

South Dakota Division of Insurance
Market Conduct Examination Report of Assurant, Inc.
(NAIC Group Code 0019)

Union Security Insurance Company
(NAIC Company Code 70408)
2323 Grand Boulevard
Kansas City, MO 64108

American Memorial Life Insurance Company
(NAIC Company Code 67989)
440 Mt. Rushmore Road
Rapid City, SD 57701

American Bankers Life Assurance Company of Florida
(NAIC Company Code 60275)
11222 Quail Roost Drive
Miami, FL 33157

Time Insurance Company
(NAIC Company Code 69477)
501 W. Michigan Avenue
Milwaukee, WI 53201-3050

John Alden Life Insurance Company
(NAIC Company Code 65080)
501 W. Michigan Avenue
Milwaukee, WI 53201-3050

Table of Contents

Salutation.....	4
Foreword.....	5
Scope of Examination.....	6
Executive Summary.....	7
Explanation of The Examination Process.....	9
Review of Files.....	10
Chapter 1: Union Security Insurance Company Background Information.....	11
A. History.....	11
B. Profile.....	12
Examination Findings.....	13
I. Union Security Company Operations and Management.....	13
II. Union Security Complaint Handling.....	14
III. Union Security Marketing and Sales.....	15
IV. Union Security Producer Licensing.....	15
V. Union Security Underwriting and Rating.....	16
VI. Union Security Claims.....	21
Chapter 2: American Memorial Life Insurance Company.....	24
Background Information.....	24
A. History.....	24
B. Profile.....	25
Examination Findings.....	27
I. American Memorial Company Operations and Management.....	27
II. American Memorial Complaint Handling.....	28
III. American Memorial Marketing and Sales.....	28
IV. American Memorial Producer Licensing.....	28
V. American Memorial Underwriting and Rating.....	29
VI. American Memorial Claims.....	30
Chapter 3: American Bankers Life Assurance Company of Florida Background Information.....	32
A. History.....	32
B. Profile.....	32
Examination Findings.....	33
I. American Bankers Company Operations and Management.....	33
II. American Bankers Complaint Handling.....	34
III. American Bankers Marketing and Sales.....	34
IV. American Bankers Producer Licensing.....	34
V. American Bankers Underwriting and Rating.....	35
VI. American Bankers Claims.....	37
Chapter 4: Time Insurance Company Background Information.....	40
A. History.....	40
B. Profile.....	40
Examination Findings.....	41
I. Time Company Operations and Management.....	41
II. Time Complaint Handling.....	42
III. Time Marketing and Sales.....	43
IV. Time Producer Licensing.....	44
V. Time Underwriting and Rating.....	44
VI. Time Claims.....	50
VII. Time Forms.....	56
Chapter 5: John Alden Life Insurance Company Background Information.....	57
A. History.....	57
B. Profile.....	57
Examination Findings.....	59
I. John Alden Company Operations and Management.....	59
II. John Alden Complaint Handling.....	60

III. John Alden Marketing and Sales	61
IV. John Alden Producer Licensing.....	61
V. John Alden Underwriting and Rating	62
VI. John Alden Claims	66
VII. John Alden Forms	71
Summary of Violations.....	72
Conclusion.....	77

Salutation

June 29, 2016

Honorable Larry Deiter
Insurance Director
State of South Dakota
124 South Euclid Avenue, 2nd Floor
Pierre, South Dakota 57501

Dear Director Deiter:

In compliance with the instructions contained in the September 5, 2012 Order for Examination, a market conduct examination of Assurant, Inc. has been conducted.

Assurant, Inc. is incorporated under the laws of the State of Delaware. The following Assurant, Inc. companies were examined:

- Union Security Insurance Company
- American Memorial Life Insurance Company
- American Bankers Life Assurance Company of Florida
- Time Insurance Company
- John Alden Life Insurance Company

The examination consisted of two phases, an on-site phase and an off-site phase. The on-site phase of the examination was conducted at the following Company locations:

- Union Security Insurance Company
2323 Grand Boulevard, Kansas City, MO 64108
- American Memorial Life Insurance Company
440 Mt. Rushmore Road, Rapid City, SD 57701
- American Bankers Life Assurance Company of Florida
11222 Quail Roost Drive, Miami, FL 33157
- Time Insurance Company
John Alden Life Insurance Company
501 W. Michigan Avenue, Milwaukee, WI 53201

The off-site examination phase was performed at the offices of the South Dakota Division of Insurance or other appropriate locations.

The report of examination thereon is respectfully submitted.

Foreword

This examination reflects the Companies' insurance activities in the State of South Dakota. This market conduct examination report is, in general, a report by exception. Some of the information reviewed by the examiners may not be referenced in this written report regarding practices, procedures, or files that did not result in any errors or irregularities. Failure to comment on specific products, procedures or files does not constitute approval thereof by the South Dakota Division of Insurance.

In performing this examination, the Division selected a portion of the Group's operations for review. This report does not fully reflect a review of all of the practices and activities of the Group.

The following is a list of abbreviations used in this Report:

Abbreviation	Refers to
"American Bankers"	American Bankers Life Assurance Company of Florida
"American Memorial"	American Memorial Life Insurance Company
"AD&D"	Accident Death and Dismemberment
"ARSD"	South Dakota Administrative Rules
"Company" or "Companies"	Collectively or individually to Union Security Insurance Company, American Memorial Life Insurance Company, American Bankers Life Assurance Company of Florida, Time Insurance Company, or John Alden Life Insurance Company
"Division"	South Dakota Division of Insurance
"Group"	Assurant, Inc. group of companies
"John Alden"	John Alden Insurance Company
"LTD"	Long Term Disability
"NAIC"	National Association of Insurance Commissioners
"SDCL"	South Dakota Codified Law
"STD"	Short Term Disability
"Time"	Time Insurance Company
"Union Security"	Union Security Insurance Company

Scope of Examination

The South Dakota Division of Insurance has authority to perform this examination pursuant to, but not limited to, SDCL Ch. 58-3. This examination of the Assurant Group began December 12, 2012. It covered the period of January 1, 2009 through June 30, 2012, unless otherwise noted.

This examination reviewed the following categories of operations:

- Company operations and management
- Complaint handling
- Marketing and sales
- Producer licensing
- Underwriting and rating
- Claims

The examination was performed in accordance with market regulation standards established by the Division and examination procedures established by the NAIC.

Executive Summary

This market conduct examination focused on the business practices of Assurant, Inc. The Group writes both individual and group health insurance. This was a comprehensive examination of all individual and group health insurance written by the Companies in South Dakota during the examination period, which was January 1, 2009 through June 30, 2012.

The following areas were reviewed for compliance with South Dakota statutes and administrative rules:

- Company operations and management
- Complaint handling
- Marketing and sales
- Producer licensing
- Underwriting and rating
- Claims

The examiners' review found 753 total violations of South Dakota insurance laws or rules. The following is a list of all violations noted during the course of the examination:

Assurant Inc. Violations Noted in this Report

Violation	Number of Violations	Description
SDCL § 58-33A-5	370	Failure to deliver or issue the required outline of coverage.
SDCL § 58-17-4.1	123	Use of rates that were not filed or approved.
ARSD 20:06:53:67	120	Failure to deliver or issue required description of external review procedures.
SDCL § 58-1-26	46	Failure to retain records.
SDCL § 58-17-11.1	28	Failure to provide proof of a certificate of mailing.
SDCL § 58-30-176	19	Acceptance of business from an unappointed agent.
SDCL § 58-15-8.2	10	Failure to provide proof of policy mailings or delivery.
SDCL § 58-33-67(1)	9	Failure to acknowledge and act within 30 days upon communication from an insured or representative of an insured regarding a claim.
SDCL § 58-11-5	6	Failure to include a required provision in a policy form.
SDCL § 58-17-107	5	Failure to provide prostate cancer screening benefit.
SDCL § 58-30-92	4	Acceptance of business from unlicensed producer.
SDCL § 58-30-171	3	Payment of commission to an unappointed agent.
SDCL § 58-12-20	2	Failure to pay clean claim within the statutory time limit.
SDCL § 58-33-66(2)	2	Providing false, misleading, or incomplete information to the Division.
ARSD 20:06:39:08	2	Cessation of marketing child only policies after March 23, 2010.

ARSD 20:06:55:25	2	Failure to offer an open enrollment period for individuals under the age of 19 in 2011.
SDCL § 58-11-12	1	Issuing a policy form that was not filed and approved by the Director.
SDCL § 58-17-1.2	1	Failure to include diabetes supplies provision in a policy form.

A summary of violations for each Company examined is located on page 72 of this Report.

As noted above, various noncompliant practices were identified some of which may extend to other jurisdictions. The Group is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to the South Dakota insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

Explanation of the Examination Process

Company Operations

The examiners review the Group's operations and management. Additionally, when appropriate, the examiners note throughout the report any failures by the Group to facilitate the examination process due to the Group providing incomplete, inaccurate, or untimely responses to the examiners requests.

Complaint Handling

The examiners review complaints the Group received directly from consumers and complaints the Division submitted to the Group. The purpose of this review is to determine whether the Group accurately and timely handles and resolves complaints.

Marketing and Sales

The examiners review the Group's advertising materials to evaluate the accuracy of statements made by the Group.

Producer Licensing

The examiners review the Group's compliance with South Dakota's producer licensing and appointment laws. The examiners compare the Group's list of licensed producers to the Division's licensing records. Additionally, the examiners verify producers listed in applications that are reviewed in the underwriting section of the examination were properly licensed and appointed.

Underwriting and Rating

The examiners review the Companies' underwriting and rating practices. The following items are reviewed for compliance with South Dakota statutes and administrative rules:

- Policy forms
- Underwriting guidelines and company manuals
- Rates and premium assessments
- Policy terminations

The examiners review the Companies' policy forms and underwriting guidelines to determine compliance with filing requirements, to ensure the contract language is not ambiguous, and that the provisions of the policies adequately protect insureds. The examiners determine if appropriate guidelines are in place for the Companies to meet their compliance obligations and whether the Companies are adhering to their guidelines. Additionally, the examiners determine if premiums assessed match filed and approved rates. Finally, the examiners review active and terminated policy files to determine if the Companies are adhering to their underwriting guidelines and procedures.

Claims

The examiners review the claim practices of the Group in order to determine efficiency of handling, accuracy of payment, adherence to contract provisions, and compliance with South Dakota statutes and administrative rules. Practices considered to be a violation include failure to timely investigate and settle claims and failure to correctly calculate claim benefits.

Review of Files

If practical, the examiners conduct a census or complete review of the population of files. In instances where a census review cannot be conducted in an expedient manner, the examiners may review a random sample of the population.

In a random sample, each unit is chosen from the population of files entirely by chance; every unit of the population has an equal probability of being included in the sample. No units have been “preselected” out of the population. Random selections may be attained through use of a random numbers table or a random numbers generator in computer software.

Chapter 1: Union Security Insurance Company **Background Information**

A. History

Montana Life Insurance Company was incorporated on March 26, 1910, under the laws of the State of Montana and operated as a Montana domiciled life insurance company from 1910 to 1962. The name of the Company was changed to Western Life Insurance Company on February 8, 1938. In 1962, the Company changed its state of domicile by establishing a Minnesota domiciled life insurance company and merging the Montana domiciled life insurance company into it.

On December 31, 1984, Western Life Insurance Company was acquired by N.V. AMEV, a Dutch financial services company located in Utrecht, The Netherlands. AMEV acquired the Group Operations of Mutual Benefit Life Insurance Company on October 1, 1991. The Company changed its name effective January 1, 1992, from Western Life Insurance Company to Fortis Benefits Insurance Company. During 1994, N.V. AMEV became Fortis AMEV. The U.S. operations were known as Fortis, Inc. Fortis Benefits Insurance Company acquired 99% ownership of Dental Health Alliance, L.L.C. on February 20, 1997. Dental Health Alliance, L.L.C. is a dental preferred provider organization.

On July 1, 2001, Pierce National Life Insurance Company was merged into Fortis Benefits Insurance Company. Effective December 31, 2001, the ultimate parent of the Company, Fortis, Inc. (which was renamed Assurant, Inc. when it became a publicly traded company on the New York Stock Exchange through an Initial Public Offering on February 5, 2004), entered into a transaction to acquire the Dental Benefits Division of Protective Life Corporation (the Transaction). The Transaction involved the acquisition of 100% of the stock of 24 prepaid dental managed care companies by an affiliate, Dental Care Holdings, Inc.

The Company redomesticated from Minnesota to Iowa, effective October 1, 2004. The Company changed its name to Union Security Insurance Company, effective September 6, 2005. Dental Care Holdings, Inc. was merged into Interfinancial, Inc. on October 17, 2005. As part of the Transaction referenced above, the Company entered into administrative service agreements with each of the prepaid dental managed care companies. Two of the companies were dissolved in 2004, eight were merged into Union Security Insurance Company on November 1, 2005 and one was merged into Union Security Insurance Company on December 31, 2006. On December 31, 2006, Assurant, Inc. assigned the 1% of Dental Health Alliance, L.L.C. that they owned to Union Security Insurance Company. The Company redomesticated from Iowa to Kansas on September 30, 2009.

Group Vision was added to the Company's product lines in 2010. Effective April 9, 2012, Interfinancial, Inc., acquired Solidify Software, LLC for the benefit of Union Security Insurance Company.

The Company has sold dental insurance since the mid-1980s. Union Security Insurance Company's direct parent is Interfinancial, Inc., which in turn, is controlled by Assurant, Inc., in New York, New York.

B. Profile

Union Security Insurance Company is a Life and Health Insurance Company. It is currently authorized to do business in the District of Columbia and all states except New York. It has been in business for over 100 years and is a provider of employee benefits in the United States.

Union Security Insurance Company's primary lines of business written during the examination period are group disability, group dental, and group life, which are grouped within the Assurant Employee Benefits business unit. The Company's focus is in the small group disability, group dental, and group life product markets. An additional line of business written during the examination period is voluntary accidental death and dismemberment, which is part of the Assurant Specialty Property business unit. Assurant Employee Benefits and Assurant Specialty Property are two of four business units in the Assurant holding company system. The Company is governed by a six-member Board of Directors and led by a senior management team, made up of the president and senior vice presidents of the operational and administrative departments of the Company.

The Company's total direct written premium for life, annuity, deposit type funds and earned premium for accident and health insurance are as follows:

Year	National Total	South Dakota
2009	\$1,156,761,851	\$5,155,921
2010	\$1,082,451,349	\$4,381,494
2011	\$1,044,831,697	\$4,557,144
2012	\$1,014,351,300	\$4,816,009

Examination Findings

I. Union Security Company Operations and Management

A review of the Company's operations and management was conducted. The examiners requested and reviewed the following information:

- A. The Company's history and management structure including dates, location of formation, and any significant changes since the Company's formation;
- B. A written overview of the Company's operations including management structure, type of carrier, states where the Company is licensed, and the major lines of business the Company writes;
- C. A description of all fines, penalties, and recommendations from any state for the last 3 years and copies of all market conduct examination reports conducted during the last 3 years;
- D. A copy of the Company's last annual report to the shareholders;
- E. A copy of the annual statements for the prior 3 years;
- F. A list of all third party administrators, managing general agents, and vendors contracted with the Company to process South Dakota business during the examination period and a copy of the contracts. Additionally, a copy of all management agreements or vendor agreements including agreements between affiliates or private contractors for the examination period;
- G. A list of all internal audits and external audits performed on a third party administrator or managing general agents either by the Company or any other entity during the examination period;
- H. A copy of the Company's internal audit procedures and list of all internal audit schedules and internal audit reports conducted by the Company or any entity within the last 3 years;
- I. A copy of the Company's South Dakota Certificate of Authority(s) for the period under examination;
- J. A copy of the Company's anti-fraud procedures and annual reports;
- K. A copy of the Company's disaster recovery procedures; and
- L. A copy of the Company's privacy of consumer financial and health information policies and procedures.

Finding 1: No violations were noted.

II. Union Security Complaint Handling

A. Consumer Complaints

The examiners requested a list of all consumer complaints received from South Dakota consumers, claimants, and complaints referred by the Division during the examination period. The Company provided a population of 8 complaints.

Population Size:	8
Review Size:	8
Review Type:	Census Review
Number of Violations:	0

Finding 2: No violations were noted.

B. Assurant Employee Benefits Dental Grievances and Appeals

The Company was requested to provide a list of all grievances and appeals received from South Dakota consumers and providers during the examination period. The Company provided a population of 21 grievances and appeals.

Population Size:	21
Review Size:	21
Review Type:	Census Review
Number of Violations:	0

Finding 3: No violations were noted.

C. Assurant Employee Benefits Disability Grievances and Appeals

The Company was requested to provide a list of all grievances and appeals received from South Dakota consumers and providers during the examination period. The Company provided a population of 7 disability grievances and appeals.

Population Size:	7
Review Size:	7
Review Type:	Census Review
Number of Violations:	0

Finding 4: No violations were noted.

III. Union Security Marketing and Sales

A. Assurant Specialty Property Business Advertising Materials

The examiners requested a list of all advertising materials, whether printed or audio/visual, available for use by field personnel during the examination period. The Company provided a list of 60 pieces of advertising.

Population Size:	60
Review Size:	25
Review Type:	Random Sample
Number of Violations:	0

Finding 5: No violations were noted.

B. Assurant Specialty Property Business Advertising Scripts

The examiners requested a list of all advertising scripts available for use during the examination period. The Company provided a list of 31 advertising scripts.

Population Size:	31
Review Size:	10
Review Type:	Random Sample
Number of Violations:	0

Finding 6: No violations were noted.

IV. Union Security Producer Licensing

The Company was requested to provide a list of all producers licensed in South Dakota to solicit business during the examination period. In addition, the Company was requested to provide the following:

- Policies and procedures for licensing, appointments, and terminations
- Policies and procedures for producer product and compliance training
- Reports of alleged producer misconduct
- Producer notification and training materials for new products
- Producer notification and training materials for changes in insurance statutes and regulations

The producer licensing lists and policies and procedures were received and reviewed. All new business files were reviewed for license and appointment compliance.

Finding 7: The Company accepted 4 new business applications from producers who were not licensed at the time of application in violation of SDCL § 58-30-92.

Recommendation 7: It is recommended that the Company adopt and adhere to policies and procedures to ensure all producers are appropriately licensed before accepting new business pursuant to SDCL § 58-30-92.

Finding 8: The Company accepted 14 new business applications from producers who were not properly appointed with the Company in violation of SDCL §58-30-176.

Recommendation 8: It is recommended that the Company adopt and adhere to policies and procedures to ensure producers are properly appointed with the Company pursuant to SDCL § 58-30-176.

Finding 9: The Company paid unappointed producers commissions for 2 new business applications in in violation of SDCL § 58-30-171.

Recommendation 9: It is recommended that the Company adopt and adhere to policies and procedures to ensure that commissions are only paid to appointed producers pursuant to SDCL § 58-30-171.

V. Union Security Underwriting and Rating

The examiners reviewed the Company's underwriting and rating practices for compliance with the South Dakota statutes and administrative rules. The examiners' focus included, but was not limited to, the Company's adherence to underwriting guidelines and manuals, adherence to Company rate and form filings, and termination procedures. The Company's products subject to the review are grouped by Union Security in two units: the Assurant Employee Benefits unit and the Assurant Specialty Property Business unit. The following areas were reviewed:

A. Assurant Employee Benefits Group Life Policies Issued

The examiners requested a listing list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 90 Assurant Employee Benefits Group Life Policies issued.

Population Size:	90
Review Size:	54
Review Type:	Random Sample
Number of Violations:	0

Finding 10: No violations were noted.

B. Assurant Employee Benefits Group LTD Policies Issued

The examiners requested a list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 24 Assurant Employee Benefits Group LTD Policies issued.

Population Size:	24
Review Size:	24
Review Type:	Census Review
Number of Violations:	0

Finding 11: No violations were noted.

C. Assurant Employee Benefits Group STD Policies Issued

The examiners requested a list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 15 Assurant Employee Benefits Group STD Policies issued.

Population Size:	15
Review Size:	15
Review Type:	Census Review
Number of Violations:	0

Finding 12: No violations were noted.

D. Assurant Employee Benefits Group Dental Policies Issued

The examiners requested a list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 21 Assurant Employee Benefits Group Dental Policies issued.

Population Size:	21
Review Size:	21
Review Type:	Census Review
Number of Violations:	0

Finding 13: No violations were noted.

E. Assurant Employee Benefits Group Vision Policies Issued

The examiners requested a list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 25 Assurant Employee Benefits Group Vision Policies issued.

Population Size:	25
Review Size:	25
Review Type:	Census Review
Number of Violations:	0

Finding 14: No violations were noted.

F. Assurant Employee Benefits Life Portability Certificates Issued

The examiners requested a list of all residents holding a certificate of coverage issued during the examination period. The Company provided a population of 11 Assurant Employee Benefits Life Portability Certificates issued.

Population Size:	11
Review Size:	11
Review Type:	Census Review
Number of Violations:	0

Finding 15: No violations were noted.

G. Assurant Employee Benefits Group Policies Terminated

The examiners requested a list of all group policies terminated during the examination period. The Company provided a population of 152 Assurant Employee Benefits Group Policies terminated.

Population Size:	152
Review Size:	71
Review Type:	Random Sample
Number of Violations:	0

Finding 16: No violations were noted.

H. Assurant Employee Benefits Group Life Policies Declined

The examiners requested a list of all group policies declined during the examination period. The Company provided a population of 2 Assurant Employee Benefits Group Life Policies declined.

Population Size:	2
Review Size:	2
Review Type:	Census Review
Number of Violations:	0

Finding 17: No violations were noted.

I. Assurant Employee Benefits Certificates Declined

The examiners requested a list of all certificates of coverage declined during the examination period. The Company provided a population of 26 Assurant Employee Benefits Certificates declined.

Population Size:	26
Review Size:	26
Review Type:	Census Review
Number of Violations:	0

Finding 18: No violations were noted.

J. Assurant Employee Benefits Group Life Conversions

The examiners requested a list of all applications for conversion of group coverage to individual coverage during the examination period. The Company provided a population of 17 Assurant Employee Benefits Group Life conversions.

Population Size:	17
Review Size:	17
Review Type:	Census Review
Number of Violations:	1

Finding 19: The Company issued a policy form that was not filed with and approved by the Director. The Company is in violation of SDCL § 58-11-12.

Recommendation 19: It is recommended that the Company adopts and adheres to policies and procedures to ensure that all policies issued are filed and approved by the Director.

It should be noted that in response to this discovery, the policy was reissued on the correct form, and a letter of explanation sent to the policyholder.

K. Assurant Specialty Property Business Group AD&D Policies Issued

The examiners requested a list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 6 Assurant Specialty Property Business Group AD&D Policies issued.

Population Size:	6
Review Size:	6
Review Type:	Census Review
Number of Violations:	0

Finding 20: No violations were noted.

L. Assurant Specialty Property Business AD&D Group Certificate Holders

The examiners requested a list of all South Dakota residents holding a certificate of coverage issued during the examination period. The Company provided a population of 22 Assurant Specialty Property Business AD&D Group Certificates issued.

Population Size:	22
Review Size:	22
Review Type:	Census Review
Number of Violations:	0

Finding 21: No violations were noted.

M. Assurant Employee Benefits Individual Life Policies Issued

The examiners requested a list of all individual coverage issued during the examination period. The Company provided a population of 3 Assurant Employee Benefits Individual Life Policies issued.

Population Size:	3
Review Size:	3
Review Type:	Census Review
Number of Violations:	0

Finding 22: No violations were noted.

N. Assurant Employee Benefits Individual Life Policies Declined

The examiners requested a list of all applicants declined coverage during the examination period. The Company provided a population of 14 Assurant Employee Benefits Individual Policies declined.

Population Size:	14
Review Size:	14
Review Type:	Census Review
Number of Violations:	0

Finding 23: No violations were noted.

O. Assurant Specialty Property Business Individual AD&D Policies Issued

The examiners requested a list of all individual coverage issued during the examination period. The Company provided a population list of 331 Assurant Specialty Property Business Individual AD&D Policies issued.

Population Size:	331
Review Size:	82
Review Type:	Random Sample
Number of Violations:	34

Finding 24: The Company failed to retain 1 new business application form. The Company is in violation of SDCL § 58-1-26.

Recommendation 24: It is recommended that the Company adopt and adhere to policies and procedures to ensure the proper maintenance of all records subject to an examination pursuant to SDCL § 58-1-26.

Finding 25: The Company failed to maintain proof of policy mailing or delivery in 33 files. The Company is in violation of SDCL § 58-1-26.

Recommendation 25: It is recommended that the Company adopt and adhere to policies and procedures to ensure the proper maintenance of all records of policy mailing subject to an examination pursuant to SDCL § 58-1-26.

P. Assurant Specialty Property Business Individual AD&D Policies Terminated

The examiners requested a list of all individual policyholders terminated during the examination period. The Company provided a population of 176 Assurant Specialty Property Business Individual AD&D Policies terminated.

Population Size:	176
Review Size:	76
Review Type:	Random Sample
Number of Violations:	0

Finding 26: No violations were noted.

VI. Union Security Claims

The purpose of the review was to ascertain the Company's compliance with the statutes and administrative rules of South Dakota relating to claim settlement practices.

Throughout the review, each claim was reviewed in order to determine efficiency of handling, accuracy of payment, proper denial, adherence to contract provisions, and compliance with the State of South Dakota statutes and administrative rules. The examiners reviewed the following areas:

A. Claims Manual and Handling Procedures

The examiners requested all claims manuals, claims bulletins, internal guidelines, and other materials available to the Company's claims personnel or any other individual, including field personnel, for use in the evaluation of claims during the examination period. The Company provided 22 claims manuals and procedures. The claims manuals and procedures were reviewed.

Finding 27: No violations were noted.

B. Assurant Employee Benefits AD&D Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 7 Assurant Employee Benefits AD&D Claims.

Population Size:	7
Review Size:	7
Review Type:	Census Review
Number of Violations:	0

Finding 28: No violations were noted.

C. Assurant Specialty Property Business Individual Life Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 1 individual life claim.

Population Size:	1
Review Size:	1
Review Type:	Census Review
Number of Violations:	0

Finding 29: No violations were noted.

D. Assurant Employee Benefits Loss of Time Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 105 loss of time claims.

Population Size:	105
Review Size:	60
Review Type:	Random Sample
Number of Violations:	0

Finding 30: No violations were noted.

E. Assurant Employee Benefits Long Term Disability Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 72 long term disability claims.

Population Size:	72
Review Size:	47
Review Type:	Random Sample
Number of Violations:	0

Finding 31: No violations were noted.

F. Assurant Employee Benefits Dental Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 14,927 dental claims.

Population Size:	14,927
Review Size:	109
Review Type:	Random Sample
Number of Violations:	3

Finding 32: The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 3 claims. The Company is in violation of SDCL § 58-33-67(1).

Recommendation 32: It is recommended that the Company adopt and adhere to reasonable standards for the prompt investigation of claims.

G. Assurant Employee Benefits Short Term Disability Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 72 short term disability claims.

Population Size:	72
Review Size:	47
Review Type:	Random Sample
Number of Violations:	0

Finding 33: No violations were noted.

H. Assurant Employee Benefits Denied Vision Claims

The examiners requested a list of all claims denied during the examination period. The Company provided a population of 7 denied vision claims.

Population Size:	7
Review Size:	7
Review Type:	Census Review
Number of Violations:	0

Finding 34: No violations were noted.

Chapter 2: American Memorial Life Insurance Company **Background Information**

A. History

American Memorial Life Insurance Company was incorporated as Prairie States Insurance Company in South Dakota on March 18, 1959. On August 12, 1959, the name was changed from Prairie States Insurance Company to Prairie States Life Insurance Company. Prairie States Life began writing insurance on October 1, 1959. The Articles of Incorporation provided for perpetual corporate existence and authorized capital of \$495,000. Prairie States Life opened its first office in Huron, South Dakota. The original Prairie States Life office was moved from Huron to Rapid City, South Dakota in 1966.

In 1966, Prairie States Life began acquiring blocks of life insurance business from and/or merging with other companies such as: Olympic Life insurance Company (1966), Sierra Life Insurance Company (1966), Educators National Life Insurance Company (1970), Perpetual National Life Insurance Company (1974), Southeastern General Life Insurance Company of Florida (1984), Bankers Reserve Life Insurance Company (1988), Omega National Life Insurance Company (1989), and Rushmore National Life Insurance Company (2003).

In 1984, Prairie States Life acquired American Educators Life Insurance Company of Whiteville, North Carolina, which was consequently renamed Carolina National Life Insurance Company.

In 1986, American Guaranty Life Insurance Company acquired 100% of the outstanding stock of Prairie States Life. In 1989, American Guaranty Life declared a dividend of all the outstanding shares of Prairie States life common stock to Laurentian Capital Corporation.

On February 15, 1986 Prairie States Life become a wholly owned subsidiary of Laurentian Capital Corporation of Wayne, Pennsylvania.

In 1986 Prairie States Life acquired all issued and outstanding shares of Great Western Life Insurance Company of Bozeman, Montana. On October 27, 1998, Great Western Life was sold by American Memorial Life to Great Western Insurance Company of Ogden, Utah.

In 1989, Prairie States Life acquired all of the outstanding shares of Rushmore National Life Insurance Company, which was formerly known as Rushmore Mutual Life Insurance Company, now a wholly owned subsidiary. Rushmore National Life remained a stand-alone subsidiary since surplus distributions were required to be made to former mutual policyholders for ten years (the “walled off period”). The walled off period has now expired.

In 1989, Laurentian consolidated three of its four insurance administration centers into Prairie States Life. This consolidation combined the business of American Guaranty Life, Omega, and Prairie States Life.

In 1991, Prairie States Life acquired blocks of business from Trans-General and Imperial Life Insurance Company. Then in 1992 restructuring plan was devised and Prairie States Life

declared a dividend of all the outstanding shares of common stock of its subsidiary, Carolina National Life, to Laurentian. Laurentian then transferred 100% of the outstanding shares of Prairie States Life stock to Carolina National Life Insurance Company. Prairie States Life became a direct subsidiary of Carolina National Life. Carolina National Life changed its name to Prairie National Life Insurance Company in 1993.

Two previously owned companies, Bankers Reserve Life and Sentinel Life, were sold during 1993.

Assured Security Life Insurance Company, which was formerly known as Kinder Life Insurance Company, was acquired by Prairie States Life on July 12, 1994. In early 1995, Prairie States Life served as the parent company of Assured Security Life, Great Western Life, and Rushmore National Life.

On November 13, 1995, Laurentian Capital Corporation was acquired by the American Annuity Group, Inc. of Cincinnati, Ohio. Prairie States Life became a wholly owned subsidiary of American Annuity Group. On February 7, 1996, Prairie States Life changed its name to American Memorial Life Insurance Company so its name would be more closely aligned with its new parent company.

Arkansas National Life Insurance Company was acquired by American Memorial Life in December 1997 and then was sold to Forethought Life Insurance Company a year later in December of 1998.

Assured Security Life was subsequently transferred to American Annuity Group by the sale of American Memorial Life to Service Corporation International in 1998 and its name was subsequently changed to American Retirement Life Insurance Company.

On September 30, 1998, American Memorial Life was acquired by Service Corporation International to facilitate the expansion of Service Corporation International's preneed businesses and financial activities worldwide.

In October of 2000, a downstream holding company of Assurant, Inc., United Family Life Insurance Company, acquired American Memorial Life from Service Corporation International. In 2006 American Memorial Life Insurance Company was moved from United Family Life to Interfinancial, Inc., an intermediate holding company with Assurant.

On February 5, 2004, Fortis (B) sold 65% of its ownership interest in Fortis, Inc. by way of an Initial Public Offering. Fortis, Inc. was merged into Assurant Inc. a Delaware Corporation that was formed solely for the re-domestication of Fortis, Inc. Assurant, Inc. is now the holding company for American Memorial Life. Assurant, Inc. is publicly traded on the New York Stock Exchange under the stock symbol AIZ.

B. Profile

American Memorial Life is currently licensed to do business in forty-nine states and the District of Columbia. American Memorial Life is not licensed to do business as a direct writer in New York State.

American Memorial Life is currently licensed in South Dakota to write life and health insurance as set forth in the Certificate of Authority. American Memorial Life Insurance Company began as a traditional life insurance company selling both life and annuity products. Although the Company still administers some traditional life policies, the Company now sells whole life insurance policies and annuities that can be used as the funding vehicle for prearranged funeral agreements.

The Company's total direct earned premiums are as follows:

Year	National Total	South Dakota
2009	\$284,095,777	\$672,736
2010	\$319,826,217	\$416,459
2011	\$382,363,897	\$424,198
2012	\$424,081,339	\$349,266

Examination Findings

I. American Memorial Company Operations and Management

A review of the Company's operations and management was conducted. The examiners requested and reviewed the following information:

- A. The Company's history and management structure including dates, location of formation, and any significant changes since the Company's formation;
- B. A written overview of the Company's operations including management structure, type of carrier, states where the Company is licensed, and the major lines of business the Company writes;
- C. A description of all fines, penalties, and recommendations from any state for the last 3 years and copies of all market conduct examination reports conducted during the last 3 years;
- D. A copy of the Company's last annual report to the shareholders;
- E. A copy of the annual statements for the prior 3 years;
- F. A list of all third party administrators, managing general agents, and vendors contracted with the Company to process South Dakota business during the examination period and a copy of the contracts. Additionally, a copy of all management agreements or vendor agreements including agreements between affiliates or private contractors for the examination period;
- G. A list of all internal audits and external audits performed on a third party administrator or managing general agents either by the Company or any other entity during the examination period;
- H. A copy of the Company's internal audit procedures and list of all internal audit schedules and internal audit reports conducted by the Company or any entity within the last 3 years;
- I. A copy of the Company's South Dakota Certificate of Authority(s) for the period under examination;
- J. A copy of the Company's anti-fraud procedures and annual reports;
- K. A copy of the Company's disaster recovery procedures; and
- L. A copy of the Company's privacy of consumer financial and health information policies and procedures.

Finding 1: No violations were noted.

II. American Memorial Complaint Handling

The examiners requested a list of all consumer complaints received from South Dakota consumers, claimants, and complaints referred by the Division during the examination. The Company identified a population of 6 consumer complaints.

Population Size:	6
Review Size:	6
Review Type:	Census Review
Number of Violations:	0

Finding 2: No violations were noted.

III. American Memorial Marketing and Sales

The examiners requested a list of all advertising materials, whether printed or audio/visual, available for use by field personnel during the examination. The Company provided a population of 13 Company generated advertising materials.

Population Size:	13
Review Size:	13
Review Type:	Census Review
Number of Violations:	0

Finding 3: No violations were noted.

IV. American Memorial Producer Licensing

The Company was requested to provide a list of all producers licensed in South Dakota to solicit business during the examination period. In addition, the Company was requested to provide the following:

- Policies and procedures for licensing, appointments, and terminations
- Policies and procedures for producer product and compliance training
- Reports of alleged producer misconduct
- Producer notification and training materials for new products
- Producer notification and training materials for changes in insurance statutes and regulations

The producer licensing lists and policies and procedures were received and reviewed. All new business files were reviewed for license and appointment compliance.

Finding 4: The Company accepted 1 new business application from a producer who was not properly appointed with the Company and also paid the unappointed producers commissions in violation of SDCL §§ 58-30-171 and 58-30-176.

Recommendation 4: It is recommended that the Company adopt and adhere to policies and procedures to ensure producers are properly appointed with the Company and that commissions are only paid to appointed producers pursuant to SDCL §§ 58-30-171 and 58-30-176.

V. American Memorial Underwriting and Rating

The examiners reviewed the Company's underwriting and rating practices for compliance with the South Dakota statutes and administrative rules. The examiners' focus included, but was not limited to, the Company's adherence to underwriting guidelines and manuals, adherence to Company rate and form filings, and termination procedures. The following areas were reviewed:

A. Individual Whole Life Insurance Policies Issued

The examiners requested a list of all policies issued during the examination period. The Company identified a population of 13 individual whole life policies issued.

Population Size:	13
Review Size:	13
Review Type:	Census Review
Number of Violations:	16

Finding 5: The Company failed to provide proof of policy delivery in 8 files. The Company is in violation of SDCL §§ 58-15-8.2 and 58-1-26.

Recommendation 5: It is recommended that the Company adopt and adhere to policies and procedures to ensure that all records of policy mailing are maintained.

B. Individual Whole Life Insurance Policies Declined

The examiners requested a list of all applicants who declined coverage during the examination period. The Company identified a population of 2 applicants who declined coverage.

Population Size:	2
Review Size:	2
Review Type:	Census Review
Number of Violations:	0

Finding 6: No violations were noted.

C. Individual Life Insurance Policies Terminated

The examiners requested a list of all individual policyholders terminated during the examination period. The Company identified a population of 419 individual life policies terminated.

Population Size:	419
Review Size:	82
Review Type:	Random Sample
Number of Violations:	0

Finding 7: No violations were noted.

D. Individual Extended Term Life Insurance Policies Terminated

The examiners requested a list of all individual policyholders terminated during the examination period. The Company identified a population of 26 individual extended term life policies terminated.

Population Size:	26
Review Size:	15
Review Type:	Random Sample
Number of Violations:	0

Finding 8: No violations were noted.

E. Annuities Terminated

The examiners requested a list of all annuity contracts terminated during the examination period. The Company identified a population of 53 annuities terminated.

Population Size:	53
Review Size:	25
Review Type:	Random Sample
Number of Violations:	0

Finding 9: No violations were noted.

F. Accident and Health Insurance Policies Terminated

The examiners requested a list of all accident and health policies terminated during the examination period. The Company identified a population of 58 accident and health policies terminated.

Population Size:	58
Review Size:	25
Review Type:	Random Sample
Number of Violations:	0

Finding 10: No violations were noted.

VI. American Memorial Claims

The purpose of the review was to ascertain the Company's compliance with the statutes and administrative rules of South Dakota relating to claim settlement practices.

Throughout the review, the emphasis was placed on items such as the timeliness of claim handling, file documentation, and claim payment. The examiners reviewed the following areas:

A. Claims Handling Procedures

The examiners requested a list of all claims manuals, claims bulletins, internal guidelines, and other materials available to the Company's claims personnel or any other individual, including field personnel for use in the evaluation of claims during the examination period. The Company provided a population of 6 procedures.

Population Size:	6
Review Size:	6
Review Type:	Census Review
Number of Violations:	0

Finding 11: No violations were noted.

B. Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 552 life claims.

Population Size:	552
Review Size:	83
Review Type:	Random Sample
Number of Violations:	0

Finding 12: No violations were noted.

Chapter 3: American Bankers Life Assurance Company of Florida **Background Information**

A. History

American Bankers Life Assurance Company of Florida (the “Company”) was incorporated in 1952. Subsequently, the Company became a public company trading on the over-the counter market. In 1980, there was a tax-free reorganization whereby a holding company was formed. All Company shares held by the public were surrendered at this time in exchange for shares of the holding company, American Bankers Insurance Group, Inc. In turn, American Bankers Insurance Group, Inc. received and currently holds all of American Bankers Life Assurance Company of Florida’s issued and outstanding stock.

In 1999, American Bankers Insurance Group, Inc. was acquired by Fortis, a large European banking and insurance group. In early 2004, Fortis spun off its US operations in an initial public offering. The US operations are now known as Assurant, Inc. whose stock is traded on the New York Exchange.

B. Profile

American Bankers Life Assurance Company of Florida is licensed as a life and health insurance company licensed in 49 states, Puerto Rico, US Virgin Islands, and Canada. The Company’s principal product lines are credit insurance products. The company markets its products principally through financial institutions and retailers.

American Bankers Life Assurance Company of Florida is currently licensed in South Dakota to write life and health insurance as set forth in its Certificate of Authority.

The Company’s total direct earned premiums are as follows:

Year	National Total	South Dakota
2009	\$482,731,625	\$198,939
2010	\$490,407,748	\$379,056
2011	\$461,079,349	\$291,919
2012	\$439,174,454	\$243,601

Examination Findings

I. American Bankers Company Operations and Management

A review of the Company's operations and management was conducted. The examiners requested and reviewed the following information:

- A. The Company's history and management structure including dates, location of formation, and any significant changes since the Company's formation;
- B. A written overview of the Company's operations including management structure, type of carrier, states where the Company is licensed, and the major lines of business the Company writes;
- C. A description of all fines, penalties, and recommendations from any state for the last 3 years and copies of all market conduct examination reports conducted during the last 3 years;
- D. A copy of the Company's last annual report to the shareholders;
- E. A copy of the annual statements for the prior 3 years;
- F. A list of all third party administrators, managing general agents, and vendors contracted with the Company to process South Dakota business during the examination period and a copy of the contracts. Additionally, a copy of all management agreements or vendor agreements including agreements between affiliates or private contractors for the examination period;
- G. A list of all internal audits and external audits performed on a third party administrator or managing general agents either by the Company or any other entity during the examination period;
- H. A copy of the Company's internal audit procedures and list of all internal audit schedules and internal audit reports conducted by the Company or any entity within the last 3 years;
- I. A copy of the Company's South Dakota Certificate of Authority(s) for the period under examination;
- J. A copy of the Company's anti-fraud procedures and annual reports;
- K. A copy of the Company's disaster recovery procedures; and
- L. A copy of the Company's privacy of consumer financial and health information policies and procedures.

Finding 1: No violations were noted.

II. American Bankers Complaint Handling

The examiners requested a list of all consumer complaints received from South Dakota consumers, claimants, and complaints referred by the Division during the examination. The Company identified a population of 3 consumer complaints.

Population Size:	3
Review Size:	3
Review Type:	Census Review
Number of Violations:	0

Finding 2: No violations were noted.

III. American Bankers Marketing and Sales

The examiners requested a list of all advertising materials, whether printed or audio/visual, available for use by field personnel during the examination. The Company provided a population of 20 Company generated advertising material.

Population Size:	20
Review Size:	20
Review Type:	Random Sample
Number of Violations:	0

Finding 3: No violations were noted.

IV. American Bankers Producer Licensing

The Company was requested to provide a list of all producers licensed in South Dakota to solicit business during the examination period. In addition, the Company was requested to provide the following:

- Policies and procedures for licensing, appointments, and terminations
- Policies and procedures for producer product and compliance training
- Reports of alleged producer misconduct
- Producer notification and training materials for new products
- Producer notification and training materials for changes in insurance statutes and regulations

The producer licensing lists and policies and procedures were received and reviewed. All new business files were reviewed for license and appointment compliance.

Finding 4: No violations were noted.

V. American Bankers Underwriting and Rating

The examiners reviewed the Company's underwriting and rating practices for compliance with the South Dakota statutes and administrative rules. The examiners' focus included, but was not limited to, the Company's adherence to underwriting guidelines and manuals, adherence to Company rate and form filings, and termination procedures. The following areas were reviewed:

A. Group Credit Card Active Life Policies

The examiners requested a list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 41 group credit card, monthly outstanding balance, active life policies.

Population Size:	41
Review Size:	41
Review Type:	Census Review
Number of Violations:	0

Finding 5: No violations were noted.

B. Group Credit Card Life Certificates Issued

The examiners requested a list of all South Dakota residents holding a certificate of coverage issued during the examination period. The Company provided a population of 1,403 group credit card, monthly outstanding balance, life certificates issued.

Population Size:	1,403
Review Size:	108
Review Type:	Random Sample
Number of Violations:	0

Finding 6: No violations were noted.

C. Group Credit Card Active Life Certificates

The examiners requested a list of all South Dakota residents holding a certificate of coverage during the examination period. The Company provided a list of 5,694 group credit card, monthly outstanding balance, active life certificates.

Population Size:	5,694
Review Size:	76
Review Type:	Random Sample
Number of Violations:	0

Finding 7: No violations were noted.

D. Group Credit Card Life Certificates Cancelled

The examiners requested a list of all group policies cancelled coverage during the examination period. The Company provided a population of 9,494 group credit card, monthly outstanding balance, life certificates cancelled.

Population Size:	9,494
Review Size:	109
Review Type:	Random Sample
Number of Violations:	0

Finding 8: No violations were noted.

E. Group Installment Loan Policies

The examiners requested a list of all group policies issued to any South Dakota group during the examination period. The Company provided a population of 8 active group installment loan policies that were issued to banks.

Population Size:	8
Review Size:	8
Review Type:	Census Review
Number of Violations:	0

Finding 9: No violations were noted.

F. Group Installment Loan Certificates Terminated

The examiners requested a list of all group certificate terminated during the examination period. The Company provided a population of 1,737 group installment loan certificates terminated.

Population Size:	1,737
Review Size:	107
Review Type:	Random Sample
Number of Violations:	0

Finding 10: No violations were noted.

G. Group Non-Credit Life Certificates Issued

The examiners requested a list of all South Dakota residents holding a certificate of coverage during the examination period. The Company provided a list of 4 group non-credit life certificates issued.

Population Size:	4
Review Size:	4
Review Type:	Census Review
Number of Violations:	0

Finding 11: No violations were noted.

H. Group Non-Credit Certificates Declined

The examiners requested a list of all declined certificates of coverage during the examination period. The Company provided a population of 1 group non-credit certificate declined.

Population Size:	1
Review Size:	1
Review Type:	Census Review
Number of Violations:	0

Finding 12: No violations were noted.

I. Individual AD&D Policies Issued

The examiners requested a list of all Individual coverage issued during the experience period. The Company provided a population of 1 individual AD&D policy issued.

Population Size:	1
Review Size:	1
Review Type:	Census Review
Number of Violations:	0

Finding 13: No violations were noted.

J. Individual AD&D Policies Cancelled

The examiners requested a list of all individual policies cancelled during the examination period. The Company provided a population of 1 individual AD&D policy cancelled.

Population Size:	1
Review Size:	1
Review Type:	Census Review
Number of Violations:	0

Finding 14: No violations were noted.

VI. American Bankers Claims

The purpose of the review was to ascertain the Company's compliance with the statutes and administrative rules of South Dakota relating to claim settlement practices.

Throughout the review, the emphasis was placed on items such as the timeliness of claim handling, file documentation, and claim payment. The examiners reviewed the following areas:

A. Claims Handling Procedures

The examiners requested a list of all claims manuals, claims bulletins, internal guidelines, and other materials available to the Company's claims personnel or any other individual, including

field personnel, for use in the evaluation of claims. The Company provided 10 claims procedures and guideline manuals for review.

Finding 15: No violations were noted.

B. Life Claims Paid

The examiners requested a list of all life claims paid during the examination period. The Company identified a population of 82 life claims paid.

Population Size:	82
Review Size:	49
Review Type:	Random Sample
Number of Violations:	0

Finding 16: No violations were noted.

C. Life Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 29 life claims denied.

Population Size:	29
Review Size:	29
Review Type:	Census Review
Number of Violations:	0

Finding 17: No violations were noted.

D. Life Claims No Payment

The examiners requested a list of all claims received during the examination period. The Company provided a population of 14 life claims with no payment status. The claims were not paid as of the end of the examination period, due to lack of pertinent requested claim information.

Population Size:	14
Review Size:	14
Review Type:	Census Review
Number of Violations:	0

Finding 18: No violations were noted.

E. Disability Claims Paid

The examiners requested a list of all claims received during the examination period. The Company provided a population of 112 accident and health disability claims paid.

Population Size:	112
Review Size:	58
Review Type:	Random Sample
Number of Violations:	1

Finding 19: The Company failed to pay 1 clean claim within 45 calendar days after receipt. The Company is in violation of SDCL § 58-12-20.

Recommendation 19: It is recommended that the Company adopt and adhere to reasonable standards for the prompt investigation of claims.

F. Disability Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 3 accident and health disability claims denied.

Population Size:	3
Review Size:	3
Review Type:	Census Review
Number of Violations:	0

Finding 20: No violations were noted.

G. Disability Claims No Payment

The examiners requested a list of all claims received during the examination period. The Company provided a population of 8 accident and health disability claims with no payment status. The claims were not paid as of the end of the examination period, due to lack of pertinent requested claim information.

Population Size:	8
Review Size:	8
Review Type:	Census Review
Number of Violations:	0

Finding 21: No violations were noted.

Chapter 4: Time Insurance Company **Background Information**

A. History

Time Insurance Company first organized in LaCrosse, Wisconsin in 1892 as the LaCrosse Mutual Aid Association. The Company then moved to Milwaukee in 1900 and by 1905 took the name Time Indemnity. On February 11, 1910, the Company incorporated and changed its name to Time Insurance Company. Time Insurance Company commenced business on March 6, 1910.

In April 1969 Time Holdings, Inc., was formed to become the parent company of Time Insurance Company. During January 1978, control of Time Holdings, Inc. was acquired by N.V. AMEV, a Dutch financial services company located in Utrecht, The Netherlands. During 1994, N.V. AMEV became Fortis AMEV. Effective April 1, 1998, Time Insurance Company changed its name to Fortis Insurance Company. Fortis Insurance Company's direct parent is Interfinancial, Inc., which in turn, is controlled by Fortis, Inc., in New York, New York. The ultimate controlling entities are Fortis AG, located in Belgium, and Fortis AMEV. Effective January 1, 1999, Fortis AG was renamed Fortis (B) and Fortis AMEV was renamed Fortis (NL) N.V. On September 27, 2001, Fortis (B) was replaced by Fortis SA/NV, a Belgian company and Fortis (NL) N.V. was replaced by Fortis N.V., a Netherlands Company. The U.S. operations were known as Fortis, Inc., which was renamed Assurant, Inc. when it became a publicly traded company on the New York Stock Exchange through an Initial Public Offering on February 5, 2004. Effective September 6, 2005, Fortis Insurance Company changed its name to Time Insurance Company.

B. Profile

Time Insurance Company is primarily a health insurance carrier, although their South Dakota Certificate of Authority allows the Company to write life and health business.

During the exam period, Time Insurance Company was licensed in all states, except for New York, and is also licensed in the District of Columbia.

During the examination period, the lines of business written by Time Insurance Company included: individual medical insurance, small group insurance, short term medical insurance, and Assurant Supplement Coverage Insurance.

The Company's total direct earned premiums are as follows:

Year	National Total	South Dakota
2009	\$1,385,861,028	\$7,008,589
2010	\$1,395,155,698	\$7,745,082
2011	\$1,291,463,610	\$7,255,003
2012	\$1,236,586,352	\$6,228,997

Examination Findings

I. Time Company Operations and Management

A review of the Company's operations and management was conducted. The examiners requested and reviewed the following information:

The examiners requested and reviewed the following information:

- A. The Company's history and management structure including dates, location of formation, and any significant changes since the Company's formation;
- B. A written overview of the Company's operations including management structure, type of carrier, states where the Company is licensed, and the major lines of business the Company writes;
- C. A description of all fines, penalties, and recommendations from any state for the last 3 years and copies of all market conduct examination reports conducted during the last 3 years;
- D. A copy of the Company's last annual report to the shareholders;
- E. A copy of the annual statements for the prior 3 years;
- F. A list of all third party administrators, managing general agents, and vendors contracted with the Company to process South Dakota business during the examination period and a copy of the contracts. Additionally, a copy of all management agreements or vendor agreements including agreements between affiliates or private contractors for the examination period;
- G. A list of all internal audits and external audits performed on a third party administrator or managing general agents either by the Company or any other entity during the examination period;
- H. A copy of the Company's internal audit procedures and list of all internal audit schedules and internal audit reports conducted by the Company or any entity within the last 3 years;
- I. A copy of the Company's South Dakota Certificate of Authority(s) for the period under examination;
- J. A copy of the Company's anti-fraud procedures and annual reports;
- K. A copy of the Company's disaster recovery procedures; and
- L. A copy of the Company's privacy of consumer financial and health information policies and procedures.

Finding 1: No violations were noted.

II. Time Complaint Handling

A. Complaint, Grievance and Appeal Procedures

The Company was requested to provide a copy of all grievance and appeal procedures used during the experience period of January 1, 2009 to June 30, 2012. The grievance and appeal procedures were reviewed to ensure that the Company had grievance and appeal procedures in place, in compliance with South Dakota statutes, rules, and regulations including, but not limited to: ARSD 20:06:53.

Finding 2: No violations were noted.

B. Consumer Complaints

The examiners requested list of all consumer complaints received from South Dakota consumers, claimants, and complaints referred by the Division during the examination period. The Company provided a list of 22 complaints.

Population Size:	22
Review Size:	22
Review Type:	Census Review
Number of Violations:	0

Finding 3: No violations were noted.

C. Grievances and Appeals

The Company was requested to provide a list of all grievances and appeals received from South Dakota consumers and providers during the examination period. The Company provided a population of 196 grievances and appeals.

Population Size:	196
Review Size:	76
Review Type:	Random Sample
Number of Violations:	0

Finding 4: No violations were noted.

D. Grievances and Appeals Levels 1 and 2

The Company was requested to provide a list of all grievance and appeals received from South Dakota consumers and providers during the examination period. The Company provided a population of 9 level 1 and 2 grievances and appeals.

Population Size:	9
Review Size:	9
Review Type:	Census Review
Number of Violations:	0

Finding 5: No violations were noted.

E. Attorney Referral Grievances

The Company was requested to provide a list of all grievances and appeals received from South Dakota consumers and providers during the examination period. The Company provided a population of 2 attorney referral grievances.

Population Size:	2
Review Size:	2
Review Type:	Census Review
Number of Violations:	0

Finding 6: No violations were noted.

III. Time Marketing and Sales

The examiners requested a list of all advertising materials, whether printed or audio/visual, available for use by field personnel during the examination. The Company provided a list of 216 pieces of advertising.

Population Size:	216
Review Size:	118
Review Type:	Random Sample
Number of Violations:	0

Finding 7: No violations were noted.

The examiners requested a list of all agent guides available for use by field personnel during the examination period. The Company provided a population of 43 agent guides.

Population Size:	43
Review Size:	5
Review Type:	Random Sample
Number of Violations:	0

Finding 8: No violations were noted.

The examiners requested a list of all advertising scripts for use by field personnel during the examination period. The Company provided a population of 142 scripts.

Population Size:	142
Review Size:	1
Review Type:	Random Sample
Number of Violations:	0

Finding 9: No violations were noted.

IV. Time Producer Licensing

The Company was requested to provide a list of all producers licensed in South Dakota to solicit business during the examination period. In addition, the Company was requested to provide the following:

- Policies and procedures for licensing, appointments, and terminations
- Policies and procedures for producer product and compliance training
- Reports of alleged producer misconduct
- Producer notification and training materials for new products
- Producer notification and training materials for changes in insurance statutes and regulations

The producer licensing lists and policies and procedures were received and reviewed. All new business files were reviewed for license and appointment compliance.

Finding 10: The Company accepted 3 new business applications from producers who were not properly appointed with the Company in violation of SDCL § 58-30-176.

Recommendation 10: It is recommended that the Company adopt and adhere to policies and procedures to ensure producers are properly appointed with the Company pursuant to SDCL § 58-30-176.

V. Time Underwriting and Rating

The examiners reviewed the Company's underwriting and rating practices for compliance with the South Dakota statutes and administrative rules. The examiners' focus included, but was not limited to, the Company's adherence to underwriting guidelines and manuals, adherence to Company rate and form filings, and termination procedures. The following areas were reviewed:

A. Small Group Policies Issued

The examiners requested a list of all groups policies issued to any South Dakota group during the examination period. The Company provided a population of 47 small group policies issued.

Population Size:	47
Review Size:	34
Review Type:	Random Sample
Number of Violations:	34

Finding 11: The Company failed to deliver or issue the required outline of coverage in 34 files pursuant to SDCL § 58-33A-5.

Recommendation 11: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

B. Small Group Certificates Issued

The examiners requested a list of all South Dakota residents holding a certificate of coverage issued during the examination period. The Company provided a population of 354 certificate holders issued.

Population Size:	354
Review Size:	80
Review Type:	Random Sample
Number of Violations:	97

Finding 12: The Company failed to deliver or issue the required outline of coverage in 80 files pursuant to SDCL § 58-33A-5.

Recommendation 12: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

Finding 13: The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 17 files pursuant to ARSD 20:06:53:67.

Recommendation 13: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue a description of the external review procedures to ensure compliance with ARSD 20:06:53:67.

C. Small Group Policies Terminated

The examiners requested a list of all group policies terminated during the examination period. The Company provided a population of 33 small group policies terminated.

Population Size:	33
Review Size:	33
Review Type:	Census Review
Number of Violations:	0

Finding 14: No violations were noted.

D. Individual Medical Policies Issued

The examiners requested a list of all individual coverage issued during the examination period. The Company provided a population of 2,758 individual medical policies issued.

Population Size:	2,758
Review Size:	107
Review Type:	Random Sample
Number of Violations:	178

Finding 15: The Company failed to provide proof of the certificate of mailing in 6 files pursuant to SDCL § 58-17-11.1.

Recommendation 15: It is recommended that the Company adopt and adhere to reasonable standards to provide the required certificate mailing to ensure compliance with SDCL § 58-17-11.1.

Finding 16: The Company failed to deliver or issue the required outline of coverage in 76 files pursuant to SDCL § 58-33A-5.

Recommendation 16: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

Finding 17: The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 30 files pursuant to ARSD 20:06:53:67.

Recommendation 17: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue a description of the external review procedures to ensure compliance with ARSD 20:06:53:67.

Finding 18: The Company used rates that were not filed and approved in 66 files in violation of SDCL § 58-17-4.1.

Recommendation 18: It is recommended that the Company adopt and adhere to policies and procedures to ensure only filed and approved rates are used in compliance with SDCL § 58-17-4.1.

E. Individual Medical Policies Declined

The examiners requested a list of all applicants declined coverage during the examination period. The Company provided a population of 201 applicants declined coverage for individual medical insurance.

Population Size:	201
Review Size:	76
Review Type:	Random Sample
Number of Violations:	0

Finding 19: No violations were noted.

F. Individual Medical Policies Terminated

The examiners requested a list of all individual policyholders terminated during the examination period. The Company provided a population of 3,559 individual medical policies terminated.

Population Size:	3,559
Review Size:	108
Review Type:	Random Sample
Number of Violations:	2

Finding 20: The Company failed to retain proof of the policy termination request from the insured in 2 files. The Company is in violation of SDCL § 58-1-26.

Recommendation 20: It is recommended that the Company adopt and adhere to policies and procedures to ensure the proper maintenance of all records subject to an examination pursuant to SDCL § 58-1-26.

G. Individual Medical Policies Not-Taken

The examiners requested a list of all policies not-taken during the examination period. A not-taken policy is a policy that is issued and the insured requests cancellation. The Company provided a population of 133 individual medical policies not-taken.

Population Size:	133
Review Size:	63
Review Type:	Random Sample
Number of Violations:	55

Finding 21: The Company failed to provide proof of the certificate of mailing in 8 files. The Company is in violation of SDCL § 58-17-11.1.

Recommendation 21: It is recommended that the Company adopt and adhere to reasonable standards to provide the required certificate of mailing to ensure compliance with SDCL § 58-17-11.1.

Finding 22: The Company failed to deliver or issue the required outline of coverage in 16 files pursuant to SDCL § 58-33A-5.

Recommendation 22: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

Finding 23: The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 31 files pursuant to ARSD 20:06:53:67.

Recommendation 23: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue a description of the external review procedures to ensure compliance with ARSD 20:06:53:67.

H. Individual Dental Policies Issued

The examiners requested a list of all individual coverage issued during the examination period. The Company provided a population of 173 individual dental policies issued.

Population Size:	173
Review Size:	70
Review Type:	Random Sample
Number of Violations:	5

Finding 24: The Company failed to provide proof of the certificate of mailing in 5 files. The Company is in violation of SDCL § 58-17-11.1.

Recommendation 24: It is recommended that the Company adopt and adhere to reasonable standards to provide the required certificate of mailing to ensure compliance with SDCL § 58-17-11.1.

I. Individual Dental Policies Declined

The examiners requested a list of all applicants declined coverage during the examination period. The Company provided a population of 1 individual dental policy declined.

Population Size:	1
Review Size:	1
Review Type:	Census Review
Number of Violations:	0

Finding 25: No violations were noted.

J. Individual Dental Policies Terminated

The examiners requested a list of all individual policies terminated during the examination period. The Company provided a population of 41 individual dental policies terminated.

Population Size:	41
Review Size:	41
Review Type:	Census Review
Number of Violations:	0

Finding 26: No violations were noted.

K. Individual Dental Policies Not-Taken

The examiners requested a list of all policies not-taken during the examination period. A not-taken policy is a policy that is issued and the insured requests cancellation. The Company provided a population of 34 individual dental policies not-taken.

Population Size:	34
Review Size:	34
Review Type:	Census Review
Number of Violations:	5

Finding 27: The Company failed to provide proof of the certificate of mailing in 5 files. The Company is in violation of SDCL § 58-17-11.1.

Recommendation 27: It is recommended that the Company adopt and adhere to reasonable standards to provide the required certificate of mailing to ensure compliance with SDCL § 58-17-11.1.

L. Individual Critical Illness and Term Life Policies Issued

The examiners requested a list of all policies issued during the examination period. The Company provided a population of 20 individual critical illness/term life policies issued.

Population Size:	20
Review Size:	20
Review Type:	Census Review
Number of Violations:	2

Finding 28: The Company failed to provide proof of the certificate of mailing in 2 files. The Company is in violation of SDCL § 58-15-8.2.

Recommendation 28: It is recommended that the Company adopt and adhere to reasonable standards to provide the required certificate of mailing to ensure compliance with SDCL § 58-15-8.2.

M. Individual Critical Illness and Term Life Policies Terminated

The examiners requested a list of all individual policies terminated during the examination period. The Company provided a population of 8 individual critical illness and term life policies terminated.

Population Size:	8
Review Size:	8
Review Type:	Census Review
Number of Violations:	0

Finding 29: No violations were noted.

N. Individual Critical Illness and Term Life Policies Not-Taken

The examiners requested a list of all policies issued and not-taken during the examination period. A not-taken policy is a policy that is issued and the insured requests cancellation. The Company identified a population of 8 individual critical illness and term life policies not-taken.

Population Size:	8
Review Size:	8
Review Type:	Census Review
Number of Violations:	0

Finding 30: No violations were noted.

O. Open Enrollment Interrogatories

The Division sent an interrogatory to the Company that asked "Are you guarantee issuing/marketing child only policies and dependent coverage for those under the age of 19 year round?" The Company's Manager, State Surveys responded on June 23, 2011 and answered the

question “Yes.” This answer was later determined to be false or misleading. In subsequent email communication with the Division dated September 13, 2011, the Company’s Manager, Compliance, indicated that Time Insurance Company (part of Assurant Health) did not actively market health benefit plans to persons under the age of 19 as of March 23, 2011. The company clarified on September 14, 2011 that it meant March 23, 2010 not March 23, 2011. This information was later determined to be false or misleading.

In a September 23, 2011 email the Company stated that it actually discontinued offering child-only policies in July 2010. The Company improperly ceased active marketing of health benefit plans to individuals under 19 after March 23, 2010. The Company did not have an open enrollment period for individuals under the age of 19 in 2011. Additionally, the Company provided the Division false, misleading, or incomplete information.

Finding 31: The Company ceased marketing child only policies after March 23, 2010 and the Company failed to offer an open enrollment period for individuals under the age of 19 in 2011 in violation of ARSD 20:06:55:25 and ARSD 20:06:39:08.

Recommendation 31: It is recommended that the Company review its procedures to ensure that recently enacted legislation is monitored and correctly addressed.

Finding 32: The Company provided the Division false, misleading, or incomplete information regarding their marketing activity in South Dakota in a violation of SDCL § 58-33-66(2).

Recommendation 32: It is recommended that the Company ensure that responses to the Division be thoroughly reviewed for accuracy before submitting them.

VI. Time Claims

The purpose of the review was to ascertain the Company’s compliance with the statutes and administrative rules of South Dakota relating to claim settlement practices.

Throughout the review, the emphasis was placed on items such as the timeliness of claim handling, file documentation, and claim payment. The examiners reviewed the following areas:

A. Claims Handling Procedures

The examiners requested all claims manuals, claims bulletins, internal guidelines, and other materials available to the Company’s claims personnel or any other individual, including field personnel, for use in the evaluation of claims. The Company provided 24 procedure manuals and guidelines.

Population Size:	24
Review Size:	24
Review Type:	Census Review
Number of Violations:	0

Finding 33: No violations were noted.

B. Life Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 1 life claim.

Population Size:	1
Review Size:	1
Review Type:	Census Review
Number of Violations:	0

Finding 34: No violations were noted.

C. Medical Claims Paid

The examiners requested a list of all claims received during the examination period. The Company identified a population of 67,982 medical claims paid.

Population Size:	67,982
Review Size:	109
Review Type:	Random Sample
Number of Violations:	0

Finding 35: No violations were noted.

D. Medical Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 25,572 medical claims denied.

Population Size:	25,572
Review Size:	109
Review Type:	Random Sample
Number of Violations:	0

Finding 36: No violations were noted.

E. Medical Claims Pended

The examiners requested a list of all claims received during the examination period. The Company provided a population of 132 medical claims pended.

Population Size:	132
Review Size:	63
Review Type:	Random Sample
Number of Violations:	2

Finding 37: The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 2 claims. The Company is in violation of SDCL § 58-33-67(1).

Recommendation 37: It is recommended that the Company adopt and adhere to reasonable standards for the prompt investigation of claims.

F. Childhood Immunizations Claims Paid

The examiners requested a list of all childhood immunization claims paid during the examination period. The Company provided a population of 501 childhood immunization claims paid.

Population Size:	501
Review Size:	82
Review Type:	Random Sample
Number of Violations:	0

Finding 38: No violations were noted.

G. Childhood Immunization Claims Denied

The examiners requested a list of all childhood immunization claims denied during the examination period. The Company provided a population of 168 childhood immunization claims denied.

Population Size:	168
Review Size:	55
Review Type:	Random Sample
Number of Violations:	0

Finding 39: No violations were noted.

H. Pap Smear Claims Denied

The examiners requested a list of all pap smear claims denied during the examination period. The Company provided a population of 161 pap smear claims denied.

Population Size:	161
Review Size:	25
Review Type:	Random Sample
Number of Violations:	0

Finding 40: No violations were noted.

I. Mammogram Screening Claims Denied

The examiners requested a list of all mammogram screening claims denied during the examination period. The Company provided a population of 210 mammogram screening claims denied.

Population Size:	210
Review Size:	7
Review Type:	Random Sample
Number of Violations:	0

Finding 41: No violations were noted.

J. Prostate Screening Claims Denied

The examiners requested a list of all prostate screening claims denied during the examination period. The Company provided a population of 94 prostate screening claims denied.

Population Size:	94
Review Size:	6
Review Type:	Random Sample
Number of Violations:	4

Finding 42: The Company did not provide coverage for 4 prostate screening claims in violation of SDCL § 58-17-107. After this was brought to the Company's attention during the examination process, the Company reprocessed the claims and credited the claimants in the total amount of \$259.67.

Recommendation 42: The Company should adopt and adhere to reasonable standards to process claims appropriately to ensure compliance with SDCL § 58-17-107. It is recommended that the Company review all other claims in the population for compliance with SDCL § 58-17-107 and readjudicate claims if appropriate.

K. Emergency Claims Denied

The examiners requested a list of all emergency claims denied during the examination period. The Company provided a population of 144 emergency claims denied.

Population Size:	144
Review Size:	35
Review Type:	Random Sample
Number of Violations:	0

Finding 43: No violations were noted.

L. Pre-Existing Claims Denied

The examiners requested a list of all pre-existing claims denied during the examination period. The Company provided a population of 203 pre-existing claims denied.

Population Size:	203
Review Size:	17
Review Type:	Random Sample
Number of Violations:	0

Finding 44: No violations were noted.

M. Dental Claims Paid

The examiners requested a list of all claims received during the examination period. The Company provided a population of 478 dental claims paid.

Population Size:	478
Review Size:	50
Review Type:	Random Sample
Number of Violations:	0

Finding 45: No violations were noted.

N. Dental Claims Denied

The examiners requested a list of all claims received during the examination period. The Company identified a population of 597 dental claims denied.

Population Size:	597
Review Size:	50
Review Type:	Random Sample
Number of Violations:	0

Finding 46: No violations were noted.

O. Accident Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 18 accident claims.

Population Size:	18
Review Size:	18
Review Type:	Census Review
Number of Violations:	0

Finding 47: No violations were noted.

P. Critical Illness Claims

The examiners requested a list of all claims received during the examination period. The Company provided a population of 2 critical illness claims.

Population Size:	2
Review Size:	2
Review Type:	Census Review
Number of Violations:	0

Finding 48: No violations were noted.

Q. Medco Prescription Claims Paid

The examiners requested a list of all claims received during the examination period. The Company provided a population of 29,298 paid major medical prescription claims processed by Medco, a third party administrator.

Population Size:	29,298
Review Size:	109
Review Type:	Random Sample
Number of Violations:	0

Finding 49: No violations were noted.

R. Medco Prescription Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 4,070 denied prescription claims processed by Medco, a third party administrator.

Population Size:	4,070
Review Size:	108
Review Type:	Random Sample
Number of Violations:	0

Finding 50: No violations were noted.

S. Major Medical Prescription Claims Paid

The examiners requested a list of all claims received during the examination period. The Company provided a population of 12,057 paid major medical prescription claims.

Population Size:	12,057
Review Size:	109
Review Type:	Random Sample
Number of Violations:	0

Finding 51: No violations were noted.

T. Major Medical Prescription Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 2,243 denied major medical prescription claims.

Population Size:	2,243
Review Size:	107
Review Type:	Random Sample
Number of Violations:	0

Finding 52: No violations were noted.

VII. Time Forms

The examiners requested a list all individual and group policy, certificate, conversion contract, application, amendment, and endorsement forms used during the examination period. The Company provided a list of 26 forms.

Population Size:	26
Review Size:	26
Review Type:	Census Review
Number of Violations:	4

Finding 53: The Company failed to include the diabetes supplies provision in 1 individual policy form in violation of SDCL § 58-17-1.2.

Recommendation 53: The Company should adopt and adhere to reasonable standards to include the required provisions to ensure compliance with SDCL § 58-17-1.2.

Finding 54: The Company failed to include the premature birth and congenital defects provision required by SDCL § 58-17-30.3 in 2 individual policy forms in violation of SDCL § 58-11-5.

Recommendation 54: The Company should adopt and adhere to reasonable standards to include required provisions in their policy forms to ensure compliance with SDCL § 58-11-5.

Finding 55: The Company failed to include the prostate cancer screening provision in 1 individual policy form in violation of SDCL § 58-17-107.

Recommendation 55: The Company should adopt and adhere to reasonable standards to include the required provisions to ensure compliance with SDCL § 58-17-107.

Chapter 5: John Alden Life Insurance Company

Background Information

A. History

John Alden Life Insurance Company is a Wisconsin domiciled stock life and health insurance company. John Alden Life Insurance Company was originally incorporated under the laws of Illinois on January 10, 1961. The Company name was changed to Gamble Alden Life Insurance Company in 1968. On December 31, 1973, the Company effected a redomestication from Illinois to Minnesota by merger with and into Gamble Alden Life Insurance Company of Minnesota. Concurrent with the 1973 merger, Gamble Alden Life Insurance Company of Minnesota changed its name to Gamble Alden Life Insurance Company. The name of the company was changed to John Alden Life Insurance Company effective March 31, 1979.

John Alden Life Insurance Company was acquired by Great Western Financial Corporation in 1983. The holding company, John Alden Financial Corporation, was established in 1987 to acquire John Alden Life Insurance Company. In 1987, John Alden Financial Corporation purchased Houston National Life Insurance Company, a Texas domiciled insurer, and Houston National Life Insurance Company subsequently purchased from Great Western Financial Corporation 100% ownership interest of John Alden Life Insurance Company.

Effective August 31, 1998, John Alden Financial Corporation and all its subsidiaries were purchased by Interfinancial Inc., a subsidiary of Fortis, Inc., now known as Assurant, Inc. John Alden Life Insurance Company redomiciled from Minnesota to Wisconsin effective July 15, 2002. Effective July 1, 2003, the company executed a statutory merger through which its immediate parent, Houston National Life Insurance Company, merged with and into John Alden Life Insurance Company.

The Company's ultimate U.S. parent company, Fortis, Inc., established Assurant, Inc. and merged into Assurant, Inc. effective February 4, 2004. On February 5, 2004, an initial public offering of the common stock of Assurant, Inc. was transacted on the New York Stock Exchange. John Alden Life Insurance Company markets individual major medical and small group products including some supplemental products.

B. Profile

John Alden Life Insurance Company is primarily a health insurance carrier, although their South Dakota Certificate of Authority allows the Company to write life, health, variable annuities and variable life business.

During the exam period, John Alden Life Insurance Company was licensed in all states, except for New York, and is also licensed in the District of Columbia.

During the examination period, the lines of business written by John Alden Life Insurance Company included: individual medical insurance, small group insurance and short term medical insurance.

The Company's total direct earned premiums are as follows:

Year	National Total	South Dakota
2009	\$497,153,389	\$1,121,804
2010	\$504,700,529	\$1,165,564
2011	\$485,515,127	\$1,206,345
2012	\$423,026,855	\$1,079,807

Examination Findings

I. John Alden Company Operations and Management

A review of the Company's operations and management was conducted. The examiners requested and reviewed the following information:

The examiners requested and reviewed the following information:

- A. The Company's history and management structure including dates, location of formation, and any significant changes since the Company's formation;
- B. A written overview of the Company's operations including management structure, type of carrier, states where the Company is licensed, and the major lines of business the Company writes;
- C. A description of all fines, penalties, and recommendations from any state for the last 3 years and copies of all market conduct examination reports conducted during the last 3 years;
- D. A copy of the Company's last annual report to the shareholders;
- E. A copy of the annual statements for the prior 3 years;
- F. A list of all third party administrators, managing general agents, and vendors contracted with the Company to process South Dakota business during the examination period and a copy of the contracts. Additionally, a copy of all management agreements or vendor agreements including agreements between affiliates or private contractors for the examination period;
- G. A list of all internal audits and external audits performed on a third party administrator or managing general agents either by the Company or any other entity during the examination period;
- H. A copy of the Company's internal audit procedures and list of all internal audit schedules and internal audit reports conducted by the Company or any entity within the last 3 years;
- I. A copy of the Company's South Dakota Certificate of Authority(s) for the period under examination;
- J. A copy of the Company's anti-fraud procedures and annual reports;
- K. A copy of the Company's disaster recovery procedures; and
- L. A copy of the Company's privacy of consumer financial and health information policies and procedures.

Finding 1: No violations were noted.

II. John Alden Complaint Handling

A. Complaint, Grievance and Appeal Procedures

The Company was requested to provide a copy of all grievance and appeal procedures used during the experience period of January 1, 2009 to June 30, 2012. The grievance and appeal procedures were reviewed to ensure that the Company had grievance and appeal procedures in place, in compliance with South Dakota statutes, rules, and regulations including, but not limited to, ARSD Ch. 20:06:53

Finding 2: No violations were noted.

B. Consumer Complaints

The examiners requested a list of all consumer complaints received from South Dakota consumers, claimants, and complaints referred by the Division during the examination. The Company identified a population of 2 consumer complaints.

Population Size:	2
Review Size:	2
Review Type:	Census Review
Number of Violations:	1

Finding 3: The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 1 complaint file. The Company is in violation of SDCL § 58-33-67(1).

Recommendation 3: It is recommended that the Company adopt and adhere to reasonable standards for the prompt investigation of claims.

C. Grievances and Appeals

The Company was requested to provide a list of all grievances and appeals received from South Dakota consumers and providers during the examination period. The Company provided a population of 18 grievances and appeals, processed through their Correspondence Department and Health Management Department as well as attorney referral grievances.

Population Size:	23
Review Size:	23
Review Type:	Census Review
Number of Violations:	0

Finding 4: No violations were noted.

III. John Alden Marketing and Sales

The examiners requested a list of all advertising materials, whether printed or audio/visual, available for use by field personnel during the examination. The Company provided a list of 134 pieces of advertising.

Population Size:	134
Review Size:	53
Review Type:	Random Sample
Number of Violations:	0

Finding 5: No violations were noted.

The examiners requested a list of all agent guides available for use by field personnel during the examination period. The Company provided a population of 28 agent guides.

Population Size:	28
Review Size:	3
Review Type:	Random Sample
Number of Violations:	0

Finding 6: No violations were noted.

The examiners requested a list of all advertising scripts for use by field personnel during the examination period. The Company provided a population of 17 scripts.

Population Size:	17
Review Size:	1
Review Type:	Random Sample
Number of Violations:	0

Finding 7: No violations were noted.

IV. John Alden Producer Licensing

The Company was requested to provide a list of all producers licensed in South Dakota to solicit business during the examination period. In addition, the Company was requested to provide the following:

- Policies and procedures for licensing, appointments, and terminations
- Policies and procedures for producer product and compliance training
- Reports of alleged producer misconduct
- Producer notification and training materials for new products
- Producer notification and training materials for changes in insurance statutes and regulations

The producer licensing lists and policies and procedures were received and reviewed. All new business files were reviewed for license and appointment compliance.

Finding 8: The Company accepted 1 new business application from a producer who was not properly appointment with the Company at the time of application in violation of SDCL § 58-30-176.

Recommendation 8: It is recommended that the Company adopt and adhere to policies and procedures to ensure producers are properly appointed with the Company pursuant to SDCL § 58-30-176.

V. John Alden Underwriting and Rating

The examiners reviewed the Company's underwriting and rating practices for compliance with the South Dakota statutes and administrative rules. The examiners' focus included, but was not limited to, the Company's adherence to underwriting guidelines and manuals, adherence to Company rate and form filings, and termination procedures. The following areas were reviewed:

A. Small Group Policies Issued

The examiners requested a list of all groups policies issued to any South Dakota group during the examination period. The Company provided a population of 34 small group policies issued.

Population Size:	34
Review Size:	27
Review Type:	Random Sample
Number of Violations:	27

Finding 9: The Company failed to deliver or issue the required outline of coverage in 27 files. The Company is in violation of SDCL § 58-33A-5.

Recommendation 9: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

B. Small Group Certificates Issued

The examiners requested a list of all South Dakota residents holding a certificate of coverage issued during the examination period. The Company provided a population of 203 small group certificates issued.

Population Size:	203
Review Size:	76
Review Type:	Random Sample
Number of Violations:	93

Finding 10: The Company failed to retain proof of the certificate of coverage mailing letter in 2 files. The Company is in violation of SDCL § 58-1-26.

Recommendation 10: It is recommended that the Company adopt and adhere to policies and procedures to ensure the proper maintenance of all records subject to an examination pursuant to SDCL § 58-1-26.

Finding 11: The Company failed to deliver or issue the required outline of coverage in 75 files. The Company is in violation of SDCL § 58-33A-5.

Recommendation 11: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

Finding 12: The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 16 files pursuant to ARSD 20:06:53:67.

Recommendation 12: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue a description of the external review procedures to ensure compliance with ARSD 20:06:53:67.

C. Small Group Policies Terminated

The examiners requested a list of all group policies, cancelled, terminated, or non-renewed during the examination period. The Company provided a population of 45 small group policies terminated.

Population Size:	45
Review Size:	33
Review Type:	Random Sample
Number of Violations:	0

Finding 13: No violations were noted.

D. Individual Medical Policies Issued

The examiners requested a list of all individual coverage issued during the examination period. The Company provided a population of 180 individual medical policies issued.

Population Size:	180
Review Size:	73
Review Type:	Random Sample
Number of Violations:	147

Finding 14: The Company failed to provide proof of the certificate of mailing in 4 files. The Company is in violation of SDCL § 58-17-11.1.

Recommendation 14: It is recommended that the Company adopt and adhere to reasonable standards to provide the required certificate mailing to ensure compliance with SDCL § 58-17-11.1.

Finding 15: The Company failed to deliver or issue the required outline of coverage in 61 files. The Company is in violation of SDCL § 58-33A-5.

Recommendation 15: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

Finding 16: The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 25 files pursuant to ARSD 20:06:53:67.

Recommendation 16: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue a description of the external review procedures to ensure compliance with ARSD 20:06:53:67.

Finding 17: The Company used rates that were not filed and approved in 57 files. The Company is in violation of SDCL § 58-17-4.1.

Recommendation 17: It is recommended that the Company adopt and adhere to policies and procedures to ensure only filed and approved rates are used in compliance with SDCL § 58-17-4.1.

E. Individual Medical Policies Declined

The examiners requested a list of all applicants declined coverage during the examination period. The Company provided a population of 19 applicants declined coverage for individual medical insurance.

Population Size:	19
Review Size:	19
Review Type:	Census Review
Number of Violations:	0

Finding 18: No violations were noted.

F. Individual Medical Policies Terminated

The examiners requested a list of all individual policyholders terminated during the examination period. The Company provided a population of 242 individual medical policies terminated.

Population Size:	242
Review Size:	76
Review Type:	Random Sample
Number of Violations:	0

Finding 19: No violations were noted.

G. Individual Medical Policies Not-Taken

The examiners requested a list of all policies issued and not-taken during the examination period. A not-taken policy is a policy that is issued and the insured requests cancellation. The Company provided a population of 1 individual medical policy issued and not-taken.

Population Size:	1
Review Size:	1
Review Type:	Census Review
Number of Violations:	2

Finding 20: The Company failed to deliver or issue the required outline of coverage in 1 file. The Company is in violation of SDCL § 58-33A-5.

Recommendation 20: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue the outline of coverage to ensure compliance with SDCL § 58-33A-5.

Finding 21: The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 1 file pursuant to ARSD 20:06:53:67.

Recommendation 21: It is recommended that the Company adopt and adhere to reasonable standards to deliver or issue a description of the external review procedures to ensure compliance with ARSD 20:06:53:67.

H. Open Enrollment Interrogatories

The Division sent an interrogatory to the Company that asked "Are you guarantee issuing/marketing child only policies and dependent coverage for those under the age of 19 year round?" The Company's Manager, State Surveys responded on June 23, 2011 and answered the question "Yes." This answer was later determined to be false or misleading. In subsequent email communication with the Division dated September 13, 2011, the Company's Manager, Compliance, indicated that John Alden (part of Assurant Health) did not actively market health benefit plans to persons under the age of 19 as of March 23, 2011. The company clarified on September 14, 2011 that it meant March 23, 2010 not March 23, 2011. This information was later determined to be false or misleading.

In a September 23, 2011 email the Company stated that it actually discontinued offering child-only policies in July 2010. The Company improperly ceased active marketing of health benefit plans to individuals under 19 after March 23, 2010. The Company did not have an open enrollment period for individuals under the age of 19 in 2011. Additionally, the Company provided the Division false, misleading, or incomplete information.

Finding 22: The Company ceased marketing child only policies after March 23, 2010 and the Company failed to offer an open enrollment period for individuals under the age of 19 in 2011 in violation of ARSD 20:06:55:25 and ARSD 20:06:39:08.

Recommendation 22: It is recommended that the Company review its procedures to ensure that recently enacted legislation is monitored and correctly addressed.

Finding 23: The Company provided the Division false, misleading, or incomplete information regarding their marketing activity in South Dakota resulting in a violation of SDCL § 58-33-66(2).

Recommendation 23: It is recommended that the Company ensure that responses to the Division be thoroughly reviewed for accuracy before submitting them.

VI. John Alden Claims

The purpose of the review was to ascertain the Company's compliance with the statutes and administrative rules of South Dakota relating to claim settlement practices.

Throughout the review, the emphasis was placed on items such as the timeliness of claim handling, file documentation, and claim payment. The examiners reviewed the following areas:

A. Claims Handling Procedures

The examiners requested all claims manuals, claims bulletins, internal guidelines, and other materials available to the Company's claims personnel or any other individual, including field personnel, for use in the evaluation of claims during the examination period. The Company provided 25 procedures and guidelines.

Population Size:	25
Review Size:	25
Review Type:	Census Review
Number of Violations:	0

Finding 24: No violations were noted.

B. Medical Claims Paid

The examiners requested a list of all claims received during the examination period. The Company provided a population of 11,712 medical claims paid.

Population Size:	11,712
Review Size:	109
Review Type:	Random Sample
Number of Violations:	2

Finding 25: The Company failed to pay a clean claim within the statutory time limit with respect to 1 claim. The Company is in violation of SDCL § 58-12-20.

Recommendation 25: It is recommended that the Company adopt and adhere to reasonable standards for the prompt investigation of claims.

Finding 26: The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 1 claim. The Company is in violation of SDCL § 58-33-67(1).

Recommendation 26: It is recommended that the Company adopt and adhere to reasonable standards for the prompt investigation of claims.

C. Medical Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 3,157 medical claims denied.

Population Size:	3,157
Review Size:	107
Review Type:	Random Sample
Number of Violations:	0

Finding 27: No violations were noted.

D. Medical Claims Pended

The examiners requested a list of all claims received during the examination period. The Company provided a population of 33 medical claims pended.

Population Size:	33
Review Size:	33
Review Type:	Census Review
Number of Violations:	1

Finding 28: The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 1 claim. The Company is in violation of SDCL § 58-33-67(1).

Recommendation 28: It is recommended that the Company adopt and adhere to reasonable standards for the prompt investigation of claims.

E. Medical Claims Closed

The examiners requested a list of all claims received during the examination period. The Company provided a population of 131 medical claims received and closed up-front. These claims, as submitted, omitted basic elements that are required to process the claim.

Population Size:	131
Review Size:	32
Review Type:	Random Sample
Number of Violations:	1

Finding 29: The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 1 claim. The Company is in violation of SDCL § 58-33-67(1).

Recommendation 29: The Company should adopt and adhere to reasonable standards for the prompt investigation of claims.

J. Childhood Immunization Claims Paid

The examiners requested a list of all childhood immunization claims paid during the examination period. The Company provided a population of 179 childhood immunization claims paid.

Population Size:	179
Review Size:	50
Review Type:	Random Sample
Number of Violations:	0

Finding 30: No violations were noted.

K. Childhood Immunization Claims Denied

The examiners requested a list of all childhood immunization claims denied during the examination period. The Company provided a population of 49 childhood immunization claims denied.

Population Size:	49
Review Size:	8
Review Type:	Random Sample
Number of Violations:	0

Finding 31: No violations were noted.

L. Pap Smear Claims Denied

The examiners requested a list of all pap smear claims denied during the examination period. The Company provided a population of 60 pap smear claims denied.

Population Size:	60
Review Size:	31
Review Type:	Random Sample
Number of Violations:	0

Finding 32: No violations were noted.

M. Mammogram Screening Claims Denied

The examiners requested a list of all mammogram screening claims denied during the examination period. The Company provided a population of 39 mammogram screening claims denied.

Population Size:	39
Review Size:	16
Review Type:	Random Sample
Number of Violations:	0

Finding 33: No violations were noted.

N. Prostate Screening Claims Denied

The examiners requested a list of all prostate screening claims denied during the examination period. The Company provided a population of 16 prostate screening claims denied.

Population Size:	16
Review Size:	2
Review Type:	Random Sample
Number of Violations:	0

Finding 34: No violations were noted.

O. Emergency Claims Denied

The examiners requested a list of all emergency claims denied during the examination period. The Company provided a population of 126 emergency claims denied.

Population Size:	126
Review Size:	36
Review Type:	Random Sample
Number of Violations:	0

Finding 35: No violations were noted.

P. Pre-Existing Claims Denied

The examiners requested a list of all pre-existing claims denied during the examination period. The Company provided a population of 19 pre-existing claims denied.

Population Size:	19
Review Size:	4
Review Type:	Random Sample
Number of Violations:	0

Finding 36: No violations were noted.

Q. Medco Prescription Claims Paid

The examiners requested a list of all claims received during the examination period. The Company provided a population of 6,022 paid prescription claims processed by Medco, a third party administrator.

Population Size:	6,022
Review Size:	109
Review Type:	Random Sample
Number of Violations:	0

Finding 37: No violations were noted.

R. Medco Prescription Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 957 denied prescription claims processed by Medco, a third party administrator.

Population Size:	957
Review Size:	105
Review Type:	Random Sample
Number of Violations:	0

Finding 38: No violations were noted.

S. Major Medical Prescription Claims Paid

The examiners requested a list of all claims received during the examination period. The Company provided a population of 977 paid major medical prescription claims.

Population Size:	977
Review Size:	104
Review Type:	Random Sample
Number of Violations:	0

Finding 39: No violations were noted.

T. Major Medical Prescription Claims Denied

The examiners requested a list of all claims received during the examination period. The Company provided a population of 127 denied major medical prescription claims.

Population Size:	127
Review Size:	62
Review Type:	Random Sample
Number of Violations:	0

Finding 40: No violations were noted.

VII. John Alden Forms

The examiners requested a list all individual and group policy, certificate, conversion contract, application, amendment, and endorsement forms used during the examination period. The Company provided a list of 28 forms.

Population Size:	28
Review Size:	28
Review Type:	Census Review
Number of Violations:	4

Finding 41: The Company failed to include the occult breast cancer screening provision as required by SDCL § 58-17-1.4 in 1 individual policy form in violation of SDCL § 58-11-5.

Recommendation 41: The Company should adopt and adhere to reasonable standards to include required provisions in their policy forms to ensure compliance with SDCL § 58-11-5.

Finding 42: The Company failed to include the premature birth and congenital defects provision as required by SDCL § 58-17-30.3 in 1 individual policy form in violation of SDCL § 58-11-5.

Recommendation 42: The Company should adopt and adhere to reasonable standards to include required provisions in their policy forms to ensure compliance with SDCL § 58-11-5.

Finding 43: The Company failed to include the premature birth and congenital defects provision as required by SDCL § 58-18-33 in 1 group policy form in violation of SDCL § 58-11-5.

Recommendation 43: The Company should adopt and adhere to reasonable standards to include required provisions in their policy forms to ensure compliance with SDCL § 58-11-5.

Finding 44: The Company failed to include the occult breast cancer screening provision as required by SDCL § 58-18-36.1 in 1 group policy form in violation of SDCL § 58-11-5.

Recommendation 44: The Company should adopt and adhere to reasonable standards to include required provisions in their policy forms to ensure compliance with SDCL § 58-11-5.

Summary of Violations

The following is a summary of violations for each Company:

Chapter 1: Union Security Insurance Company

Finding	Violation	Number of Violations	Description
7	SDCL § 58-30-92	4	The Company accepted 4 new business applications from producers who were not licensed at the time of application.
8	SDCL § 58-30-176	14	The Company accepted 14 new business applications from producers who were not properly appointed with the Company.
9	SDCL § 58-30-171	2	The Company paid unappointed producers commissions for 2 new business applications in violation of SDCL § 58-30-171.
19	SDCL § 58-11-12	1	The Company issued a policy form that was not filed with and approved by the Director.
24	SDCL § 58-1-26	1	The Company failed to retain 1 new business application form.
25	SDCL § 58-1-26	33	The Company failed to maintain proof of policy mailing or delivery in 33 files.
32	SDCL § 58-33-67(1)	3	The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 3 claims.

Chapter 2: American Memorial Life Insurance Company

Finding	Violations	Number of Violations	Description
4	SDCL § 58-30-171	1	The Company accepted 1 new business application from a producer who was not properly appointed with the Company and paid the unappointed producers commissions.
4	SDCL § 58-30-176	1	The Company accepted 1 new business application from a producer who was not properly appointed with the Company and paid the unappointed producers commissions.
5	SDCL § 58-15-8.2	8	The Company failed to provide proof of policy delivery in 8 files.
5	SDCL § 58-1-26	8	The Company failed to provide proof of policy delivery in 8 files.

Chapter 3: American Bankers Life Assurance Company of Florida

Finding	Violations	Number of Violations	Description
19	SDCL § 58-12-20	1	The Company failed to pay 1 clean claim within 45 calendar days after receipt.

Chapter 4: Time Insurance Company

Finding	Violations	Number of Violations	Description
10	SDCL § 58-30-176	3	The Company accepted 3 new business applications from producers who were not properly appointed with the Company.
11	SDCL § 58-33A-5	34	The Company failed to deliver or issue the required outline of coverage in 34 files.
12	SDCL § 58-33A-5	80	The Company failed to deliver or issue the required outline of coverage in 80 files.
13	ARSD 20:06:53:67	17	The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 17 files.
15	SDCL § 58-17-11.1	6	The Company failed to provide proof of the certificate of mailing in 6 files.
16	SDCL § 58-33A-5	76	The Company failed to deliver or issue the required outline of coverage in 76 files.
17	ARSD 20:06:53:67	30	The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 30 files.
18	SDCL § 58-17-4.1	66	The Company used rates that were not filed and approved in 66 files.
20	SDCL § 58-1-26	2	The Company failed to retain proof of policy termination requests from insureds in 2 files.
21	SDCL § 58-17-11.1	8	The Company failed to provide proof of the certificate of mailing in 8 files.
22	SDCL § 58-33A-5	16	The Company failed to deliver or issue the required outline of coverage in 16 files.
23	ARSD 20:06:53:67	31	The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 31 files.

24	SDCL § 58-17-11.1	5	The Company failed to provide proof of the certificate of mailing in 5 files.
27	SDCL § 58-17-11.1	5	The Company failed to provide proof of the certificate of mailing in 5 files.
28	SDCL § 58-15-8.2	2	The Company failed to provide proof of the certificate of mailing in 2 files.
31	ARSD 20:06:55:25	1	The Company failed to offer an open enrollment period for individuals under the age of 19 in 2011.
31	ARSD 20:06:39:08	1	The Company ceased marketing child only policies after March 23, 2010.
32	SDCL § 58-33-66(2)	1	The Company provided the Division false, misleading, or incomplete information regarding their marketing activity in South Dakota.
37	SDCL § 58-33-67(1)	2	The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 2 claims.
42	SDCL § 58-17-107	4	The Company did not provide coverage for 4 prostate screening claims. After this was brought to the Company's attention during the examination process, the Company reprocessed the claims and credited the claimants in the total amount of \$259.67.
53	SDCL § 58-17-1.2	1	The Company failed to include the diabetes supplies provision in 1 individual policy form.
54	SDCL § 58-11-5	2	The Company failed to include the premature birth and congenital defects provision required by SDCL § 58-17-30.3 in 2 individual policy forms in violation of SDCL § 58-11-5.
55	SDCL § 58-17-107	1	The Company failed to include the prostate cancer screening provision in 1 individual policy form.

Chapter 5: John Alden Life Insurance Company

Finding	Violations	Number of Violations	Description
3	SDCL § 58-33-67(1)	1	The Company failed to acknowledge and act within 30 days upon communication with respect to 1 complaint file.
8	SDCL § 58-30-176	1	The Company accepted 1 new business application from a producer who was not properly appointment with the Company at the time of application.

9	SDCL § 58-33A-5	27	The Company failed to deliver or issue the required outline of coverage in 27 files.
10	SDCL § 58-1-26	2	The Company failed to retain proof of the certificate of coverage mailing letter in 2 files.
11	SDCL § 58-33A-5	75	The Company failed to deliver or issue the required outline of coverage in 75 files.
12	ARSD 20:06:53:67	16	The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 16 files.
14	SDCL § 58-17-11.1	4	The Company failed to provide proof of the certificate of mailing in 4 files.
15	SDCL § 58-33A-5	61	The Company failed to deliver or issue the required outline of coverage in 61 files.
16	ARSD 20:06:53:67	25	The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 25 files.
17	SDCL § 58-17-4.1	57	The Company used rates that were not filed and approved in 57 files.
20	SDCL § 58-33A-5	1	The Company failed to deliver or issue the required outline of coverage in 1 file.
21	ARSD 20:06:53:67	1	The Company failed to deliver or issue the required description of the external review procedures in or attached to the policy, outline of coverage, or other evidence of coverage it provides to covered persons in 1 file.
22	ARSD 20:06:55:25	1	The Company failed to offer an open enrollment period for individuals under the age of 19 in 2011.
22	ARSD 20:06:39:08	1	The Company ceased marketing child only policies after March 23, 2010.
23	SDCL § 58-33-66(2)	1	The Company provided the Division false, misleading, or incomplete information regarding their marketing activity in South Dakota.
25	SDCL § 58-12-20	1	The Company failed to pay a clean claim within the statutory time limit with respect to 1 claim.
26	SDCL § 58-33-67(1)	1	The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 1 claim.

28	SDCL § 58-33-67(1)	1	The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 1 claim.
29	SDCL § 58-33-67(1)	1	The Company failed in dealing with the insured or representative of the insured to acknowledge and act within 30 days upon communication with respect to 1 claim.
41	SDCL § 58-11-5	1	The Company failed to include the occult breast cancer screening provision as required by SDCL § 58-17-1.4 in 1 individual policy form in violation of SDCL § 58-11-5.
42	SDCL § 58-11-5	1	The Company failed to include the premature birth and congenital defects provision as required by SDCL § 58-17-30.3 in 1 individual policy form in violation of SDCL § 58-11-5.
43	SDCL § 58-11-5	1	The Company failed to include the premature birth and congenital defects provision as required by SDCL § 58-18-33 in 1 group policy form in violation of SDCL § 58-11-5.
44	SDCL § 58-11-5	1	The Company failed to include the occult breast cancer screening provision as required by SDCL § 58-18-36.1 in 1 group policy form in violation of SDCL § 58-11-5.

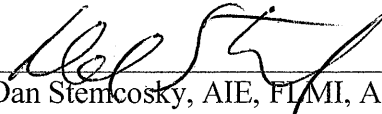
Conclusion

The report is respectfully submitted to the South Dakota Division of Insurance. The courtesy and cooperation of the officers and employees of the Group during the course of the examination are gratefully acknowledged.

The examinations were conducted by Daniel Stemcosky, Frank Kyazze, Heather Harley, Delbert Knight, Lisa Crump, Donna Lee Williams, Andre Ham, and Josephine Sitter.



Frank W. Kyazze, MCM, CIE, FLMI, ALHC
Market Conduct Examiner-In-Charge
INS Regulatory Insurance Services, Inc.



Dan Stemcosky, AIE, FLMI, AIRC, MCM
Market Conduct Supervising Examiner
INS Regulatory Insurance Services, Inc.

Sworn to and subscribed before me
this 29th day of June 2016

