

1 Report of Examination of the Market Conduct Affairs of
2 Respondent ("the Report").

3 3. Respondent paid 210 life claims during the time period
4 covered by the examination. The Examiners reviewed 43 claims.
5 Of these, Respondent failed to acknowledge the receipt of one
6 (1) notice of claim within 10 working days of receipt and failed
7 to accept or deny that one (1) claim within fifteen 15 working
8 days after the receipt of properly executed proofs of loss.

9 4. Respondents replaced 130 life insurance policies which
10 had been issued by other insurers. The examiners reviewed 38
11 replacement policies. Of these, Respondents failed to send
12 Notices Regarding Replacement of Life Insurance to the existing
13 insurers of 28 applicants within three (3) working days of the
14 receipt of the applications.

15 CONCLUSIONS OF LAW

16 1. Respondent violated A.A.C. R4-14-801(E)(1) by failing
17 to advise of claimant of receipt of a notification of claim
18 within 10 working days.

19 2. Respondent violated A.A.C. R4-14-801(G)(1)(a) by
20 failing to advise claimants a of the acceptance or denial of a
21 claim within fifteen (15) working days after receipt of a
22 properly executed proof of loss.

23 3. By failing to send Notices Regarding Replacement of
24 Life Insurance to existing insurers within three (3) working
25 days of receipt of applications, Respondent violated A.A.C.
26 R4-14-215(F)(3)(c) and A.R.S. § 20-442.

27 4. Grounds exist for the entry of all provisions of the
28 following Order.

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ORDER

Respondent having admitted the jurisdiction of the Director to enter the Order set forth herein, having waived the Notice of Hearing and the hearing, having waived any and all rights to appeal this Order, and having consented to the entry of the Order set forth hereinafter, and there being no just reason for delay:

IT IS HEREBY ORDERED THAT:

1. Respondent and its agents shall cease and desist from failing to send Notices Regarding Replacement of Life Insurance to existing insurers within three (3) working days of receipt of applications.

2. Respondent shall develop a written action plan to monitor and ensure that its agents and personnel send Notices Regarding Replacement of Life Insurance to existing insurers within three (3) working days of receipt of applications for life insurance in accordance with A.A.C.R20-6-215 (formerly A.A.C.R4-14-215). Respondent shall submit copies of the action plan, including copies of any memoranda to be sent to its agents or personnel, to the ADOI for approval within thirty (30) days of the filed date of this Order.

3. The ADOI shall be permitted, through an authorized representative, to verify that Respondent has complied with all provisions of this Order, and the Director may separately order Respondent to comply.


4. Respondent shall pay TWO THOUSAND DOLLARS (\$2,000) as a civil penalty to the Director for remission to the State Treasurer for deposit in the State General Fund in accordance

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with A.R.S. § 20-220(B). Said civil penalty shall be provided to the Market Conduct Examinations Division of the ADOI on or before June 19, 1995.

5. The Report of Market Conduct Examination as of July 22, 1994, to include the response to the Report submitted by Respondent, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 17th day of July, 1995.


Chris Herstam
Director of Insurance

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CONSENT TO ORDER

1. Respondent, Pacific Mutual Life Insurance Company, has reviewed the foregoing Order.

2. Respondent is aware of its right to a hearing at which hearing Respondent may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such public hearing and to any court appeals relating thereto.

3. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and consents to the entry of this Order.

4. Respondent states that no promise of any kind or nature whatsoever was made to induce it to enter into this Order and that it has entered into this Order voluntarily.

5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this litigation against it and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.

6. THOMAS SCOTT BENDLESTON represents that as VICE PRESIDENT he is an officer of Pacific Mutual Life Insurance Company, and that as such, he has been authorized by it to enter into this Order for and on its behalf.

6-16-95
(Date)

Thomas Scott Bendleston, VP for
PACIFIC MUTUAL LIFE INSURANCE COMPANY

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COPY of the foregoing mailed/delivered
this 17th day of July , 1995, to:

- Charles R. Cohen
Deputy Director
- Gregory Y. Harris
Executive Assistant Director
- Lewis D. Kowal
Chief Administrative Law Judge
- Erin H. Klug
Executive Assistant to the Director
- Jimmy R. Potts
Examinations Coordinator
Market Conduct Examinations Division
- Saul R. Saulson
Examinations Supervisor
Market Conduct Examinations Division
- Mary Butterfield
Assistant Director
Life and Health Division
- Deloris E. Williamson
Assistant Director
Rates & Regulations Division
- Gary Torticill
Assistant Director and Chief Financial Examiner
Corporate & Financial Affairs Division
- Cathy O'Neil
Assistant Director
Consumer Services and Investigations

DEPARTMENT OF INSURANCE
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Joseph P. Ruiz, C.P.A.
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