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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

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**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT:**

BENEFICIAL LIFE INSURANCE  
COMPANY  
150 Social Hall Avenue  
Salt Lake City, UT 84145  
NAIC No. 61395

**STIPULATION AND ORDER**

Docket No. 2010-116 EX

Enf. Case Nos. 2371 & 2657

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**STIPULATION**

1. Respondent, Beneficial Life Insurance Company is an insurer domiciled and authorized to do business in the State of Utah, NAIC No. 61395.
2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:
  - a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;
  - b. Respondent admits the Findings of Fact and Conclusions

made therefrom;

c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.


4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 6 day of July, 2010.

  
BENEFICIAL LIFE INSURANCE COMPANY  
David Pearce, General Counsel

  
UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon  
Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

### **FINDINGS OF FACT**

1. During the years of approximately 1998 through 2007, Respondent issued approximately 3746 universal life insurance policies with a Term Insurance Rider (Form number 045-L39-74) (collectively the "Policies").

2. In approximately 94% of the Policies, the illustration narrative was inconsistent with the numeric summary, resulting in a communication to the policyowner about the term rider that was potentially misleading.

3. The addition of the term rider created a possibility of a guideline premium issue that could result in premium force-outs in the future, and possibly causing adverse consequences to the Policies' cash values.

4. Respondent worked with the department to create an endorsement for the Policies that would assure that if a premium force-out occurred, that the Policies would retain a certain level of death benefit.

5. In a financial audit conducted by the department of the Respondent as of December 31, 2007, the Respondent was found to have failed to appoint 42 of its agents with the department. This situation was corrected at the Department's direction.

6. During the months of October, November, and December 2009, Respondent failed to provide a written claim settlement and to pay claims due within 15 days of the receipt of a proof of loss in a majority of claims received during that period.

7. Beneficial has re-hired personnel to assist in processing claims to correct the problem and has provided evidence of interest paid on a sample of late processed claims.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

**CONCLUSIONS OF LAW**

1. In providing a narrative summary that was inconsistent with policy values page, Respondent violated Utah Code Annotated § 31A-23a-402(1)(a)(i) and Utah Administrative Code Rule R590-79-6(F).

2. In failing to appoint agents with the department, Respondent violated Utah Code Annotated 31A-23a-115(1).

3. In failing to provide a written claim settlement and to pay claims due within 15 days of the receipt of a proof of loss, Respondent violated Utah Code Annotated § 31A-26-301 and Utah Administrative Code Rule R590-191-4(5).

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

**ORDER**

**IT IS HEREBY ORDERED:**

1. Respondent Beneficial Life Insurance Company is assessed a forfeiture of \$47,000.00 to be paid to the Utah Insurance Department within 30 days of issuance of this Order.

**NOTIFICATION**

Respondent is hereby notified that failure to abide by the terms of this Order may subject you to further penalties, including additional forfeitures of up to \$5,000.00 per violation and the suspension or revocation of your license, and the filing of an action to enforce this Order in the

District Court, which may impose penalties of up to \$10,000.00 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them

DATED this 13<sup>th</sup> day of JULY, 2010.

NEAL T. GOOCH  
Insurance Commissioner



MARK E. KLEINFELD  
Administrative Law Judge  
Utah Insurance Department  
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