

1 2. Patrick Grogan ("Grogan") is presently licensed as
2 a life and disability and variable annuity insurance agent in the
3 State of Arizona. During the year 1984, Grogan was a duly
4 licensed agent of Provident Mutual. He is presently licensed
5 with another insurance company doing business in the State of
6 Arizona.

7 3. On or about January 20, 1984, Grogan sent a letter
8 to Dawn M. Harris ("Harris") offering her the opportunity to
9 convert her current Provident Mutual whole life insurance policy
10 to a new life insurance policy issued by Provident.

11 4. Grogan's January 20, 1984, letter stated the new
12 life insurance policy had the following features:

- 13 1) "Premium payments for the first three years, no
14 premium payment in year four, very small outlays
15 in years five, six and seven, and nothing
16 thereafter;"
- 17 2) It could be "tax-qualified and provide. . .
18 valuable income tax incentives;"
- 19 3) By exercising the option to convert the present
20 policy to the new policy, Ms. Harris would
21 increase her life insurance protection to
22 \$50,000.00 and significantly reduce her premium
23 payments between the present time and age 65;
- 24 4) In Harris' specific case, she could execute the
25 conversion privilege and limit her future premium
26 payments to just two more years, thereby saving
 over \$4,100.00 in premium payments between the
 present time and age 65.

23 In the letter, Harris was invited to call Mr. Grogan to discuss
24 the conversion of her policy.

25 5. In response to the January letter, Harris
26 telephoned Grogan and arranged to convert her existing policy to

1 the new policy described in the letter. When Harris met with the
2 agent, she signed the paperwork necessary to complete the
3 conversion.

4 6. On or about March 23, 1984, Provident Mutual issued
5 Harris' whole life policy, number 3209204, which Harris claims
6 contained substantially different terms than those presented in
7 the January letter from Grogan.

8 7. It is the desire of Provident Mutual to work with
9 the Department and Ms. Harris to compromise and settle the
10 dispute pertaining to the policy in accordance with the terms of
11 this Consent Order. Therefore, as a means of settling and
12 compromising the complaint against it, Provident Mutual will
13 cover the premiums on policy number 3209204 for the years 1992
14 until the policy reaches its "vanish point" whereby the policy
15 values (cash value of paid up additions and dividends) will be
16 used to pay the premiums. The policy loan to pay the 1992 and
17 1993 premiums on policy number 3209204 shall be reversed.
18 Additional terms of the compromise and settlement are contained
19 in paragraphs 8 and 9 below.

20 8. Ms. Harris will incur no additional out-of-pocket
21 expense. Furthermore, Provident Mutual will agree to guarantee
22 that even if the "vanish point" is not reached at the time
23 anticipated under its current dividend scale, or if in any given
24 year, the policy values are insufficient to pay the premium,
25 Provident Mutual will not require from Ms. Harris any additional
26 out-of-pocket payments to continue coverage under the policy.

1 C. The Agreement shall be executed by Provident Mutual
2 and Ms. Harris no later than thirty (30) days from the execution
3 of this Order. If the Agreement is not executed within thirty
4 (30) days, this Order shall be vacated and a new hearing date set.

5 DATED this 13th day of December, 1994.

6
7 

8 CHRIS HERSTAM, Director
9 Arizona Department of
Insurance

10 **CONSENT TO ORDER**

11 1. The undersigned acknowledges that he/she has read
12 the foregoing Findings of Fact, Conclusions of Law and Order
13 and is aware of the right to an administrative hearing in this
14 matter and has waived same.

15 2. The undersigned admits the jurisdiction of the
16 Department and admits the foregoing Findings of Fact and
17 consents to the entry of the foregoing Conclusions of Law and
18 Order.

19 3. The undersigned states that no promise was made
20 to induce execution of this Consent Order and declares that
21 he/she has entered into this Consent Order voluntarily.

22 4. The undersigned acknowledges that acceptance of
23 this Consent Order is for the purpose of settling this action
24 and does not preclude the Department of Insurance or any other
25 agency or officer of this state or subdivision thereof from
26 instituting other proceedings as may be appropriate now or in

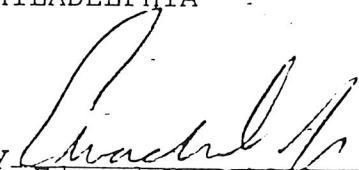
1 the future. Provident Mutual, by entering into this Consent
2 Order, does not waive any defenses it would have against any
3 such proceedings.

4 5. The undersigned acknowledges that acceptance of
5 this Consent Order is for the purpose of settling the action
6 brought by the Department of Insurance against Provident Mutual
7 and does not preclude Ms. Harris from instituting any action
8 against Provident Mutual in any other court of law. Provident
9 Mutual does not, by entering in this Consent Order, waive any
10 claims or defenses it would have in any action instituted by
11 Harris.

12 6. The undersigned waives all rights to challenge
13 such Findings of Fact, Conclusions of Law and Order on appeal
14 or otherwise and agrees to be bound by the foregoing Order
15 provided, however, that this Order shall not be given res
16 judicata or collateral estoppel effect by any person in any
17 proceeding.

18
19
20 PROVIDENT MUTUAL LIFE
21 INSURANCE COMPANY OF
22 PHILADELPHIA

23 October 27, 1993
24 Date

25 BY 
26 Edward W. Diffin, Jr.

1 COPY of the foregoing
2 mailed this 13th day
3 of December,
4 1994 to:

5 Felecia A. Rotellini
6 Assistant Attorney General
7 1275 West Washington
8 Phoenix, Arizona 85007
9 Attorneys for Department of
10 Insurance

11 Charles Cohen, Executive Assistant Director
12 Maureen Catalioto, Supervisor
13 Department of Insurance
14 2910 N. 44th Street
15 Phoenix, AZ 85018

16 Jeremy E. Butler, Esq.
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18 40 North Central Avenue
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21 Life Insurance Company

22 Patrick J. Grogan
23 5126 W. Sweetwater Avenue
24 Glendale, AZ 85304

25 Dawn M. Harris
26 3702 W. Puget Avenue
Phoenix, AZ 85021

Chris Crawford
2736c/CPA92-243

PROVIDENT MUTUAL

INFORCE ILLUSTRATION
THE WHOLE LIFE PLAN
FOR DAWN HARRIS

POLICY NO. 3,209,204

DATE OF ISSUE: 03/16/84

\$25,000 PROTECTOR LIFE -REDUCED PREMIUM FIRST 2 YEARS FEMALE ISSUE AGE 26

POLICY YEAR	ANNUAL NET PREMIUM	ANNUAL OUTLAY	END OF YEAR DIVIDEND	CV ADDS END YR	GUAR CV END YR	NET EQUITY END YR*	DEATH BENEFIT END YR*
8	N/A	N/A	83	748	1750	2498	27854
9	344	344	132	904	2050	2954	28341
10	344	182	156	768	2375	3299	27900
11	188	0	172	599	2675	3446	27246
12	172	0	190	442	2975	3607	26670
13	154	0	210	297	3275	3782	26175
14	134	0	228	169	3600	3996	25758
15	76	0	249	95	3925	4270	25540
16	55	0	272	42	4250	4564	25395
17	32	0	294	10	4600	4904	25323
18	10	0	316	12	4950	5266	25338
19	0	0	347	55	5300	5659	25452
20	0	0	375	128	5650	6082	25638
21	0	0	403	231	6025	6560	25889
22	0	0	437	371	6400	7075	26216
23	0	0	474	552	6775	7631	26621
24	0	0	516	781	7150	8235	27113
25	0	0	555	1055	7550	8909	27679
26	0	0	597	1378	7950	9632	28320
27	0	0	642	1755	8350	10409	29041
28	0	0	692	2191	8750	11245	29844
29	0	0	745	2692	9175	12171	30734
30	0	0	802	3262	9575	13141	31714
31	0	0	865	3908	10000	14212	32788
32	0	0	932	4636	10425	15365	33962
33	0	0	1006	5454	10850	16608	35240

ANNUAL PREMIUM INCLUDES:
NON-SMOKER WP \$25,000 GPO

THIS ILLUSTRATION REFLECTS ACCEPTANCE OF THE ENHANCEMENT '86 OFFER.

Ex 1

THIS ILLUSTRATION IS BASED ON AN ANNUAL PREMIUM PAYMENT.
THE VALUES SHOWN MAY VARY IF PAYMENT IS OTHER THAN YEARLY.

THIS ILLUSTRATION IS FOR SERVICE PURPOSES ONLY. IF WP, ADB, OR GPO WERE ADDED TO THIS POLICY AFTER THE ISSUE DATE, OR IF THEY ARE RATED SUBSTANDARD, THE PREMIUM MIGHT BE SLIGHTLY HIGHER.

THESE FIGURES SHOULD NOT BE USED FOR PREMIUM PAYMENT PURPOSES. THE HOME OFFICE WILL SUPPLY EXACT FIGURES UPON REQUEST AS EACH PAYMENT IS DUE.

ILLUSTRATED DIVIDENDS REFLECT CURRENT INVESTMENT EARNINGS ON FUNDS ATTRIBUTABLE TO INCREASES IN RESERVES SINCE 1984 AND ARE BASED ON THE CURRENT DIVIDEND SCALE. THEY ARE NOT GUARANTEES OR ESTIMATES OF FUTURE DIVIDEND RESULTS, WHICH WILL DEPEND ON EXPERIENCE. SPECIAL EMPHASIS SHOULD BE GIVEN TO THE FACT THAT THE DIVIDENDS ARE VERY SENSITIVE TO CHANGING INTEREST RATES AND WILL INCREASE OR DECREASE ACCORDINGLY.

* REFLECTS USE OF YEAR END DIVIDEND AS ELECTED.

WHENEVER THE "ANNUAL OUTLAY" IS LESS THAN THE NET PREMIUM, PART OR ALL OF THE PREMIUM IS PAID THROUGH THE WITHDRAWAL OF DIVIDEND ACCUMULATIONS OR SURRENDER OF PAID-UP-ADDITONS, WHICHEVER IS APPLICABLE. IT WILL BE THE RESPONSIBILITY OF THE INSURED TO REQUEST THE WITHDRAWAL OR SURRENDER EACH YEAR TO MEET THE REQUIRED PREMIUM.

ANY CHANGES IN DIVIDENDS WILL EFFECT THE NUMBER OF PREMIUMS PAYABLE AS SHOWN IN THE "ANNUAL OUTLAY" COLUMN.

ASSUMES ACCEPTANCE OF ENHANCEMENT

03/27/92