

STATE OF ARIZONA
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STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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In the Matter of:)
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MONUMENTAL LIFE INSURANCE COMPANY,)
)
(n.k.a. Transamerica Premier Life Insurance Company))
)
NAIC # 66281,)
)
Respondent)

Docket No. 15A-046-INS

CONSENT ORDER

Examiners for the Department of Insurance ("the Department") conducted a targeted market conduct examination of Monumental Life Insurance Company. On July 31, 2014, after the conclusion of the examination, Monumental Life Insurance Company changed its name to Transamerica Premier Life Insurance Company. For purposes of this Consent Order, the examined entity will be referred to as "Monumental Life Insurance Company" or "the Company."

The *Nunc Pro Tunc* Report of Targeted Examination of Monumental Life Insurance Company, dated as of December 31, 2012, ("the Report") alleges that the Company has violated Arizona Revised Statutes ("A.R.S.") §§ 20-443(A), 20-444(A), 20-461(A)(2), (A)(3), and (A)(5), 20-1209, 20-1241.04(B)(1), 20-2106(4), 20-2106(8)(b), 20-2110(A), 20-2533(D), and Arizona Administrative Code ("A.A.C.") R20-6-201(C)(2), (C)(3), (C)(7), (C)(9), and (E), and R20-6-801(E)(1), (F), and (G)(1)(a).

The Company wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

1 **FINDINGS OF FACT**

2 1. The Company is domiciled in Iowa and is authorized to transact life and
3 disability insurance in Arizona pursuant to a Certificate of Authority issued by the
4 Director.

5 2. The Director authorized the Examiners to conduct a targeted market
6 conduct examination of the Company. The examination covered the time period from
7 January 1, 2012, through December 31, 2012, and was concluded on June 19, 2014.
8 Based on the examination findings, the Examiners prepared the Report, dated
9 December 31, 2012.

10 3. The Company used marketing materials, advertising and sales scripts that:

11 a. Failed to identify policy exclusions, reductions or limitations for specific
12 benefits referenced in the advertising, including exclusions, reductions or limitations
13 related to preexisting conditions;

14 b. Contained language and/or hypothetical illustrations that tended to
15 mislead the consumer by misrepresenting and exaggerating the true value of benefits
16 available under the Company's cancer coverage; and

17 c. Used "testimonial" advertising without being able to produce the name
18 of the author or the full text of the testimonial.

19 4. The Company used policy forms in this State that limited the maximum
20 available for policy loans to an amount less than the cash/surrender value of the life
21 insurance policy.

22 5. The Company used policy application forms that:

23 a. Used broad and ambiguous descriptions of the possible sources and
24 types of third-party information, and therefore failed to specify the exact nature of the
25 information sought; and

1 b. Included disclosure authorizations for life insurance claims that are not
2 limited to the duration of the claim.

3 6. The Company failed to provide a Summary of Rights to two applicants at
4 the time an adverse underwriting decision was communicated to the applicants.

5 7. During the review of claims processed for Arizona residents:

6 a. Examiners reviewed 112 Business Unit D paid and denied claims, and
7 found that the Company failed to acknowledge within 10 working days, 15 paid and 14
8 denied claims;

9 b. Examiners reviewed 20 Business Unit M denied life claims, and found
10 that the Company failed to perform a timely investigation within 30 days after notice on
11 3 claims; and

12 c. Examiners reviewed 20 Business Unit M denied life claims, and found
13 that the Company failed to deny 3 claims within 15 working days after receipt of properly
14 executed proofs of loss on the claims.

15 d. Examiners found that the Company failed to pay the correct amount of
16 interest due on a late paid life insurance benefit claim, in the amount of \$111.30.

17 8. The Company failed to provide an appeal notice for a first level health care
18 appeal that allows two years to file the appeal.

19 9. The Company misrepresented the terms of the conversion privilege on one
20 life insurance policy, and failed to allow the insured to convert from term to whole life per
21 his request.

22 10. With regard to replacement of life insurance annuities, the Company
23 included in producer training materials, a requirement that more than 25% of the loan
24 value is required when the replaced instrument is pledged as collateral.

CONCLUSIONS OF LAW

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2 1. The Company violated A.R.S. §§ 20-443(A) and 20-444(A) and A.A.C.
3 R20-6-201(C)(2), (C)(3), (C)(7) and (C)(9) by using noncomplying marketing materials,
4 advertising, and sales scripts that failed to provide required information and/or misstated
5 benefits.

6 2. The Company violated A.R.S. § 20-444 and A.A.C. R20-6-201(E) by using
7 testimonial advertising without retaining the required information concerning the author
8 and/or full text of the testimonial.

9 3. The Company violated A.R.S. § 20-1209 by using two life insurance policy
10 forms in this State that limit the amount available for policy loan to an amount less than
11 the cash or surrender value of the policy.

12 4. The Company violated A.R.S. § 20-2106(4) by failing to specify the exact
13 nature of the information sought from third parties on an application form.

14 5. The Company violated A.R.S. § 20-2106(8)(b) by using disclosure
15 authorizations forms for life insurance claims that purport to be good for two years
16 instead of being limited to "the duration of the claim."

17 6. The Company violated A.R.S. § 20-2110(A) by failing to provide a
18 Summary of Rights to applicants at the time an adverse underwriting decision was
19 communicated.

20 7. The Company violated A.R.S. § 20-461(A)(2) and A.A.C. R20-6-801(E)(1)
21 by failing to acknowledge claims within 10 working days of receipt.

22 8. The Company violated A.R.S. § 20-461(A)(3) and A.A.C. R20-6-801(F) by
23 failing to complete a timely investigation within 30 days of receipt of notification of the
24 claim.

1 9. The Company violated A.R.S. § 20-461(A)(5) and A.A.C. R20-6-
2 801(G)(1)(a) by failing to deny claims within 15 working days of receipt of properly
3 executed proofs of loss.

4 10. The Company violated A.R.S. § 20-462(A) by failing to pay interest at the
5 legal rate of 10% for a claim not paid within 30 days after receipt of final proofs of loss.

6 11. The Company violated A.R.S. § 20-2533(D) by failing to provide a notice
7 of the right to a first level health care appeal that allows two years to file the appeal from
8 the date of the denial.

9 12. The Company violated A.R.S. § 20-443(A)(1) by misrepresenting the
10 conversion provision within a life insurance policy and denying the insured's request for
11 conversion.

12 13. The Company violated A.R.S. § 20-1241.04(B)(1) by including a
13 requirement for replacement of coverage that more than 25% of loan value be pledged
14 as collateral or subject to borrowing.

15 14. Grounds exist for the entry of the following Order in accordance with A.R.S.
16 §§ 20-220, 20-456, 20-2117, and 20-2508.

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1 ORDER

2 **IT IS ORDERED THAT:**

3 1. Monumental Life Insurance Company shall:

4 a. Provide the pertinent policy exclusions, reductions or limitations,
5 including those related to preexisting conditions, on all advertising materials that identify
6 specific policy benefits.

7 b. Discontinue the use of advertising for cancer coverage that
8 misrepresents and/or exaggerates the true value of the benefits available under the
9 coverage.

10 c. Adopt procedures to ensure that the Company retains a record of the
11 identifying required information concerning the author and complete text of all testimonial
12 advertising.

13 d. Ensure that all life insurance policies with a cash surrender value
14 contain a provision that allows for policy loans in an amount up to and including the cash
15 and/or surrender value of the policy.

16 e. Provide concise descriptions of the sources and types of information
17 required for insurance policy applications so as to specify the exact nature of the
18 information sought to be released.

19 f. Use disclosure authorization forms that contain the statutorily required
20 time limits for the release of personal information.

21 g. Provide a Summary of Rights at the time the Company communicates
22 any adverse underwriting decision to an applicant or insured.

23 h. Acknowledge claims within 10 working days of receipt.

24 i. Complete a timely and reasonable investigation of claims within 30
25 days of receipt of notification of the claim.

1 j. Adjudicate all claims in a timely manner in accordance with regulatory
2 standards.

3 k. Pay interest in the amount of \$111.30 to the beneficiary of the claim
4 identified by ADOI File No. MALPC-020 (Request # 032).

5 l. Provide accurate notification in all appeal correspondence as to the
6 time frames for filing each level of appeal.

7 m. Provide accurate information to insureds concerning the terms and
8 conditions contained within the insurance policy and provide the benefits as they are
9 described in the policy.

10 n. Clarify producer training materials to comply with Arizona specific
11 statutes and rules.

12 2. Within 90 days of the filed date of this Order, the Company shall submit to
13 the Arizona Department of Insurance, for approval, evidence that corrections have been
14 implemented and communicated to the appropriate personnel, regarding all of the items
15 listed above in Paragraph 1 of the Order section of this Consent Order. Evidence of
16 corrective action includes but is not limited to memos, bulletins, emails, correspondence,
17 procedures manuals, print screens and training materials.

18 3. The Department shall be permitted, through authorized representatives, to
19 verify that the Company has complied with all provisions of this Order.

20 4. The Company shall pay a civil penalty of \$57,000.00 to the Director for
21 deposit in the State General Fund in accordance with A.R.S. § 20-220(B). This civil
22 penalty shall be provided to the Market Conduct Examinations Section of the Department
23 prior to the filing of this Order.

24 5. The *Nunc Pro Tunc* Report of Targeted Examination of Monumental Life
25 Insurance Company dated December 31, 2012, including the letter submitted in

1 response to the Report of Examination, shall be filed with the Department after the
2 Director has filed this Order.

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4 DATED in Arizona this 23rd day of July, 2015.

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6 Germaine L. Marks
7 Germaine L. Marks
8 Director of Insurance

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CONSENT TO ORDER

1 1. Monumental Life Insurance Company has reviewed the foregoing Order.

2 2. Monumental Life Insurance Company admits the jurisdiction of the Director
3 of Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to
4 the entry of the Conclusions of Law and Order.

5 3. Monumental Life Insurance Company is aware of its right to a hearing, at
6 which it may be represented by counsel, present evidence, and cross-examine
7 witnesses. Monumental Life Insurance Company irrevocably waives its right to such
8 notice and hearing and to any court appeals related to this Order.

9 4. Monumental Life Insurance Company states that no promise of any kind or
10 nature whatsoever was made to it to induce it to enter into this Order and that it has
11 entered into this Consent Order voluntarily.

12 5. Monumental Life Insurance Company acknowledges that the acceptance
13 of this Order by the Director of Insurance, State of Arizona, is solely to settle this matter
14 against it and does not preclude any other agency or officer of this state or its
15 subdivisions or any other person from any other civil or criminal proceedings, whether
16 civil, criminal, or administrative, as may be appropriate now or in the future.

17 6. Katherine Schelze, who holds the office of
18 Chief Compliance Officer of Monumental Life Insurance Company, is
19 authorized to enter into this Order for it and on its behalf.

20
21 **MONUMENTAL LIFE INSURANCE COMPANY**

(Mon Transamerica Premier Life Insurance
Company)

22 7/23/2015
23 Date

24 By: Katherine Schelze
25

1 COPY of the foregoing mailed this
24th day of July, 2015 to:

2 Kathy A. Steadman
3 Coppersmith Brockelman Lawyers
2800 North Central Ave., Suite 1200
4 Phoenix, AZ 85004
5 Respondent

6 Mary Kosinski, Executive Assistant for Regulatory Affairs
Darren Ellingson, Deputy Director
7 Catherine O'Neil, Consumer Legal Affairs Officer
Yvonne R. Hunter, Consumer Affairs Assistant Director
8 Arizona Department of Insurance
2910 North 44th Street, Suite 210
9 Phoenix, Arizona 85018

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11 Maidene Scheiner

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