

**REPORT OF
MARKET CONDUCT EXAMINATION
OF**

**THE UNITED STATES BUSINESS OF CANADA
LIFE ASSURANCE COMPANY**
Toronto Ontario Canada

**AS OF
February 12, 2008**

COMMONWEALTH OF PENNSYLVANIA



**INSURANCE DEPARTMENT
MARKET CONDUCT DIVISION**

Issued: March 21, 2008

**THE UNITED STATES BUSINESS OF THE CANADA LIFE ASSURANCE
COMPANY**

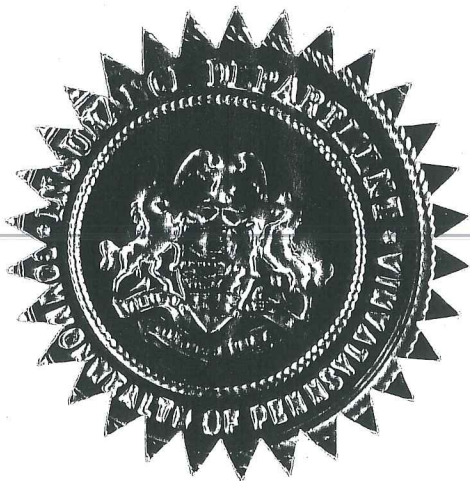
TABLE OF CONTENTS

Order		
I.	Introduction	2
II.	Scope of Examination	5
III.	Company History and Licensing	6
IV.	Claims	7
	A. Individual Life Claims	8
V.	Recommendations	9
VI.	Company Response	10

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 6th day of July, 2007, 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.





Joel S. Ario
Insurance Commissioner

The United States Business of Canada
Life Assurance Company
Market Conduct Examination as of the
close of business on November 30, 2007

Docket No.
MC08-03-039

ORDER

A market conduct examination of The United States Business of Canada Life Assurance Company (referred to herein as “Respondent”) was conducted in accordance with Article IX of the Insurance Department Act, 40 P.S. §323.1, *et seq.*, for the period July 1, 2005 through June 30, 2006. 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:

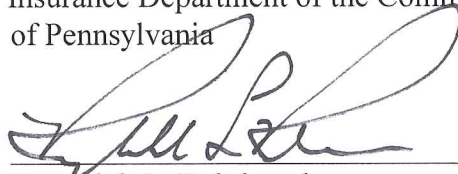
1. The attached Examination Report will be adopted and filed as an official record of this Department. All findings and conclusions resulting from the review of the Examination Report and related documents are contained in the attached Examination Report.
2. Respondent shall comply with Pennsylvania statutes and regulations.

3. Respondent shall comply with the recommendation 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



Randolph L. Rohrbaugh
Deputy Insurance Commissioner

(March 21, 2008)

I. INTRODUCTION

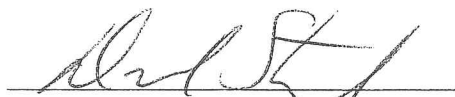
The Market Conduct Examination was conducted on The United States Business of The Canada Life Assurance Company, hereafter referred to as "Company," in the office of the Pennsylvania Insurance Department, May 22, 2007, through November 30, 2007. Subsequent review and follow-up was conducted in the office 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.

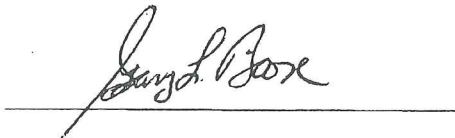
Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials 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.

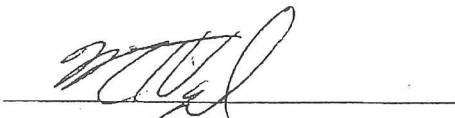
The undersigned participated in the Examination and in the preparation of this Report.



Daniel Stemcosky, AIE, FLMI
Market Conduct Division Chief



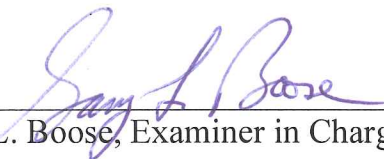
Gary L. Boose
Market Conduct Examiner



Michael T. Vogel
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).



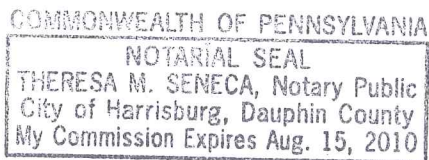
Gary L. Boose, Examiner in Charge

Sworn to and Subscribed Before me

This *11* Day of *February*, 2008



Notary Public



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 July 1, 2005, through June 30, 2006, 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 claims for group business.

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.

III. COMPANY HISTORY AND LICENSING

The Canada Life Assurance Company was founded in 1847, and incorporated under the Laws of Canada on April 25, 1849. The Company maintains its home office in Toronto, Ontario, Canada. It is a wholly-owned subsidiary of Canada Life Financial Corporation and an indirect subsidiary of The Great-West Life Assurance Company.

The Canada Life Assurance Company provides insurance, including reinsurance and wealth management products and services throughout Canada, and internationally, in the United Kingdom, Isle of Man, the Republic of Ireland and Germany. The Company also utilizes the State of Michigan as its port of entry into the United States for its U.S. Branch business, where it is licensed in all states except New York. Canada Life Assurance Company is also licensed in the District of Columbia, Guam, Puerto Rico, American Samoa and the U.S. Virgin Islands.

The U.S. Business of The Canada Life Assurance Company is a closed block of business except for the sale of excess loss policies to employer groups.

As of the 2006 annual statement for Pennsylvania, the Company reported direct premium for life insurance and annuity considerations in the amount of \$5,799,304.00.

IV. 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 claim manuals and 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 1 area:

A. Individual Life Claims

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. The claims were additionally reviewed for compliance with Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b).

A. Individual Life Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified 74 individual life claims received. All 74 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:

28 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 a timely status letter for the 28 claims noted.

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

VI. COMPANY RESPONSE



Katrina M. Brohman
Telephone: (303) 737-5284
Facsimile: (303) 737-3827
Email: katrina.brohman@gwl.com

March 13, 2008

DELIVERED VIA EMAIL

dstemcosky@state.pa.us

Daniel Stemcosky
Market Conduct Division Chief
Pennsylvania Insurance Department
Strawberry Square
Harrisburg, PA 17120

RE: Market Conduct Examination
Examination Warrant Number: 05-M27-025

Dear Division Chief Stemcosky,

The Canada Life Assurance Company (the "Company") has reviewed the Market Conduct Report. Please submit the following information under the Company Response section of the report:

Company Response: The Company sincerely appreciates the matters raised by the Insurance Department and the opportunity to correct them. The Company has implemented corrective measures to ensure compliance with the requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.

If you have any questions or need anything further, please do not hesitate to contact me at (800) 537-2033, extension 75284 or via email at katrina.brohman@gwl.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Katrina M. Brohman".

Katrina M. Brohman
Senior Counsel

The Canada Life Assurance Company
Administrative Services Performed at:
8525 East Orchard Road, 2T3
Greenwood Village, Colorado 80111