

# STATE OF ILLINOIS



## Department of Insurance

IN THE MATTER OF  
THE EXAMINATION OF:

MIDLAND NATIONAL LIFE INSURANCE COMPANY  
4350 WESTOWN PARKWAY  
WEST DES MOINES, IOWA 50266

### MARKET CONDUCT EXAMINATION WARRANT

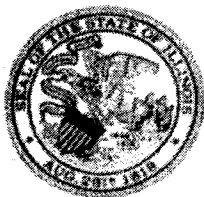
I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint David Bradbury, Examiner-In-Charge, Pat Hahn, John Staples and associates as the proper persons to examine the insurance business and affairs of Midland National Life Insurance Company of West Des Moines, Iowa, and to make a full and true report to me of the examination made by them of Midland National Life Insurance Company with a full statement of the condition and operation of the business and affairs of Midland National Life Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Midland National Life Insurance Company.

### IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 20<sup>th</sup> day of September, 2010



*Michael T. McRaith*  
\_\_\_\_\_  
Michael T. McRaith

\_\_\_\_\_  
Director

This Market Conduct Examination was conducted pursuant to Sections 5/131.21, 5/132, 5/402 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/402 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

James J. Morris  
Assistant Deputy Director  
Market Conduct and Analysis Section

**Midland National Life Insurance Company**

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: January 4, 2011 through May 27, 2011

EXAMINATION OF: Midland National Life Insurance Company  
NAIC #66044

LOCATION: 525 West Van Buren  
Chicago, Illinois 60607

PERIOD COVERED  
BY EXAMINATION: 10-01-09 through 9-30-10 – Claims  
10-01-08 through 1-4-11 – Complaints

EXAMINERS: Pat Hahn  
John Staples  
David Bradbury, Examiner-in-Charge

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## I. SUMMARY

1. The Company was criticized under 215 ILCS 5/224(I)(I) for failure to notify the insured's beneficiary at the time of claim that interest at the rate of 9% will accrue if claim payment is not made within 15 days of submission of due proof of loss.
2. The Company was criticized under 50 Ill. Adm. Code 919.70(a)(1) for failure to provide the insured or, when applicable, the insured's beneficiary, with a reasonable written explanation for the delay when a claim is delayed beyond 45 days after the claim is initially submitted.
3. The Company was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failure to provide beneficiaries the "Notice of Availability of the Department of Insurance" on denied claims.
4. The Company was criticized under 215 ILCS 5/234.1 for failure to give notice of all available options under the policy prior to enacting a non-forfeiture option.

## II. BACKGROUND

The Company was incorporated as the Dakota Mutual Life Insurance Company under the laws of the state of South Dakota on August 30, 1906 and commenced business on September 4, 1906. On February 26, 1909, a stock company was formed with an authorized capital of \$200,000. The stock company acquired the assets and assumed the liabilities and the name of the mutual company. On January 25, 1915, the name of the company was changed to Dakota Life Insurance Company. On July 1, 1925, the Articles of Incorporation were amended to change the Company's name to Midland National Life Insurance Company (MNL).

On April 8, 1958, control of MNL was acquired by Sammons Enterprises, Inc., a Delaware Corporation. Effective August 12, 1999, Midland National Life Insurance Company changed the state of its corporate domicile from South Dakota to Iowa.

Midland's 2008, 2009 and 2010 Annual Statement Schedules T reflect the following Illinois direct premium:

	Life Insurance	Annuity Considerations	Accident and Health Insurance
2010	\$22,989,069	\$108,026,308	\$6,536
2009	\$16,760,828	\$105,301,988	\$9,146
2008	\$18,334,275	\$118,013,874	\$11,143

### III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's system and procedures used in dealing with insureds and claimants.

The Market Conduct Examination did not examine all systems and procedures used in dealing with insureds and claimants. The following categories are the general areas examined:

1. Producer Licensing and Production Analysis
2. Policy Forms and Advertising Material Analysis
3. Claims
4. Consumer and Insurance Department Complaints

The review of these categories is accomplished through examination of producer files, cash surrendered policy files, extended term and reduced paid-up policy files, claim files, Insurance Department complaint files, policy forms and advertising material. Each of these categories is examined for compliance with selected Department regulations and applicable State laws. The Market Conduct Examination did not examine compliance with the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/1.

The report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated to the insurer, but not cited in the report if not indicative of a general trend, except to the extent that there were underpayments in claim surveys or undercharges and/or overcharges in underwriting surveys. The following methods were used to obtain the required samples and to assure a methodical selection.

#### Producer Licensing and Production Analysis

Populations for the producer file reviews were determined by whether or not the producers were licensed by the State of Illinois. New business listings were retrieved from Company records selecting newly solicited insurance applications which reflected Illinois addresses for the applicants.

#### Policy Forms and Advertising Material Analysis

The Company was requested to provide specimen copies of all policy forms and samples of all advertising material in use during the survey period.

#### Claims

Claim surveys were selected using the following criteria:

1. Paid Claims - Payment for a coverage made during the examination period.



2. Denied Claims - Denial of benefits for losses not covered by policy provisions.
3. Individual or Franchise Claims - Determine whether the contracts were issued on an individual or franchise basis.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*).

All median payment periods were measured from the date necessary proofs of loss were received to the date of payment or denial to the insured or the beneficiary.

The examination period for the claims review was October 1, 2009 through September 30, 2010.

#### Consumer and Insurance Department Complaints

The Company was requested to provide all files relating to complaints which had been received via the Department of Insurance as well as those received directly by the Company from the insured or his/her representative. A copy of the Company's complaint register was also reviewed.

Median periods were measured from the date of notification of the complaint to the date of response to the Department.

The examination period for complaints was October 1, 2008 through January 4, 2011.

## SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u>Reviewed</u>	<u>% Reviewed</u>
CLAIMS ANALYSIS			
Paid Individual Life	202	54	27
Denied Individual Life	1	1	100
Approved Waiver of Premium	3	3	100
Annuity Death Settlements	335	55	16
COMPLAINTS			
Department Complaints	9	9	100
Consumer Complaints	19	19	100
UNDERWRITING			
Annuity New Business	1465	120	8
Life Cash Surrenders	108	52	48
Annuity Cash Surrenders	439	72	16
Extended Term/Reduced Paid Up	30	30	100
Annuity Replacements	459	46	10
Life Replacements	96	51	53
Declined Life Applications	52	52	100
POLICY FORMS & ADVERTISING			
Policy Forms /Advertising	109/76	109/76	100
PRODUCERS ANALYSIS			
Producer Licensing	362 Producers/1,766 policies		100

## IV. FINDINGS

### A. Claims Analysis

#### 1. Paid Individual Life

A review of 54 of the 202 paid individual life claims produced two (2) general criticisms.

One general criticism was written under 50 Illinois Administrative Code for failure to provide the insured or, when applicable, the insured's beneficiary, with a reasonable written explanation for the delay when a claim is delayed beyond 45 days after the claim is initially submitted.

The second general criticism was written under Section 224(1)(1) of the Illinois Insurance Code which provides that "interest shall accrue on the proceeds payable because of the death of the insured, from date of death, at the rate of 9% on the total amount payable or the face amount if payments are to be made in installments until the total payment or first installment is paid, unless payment is made within fifteen (15) days from the date of receipt by the company of due proof of loss. This provision need not appear in the policy, however, the company shall notify the beneficiary at the time of claim of this provision."

In none of the 54 paid and one denied claim files reviewed were claimants provided with this notice. (It should be noted that while no notice was provided at the time of claim, interest was paid at 9% for the claim that was not paid within 15 days of submission of due proof of loss.)

The median for payment was six (6) days.

#### 2. Denied Individual Life

A review of the single denied individual life claim produced one criticism. The general criticism was written under 50 Illinois Administrative Code 919.50(a) (1) for failure to provide the insured's beneficiary with a "Notice of Availability of the Department of Insurance" on a denied claim.

The median for denial could not be established.

#### 3. Approved Waiver of Premium

Three waiver of premium claim files were reviewed. A review of all three (3) approved waivers of premium files produced no criticisms

The median for payment could not be established.

4. Annuity Death Settlements

A review of 55 of the 335 annuity death settlements produced no criticisms.

The median for payment was five (5) days.

**B. COMPLAINTS**

1. Department of Insurance Complaints

A review of all nine (9) Department of Insurance complaints produced no criticisms.

The median for response to the Department was ten (10) days.

2. Consumer Complaints

A review of all 19 consumer complaints produced no criticisms.

The median for response to the consumer was 38 days.

**C. UNDERWRITING**

1. Annuity New Business

A review of 120 of the 1465 annuity new business files produced no criticisms.

2. Life Cash Surrenders

A review of 52 of the 108 life cash surrender files produced no criticisms.

The median for processing of life cash surrender files was 19 days.

3. Annuity Cash Surrender

A review of 72 of the 439 annuity cash surrender files produced no criticisms.

The median for processing of the annuity cash surrender was seven (7) days.

4. Extended Term /Reduced Paid Up

A review of all 30 extended term insurance/reduced paid up files produced a general criticism. The general criticism was written under 215 ILCS 5/234.1 for failure to provide a timely notice of all available options to the policy owner. For all of files reviewed, the Company failed to provide notice of all available options prior to enactment.

5. Annuity Replacements

A review of 46 annuity replacement files, out of a total population of 459, produced no criticisms.

6. Life Replacements

A review of all 51 life replacement files produced no criticisms.

7. Declined Life Applications

A review of all 52 declined life applications produced no criticisms.

The median processing time was 35 days.

**D. POLICY FORMS AND ADVERTISING**

A review of the 109 policy forms and 76 advertising materials produced no criticisms.

**E. PRODUCER ANALYSIS**

**1. Producer Licensing**

A review of the 362 producer licensing files and 1,766 first year commission records produced no criticisms.

**V. APPENDICES**

None.

STATE OF ILLINOIS            )  
  ) ss  
COUNTY OF COOK            )

David Bradbury, being first duly sworn upon his oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Midland National Life Insurance Company, NAIC # 66044, (the "Company") of West Des Moines, Iowa,

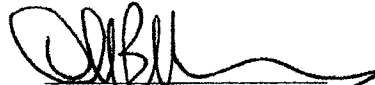
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as policyholders, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

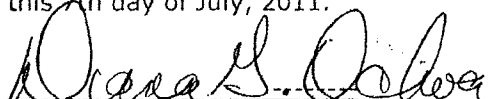
That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the company.

  
David Bradbury  
Examiner-In-Charge

Subscribed and sworn to before me  
this 7th day of July, 2011.

  
Notary Public





# Illinois Department of Insurance

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PAT QUINN  
Governor

JACK MESSMORE  
Acting Director

July 27, 2011

Steven Craig Palmitier  
President  
Midland National Life Insurance Company  
NAIC #66044  
525 West Van Buren  
Chicago, Illinois 60607

*sent via USPS certified mail  
return receipt requested*

Dear Mr. Palmitier:

A Market Conduct Examination of your companies was conducted by authorized examiners designated by the Director of Insurance pursuant to Illinois Insurance Code Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code. The examination covered the period 10-01-09 through 9-30-10 for Claims and 10-01-08 through 1-4-11 for Complaints.

As required by Illinois Insurance Code Section 132, please find attached a copy of the verified examination report. This Department is providing the examined companies an opportunity to make a written submission or rebuttal with respect to any matters in the attached report. Please provide any such written submission or rebuttals to the undersigned by close of business, Wednesday, August 31, 2011.

Illinois Insurance Code Section 132 provides that the Director of Insurance must afford your company an opportunity to demand a hearing with reference to the facts and other evidence contained in this report. Section 132 further provides that your company may request a Hearing within ten (10) days after receipt of the above Report by giving the Director of Insurance written notice of such request together with a statement of your objections. The deadline to request a hearing is hereby extended until September 15, 2011.

Please contact me if you have any questions.

Yours Truly,

James J. Morris  
Assistant Deputy Director  
Market Conduct and Analysis  
Illinois Department of Insurance  
320 West Washington Street  
Springfield IL 62767  
312-833-5582 mobile  
217-557-8463 fax  
james.j.morris@illinois.gov





## Illinois Department of Insurance

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PAT QUINN  
Governor

JACK MESSMORE  
Acting Director

September 9, 2011

Steven Craig Palmitier  
President  
Midland National Life Insurance Company  
4350 Westown Parkway  
West Des Moines, IA 50266

Dear Mr. Palmitier,

Re: Market Conduct Examination  
Stipulation and Consent Order

Enclosed please find two copies of the Stipulation and Consent Orders resulting from this Department's Market Conduct Examination of Midland National Life Insurance Company.

If you or another appropriate representative of Midland National Life Insurance Company would sign **both copies** of the Stipulation and Consent Order and return **both copies** to me. I will request that the Director sign both copies one of which will be sent to you for retention.

Please contact me if you have any questions in this matter.

Yours Truly,

James J. Morris  
Assistant Deputy Director  
Market Conduct and Analysis  
Illinois Department of Insurance  
320 West Washington Street  
Springfield IL 62767  
312-833-5582 mobile  
217-557-8463 fax  
james.j.morris@illinois.gov

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

MIDLAND NATIONAL LIFE INSURANCE COMPANY  
4350 WESTOWN PARKWAY  
WEST DES MOINES, IA 50266

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Midland National Life Insurance Company, NAIC # 66044, (Company) is authorized under the insurance laws of the State of Iowa and by the Director as a foreign stock company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by duly qualified examiners of the Department pursuant to Sections 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the Department examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by or in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company.

WHEREAS, the Company is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and Title 50 Illinois Administrative Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Company and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That the Director and the Company consent to this order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain procedures to comply with 215 ILCS 5/224(1)(1) by notifying the insured's beneficiary at the time of claim that interest shall accrue at the rate of ten percent (10%) until total payment or first installment is paid unless payment is made within thirty-one (31) days from the occurrence of the last of the conditions set forth in 215 ILCS 5/224(1)(1).
2. Institute and maintain procedures to comply with Title 50 Illinois Administrative. Code 919.70(a)(1) by providing the insured or, when applicable, the insured's beneficiary, with a reasonable written explanation for the delay when a claim is delayed beyond 45 days.
3. Institute and maintain procedures to comply with Title 50 Illinois Administrative. Code 919.50(a)(1) by providing beneficiaries with the "Notice of Availability of the Department of Insurance" on denied claims.
4. Institute and maintain procedures to comply with 215 ILCS 5/234.1 by giving a notice to the policyowner prior to enacting a non-forfeiture option which notice explains the action and refers the policyowner to all available options, if any, under the provisions of the policy.
5. Submit to the Director of Insurance, proof of compliance with the above four (4) Orders within 30 days of the execution of these Orders.
6. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of three thousand dollars (\$3,000) to be paid within thirty (30) days of receipt of these Orders.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:

Midland National Life Insurance Company

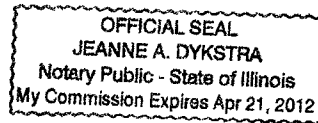
*[Signature]*  
Signature

Dhruv Thaveri  
Name

Vice President  
Title

Subscribed and sworn to before me this  
10<sup>th</sup> day of FEBRUARY A.D. 2012.

*[Signature]*  
Notary Public



DEPARTMENT OF INSURANCE of the  
State of Illinois;

DATE 2-22-2012

*[Signature]*

Director

Jill M. Williams  
Assistant Vice President of Compliance



**NA**  
North American Companies  
for Life and Health Insurance

525 West Van Buren • Chicago, Illinois 60607  
Phone: 800.800.3656, Ext. 87648 • Fax: 312.648.7778  
E-Mail: [jwilliams@sfgmembers.com](mailto:jwilliams@sfgmembers.com)

February 10, 2012

**RECEIVED**

FEB 14 2012

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

James J. Morris  
Assistant Deputy Director  
Market Conduct and Analysis  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767

RE: Stipulation and Consent Order - Midland National Life Insurance Company  
NAIC Number 66044

Dear Mr. Morris:

Enclosed please find two signed copies of the Stipulation and Consent Order and a check in amount of \$3,000. As we discussed, Midland National as completed the remediation of the following claims issues cited in the exam:

1. A procedure has been implemented to comply with 215ILCS 5/224(1). The acknowledgement letter sent to the beneficiary includes a statement indicating that interest shall accrue at the rate of 10% if the claim is not paid within 30days.
2. A procedure has been implemented to comply with Title 50 Illinois Administrative Code 919.70(a)(1). The procedure requires a written explanation to be sent to the beneficiary when a claim is delayed beyond 45 days.
3. A procedure has been implemented to comply with Title 50 Illinois Administrative Code 919.50(a)(1). The "Notice of Availability of the Department of Insurance" is included in all claim denial letters.

We continue to work on programming of the notice to the policyowner to comply with 215 ILCS 5/234.1. We intend to complete the programming of this notice within the next 90 days. I will notify you when this has been completed.

Please contact me if you have any questions.

Sincerely,

Jill Williams  
Assistant Vice President  
Compliance  
Midland National Life

Enclosures

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

MIDLAND NATIONAL LIFE INSURANCE COMPANY  
4350 WESTOWN PARKWAY  
WEST DES MOINES, IA 50266

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Midland National Life Insurance Company, NAIC # 66044, (Company) is authorized under the insurance laws of the State of Iowa and by the Director as a foreign stock company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by duly qualified examiners of the Department pursuant to Sections 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the Department examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by or in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company.

WHEREAS, the Company is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and Title 50 Illinois Administrative Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Company and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That the Director and the Company consent to this order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain procedures to comply with 215 ILCS 5/224(1)(I) by notifying the insured's beneficiary at the time of claim that interest shall accrue at the rate of ten percent (10%) until total payment or first installment is paid unless payment is made within thirty-one (31) days from the occurrence of the last of the conditions set forth in 215 ILCS 5/224(1)(I).
2. Institute and maintain procedures to comply with Title 50 Illinois Administrative. Code 919.70(a)(1) by providing the insured or, when applicable, the insured's beneficiary, with a reasonable written explanation for the delay when a claim is delayed beyond 45 days.
3. Institute and maintain procedures to comply with Title 50 Illinois Administrative. Code 919.50(a)(1) by providing beneficiaries with the "Notice of Availability of the Department of Insurance" on denied claims.
4. Institute and maintain procedures to comply with 215 ILCS 5/234.1 by giving a notice to the policyowner prior to enacting a non-forfeiture option which notice explains the action and refers the policyowner to all available options, if any, under the provisions of the policy.
5. Submit to the Director of Insurance, proof of compliance with the above four (4) Orders within 30 days of the execution of these Orders.
6. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of three thousand dollars (\$3,000) to be paid within thirty (30) days of receipt of these Orders.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:

Midland National Life Insurance Company

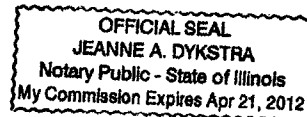
*Dharen Shaveri*  
Signature

Dharen Shaveri  
Name

Vice President  
Title

Subscribed and sworn to before me this  
10<sup>th</sup> day of FEBRUARY A.D. 2012.

*Jeanne A. Dykstra*  
Notary Public



DEPARTMENT OF INSURANCE of the  
State of Illinois;

DATE 2-22-2012

*[Signature]*

Director





# Illinois Department of Insurance

---

PAT QUINN  
Governor

ANDREW BORON  
Director

February 28, 2012

Jill Williams  
Assistant Vice President  
Compliance  
Midland National Life Insurance Company  
525 West Van Buren Street  
Chicago, IL 60607

Re: Stipulation and Consent Order  
Midland National Life Insurance Company  
NAIC # 66044

Dear Ms. Williams,

Attached for your records is an original Stipulation and Consent Order which has been executed on behalf of both your Company and this Department.

This Department will be closing its file on this examination. Please contact me if you have any questions.

Yours Truly,

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Assistant Deputy Director  
Market Conduct and Analysis  
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