

# STATE OF ILLINOIS



## Department of Insurance

IN THE MATTER OF  
THE EXAMINATION OF:

LIFE INSURANCE COMPANY OF NORTH AMERICA  
TWO LIBERTY PLAZA PL TH8a  
1601 CHESTNUT STREET  
PHILADELPHIA, PENNSYLVANIA 19192-2362

### 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 Danny Talkington, Examiner-In-Charge, Alvin Hysler and associates as the proper persons to examine the insurance business and affairs of Life Insurance Company of North America of Philadelphia, Pennsylvania, and to make a full and true report to me of the examination made by them of Life Insurance Company of North America with a full statement of the condition and operation of the business and affairs of Life Insurance Company of North America 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 Life Insurance Company of North America.



### 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 *2nd* day of *June* 2009.

*Michael T. McRaith*

Michael T. McRaith

Director

STATE OF ILLINOIS     )  
                                  ) SS  
COUNTY OF SANGAMON   )

I personally served a copy of the within Warrant by leaving  
said copy with DARRELL S. Combs, at the hour of 3:30 PM  
on 8/17/09, A.D., 2009.

  
Examiner

This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 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.

Helen C. Gibbons  
Staff Attorney

**LIFE INSURANCE COMPANY OF NORTH AMERICA**

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: August 17, 2009 through January 15, 2010

EXAMINATION OF: Life Insurance Company of North America  
NAIC # 65498

COMPANY ADDRESS: 2701 North Rocky Point Road, Suite 800  
Tampa, Florida 33607  
and  
Two Liberty Place TL14A  
1601 Chestnut St  
Philadelphia, PA 19192-2362

PERIOD COVERED BY EXAMINATION: Claims period covered:  
January 1, 2008 through December 31, 2008  
Complaint period covered:  
January 1, 2008 through August 17, 2009

EXAMINERS: Alvin N. Hysler  
Danny L. Talkington, Examiner-in-Charge

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I. SUMMARY

1. The Company was criticized under Section 5/500-80 of the Illinois Insurance Code (215 ILCS 5/500-80) for payment of commissions to producers/entities not duly licensed.
2. The Company was criticized under Section 5/224(1)(l) of the Illinois Insurance Code (215 ILCS 5/224(1)(l)) for failure to notify the insured's beneficiary of the availability of interest payment due to delayed claim processing as required.
3. The Company was criticized under Section 5/224(1)(j) of the Illinois Insurance Code (215 ILCS 5/224(1)(j)) for requiring the insured's beneficiary to provide proofs of death whereas, at the time of the examination, Section 5/224(1)(j) only required due proof (singular) of death. Note: subsequent to the conclusion of the examination, the following sentence was added to Section 5/224(1)(j) "The policy may require that due proof of the death of the insured shall consist of a certified copy of the death certificate of the insured, or other lawful evidence providing equivalent information, and proof of the claimant's interest in the proceeds."
4. The Company was criticized under Section 5/224(1)(l) of the Illinois Insurance Code (215 ILCS 5/224(1)(l)) for failure to pay interest to the insured's beneficiary due to delayed claim payment as required.
5. The Company was criticized under Section 919.50(a)(1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50(a)(1)) for failure to provide to the insured a Notice of Availability of the Department of Insurance on denied claims as required.
6. The Company was criticized under Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)) for failure to provide to the insured Notice of Availability of the Department of Insurance on the 45-day delay letter as required.
7. The Company was criticized under Section 5/154.6(i) of the Illinois Insurance Code (215 ILCS 5/154.6(i)) for failure to affirm or deny coverage within a reasonable time after proof of loss statements have been completed as required.
8. The Company was criticized under Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)) for failure to provide the insured with a reasonable written explanation for delay beyond 45 days as required.

## II. BACKGROUND

The Life Insurance Company of North America (“LINA” or “Company”) was incorporated on September 21, 1956, and commenced business on September 5, 1957. LINA was originally owned by INA Financial Corporation, a wholly-owned subsidiary of INA Corporation.

On March 31, 1982, LINA’s ultimate parent company, INA Corporation, merged with and into INA Merger Corporation, a wholly-owned subsidiary of CIGNA Corporation (“CIGNA”). The resulting entity retained the name INA Corporation (“INA”). As a result of that merger, LINA became a wholly-owned, indirect subsidiary of CIGNA.

On September 30, 1985, INA Financial Corporation transferred LINA’s capital stock to its parent, INA Corporation. In turn, INA Corporation transferred that stock to its parent, CIGNA Holdings, Inc. CIGNA Holdings, Inc. then transferred LINA’s capital stock to another of its subsidiaries, Connecticut General Corporation. Since that date, the Company has been operating as a subsidiary of Connecticut General Corporation.

LINA’s operations fall primarily within the Group Market Segment. The Company is one of the leading providers of group accident, group life, and group disability products.

LINA is domiciled in the Commonwealth of Pennsylvania and authorized to transact life, accident, and health insurance business in all fifty (50) states except New York. LINA was licensed to do business in Illinois on November 6, 1957.



### III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's system and procedures used in dealing with insureds and claimants. The following categories are the general areas examined.

1. Producer Licensing and Production
2. Claims Analysis
3. Non-Forfeiture Analysis
4. Policy Forms and Advertising Materials Review
5. Department of Insurance ("Department") and Consumer Complaints

The review of these categories was accomplished through examination of producer files, claim files, cash surrendered policy files, policy forms and advertising materials, and Department and consumer complaint files. Each of these categories was examined for compliance with Department Rules and Regulations and applicable state laws. The Market Conduct Examination did not examine:

- a. The Company's use of the Social Security Death Master File in connection with the Company's settlement practices, procedures and policy administration relating to claims, including the Company's efforts to identify the owners and beneficiaries of proceeds, or
- b. Compliance with the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/1, *et seq.*

The report concerns itself with improper practices performed with such frequency as to indicate general practices. Individual criticisms were identified and communicated to the insurer, but not cited in the report if not indicative of a general trend, except to the extent that underpayments and/or overpayments in claim surveys or undercharges and/or overcharges in underwriting surveys were cited in the report.

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 by selecting newly solicited insurance applications that reflected Illinois addresses for applicants. The examination period for the producer licensing and production analysis was January 1, 2008 through December 31, 2008.

#### Claims Analysis

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

2. Denied Claims-Denial of benefits for losses not covered by policy provisions.

All claims were reviewed for compliance with policy contracts and endorsements, and applicable Sections of the Illinois Insurance Laws (215 ILCS), and 50 Illinois Administrative Code (50 Ill. Adm. Code).

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment to the insured or the beneficiary. The examination period of the claims survey was January 1, 2008 through December 31, 2008.

Non-Forfeiture Analysis

Listings were requested of all life and annuity policies that were cash surrendered, placed on extended term insurance status, or converted to reduced paid-up insurance during the examination period. These listings were retrieved by a search of Illinois life policies that were either lapsed for nonpayment of premium or were requested non-forfeiture option conversions made by the policyholders. The examination period for the non-forfeiture analysis was January 1, 2008 through December 31, 2008.

Policy Forms and Advertising Materials Review

All policy forms, form letters, riders and advertising materials used in Illinois during the examination period were requested. These were reviewed for compliance as to format, content and terminology as required by Illinois law. The examination period for the policy forms and advertising materials review was January 1, 2008 through December 31, 2008.

Complaint Analysis

The Company was requested to provide all files relating to complaints received via the Department 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 by the complainant to the date of response to the Department. The examination period of this survey was January 1, 2008 through August 17, 2009.

## SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
<b><u>Producer Licensing and Production Analysis</u></b>			
Producers and Applications	171/5,191	171/5,191	100.00
Terminated Agents Review	0	0	
<b><u>Claims Analysis</u></b>			
Paid Individual Life	8	8	100.00
Denied Individual Life	1	1	100.00
Paid Group Life	342	108	31.57
Denied Group Life	4	4	100.00
Paid Group Disability	286	77	26.92
Denied Group Disability	50	50	100.00
Paid Student Accident and Health	9,060	116	1.28
Denied Student Accident and Health	5,615	47	0.83
Paid Accidental Death and Dismemberment	7	7	100.00
Denied Accidental Death and Dismemberment	3	3	100.00
Approved Group Waiver of Premium	40	30	75.00
Rejected Group Waiver of Premium	86	57	66.27
<b><u>Non-Forfeiture Analysis</u></b>			
Life Cash Surrenders	0	0	
Annuity Cash Surrenders	0	0	
<b><u>Policy Forms and Advertising Materials Review</u></b>	107	107	100.00
<b><u>Complaint Analysis</u></b>			
Department of Insurance Complaints	34	34	100.00
Consumer Complaints	8	8	100.00

#### IV. FINDINGS

##### A. Producer Licensing and Production Analysis

###### 1. Producers and Applications

A review of the 171 producers and 5,191 commission payments produced one (1) criticism. A general trend criticism was written under Section 5/500-80 of the Illinois Insurance Code for payment of \$16,765.03 commissions to four (4) producer/entities not duly licensed on ten (10) applications. See 215 ILCS 5/500-80.

###### 2. Terminated Agents Review

There were no agents terminated for cause during the survey period of this examination.

##### B. Claims Analysis

###### 1. Paid Individual Life

All eight (8) of the Paid individual Life claim files were reviewed. All eight (8) files, or 100% of the Paid Individual Life claim files reviewed, were criticized. A general trend criticism was written under Section 224(1)(l) of the Illinois Insurance Code for failure to notify the insured's beneficiary of the availability of interest payment due to delayed claim processing. The Company agreed that it failed to provide the insured's beneficiary notice of the availability of interest due to delayed claim processing. See 215 ILCS 5/224(1)(l).

A general trend criticism was written under Section 224(1)(j) of the Illinois Insurance Code for requiring the insured's beneficiary to provide "proofs" of death whereas at the time of the examination, Section 224(1)(j) only required due proof (singular) of death. The Company disagreed that it required due proofs of death, however "without waiving its objection to the criticism, the Company will consider removing this section from the claim form; however, would ask to receive further clarification from the Department of its interpretation." The Examiner-in-Charge made thorough efforts to explain the Department's interpretation. Note: subsequent to the conclusion of the examination, the following sentence was added to Section 5/224(1)(j) "The policy may require that due proof of the death of the insured shall consist of a certified copy of the death certificate of the insured, or other lawful evidence providing equivalent information, and proof of the claimant's interest in the proceeds."

See 215 ILCS 5/224(1)(j).

Six (6) individual criticisms were written under Section 224(1)(l) of the Illinois Insurance Code (215 ILCS 5/224(1)(l)) for failure to make payment of interest to the insured's beneficiary due to delayed claim payment on six (6) claims with the interest totaling \$3,056.00. The Company agreed that it failed to pay interest on these six (6) claims as required by Section 224(1)(l) of the Illinois Insurance Code (215 ILCS 5/224(1)(l)). The Company does not agree with the number of days used by the Examiner in calculating the amount of interest due; however, the Company was unable to produce satisfactory documentation as to when the checkbooks for the CIGNAssurance retained asset account were actually mailed to the beneficiary. Accordingly, the Examiner concluded that the Company has no system in place to monitor and track the delivery of the actual checkbooks to the beneficiary. The Examiner noted that the Company's approval letter informs the beneficiary that he/she will be receiving the checkbook in five (5) to ten (10) business days from the date of the approval letter. This could mean as much as twelve to fourteen additional days before the beneficiary actually has access to the money. See 215 ILCS 5/224(1)(l). Interest calculations provided here have been revised to account for evidence provided by the Company as to when the checkbooks were received. The Company has amended its procedures to account for an additional two (2) days of interest to cover their process of mailing the checkbooks; however, the Examiner still feels there is not sufficient evidence of this procedure. Note: subsequent to the conclusion of the exam the Department issued Company Bulletin 2011-03 "Use of Retained Asset Accounts" which provides further guidance on the use of retained asset accounts to pay claims consistent with the requirements of Section 224(1)(l).

The median for payment was 32 days.

2. Denied Individual Life

A review of one (1) Denied Individual Life claim file produced no criticisms.

No median for denial could be established.

3. Paid Group Life

A review of 108 of the 342 Paid Group Life claim files produced no criticisms.

The median for payment was eight (8) days.

4. Denied Group Life

A review of all four (4) Denied Group Life claim files produced no criticisms.

The median for denial was nineteen (19) days.

5. Paid Group Disability

A review of 77 of the 286 Paid Group Disability claim files produced no criticisms.

The median for payment was four (4) days.

6. Denied Group Disability

All 50 Denied Group Disability claim files were reviewed. A general trend criticism was written under Section 919.70(a)(2) of the Illinois Administrative Code for failure to provide the insured with the Notice of Availability of the Department on the 45-day delay letter. Five (5) files, or 10% did not contain the Notice of Availability. Three (3) files, or 60% of those criticized files reviewed that required a reasonable written explanation for the claim being delayed beyond 45 days, failed to include Notice of Availability of the Department as required. The Company agreed that it failed to provide the insured Notice of Availability of the Department on the 45-day delay letter as required. The other two (2) files contained letters that did not contain the Notice of Availability language, but because these letters were to the providers as opposed to the insured, they were removed from the criticism. See 50 Ill. Adm. Code 919.70(a)(2).

A general trend criticism was written under Section 919.50(a)(1) of the Illinois Administrative Code for failure to provide Notice of Availability of the Department on denied claims. Six (6) files, or 12% of the files reviewed, failed to meet this requirement. The Examiner noted that while the files in question did contain letters of denial and that the letters failed to include Notice of Availability of the Department as required. The Company agreed that it failed to include Notice of Availability of the Department on these six (6) denied claims as required. See 50 Ill. Adm. Code 919.50(a)(1).

The median for denial was four (4) days.

7. Paid Student Accident and Health

A review of 116 of the 9,060 Paid Student Accident & Health claim files produced no criticisms.

The median for payment was eleven (11) days.

8. Denied Student Accident and Health

Forty-seven (47) of the 5,615 Denied Student Accident & Health claim files were reviewed. A general trend criticism was written under Section 154.6(i) of the Illinois Insurance Code for failing to affirm or deny coverage of claims

within a reasonable time. Five (5) files, or 11% of the files reviewed, failed to meet this requirement. The Company agreed that it failed to affirm or deny these five (5) claims within a reasonable time as required. See 215 ILCS 5/154.6(i).

A general trend criticism was written under Section 919.70(a)(2) of the Illinois Administrative Code for failure to provide insured with a reasonable written explanation for delay beyond 45 days. Twenty-six (26) files, or 55% of the files reviewed, failed to meet this requirement. The Company agreed with one (1) of the claims but disagreed with the other twenty-five (25) claims included in this criticism. The Company appears to interpret this Section that the clock starts when “proof of loss” is received; however, Section 919.70(a)(2) clearly states that a **“claim that remains unresolved for 45 days from the date it is reported,”** not from the date proof of loss is received. The Company states “claim form can be received alone or along with bills; however, it is not considered to be the proof of loss but rather notice that a claim is on the way.” See 50 Ill. Adm. Code 919.70(a)(2).

The median for denial was thirteen (13) days.

9. Paid Accidental Death and Dismemberment

A review of all seven (7) Paid Accidental Death and Dismemberment files produced no criticisms.

The median for payment was eighteen (18) days.

10. Denied Accidental Death and Dismemberment

All three (3) Denied Accidental Death and Dismemberment claim files were reviewed. A general trend criticism was written under Section 919.50(a)(1) of the Illinois Administrative Code for failure to provide Notice of Availability of the Department on denied claims. All three (3) files, or 100% of the Denied Accidental Death and Dismemberment claim files reviewed, failed to meet this requirement. The Company agreed that it failed to include Notice the Availability of the Department on all three (3) denied claims as required. See 50 Ill. Adm. Code 919.50(a)(1).

A general trend criticism was written under Section 919.70(a)(2) of the Illinois Administrative Code for failure to provide insured with the Notice of Availability of the Department on 45-day delay letters. All three (3) files, or 100% of the files reviewed, failed to meet this requirement. The Company agreed that it failed to include the Notice of Availability of the Department on the 45-day delay letter as required. See 50 Ill. Adm. Code 919.70(a)(2).

The median for denial was eleven (11) days.

11. Approved Group Waiver of Premium

Thirty (30) of the 40 Approved Group Waiver of Premium claim files were reviewed. A general trend criticism was written under Section 919.70(a)(2) of the Illinois Administrative Code for failure to provide the insured with the Notice of Availability of the Department on the 45-day delay letter. Thirteen (13) files, or 43% of the files reviewed, failed to meet this requirement. The Company agreed that it failed to include the Notice of Availability of the Department for all thirteen (13) claims in the 45-day delay letter as required. See 50 Ill. Adm. Code 919.70(a)(2).

The median for approval was three (3) days.

12. Rejected Group Waiver of Premium

Fifty-seven (57) of the 86 Rejected Group Waiver of Premium claim files were reviewed. A general trend criticism was written under Section 919.50(a)(1) of the Illinois Administrative Code for failure to provide the insured Notice of Availability of the Department on denied claims. Seven (7) of the files, or 13% of the files reviewed, failed to meet this requirement. The Company agreed that it failed to provide insured Notice of Availability of the Department on denied claims as required. See 50 Ill. Adm. Code 919.50(a)(1).

A general trend criticism was written under Section 919.70(a)(2) of the Illinois Administrative Code for failure to provide the insured with the Notice of Availability of the Department on the 45-day delay letter. Twenty-nine (29) of the files, or 51% of the files reviewed, failed to meet this requirement. The Examiner noted that while the files in question did seem to contain the required 45-day delay letters, the letters failed to include Notice of Availability of the Department as required. The Company agreed that it did not include the Notice of Availability of the Department in the 45-day delay letters as required. See 50 Ill. Adm. Code 919.70(a)(2).

The median for denial was eight (8) days.

C. Non-Forfeiture Analysis

There were no non-forfeiture files reviewed during the course of this examination.

D. Policy Forms and Advertising Materials Review

A review of all 107 policy forms and advertising brochures used during our survey period produced no criticisms.



E. Complaint Analysis

1. Department Complaints

A review of all 34 Department complaints produced no criticisms.

The median for response was fourteen (14) days.

2. Consumer Complaints

A review of all eight (8) consumer complaints produced no criticisms.

The median for response was twenty-three (23) days.

V. INTERRELATED FINDINGS

On death claims of \$5,000.00 or more, the Company states "If your insurance benefit is \$5,000 or more, CIGNA [the Company] will automatically open a free, interest-bearing account in your name. This account, called the CIGNAssurance Program, is a safe, secure place to keep your proceeds while you decide how to best use them. A supply of personalized drafts will be mailed to you once your claim has been approved. You can take all or part of the money out of the account simply by writing a draft." The letter advises the beneficiary that he/she should receive the supply of personalized drafts within five to ten business days.

Under this method of paying a death claim, the beneficiary may not have access to the money for as much as two (2) weeks after the claim has been approved, but the Company does not pay interest on the benefits to include this additional time it takes to receive the personalized drafts needed to withdraw the policy benefits. The Company states that these drafts are mailed out within two (2) business days after the claim has been approved and the money has been placed into the CIGNAssurance account; however, the Company has been unable to provide hard evidence to prove this claim. It appears that the Company has no system in place to monitor and track the delivery of the actual checkbooks to the beneficiary and, therefore, should be required to put a system in place so that it can monitor and track the delivery of these drafts and be able to provide proof of this to the Department when requested.

VI. TECHNICAL APPENDICES

None

STATE OF *NEW YORK* )  
  ) ss  
COUNTY OF *NEW YORK*. )

Dan Talkington, 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 Life Insurance Company of North America, NAIC #65498;

That, as Examiner-In-Charge, he 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 he nor any other persons designated as examiners 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 he nor any other persons designated as examiners 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.

  
Dan Talkington  
Examiner-In-Charge

Subscribed and sworn to before me  
this *17* day of *MARCH*, 2013.

  
Notary Public

**ANNA M TIRONE**  
Notary Public - State of New York  
No. 01T16101625  
Qualified in Richmond County  
My Commission Expires Nov. 17, 2015

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Life Insurance Company of North America  
Two Liberty Place TL14A  
1601 Chestnut St  
Philadelphia, PA 19192-2362

### 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 ("State"), having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Life Insurance Company of North America ("Company") is authorized under the insurance laws of this State 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 131.21, 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425); and

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

WHEREAS, the 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 the Company 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; and

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 50 Ill. Adm. 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 whereby the Company does not pay commissions to producers/entities not duly licensed as required by Section 5/500-80 of the Illinois Insurance Code (215 ILCS 5/500-80).
2. Institute and maintain procedures whereby the Company notifies the insured's beneficiary of the availability of interest payment due to delayed claim processing as required by Section 224(1)(l) of the Illinois Insurance Code (215 ILCS 5/224(1)(l)).
3. Institute and maintain procedures whereby the Company requires the insured's beneficiary to provide due proof of death of the insured as required by Section 224(1)(j) of the Illinois Insurance Code (215 ILCS 5/224(1)(j)).
4. Institute and maintain procedures whereby the Company pays interest to the insured's beneficiary due to delayed claim payment as required by Section 224(1)(l) of the Illinois Insurance Code (215 ILCS 5/224(1)(l)) including, but not limited to, having a system in place to monitor and track the delivery of the actual checkbooks to the beneficiary.
5. Institute and maintain procedures whereby the Company includes Notice of Availability of the Department on all denied claims as required by Section 919.50(a)(1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50(a)(1)).
6. Institute and maintain procedures whereby the Company provides the insured with Notice of Availability of the Department on the 45-day delay letter as required by Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)).
7. Institute and maintain procedures whereby the Company affirms or denies coverage within a reasonable time after proof of loss statements have been completed as required by Section 154.6(i) of the Illinois Insurance Code (215 ILCS 5/154.6(i)).

8. Institute and maintain procedures whereby the Company provides the insured with a reasonable written explanation for delay beyond 45 days as required by Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)).
9. Submit to the Director proof of compliance with the above eight (8) orders within thirty (30) days of the execution of these Orders.
10. Pay to the Director a civil forfeiture in the amount of sixty thousand dollars and no/100 (\$60,000.00) to be paid within thirty (30) days of the execution 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 Life Insurance Company of North America:

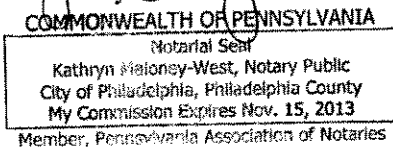
Mark P. Marsters  
Signature

Mark P. Marsters  
Name

Vice President  
Title

Subscribed and sworn to before me this  
16 day of April A.D. 2013.

Kathryn Meiosis-West  
Notary Public



DEPARTMENT OF INSURANCE of the  
State of Illinois;

DATE March 28, 2013

Andrew Boron  
Andrew Boron  
Director



# Illinois Department of Insurance

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PAT QUINN  
Governor

ANDREW BORON  
Director

October 2, 2013

Sent via USPS certified mail  
\*return receipt requested

Kimberly Schoolcraft  
Manager, Market Conduct  
Regulatory Affairs, Cigna Legal  
Cigna Corporation  
Wilde Building, B6LPA  
900 Cottage Grove Road  
Hartford, CT 06152

Re: Market Conduct Examination of Life Insurance Company of  
North America, NAIC#65498

Dear Ms. Schoolcraft:

Please be advised that the Department has reviewed the proof of compliance contained in your May 15, 2013, June 28, 2013 and September 26, 2013 correspondence. The proof of compliance submitted on behalf of Life Insurance Company of North America is sufficient.

Accordingly, the Department is closing its files on this exam. This exam will be made public by posting on the Department's website as authorized by 215 ILCS 5/132.

Please contact me if you have any questions.

Sincerely,

Barbara Delano  
Assistant General Counsel  
Illinois Department of Insurance  
Barbara.Delano@illinois.gov