 PA. C.S., Section 4117(k), the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171), and to ensure no underwriting practices of a discriminatory nature were used. No violations were noted.

2. Life Policies Declined

The Company was requested to identify all individual applications declined coverage during the experience period. The Company identified a total of 258 applications declined during the period. Of the 258 applications declined, 254 were applications for life insurance. A sampling of 50 life insurance application files was requested, received, and reviewed. The files were reviewed for compliance with Title 18 PA. C.S., Section 4117(k), the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171), and to ensure no underwriting practices of a discriminatory nature were used. The following violations were noted:

6 Violations - Insurance Department Act, Section 903 (40 P.S. §323.3)

Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. The company failed to provide verification of declination for 6 files reviewed.

3. Long-Term Care Policies Declined

The Company was requested to identify all individual applications declined coverage during the experience period. The Company identified a total of 258 applications declined during the period. Of the 258 applications declined, 1 was a long-term care policy. The long-term care policy file was requested, received, and reviewed. No violations were noted.

G. Individual Policies Terminated

1. Health Policies Terminated

The Company was requested to provide a list of all policies terminated during the experience period. The Company identified a universe of 7,227 policies terminated during the experience period. Of the 7,227 policies terminated, 472 were health insurance policies. A random sample of 50 terminated health files was requested, received, and reviewed. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

The following is a synopsis of the health terminated files reviewed.

Number	Termination Reason	Percent
36	Policy Lapsed Without Value	72%
12	Expiry (No Coverage Remaining)	24%
2	Policyholder Cancelled	4%
50	Totals	100%

2. Life Policies Terminated

The Company was requested to provide a list of all policies terminated during the experience period. The Company identified a universe of 7,227 policies terminated during the experience period. Of the 7,227 terminated policies, 6,291 were life insurance policies. A random sample of 75 files was requested, received, and reviewed. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

The following table is a synopsis of the life terminated files reviewed.

Number	Termination Reason	Percent
28	Cash Surrender	37%
24	Lapse	32%
15	Matured	20%
8	Expired	11%
75	Totals	100%

3. Annuity Contracts Terminated

The Company was requested to provide a list of all policies terminated during the experience period. The Company identified a universe of 7,227 policies terminated during the experience period. Of the 7,227 terminated policies, 454 were annuity contracts. A random sample of 25 annuity files was requested, received, and reviewed. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

The following table is a synopsis of the annuity terminated files reviewed.

Number	Termination Reason	Percent
13	Transfer/Rollover to Other Plan	52%
12	Insured Request Cash Surrender	48%
25	Totals	100%

4. Long Term Care Policies Terminated

The Company was requested to provide a list of all policies terminated during the experience period. The Company identified a universe of 7,227 policies terminated during the experience period. Of the 7,217 terminated policies, 10 were long term care policies. All 10 long term care files were requested, received, and reviewed. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

H. Individual Policies Not-Taken

1. Life Policies Not-Taken

The Company was requested to identify all individual policies not-taken during the experience period. The company identified 139 policies not-taken during the period. Of the 139 policies not-taken, 130 were policies for life insurance. A sampling of 50 life policies not-taken was requested for review. Of the 50 files requested, 49 files were received and reviewed. The files were reviewed to ensure compliance with the free-look provisions of the contract and the proper return of an unearned premium. The following violations were noted:

1 Violation - Insurance Department Act, Section 903 (40 P.S. §323.3)
Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require

in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. The company failed to provide one life not-taken policy file.

1 Violation - Title 31, Pennsylvania Code, Section 83.4b
The insurer shall maintain the agent's certification of disclosure statement delivery in its appropriate files for at least three years. The absence of the agent's certification from the appropriate files of the insurer shall constitute prima facie evidence that no disclosure statement was provided to the prospective purchaser of life insurance. The file noted did not contain a copy of the required disclosure statement or agent's certification that such statement was provided to the purchaser.

2. Annuity Contracts Not-Taken

The Company was requested to identify all individual policies not-taken during the experience period. The company identified 139 policies not-taken during the period. Of the 139 policies not-taken, 8 were annuity contracts. All 8 annuity contract files were requested, received and reviewed. The files were reviewed to ensure compliance with the free-look provisions of the contract and the proper return of contract funds. The following violation was noted:

1 Violation - Insurance Company Law, Section 404-A (40 P.S. §625-4)
When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable

policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of contract delivery could not be established in the file noted.

3. Long-Term Care Policies Not-Taken

The Company was requested to identify all individual policies not-taken during the experience period. The company identified 139 policies not-taken during the period. Of the 139 policies not-taken, 1 was a long-term care policy. The long-term care policy file was requested, received and reviewed. The file was reviewed to ensure compliance with the free-look provisions of the contract and the proper return of an unearned premium. No violations were noted.

I. Policies Issued as Replacements

1. Health Policies Issued as Replacements

The Company was requested to provide a list of policies issued as replacements during the experience period. The Company provided a list of 787 replacement policies. Of the 787 policies issued as replacements, 1 was a health policy. The policy files were reviewed to determine compliance to issuance, and replacement statutes and regulations. No violations were noted.

2. Life Policies Issued as Replacements

The Company was requested to provide a list of policies issued as replacements during the experience period. The Company provided a list of 787 replacement policies. Of the 787 policies issued as replacements, 725 were life policies. A sampling of 75 life replacement policies was requested for review. The policy files were reviewed to determine compliance to issuance, and replacement statutes and regulations. The following violations were noted:

2 Violations– Insurance Department Act, Section 903 (40 P.S. §323.3)
(a) Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the

Company or person has complied with the laws of this Commonwealth. The Company failed to provide 2 life replacement files for review.

1 Violation - Title 31, Pennsylvania Code, Section 81.5(b)

The insurer shall require as part of a completed application for life insurance or annuity a statement signed by the applicant as to whether the proposed insurance or annuity will replace existing life insurance or annuity. The applicant's replacement question was not answered in the file noted.

5 Violations - Title 31, Pennsylvania Code, Section 81.6(a)(2)(ii)

An insurer that uses an agent or broker in a life insurance or annuity sale shall, if replacement is involved: Send to each existing insurer a written communication advising of the replacement or proposed replacement and the identification information obtained under subparagraph (I) and in the case of life insurance, the disclosure statement as required by § 83.3 (relating to disclosure statement) or ledger statement containing comparable policy data on the proposed life insurance. This written communication shall be made within 3 working days of the date the application is received in the replacing insurer's home or regional office, or the date the proposed policy or contract is issued, whichever is sooner. The replacement letter to the replaced company was not documented in the 5 files noted.

2 Violations – Title 31, Pennsylvania Code, Section 83.3 Disclosure Statement

(a) Required written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such. The 2 files noted did not contain the required disclosure form.

1 Violation–Title 31, Pennsylvania Code, Sections 83.55a and 83.55b

a) The agent shall submit to the insurer a statement, signed by him, certifying that the surrender comparison index disclosure was given upon delivery of the policy or earlier at the request of the life insurance applicant.

b) The insurer shall maintain the agent's certification of surrender comparison index disclosure delivery in its appropriate files for at least 3 years or until the conclusion of the next succeeding regular examination by the insurance department of its domicile, whichever is later. The absence of the agent's certification from the appropriate files of the insurer shall constitute prima facie evidence that no surrender comparison index disclosure was provided to the prospective purchaser of life insurance. The agent's certification of the surrender comparison index disclosure delivery was not evident in the file noted.

1 Violation - Insurance Company Law, Section 404-A (40 P.S. §625-4)

When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by a means other than by hand delivery by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. Verification of policy delivery could not be established in the file noted.

2 Violations – Insurance Company Law, Section 408-A(e)(1)(i) (40 P.S. §625-8)

If the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this section, shall be submitted to the insurer no later than the time the policy application is sent to the insurer. A copy shall also be provided to the applicant no later than the time the application is signed by the applicant. Evidence of illustrations used at time of application could not be established in the 2 files noted.

1 Violation– Insurance Company Law, Section 408-A(e)(1)(ii) (40 P.S. §625-8)

If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued shall be mailed or delivered with the policy. The revised illustration shall conform to the requirements for basic illustrations contained in this act and shall be labeled "Revised Illustration." The statement required by subsection (c)(4) shall be signed and dated by the policy owner and producer no later than the time the policy is delivered. A copy shall be provided to the policy owner no later than the time the policy is delivered and to the insurer as soon as practical after the policy is delivered. The file noted did not contain the signed certification and acknowledgement of the delivery of an illustration.

3. Annuity Contracts Issued as Replacements

The Company was requested to provide a list of policies issued as replacements during the experience period. The Company provided a list of 787 replacement policies. Of the 787 policies issued as replacements, 61 were annuity contracts. All 61 annuity contracts were requested, received and reviewed. The contract files were reviewed to determine compliance to issuance and replacement statutes and regulations. The following violations were noted:

1 Violation– Insurance Department Act, Section 903 (40 P.S. §323.3)

(a) Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. The Company failed to provide one annuity file for review.

4 Violations - Title 31, Pennsylvania Code, Section 81.5(b)

The insurer shall require as part of a completed application for life insurance or annuity a statement signed by the applicant as to whether the proposed insurance or annuity will replace existing life insurance or annuity.

The applicant's replacement question was not answered in the 4 files noted.

1 Violation - Title 31, Pennsylvania Code, Section 81.6(a)(1)

An insurer that uses an agent or broker in a life insurance or annuity sale shall: Require with or as part of a completed application for life insurance or annuity a statement signed by the agent or broker as to whether the broker knows

replacement is or may be involved in the transaction. The agents question on replacement in the application was not completed in the file noted.

3 Violations - Insurance Company Law, Section 404-A (40 P.S. §625-4)
When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by a means other than by hand delivery by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. A certificate of mailing is adequate proof of delivery. Verification of policy delivery could not be established in the 3 files noted.

IX. INTERNAL AUDIT AND COMPLIANCE PROCEDURES

The Company was requested to provide copies of their internal audit and compliance procedures. The procedures were reviewed to ensure compliance with Insurance Company Law, Section 405-A (40 P.S. §625-5). Section 405-A provides for the establishment and maintenance of internal audit and compliance procedures which provides for the evaluation of compliance with all statutes and regulations dealing with sales methods, advertising, and filing and approval requirements for life insurance and annuities. The procedures shall also provide for the following:

(1) Periodic reviews of consumer complaints in order to determine patterns of improper practices.

(2) Regular reporting to senior officers and the board of directors or an appropriate committee thereof with respect to any significant findings.

(3) The establishment of lines of communication, control and responsibility over the dissemination of advertising and promotional materials, including illustrations and illustration explanations, with the requirement that such materials shall not be used without the approval by company employees whose compensation, other than generally applicable company bonus or incentive plans, is not directly linked to marketing or sales.

No violations were noted.

X. CLAIMS

The claims review consisted of a review of the Company's claim manuals and a review of the claim files.

The Company was requested to provide copies of all procedural guidelines including all manuals, memorandums, directives, and any correspondence or instructions used for processing claims during the experience period. The Company provided a claim manual that described the Company's claim standards, processing procedures, and specific claim procedures for each type of insurance product.

These reference materials and claim procedures were reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

No violations were noted.

The Claim file review consisted of 7 areas:

A. Group Dental Claims
B. Group Accident and Health Claims
C. Group Life Claims
D. Individual Accident and Health Claims
E. Individual Annuity Claims
F. Individual Life Claims
G. Individual SPIA Claims (single premium individual annuity)

All claim files sampled were reviewed for compliance with requirements of the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171) and Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.

A. Group Dental Claims

The Company was requested to provide a list of claims received during the experience period. The Company provided a list of 2,949 claims received. Of the 2,949 claims received, 293 were identified as group dental claims. A sample of 50 group dental claims files was requested, received, and reviewed. The files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. The following violation was noted:

1 Violation - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the claim noted within 10 working days.

B. Group Accident and Health Claims

The Company was requested to provide a list of claims received during the experience period. The Company provided a list of 2,949 claims received. Of the 2,949 claims received, 17 were identified as group accident and health claims. All 17 accident and health claims were requested, received, and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. No violations were noted.

C. Group Life Claims

The Company was requested to provide a list of claims received during the experience period. The Company provided a list of 2,949 claims received. Of the 2,949 claims received, 2,830 were group life claims. A random sample of 150 claims was requested, received and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violations were noted:

6 Violations - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide timely status letters for the 6 claims noted.

D. Individual Accident and Health Claims

The Company was requested to provide a list of claims received during the experience period. The Company provided a list of 2,949 claims received. Of the 2,949 claims received, 17 were identified as individual accident and health claims. All 17 individual accident and health claims were requested, received, and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. No violations were noted.

E. Individual Annuity Claims

The Company was requested to provide a list of claims received during the experience period. The Company provided a list of 2,949 claims received. Of the 2,949 claims received, 93 were identified as individual annuity claims. A sampling of 25 individual annuity claims were requested, received, and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. No violations were noted.

F. Individual Life Claims

The Company was requested to provide a list of claims received during the experience period. The Company provided a list of 2,949 claims. Of the 2,949 claims received, 2,830 were identified as individual life claims. A sampling of 150 individual life claims were requested, received, and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violations were noted:

2 Violations - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide timely status letters in the 2 claims noted.

G. Individual Single Premium Annuity Claims

The Company was requested to provide a list of claims received during the experience period. The Company provided a list of 2,949 claims. Of the 2,949 claims received, 9 were identified as single premium annuity claims. All nine claim files were requested for review. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. The following violations were noted:

1 Violation - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the noted claim within 10 working days.

1 Violation - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide timely status letters for the claim noted.

XI. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other violations, noted in the Report.

1. The Company must implement procedures to ensure compliance with the fraud statement notice requirements of Title 18, Pa. C. S., §4117(k).

2. The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.

3. The Company must review and revise procedures to ensure all books, records, accounts, papers, documents and any or all computer or other recordings relating to the property, assets, business and affairs of the Company are maintained in such manner and for such period of time to ensure compliance with Section 903(a), (40 P.S. §323.3) of the Insurance Department Act.

4. The Company must review and revise internal control procedures to ensure compliance with the replacement requirements of Title 31, Pennsylvania Code, Section 81.

5. The Company must review internal control procedures to ensure compliance with disclosure requirements of Title 31, Pennsylvania Code, Chapter 83.

6. The Company must review internal control procedures to ensure compliance with forms filing and approval requirements of Insurance Company Law, Section 354 (40 P.S. §477b).

7. The Company must implement procedures to ensure compliance with the policy delivery receipt requirements of Insurance Company Law, Section 404-A (40 P.S. §625-4).

8. The Company must review internal control procedures to ensure compliance with illustration certification and delivery requirements of Insurance Company Law, Section 408-A (40 P.S. §625-8).

XII. COMPANY RESPONSE

The Baltimore Life
COMPANIES

January 25, 2005

Mr. Daniel A. Stemcosky, AIE, FLMI
Market Conduct Division Chief
Pennsylvania Department of Insurance
1321 Strawberry Square
Harrisburg, PA 17120

Re: The Baltimore Life Insurance Company
Examination Warrant Number: 03-M21-027

Dear Mr. Stemcosky:

We have reviewed the draft of the exam report for our Company. We would like to add comments to the report as follows:

The Company believes the findings of the examiners represent exceptions to otherwise strong compliance policies and procedures. However, improvement is always an objective of the Company and steps will be taken to move towards full compliance as noted under each recommendation.

1. The Company must implement procedures to ensure compliance with the fraud statement notice requirements of Title 18, Pa. C. S., §4117(k)

Company Response – The cases identified by the examiners occurred when a non-Pennsylvania version of the form was used instead of the Pennsylvania specific version. The Company will take steps to assure agents understand the need to use Pennsylvania specific forms. We will also provide training to our new business teams to strengthen our ability to monitor this.

2. The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.

The Company will provide training to our claims examiners to reinforce the need to send a confirmation within ten days of receipt of the claim. We will also reinforce the need to send follow-up correspondence when a claim is not finalized within 30 days. While these procedures are generally being followed currently, this training will allow the Company to move toward full compliance.

The Baltimore Life Insurance Company
10075 Red Run Boulevard • Owings Mills • Maryland 21117-4871
Tel: (410) 581-6600 • www.baltlife.com

3. The Company must review and revise procedures to ensure all books, records, accounts, papers, documents and any or all computer or other recordings relating to the property, assets, business and affairs of the Company are maintained in such a manner and for such a period of time to ensure compliance with Section 903(a), (40 P.S. §323.3) of the Insurance Department Act.

The majority of cases noted by the examiners under this issue were related to correspondence mailed from an agency location. The Company no longer produces any correspondence in this manner.

4. The Company must review and revise internal control procedures to ensure compliance with replacement requirements of Title 31, Pennsylvania Code, Section 81.

The Company will provide additional training to both field and home office personnel to improve our compliance level in this area.

5. The Company must review internal control procedures to ensure compliance with disclosure requirements of Title 31, Pennsylvania Code, Chapter 83.

The Company will provide additional training to both field and home office personnel to improve our compliance level in this area.

6. The Company must review internal control procedures to ensure compliance with forms filing and approval requirements of Insurance Company Law, Section 354 (40 P.S. §477b).

The Company files all forms prior to use as required under this section. In one case noted on the report, Form 2837-1102(PA), the violation occurred due to employee error. Form 2837S-798(PA) was approved for use in 1998. In 2002, an employee revised the TIN notice on the form as required by the Internal Revenue Service and failed to notify compliance for the appropriate procedure. The error was identified and the forms destroyed, but not before a small amount were used. In other cases noted, non-Pennsylvania specific forms were used in error. The Company will take steps to improve compliance in this area.

7. The Company must implement procedures to ensure compliance with the policy delivery receipt requirements of Insurance Company Law, Section 404-A (40 P.S. §625-4).

The Company has an automated follow-up process when a delivery receipt is not received. In such cases, a letter is mailed to the policy owner to confirm delivery of the policy. In those cases that are noted, the Company could not locate a copy of the letter that was sent to the policy owner. Since the process is automated, the Company is confident that these letters were mailed. The Company will take steps to improve

the retention of the confirmation letters that are mailed when a delivery receipt is not received within 60 days.

8. The Company must review internal control procedures to ensure compliance with illustration certification and delivery requirements of Insurance Company Law, Section 408-A (40 P.S. §625-8).

The Company has an automated follow-up process when a signed illustration is not received. This process mirrors the one used for delivery receipts. The Company will take steps to improve the retention of confirmation letters that are mailed when a signed illustration is not received within 60 days.

Please feel free to contact me if there are any questions regarding these comments.

Sincerely,

David P. Griffin, CLU, ChFC, AIRC
AVP and Compliance Officer