

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

The Lincoln National Life Insurance Company
NAIC #65676
1300 South Clinton Street
Fort Wayne, IN 46802

As of

June 30, 2010

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

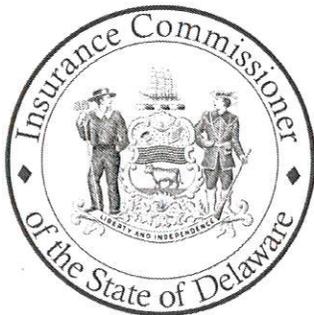
I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of June 30, 2010 on

LINCOLN NATIONAL LIFE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By:

A handwritten signature in blue ink, appearing to read "M. Carter", written over a horizontal line.



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover.

A handwritten signature in blue ink, appearing to read "Karen Weldin Stewart", written over a horizontal line.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
LINCOLN NATIONAL LIFE INSURANCE COMPANY

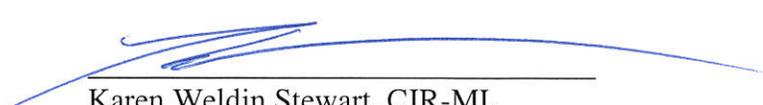
AS OF

June 30, 2010

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Honorable Karen Weldin Stewart CIR-ML
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Stewart:

In compliance with the instructions contained in Certificate of Examination Authority Number 09-501, and pursuant to statutory provisions including 18 Del. C. §318-322, a market conduct examination has been conducted of the affairs and practices of:

The Lincoln National Life Insurance Company

The Lincoln National Life Insurance Company was founded in Fort Wayne, Indiana, on June 12, 1905. It first became licensed to transact business in the State of Delaware in February 1935. 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 location:

1300 South Clinton Street
Fort Wayne, IN 46802

The off-site examination phase was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable locations.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

The Lincoln National Life Insurance Company was founded in Fort Wayne, Indiana, on June 12, 1905. It first became licensed to transact business in the State of Delaware in February 1935. The Company conducts business in the District of Columbia and all states except New York. The Company's statutory home officer address is: 1300 South Clinton St., Fort Wayne, IN 46802.

As of their 2009 annual statement for the State of Delaware, The Lincoln National Life Insurance Company reported ordinary life insurance premium considerations in the amount of \$11,975,496, ordinary annuity premium considerations in the amount of \$1,018,648, group life premium considerations in the amount of \$212,949, and group annuity premium considerations in the amount of \$79,661.

The examination was announced as part of a series of examinations on companies in the Individual Life Insurance marketplace in Delaware. The companies were chosen based on Delaware's market share, market analysis and the company's complaint index.

The purpose of the examination was to focus on the Company's compliance with past regulatory or litigation settlements related to the sales and marketing of life insurance, while additionally determining compliance with Delaware insurance laws and regulations.

In general, the examination focused on the Company's life insurance business in the following areas of operation: Company Operations/Management; Complaint Handling, Marketing/Sales, Producer Licensing, Producer Oversight and Policyholder Service.

The following exceptions were noted in the areas of operation reviewed:

- 1 Exception - 18 Del. Admin. Code 1204 §6.1.2 Replacement of Life Insurance – for failure to answer a replacement question on an application form.
- 26 Exceptions - 18 Del. Admin. Code 1204 §7.1.2.2 Replacement of Life Insurance – for failure to provide written communication advising of the replacement to the existing insurer in 13 files, and for providing the communication late in 14 files.
- 1 Exception - 18 Del. Admin. Code 1210 §7.4.2 Standards for Basic Illustrations – for agent's failure to sign the illustration certification.
- 4 Exceptions - 18 Del. Admin. Code 1210 §9.1.1 Delivery of Illustration and Record Retention – for agent's failure to sign the illustration on or before the application date.
- 14 Exceptions - 18 Del. Admin. Code 1210 §9.1.2 Delivery of Illustration and Record Retention – for failure to label revised illustrations "Revised Illustration."
- 4 Exceptions - 18 Del. Admin. Code 1210 §9.2.1 Delivery of Illustration and Record Retention – for failure of the producer to certify and have the applicant acknowledge that no illustration was used in the sale of the life insurance policy

**Delaware Market Conduct Examination Report
The Lincoln National Life Insurance Company**

- on the date the application was signed.
- 4 Exceptions - 18 Del. Admin. Code 1203 §5.1 Disclosure Requirements – for failure to provide a policy summary.
 - 2 Exceptions - 18 Del. Admin. Code 1204 §7.1.1 Replacement of Life Insurance – for the agent’s failure to complete the agent’s statement on replacement on the application.
 - 10 Exceptions - 18 Del. Admin. Code 1210 §5.2 Policies to be Illustrated – for using an illustration for a policy form that was identified by the Company as one to be marketed without an illustration.
 - 2 Exceptions - 18 Del. Admin. Code 1210 §6.1 Life Insurance Illustrations – for failure to clearly label an illustration “Life Insurance Illustration.”
 - 1 Exception – 18 Del. Admin. Code §11.0 Qualification of Agents for the Sale of Variable Life Insurance - for using a producer not appointed by the Company to sell variable life insurance on the date the application was signed.
 - 2 Exceptions - 18 Del. Admin. Code 1204 §7.4 Replacement of Life Insurance – for failure to provide a statement or notice of a 20 day unconditional premium refund in policies that involved a replacement.
 - 48 Exceptions - 18 Del. Admin. Code 1204 §7.1.1 Replacement of Life Insurance – for failure to include an agent’s statement of replacement on the application form for Corporate-Owned and Bank-Owned Life insurance coverage.
 - 14 Exceptions - 18 Del. Admin. Code 1204 §7.1.2.1.2 Replacement of Life Insurance – failure to provide the applicant a copy of the Replacement Notice.
 - 1 Exception - 18 Del. C. §320. Conduct of examination; access to records; correction – failure to maintain required communication to the applicant outlining the reason for policy declination.
 - 1 Exception - 18 Del. C. §2712. Filing, approval of forms – failure to provide proof of Department form filing.
 - 1 Exception – 18 Del. C. §2304 (17) Failure to maintain complaint handling procedures – failure to record a complaint in the Company’s complaint logs.
 - 14 Exceptions - 18 Del. C. §1715. Appointments – for accepting applications for insurance from a producer not duly appointed by the Company on the date the application was signed.

No other exceptions were noted in the areas of operations reviewed.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. C. §§318-322 and covered the experience period of July 1, 2007, through June 30, 2010, unless otherwise noted. The purpose of the examination was to determine compliance by the Company with Delaware insurance laws and regulations related to the sales and marketing of life insurance.

The examination was a target market conduct examination of the Company's life insurance business in the following areas of operation: Company Operations/Management; Complaint Handling, Marketing/Sales, Producer Licensing, Producer Oversight and Policyholder Service.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While the examiners' report on the errors found in individual files, the examination also focuses on general business practices of the Company.

The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination will not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of exceptions identified during the examination and review written summaries provided on the exceptions found.

COMPANY HISTORY AND PROFILE

The Lincoln National Life Insurance Company was founded in Fort Wayne, Indiana, on June 12, 1905. It first became licensed to transact business in the State of Delaware in February 1935. The Company conducts business in the District of Columbia and all states except New York. The Company's statutory home officer address is: 1300 South Clinton St., Fort Wayne, IN 46802.

The Company, now part of Lincoln National Corporation, its full-service financial services holding company operating under the marketing name of Lincoln Financial Group, has undergone dramatic transformation during the last 20 years. Its business operations have been realigned, it has been divested of its property casualty and reinsurance operations, and life and annuity operations from CIGNA and Aetna have been added. In 2006, Lincoln merged with Jefferson Pilot Financial and acquired business from its two insurance companies: Jefferson Pilot Life Insurance Company and Jefferson Pilot Financial Insurance Company.

Lincoln, through its various business segments, sells a wide range of wealth protection, accumulation and retirement income products and solutions. Through its Retirement Solutions business, products are provided through two business segments: Annuities and Defined Contribution. The Annuities segment offers individual fixed annuities, including indexed annuities, and variable annuities. The Defined Contribution segment offers employer-sponsored fixed and variable annuities and mutual fund-based programs in the 401(k), 403(b) and 546 plan marketplaces.

Through the Company's Insurance Solutions business, products are provided through two business segments: Life Insurance and Group Protection. The Life Insurance segment offers wealth protection and transfer opportunities through term insurance, a linked-benefit product (which is a universal life policy linked with riders that provide for long-term care costs), and both single and survivorship versions of universal life and variable universal life, including corporate-owned life insurance and bank-owned life insurance products. The Group Protection segment offers non-medical insurance products, principally term life, disability and dental insurance, in the small to mid-sized employer marketplace (employers with fewer than 500 employees).

As of their 2009 annual statement for the State of Delaware, The Lincoln National Life Insurance Company reported ordinary life insurance premium considerations in the amount of \$11,975,496, ordinary annuity premium considerations in the amount of \$1,018,648, group life premium considerations in the amount of \$212,949, and group annuity premium considerations in the amount of \$79,661.

COMPANY OPERATIONS AND MANAGEMENT

A. Underwriting Guidelines

The Company was requested to provide a copy of all life insurance underwriting guidelines utilized during the experience period. The Company was also requested to provide the Company's rescission, termination and declination policies and procedures.

The following underwriting procedures and guidelines were provided and reviewed:

1. Group Life Underwriting Guidelines
2. Individual Life Underwriting Manual
3. Swiss Re Underwriting Manual
4. Corporate-Owned Life Insurance (COLI) Underwriting and New Business Workflow
5. Supplemental Underwriting Guidelines and Instructions for 2007 through 2010
6. Lincoln Financial Underwriting Guidelines
7. Underwriting Procedures For STOLI (Stranger-Owned Life Insurance)
8. Rescission, Termed and Declined Procedures
9. Group Rescission Procedures
10. Group Termination Procedures
11. Decline To Quote Guidelines
12. Group Life Declination Procedures
13. Termination/Lapse Procedures
14. Decline/Postpone – New Business Procedures and Guidelines
15. Life Internal Replacement Guidelines
16. Medical Underwriting Procedures

The guidelines, policies and procedures provided were reviewed to ensure underwriting guidelines were in place and being followed in a uniform and consistent manner and that no underwriting practices or procedures were in place that could be considered discriminatory in nature, or specifically prohibited by the following statutes or regulations:

- 18 Del. C. §2304(13) Unfair discrimination; life insurance, annuities, and health insurance.
- 18 Del. C. §2304 (24) Discriminatory practices against victims of abuse regarding life and health insurance.
- 18 Del. C. §2304 (28) Volunteer firefighters and ambulance personnel.
- 18 Del. C. §2316 Refusal to issue policy to blind or deaf persons prohibited.
- 18 Del. Admin. Code 1209 §3.0 Life and Health Submissions Regarding Acquired Immunodeficiency Syndrome (AIDS).
- 18 Del. Admin. Code 1217 §3.1 Unfair Discrimination in Life Insurance, Annuities and Health Insurance on the Basis of Physical or Mental Impairment.

No exceptions were noted.

B. Internal Audit and Compliance Procedures

The Company was requested to provide: (a) A narrative statement explaining the internal control methods and audits used to assure compliance with Delaware Insurance Laws and the Company's established policies and procedures; (b) A list of all internal audits performed in the last five years; (c) A list of all regulatory and court actions related to the sales and marketing of Life Insurance taken against the Company since January 1, 2005; (d) Copies of all market conduct reports completed in the last three years by other States.

The Company provided the following:

1. A narrative statement explaining the internal control methods and audits used to assure compliance with Delaware Insurance Laws and the Company's established policies and procedures.
2. A Risk Based Audit Approach Flowchart
3. Internal Control Audit Procedures
4. A List of Audit Work Related to Group Life and Individual Life from 1/1/2006 through 12/31/2010.
5. Copies of Market Conduct Reports completed in the last three years by other States:
 - California
 - Maryland
 - New Hampshire
 - North Carolina
 - Illinois
6. A statement that: "There have been no lawsuits related to the sales and marketing of life insurance policies filed since January 1, 2005 in the State of Delaware against The Lincoln National Life Insurance Company. Additionally, there have been no regulatory actions taken against the Company."

The audits and procedures were reviewed to ensure that internal control methods and audits were in place to assure compliance with Delaware Insurance Laws and the Company's established policies and procedures.

No exceptions were noted.

GROUP UNDERWRITING

The group underwriting file review was conducted in two (2) segments.

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- A. Group Life Policies Issued
- B. Group Term Life Conversions

Each segment was reviewed for compliance with the following Delaware laws and regulations pertaining to: sales and marketing, underwriting practices, forms approval and producer licensing and oversight. Issues relating to forms or producer licensing and oversight appear in those respective sections of the Report and are not duplicated in the Underwriting portion of the Report.

- 18 Del. C. §320. Conduct of examination; access to records; correction.
- 18 Del. C. §1703. Producer License Requirements.
- 18 Del. C. §1715. Producer Appointment Requirements
- 18 Del. C. §2300. Unfair Insurance Practices.
- 18 Del. C. §2708. Consent of insured; life, health insurance.
- 18 Del. C. §2709. Alteration of application, life and health insurance.
- 18 Del. C. §2712, Filing, approval of forms.

A. Group Life Policies Issued

The Company was requested to provide a list of all group life policies issued to any Delaware group during the experience period. The company identified 13 group policies issued. All 13 group policy files were requested, received, and reviewed. The files were reviewed to determine compliance to issuance statutes and regulations.

No exceptions were noted.

B. Group Term Life Conversions

The Company was requested to provide a list of all applications for conversion from group life insurance to individual coverage during the experience period. The Company identified a universe of five (5) term life conversions. All five conversion policy files were requested, received and reviewed. The files were reviewed to determine compliance to issuance and underwriting statutes and regulations.

No exceptions were noted.

INDIVIDUAL UNDERWRITING

The Company utilized the following four processing systems during the experience period:

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- Winsrisk – The system is a “front end” new business system that all current new business (except COLI/BOLI) runs through before being placed on an administrative system.
- V15 – This is an administrative system housing Universal Life (UL) and Variable Universal Life (VUL) policies. The Company stopped utilizing the system for new business in 2008.
- CAPS – This is an administrative system housing Universal Life (UL) policies. The Company stopped utilizing the system for new business in 2008.
- COLI/BOLI – The system houses the Company’s Corporate-Owned Life Insurance (COLI) and Bank-Owned Life insurance (BOLI) policies.

The Underwriting file review was sorted and conducted in ten (10) general segments.

- A. Winrisk Universal Life Policies Issued
- B. Winrisk Universal Life LTC Policies Issued
- C. Winrisk Variable Universal Life Policies Issued
- D. Winrisk Term Life Policies Issued
- E. COLI/BOLI Variable Universal Life Policies Issued
- F. COLI/BOLI Universal Life Policies Issued
- G. Life Policies Declined
- H. Life Policies Not-Taken
- I. Life Policies Rescinded
- J. Term Life Conversions

Each segment was reviewed for compliance with the following Delaware laws and regulations pertaining to: sales and marketing, disclosures, illustrations, underwriting practices, forms approval and producer licensing and oversight. Issues relating to forms or producer licensing and oversight appear in those respective sections of the Report and are not duplicated in the Underwriting portion of the Report.

- 18 Del. C. §320. Conduct of examination; access to records; correction.
- 18 Del. C. §1703. Producer License Requirements.
- 18 Del. C. §1715. Producer Appointment Requirements
- 18 Del. C. §2300. Unfair Insurance Practices.
- 18 Del. C. §2708. Consent of insured; life, health insurance.
- 18 Del. C. §2709. Alteration of application, life and health insurance.
- 18 Del. C. §2712, Filing, approval of forms.
- 18 Del. Admin. Code 202 §2.0 Company Producer Licensing Responsibility
- 18 Del. Admin. Code 1203 Life Insurance Solicitation
- 18 Del. Admin. Code 1203 §4.0 Definitions-Policy Summary, Buyers Guide
- 18 Del. Admin. Code 1203 §5.0 Disclosure Requirements
- 18 Del. Admin. Code 1203 §6.0 General Rules of Disclosure
- 18 Del. Admin. Code 1204 §§5.1-5.3 Replacement of Life Insurance-Duties of Producers

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- 18 Del. Admin. Code 1204 §6.1 Replacement of Life Insurance- Duties of all Insurers
- 18 Del. Admin. Code 1204 §§7.1-7.4 Replacement of Life Insurance-Duties of Replacing Insurer
- 18 Del. Admin. Code 1204 §8.0 Insurer Duties with Respect to Direct Response Sales
- 18 Del. Admin. Code 1210 §5.0 Policies to be Illustrated
- 18 Del. Admin. Code 1210 §6.0 Life Insurance Illustrations *Rules and Prohibitions*
- 18 Del. Admin. Code 1210 §§7.0-7.5 Standards for Basic Illustrations
- 18 Del. Admin. Code 1210 §8.0 Standards for Supplemental Illustrations
- 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention
- 18 Del. Admin. Code 1210 §10.0 Annual Report; Notice to Policy Owners
- 18 Del. Admin. Code 1210 §11.0 Annual Illustration Certifications

A. Winrisk Universal Life Policies Issued

The Company was requested to provide a list of all individual life coverage issued during the experience period. The Company identified a universe of 173 Winrisk Universal Life (UL) policies issued. A random sample of 25 policy files was requested, received and reviewed. The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following exceptions were noted:

1 Exception - 18 Del. Admin. Code 1204 §6.1 Replacement of Life Insurance

Duties of all Insurers. Each Agent shall:

6.1.1 *Inform its field representatives or other personnel responsible for compliance with this regulation of the requirements of this regulation.*

6.1.2 *Require with or as a part of each completed application for life insurance or annuity a statement signed by the applicant as to whether such proposed insurance or annuity will replace existing life insurance or annuity.*

The applicant's statement on replacement was not completed on the application form in the noted file.

Recommendation: It is recommended that the Company review its procedures to ensure the applicants statement on replacement is completed on the application as required by 18 Del. Admin. Code 1204 §6.1.2.

1 Exception - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.2 *Where a replacement is involved:*

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7.1.2.2 Send to each existing insurer a written communication advising of the replacement or proposed replacement of the policy. The communication should include the information obtained pursuant to section 7.1.2.1 above and a Summary or Ledger Statement describing the proposed new policy. This written communication shall be made within 7 working days of the date the application is received in the replacing insurer's home office, or the date the proposed life insurance policy or annuity contract is issued, whichever is sooner.

The written communication advising of the replacement to the existing insurer was not evident in the noted file.

Recommendation: It is recommended that the Company review its procedures to ensure the written communication advising of the replacement or proposed replacement is sent to each existing insurer as required by 18 Del. Admin. Code 1204 §7.1.2.2.

1 Exception - 18 Del. Admin. Code 1210 §7.4 Standards for Basic Illustrations

Statements. Statements substantially similar to the following shall be included on the same page as the numeric summary and signed by the applicant, or the policy owner in the case of an illustration provided at time of delivery, as required in this regulation.

7.4.2 A statement to be signed and dated by the insurance producer or other authorized representative of the insurer reading as follows: "I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration."

The writing agent did not sign the illustration certification statement in the noted file.

Recommendation: It is recommended that the Company review its procedures to ensure the writing agent signs the illustration certification statement as required by 18 Del. Admin. Code 1210 §7.4.2.

4 Exceptions - 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention

9.1.1 If a basic illustration is used by an insurance producer or other authorized representative of the insurer in the sale of a life insurance policy and the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this regulation, shall be submitted to the insurer at the time of policy application. A copy also shall be provided to the applicant.

The agent's certification and applicant's acknowledgement of the illustration used in the sale of the life insurance policy in the noted files was signed and dated after the application date.

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Recommendation: It is recommended that the Company review its procedures to ensure the proper acknowledgement and certification of the usage of an illustration at the time of application is completed as required by 18 Del. Admin. Code 1210 §9.1.1.

10 Exceptions - 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention

9.1.2 If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued shall be sent with the policy. The revised illustration shall conform to the requirements of this regulation, shall be labeled "Revised Illustration" and shall be signed and dated by the applicant or policy owner and producer or other authorized representative of the insurer no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner.

The revised illustrations in the noted files were not labeled “Revised Illustration.”

Recommendation: It is recommended that the Company review its procedures to ensure revised illustrations are provided and labeled appropriately as required by 18 Del. Admin. Code 1210 §9.1.2.

1 Exception - 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention

9.2.1 If no illustration is used by an insurance producer or other authorized representative in the sale of a life insurance policy or if the policy is applied for other than as illustrated, the producer or representative shall certify to that effect in writing on a form provided by the insurer. On the same form the applicant shall acknowledge that no illustration conforming to the policy applied for was provided and shall further acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. This form shall be submitted to the insurer at the time of policy application.

The noted file did not contain the signed certification and acknowledgement that no illustration was used in the sale of the life insurance policy at the time the application was signed.

Recommendation: It is recommended that the Company review its procedures to ensure the proper acknowledgement and certification of the usage of an illustration at the time of application is completed as required by 18 Del. Admin. Code 1210 §9.2.1.

B. Winrisk Universal Life LTC Policies Issued

The Company was requested to provide a list of all individual life coverage issued during the experience period. The Company identified a universe of 46 Winrisk Universal Life

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(UL) Long Term Care (LTC) insurance policies issued. A random sample of 15 policy files was requested, received and reviewed. The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following exceptions were noted:

4 Exceptions - 18 Del. Admin. Code 1203 §5.0 Disclosure Requirements

5.1 The insurer shall provide, to all prospective purchasers, a Buyer's Guide and a Policy Summary prior to accepting the applicant's initial premium or premium deposit, unless the policy for which application is made contains an unconditional refund provision of at least ten days or unless the Policy Summary contains such an unconditional refund offer, in which event the Buyer's Guide and Policy Summary must be delivered with the policy or prior to delivery of the policy.

5.2 The insurer shall provide a Buyer's Guide and a Policy Summary to any prospective purchaser upon request.

7.1 Failure of an insurer to provide or deliver a Buyer's Guide, or a Policy Summary as provided in section 5.0 shall constitute an omission which misrepresents the benefits, advantages, conditions or terms of an insurance policy. In each such instance, the insurer shall, after hearing, be subjected to the penalties as prescribed in 18 Del.C. §106.

The noted files did not contain evidence that a Policy Summary was provided.

Recommendation: It is recommended that the Company review its procedures to ensure verification of the delivery of the policy summary as required by 18 Del. Admin. Code 1203 §5.0.

2 Exceptions - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.1 Require with or as a part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in the transaction.

The agent's statement on replacement was not completed on the application in the noted files.

Recommendation: It is recommended that the Company review its procedures to ensure the agent statement on replacement is completed as required by 18 Del. Admin. Code 1204 §7.1.1.

2 Exceptions - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.2 Where a replacement is involved:

7.1.2.2 Send to each existing insurer a written communication advising of the replacement or proposed replacement of the policy. The communication should include

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the information obtained pursuant to section 7.1.2.1 above and a Summary or Ledger Statement describing the proposed new policy. This written communication shall be made within 7 working days of the date the application is received in the replacing insurer's home office, or the date the proposed life insurance policy or annuity contract is issued, whichever is sooner.

The written communication advising of the replacement to the existing insurer was not evident in the noted files.

Recommendation: It is recommended that the Company review its procedures to ensure the written communication to the existing insurer regarding replacement is provided and documented as required by 18 Del. Admin. Code 1204 §7.1.2.2.

9 Exceptions - 18 Del. Admin. Code 1210 §5.0 Policies to be Illustrated

5.1 Each insurer marketing policies to which this regulation is applicable shall notify the commissioner whether a policy form is to be marketed with or without an illustration. For all policy forms being actively marketed on the effective date of this regulation, the insurer shall identify in writing those forms and whether or not an illustration will be used with them. For policy forms filed after the effective date of this regulation, the identification shall be made at the time of filing. Any previous identification may be changed by notice to the commissioner.

5.2 If the insurer identifies a policy form as one to be marketed without an illustration, any use of an illustration for any policy using that form prior to the first policy anniversary is prohibited.

The noted files contained illustrations acknowledged by the applicant and certified by the agent. However, the policy form was identified by the Company as one to be marketed without an illustration during the years 2009 and 2010.

Recommendation: It is recommended that the Company review and revise its procedures to ensure policy forms are properly identified as marketed with or without an illustration as required by 18 Del. Admin. Code 1210 §5.0.

2 Exceptions - 18 Del. Admin. Code 1210 §6.0 Life Insurance Illustrations

General Rules and Prohibitions

6.1 An illustration used in the sale of a life insurance policy shall satisfy the applicable requirements of this regulation, be clearly labeled "life insurance illustration" and contain the following basic information:

6.1.1 Name of insurer;

6.1.2 Name and business address of producer or insurer's authorized representative, if any;

6.1.3 Name, age and sex of proposed insured, except where a composite illustration is permitted under this regulation.

6.1.4 Underwriting or rating classification upon which the illustration is based;

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- 6.1.5 Generic name of policy, the company product name, if different, and form number;*
- 6.1.6 Initial death benefit; and*
- 6.1.7 Dividend option election or application of non-guaranteed elements, if applicable.*

The illustration in the noted files was not clearly labeled “life insurance illustration.”

Recommendation: It is recommended that the Company review its procedures to ensure illustrations are labeled appropriately as required by 18 Del. Admin. Code 1210 §6.1.

2 Exceptions - 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention

9.1.2 If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued shall be sent with the policy. The revised illustration shall conform to the requirements of this regulation, shall be labeled "Revised Illustration" and shall be signed and dated by the applicant or policy owner and producer or other authorized representative of the insurer no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner.

The revised illustration in the noted files was not labeled “Revised Illustration”.

Recommendation: It is recommended that the Company review its procedures to ensure revised illustrations are provided and labeled appropriately as required by 18 Del. Admin. Code 1210 §9.1.2.

2 Exceptions - 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention

9.2.1 If no illustration is used by an insurance producer or other authorized representative in the sale of a life insurance policy or if the policy is applied for other than as illustrated, the producer or representative shall certify to that effect in writing on a form provided by the insurer. On the same form the applicant shall acknowledge that no illustration conforming to the policy applied for was provided and shall further acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. This form shall be submitted to the insurer at the time of policy application.

The noted files did not contain the signed certification and acknowledgement that no illustration was used in the sale of the life insurance policy on the date the application was signed.

Recommendation: It is recommended that the Company review its procedures to ensure the proper acknowledgement and certification of the usage of an illustration at the time of application is completed as required by 18 Del. Admin. Code 1210 §9.2.1.

1 Exception - 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention

9.2.2 If the policy is issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner.

The noted file did not contain a signed acknowledgment of the delivery of the illustration at the time of policy delivery.

Recommendation: It is recommended that the Company review its procedures to ensure the proper acknowledgement and certification of the illustration delivery is provided at the time of policy delivery as required by 18 Del. Admin. Code 1210 §9.2.2.

C. Winrisk Variable Universal Life Policies Issued

The Company was requested to provide a list of all individual life coverage issued during the experience period. The Company identified a universe of 23 Winrisk Variable Universal Life (VUL) insurance policies issued. All 23 policy files were requested, received and reviewed. Of the 23 files, 1 was determined to be outside of the State of Delaware's jurisdiction. The remaining 22 files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following exceptions were noted:

1 Exception – 18 Del. Admin. Code §11.0 Qualification of Agents for the Sale of Variable Life Insurance

11.1 Qualification to Sell Variable Life Insurance

11.1.1 No person may sell or offer for sale in this state any variable life insurance policy unless such person holds a Delaware insurance license (either resident or nonresident), valid for the line of variable annuity (18 Del.C. §1707), and a valid agent's appointment to represent an admitted insurer (18 Del.C. §1715).

11.1.2 The Commissioner shall issue the variable annuity authority to agents who have successfully completed the life agent's license examination, or who have otherwise qualified for an agent's license for the lines of life insurance, and who present evidence of a valid NASD license (Series 6 or 7).

The producer in the noted file was listed as the writing agent on an application reviewed in the policy issued section of the exam. However, Department records do not identify the individual as being appointed by the Company on the date the application was signed.

Recommendation: It is recommended that the Company review its producer appointment procedures regarding the sale of variable life insurance as required by 18 Del. Admin. Code §11.0.

2 Exceptions - 18 Del. Admin. Code 1204 §7.4 Replacement of Life Insurance

The replacing insurer shall provide in its policy or in a separate written notice which is delivered with the policy that the applicant has a right to an unconditional refund of all premiums paid, which right may be exercised within a period of twenty days commencing from the date of delivery of the policy.

The notice or statement providing twenty days for an unconditional refund of all premiums paid when a policy replacement is involved was not evidenced in the noted files.

Recommendation: It is recommended that the Company review its procedures to ensure the notice or statement providing twenty days for an unconditional refund of all premiums paid when a policy replacement is involved is provided as required by 18 Del. Admin. Code 1204 §7.4.

D. Winrisk Term Policies Issued

The Company was requested to provide a list of all individual life coverage issued during the experience period. The Company identified a universe of 138 Winrisk Term Life insurance policies issued. A random sample of 25 policy files was requested, received and reviewed. The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following exception was noted:

1 Exception - 18 Del. Admin. Code 1210 §5.0 Policies to be Illustrated

5.1 Each insurer marketing policies to which this regulation is applicable shall notify the commissioner whether a policy form is to be marketed with or without an illustration. For all policy forms being actively marketed on the effective date of this regulation, the insurer shall identify in writing those forms and whether or not an illustration will be used with them. For policy forms filed after the effective date of this regulation, the identification shall be made at the time of filing. Any previous identification may be changed by notice to the commissioner.

5.2 If the insurer identifies a policy form as one to be marketed without an illustration, any use of an illustration for any policy using that form prior to the first policy anniversary is prohibited.

The noted file contained an illustration signature page signed by both the applicant and the agent. The policy form was identified as one to be marketed without an illustration.

Recommendation: It is recommended that the Company review and revise its procedures to ensure policy forms are properly identified as marketed with or without an illustration as required by 18 Del. Admin. Code 1210 §5.0.

E. COLI/BOLI Variable Universal Life Policies Issued

The Company was requested to provide a list of all individual life coverage issued during the experience period. The Company identified a universe of 368 Corporate-Owned Life Insurance/Bank-Owned Life Insurance (COLI/BOLI) Variable Universal Life (VUL) policies issued. A random sample of 25 policy files was requested, received and reviewed. Of the 25 policies, 1 was determined to be outside of the State of Delaware's jurisdiction. The remaining 24 files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following exceptions were noted:

24 Exceptions - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.1 Require with or as a part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in the transaction.

The agent's statement on replacement was not evident on the application in the noted files.

Recommendation : It is recommended that the Company review its procedures to ensure that the agents statement on replacement is provided as required by 18 Del. Admin. Code 1204 §7.1.1.

F. COLI/BOLI Universal Life Policies Issued

The Company was requested to provide a list of all individual life coverage issued during the experience period. The Company identified a universe of 24 Corporate-Owned Life Insurance/Bank-Owned Life Insurance (COLI/BOLI) Universal Life (UL) policies issued. All 24 policy files were requested, received and reviewed. The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following exceptions were noted:

24 Exceptions - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.1 Require with or as a part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in the transaction.

The agent's question on replacement was not evident on the application in the noted files.

Recommendation: It is recommended that the Company review its procedures to ensure that the agents statement on replacement is provided as required by 18 Del. Admin. Code 1204 §7.1.1.

14 Exceptions - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance

Each insurer that uses an agent or broker in a life insurance or annuity sale shall:

7.1.2 Where a replacement is involved:

7.1.2.1 Require from the agent or broker with the application for life insurance or annuity:

7.1.2.1.1 A list of all the applicant's existing life insurance or annuities to be replaced.

7.1.2.1.2 A copy of the Replacement Notice provided the applicant pursuant to section 5.2.1. Such existing life insurance or annuity shall be identified by name of insurer, insured and contract number. If a number has not been assigned by the existing insurer, alternative identification, such as an application or receipt number, shall be listed.

The noted files did not contain a copy of the required notice of replacement.

Recommendation: It is recommended that the Company review its procedures to ensure that the replacement notice is provided as required by 18 Del. Admin. Code 1204 §7.1.2.1.2

23 Exceptions - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.2 Where a replacement is involved:

7.1.2.2 Send to each existing insurer a written communication advising of the replacement or proposed replacement of the policy. The communication should include the information obtained pursuant to section 7.1.2.1 above and a Summary or Ledger Statement describing the proposed new policy. This written communication shall be made within 7 working days of the date the application is received in the replacing insurer's home office, or the date the proposed life insurance policy or annuity contract is issued, whichever is sooner.

The written communication advising of the replacement to the existing insurer in the noted files was not evident in 9 files, and the communication was not made within 7 working days in 14 files.

Recommendation: It is recommended that the Company review its procedures to ensure that the written communication advising of a replacement is provided as required by 18 Del. Admin. Code 1204 §7.1.2.2.

G. Life Policies Declined

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The Company was requested to provide a list of all applicants declined life insurance coverage during the experience period. The following table summarizes the system and universe of declined life policies identified by the Company and the sample of declined policy files requested for review.

System	Universe	Sample
Winrisk	32	32
CAPS	1	1
V15	4	4
COLI/BOLI	2	2

All declination files were requested, received, and reviewed. One of the COLI/BOLI declined files was determined not to be a declination. The remaining 38 files were reviewed to ensure declinations were not the result of any discriminatory underwriting practice and the proper return of any unearned premium.

The following exception was noted.

1 Exception - 18 Del. C. §320. Conduct of examination; access to records; correction.

(c) Every person being examined, the person's officers, attorneys, employees, agents and representatives, shall make freely available to the Commissioner, or the Commissioner's examiners, the accounts, records, documents, files, information, assets and matters of such person, in the person's possession or control, relating to the subject of the examination and shall facilitate the examination..

The noted file from the V15 system was missing the communication from the Company to the applicant outlining the reason for the declination.

Recommendation: It is recommended that the Company review its procedures to ensure the applicable documents are maintained to facilitate the examination as required by 18 Del. C. §320.

H. Life Policies Not-Taken

The Company was requested to provide a list of all life policies issued and not-taken during the experience period. The Company was requested to provide a list of all life policies issued and not-taken during the experience period. The following table summarizes the system and universe of not-taken life policies identified by the Company and the sample of not-taken policy files requested for review.

System	Universe	Sample
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Winrisk	1	1
CAPS	1	1
V15	4	4
COLI/BOLI	3	3

All not-taken policy files were requested, received, and reviewed. The files were reviewed to ensure compliance with the 10-day premium refund provisions of the contract.

No exceptions were noted.

I. Life Policies Rescinded

The Company was requested to provide a list of all individual life coverage rescinded during the experience period. The Company identified a universe of 1 individual life insurance policy rescinded. A rescinded policy is a policy that was issued and the company terminates the contract and returns all premiums paid from the policy effective date to the policyowner. The 1 rescinded policy file was requested, received and reviewed. The file was reviewed to ensure compliance with contract provisions, termination laws and regulations, proper return of premium and a valid reason for rescission.

No exceptions were noted.

J. Winrisk Term Life Conversions

The Company was requested to provide a list of all term life coverage converted to permanent life coverage during the experience period. The Company identified a universe of 1 term policy converted to a Variable Universal Life (VUL) policy and 20 term policies converted to Universal Life (UL) policies. All 21 policy files were requested, received and reviewed. Of the 20 UL conversion files reviewed, 3 were determined to fall outside of the State of Delaware's jurisdiction. The remaining 17 UL conversion files and 1 VUL conversion file were reviewed to determine compliance to issuance and underwriting statutes and regulations.

The following exceptions were noted:

2 Exceptions - 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention

9.1.2 If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued shall be sent with the policy. The revised illustration shall conform to the requirements of this regulation, shall be labeled "Revised Illustration" and shall be signed and dated by the applicant or policy owner and

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producer or other authorized representative of the insurer no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner.

The revised illustrations in the noted files were not labeled “Revised Illustration”.

Recommendation: It is recommended that the Company review its procedures to ensure revised illustrations are provided and labeled appropriately as required by 18 Del. Admin. Code 1210 §9.1.2.

FORMS

The Company was requested to provide: (a) A list of all individual/group policy forms, certificate forms, conversion contracts, applications, riders, amendments and endorsements used during the experience period for newly issued life coverage in Delaware; (b) Copies of all life policy forms, applications with Department approval/filing stamp, if applicable, including life sales illustrations; (c) A list of all life insurance products indicating whether or not the product is marketed with or without a sales illustration; and (d) Copies of all Buyers’ Guides and Policy Summary forms utilized in the marketing of life insurance during the experience period. The Company provided the forms list, copies of forms, copies of buyers’ guides and policy summary forms as requested. The forms provided and forms reviewed in various underwriting sections of the exam were reviewed to ensure compliance with 18 Del. C. §2712, Filing, approval of forms.

The following exception was noted:

1 Exception - 18 Del. C. §2712. Filing, approval of forms.

(a) No basic insurance policy or annuity contract, form, or application form where written application is required and is to be made a part of the policy or contract or printed rider or endorsement form or form of renewal certificate shall be delivered or issued for delivery in this State, unless the form has been filed with the Commissioner.

An application form (LFF06313G) utilized in an underwriting file was not filed with the Department.

Recommendation: It is recommended that the Company review its procedures to ensure the proper filing of forms as required by 18 Del. C. §2712.

CONSUMER COMPLAINTS

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The Company was requested to provide a list of all complaints received from Delaware consumers, claimants and complaints referred to the Department of Insurance during the experience period. The Company was also requested to provide Complaint Logs for 2007, 2008 and 2009, and a copy of the Company's complaints handling guidelines, including a description of any complaint summaries and reports prepared for internal monitoring purposes.

The Company identified a universe of 16 consumer complaints related to individual life insurance coverage and 3 complaints and appeals related to group life insurance coverage. In addition, the Company provided the 3 years of complaint logs and complaint handling procedures/guidelines, as requested. The Department's list of written consumer complaints that were forwarded to the Company during the experience period was compared to the Company's complaint logs.

All 16 individual life complaint files and the 3 group life complaint and appeal files were requested and received. Of the 16 individual life complaints received, 4 were annuity complaints, 3 were duplicates, and one complaint involved coverage with another associated Company. The remaining 8 individual life complaint files, the 3 group life complaint and appeal files and the 3 years of complaint logs were reviewed for compliance with 18 Del. C. §2304(17).

The following exception was noted:

1 Exception – 18 Del. C. §2304(17) Failure to maintain complaint handling procedures.

Failure of any person to maintain a complete record of all the complaints which it has received since the date of its last examination as otherwise required in this title. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. For purposes of this subsection, "complaint" shall mean any written communication primarily expressing a grievance.

The noted file was not recorded on the Company's complaint logs.

Recommendation: It is recommended that the Company review its procedures to ensure that all complaints are recorded as required by 18 Del. C. §2304(17).

ADVERTISING

The Company was requested to provide all advertising materials – whether in printed or audio/visual form, available during the experience period including, but not limited to:

- Agency manuals
- Video and/or audio presentations to field personnel
- Any other types(s) of media presentations or instructional materials used in the training of or available for use by field personnel
- Copies of newsletters, bulletins, etc. to field personnel

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- Any scripted presentation (e.g., telemarketing scripts) available for use by field personnel
- Product brochures, videotaped presentations and computer presentations
- Any and all media advertisements and/or presentations

The Company was also requested to provide: (1) A log showing which policy form is associated with the identified piece of advertising material; and (2) A description of the development and approval process for advertising materials generated by the Company and by the producers.

The following table is a synopsis of the advertising material and universe of materials identified by the Company and the sample of advertising material requested for review.

Advertising Material	Universe	Sample
Client Use	416	50
Agent/Broker Use	1972	25
Producer Created	229	25

Additionally, the Company provided a log of policy forms and their associated piece of advertising material and the development and approval process for advertising materials generated by the Company and by the producers.

The advertising materials and the Company's web site (www.lfg.com) were reviewed to ascertain compliance with 18 Del. C. §2303, Unfair Methods of Competition and Unfair or Deceptive Acts or Practices.

No exceptions were noted.

PRODUCER LICENSING & OVERSIGHT

The Company was requested to provide a list of all producers active and terminated during the experience period in addition to the Company's oversight policies and procedures regarding the following activities:

- Producer Appointment Procedures & Reference Background Checks
- Product Training & Compliance
- Producer Complaint Monitoring
- Allegations of Misconduct Reports
- Producer Terminations
- Producer Termination for Cause Procedures & Lists

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- Producer Commission Structure
- Monitoring Producer Replacement Activity

The policies and procedures were received and reviewed. The Company identified a list of 2,337 active producers. A random sample of 50 producers was selected for review. The list was compared to departmental records of producers to verify licensing and appointments. In addition, a comparison was made on the producers identified on applications reviewed in the policy issued sections of the exam. The Company also provided a list of 1,159 terminated producers. A random sample of 25 terminated producers was selected for review. The sample lists were compared to departmental records of producers to verify licensing, appointments and terminations. Verification of licensing, appointments and terminations was performed to ensure compliance with the following statutes and regulation:

- 18 Del. C. §1703. License required.
- 18 Del. C. §1715. Appointments.
- 18 Del. C. §1716. Notification to Insurance Commissioner of termination.
- 18 Del. Admin. Code §11.0 Agent Qualification for Variable Life Insurance Sales

The following exceptions were noted:

14 Exceptions - 18 Del. C. §1715. Appointments.

(a) An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.

(b) To appoint a producer as its agent, the appointing insurer shall file, in a format approved by the Insurance Commissioner, a notice of appointment within 15 days from the date the agency contract is executed or the first insurance application is submitted. An insurer may also elect to appoint a producer to all or some insurers within the insurer's holding company system or group by the filing of a single appointment request. The group appointment provision of this section is only applicable upon implementation by this Department of an electronic appointment process.

(c) Upon receipt of the notice of appointment, the Insurance Commissioner shall verify within a reasonable time not to exceed 30 days that the insurance producer is eligible for appointment. If the insurance producer is determined to be ineligible for appointment, the Insurance Commissioner shall notify the insurer within 5 days of its determination.

(d) An insurer shall pay an appointment fee, in the amount and method of payment set forth in Chapter 7 of this title, for each insurance producer appointed by the insurer.

The producer in the noted files was listed as the writing agent on 14 applications reviewed in the policy issued sections of the exam. However, Department records did not

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identify the individual as being appointed by the Company on the date the application was signed.

Recommendation: It is recommended that the Company review its procedures to ensure that all producers are properly appointed as required by 18 Del. C. §1715.

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CONCLUSION

The recommendations made below identify corrective measures the Department finds necessary as a result of the Exceptions noted in the Report. Location in the Report is referenced in parenthesis.

1.	It is recommended that the Company review its procedures to ensure verification of the delivery of the Policy Summary as required by 18 Del. Admin. Code 1203 §5.0. (B. Winrisk Universal Life LTC Policies Issued)
2.	It is recommended that the Company review its procedures to ensure compliance with the applicant replacement statement requirements of 18 Del. Admin. Code 1204 §6.1.2 (A. Winrisk Universal Life Policies Issued)
3.	The Company must review and revise internal control procedures to ensure compliance with the agent replacement statement requirements of 18 Del. Admin. Code 1204 §7.1.1. (B. Winrisk Universal Life LTC Policies Issued, E. BOLI/COLI Variable Universal Life Policies, F. COLI/BOLI Universal Life Policies Issued)
4.	The Company must review and revise internal control procedures to ensure compliance with the notice of replacement requirements of 18 Del. Admin. Code 1204 §7.1.2.1.2. (F. COLI/BOLI Universal Life Policies Issued)
5.	It is recommended that the Company review its procedures to ensure compliance with the replaced company communication requirements of 18 Del. Admin. Code 1204 §7.1.2.2. (A. Winrisk Universal Life Policies Issued, B. Winrisk Universal Life LTC Policies Issued, F. COLI/BOLI Universal Life Policies Issued)
6.	It is recommended that the Company review its procedures to ensure the notice or statement providing twenty days for an unconditional refund of all premiums paid when a policy replacement is involved is provided as required by 18 Del. Admin. Code 1204 §7.4. (C. Winrisk Variable Universal Life Policies Issued)
7.	It is recommended that the Company review and revise its procedures to ensure policy forms are properly identified as marketed with or without an illustration as required by 18 Del. Admin. Code 1210 §5.0. (B. Winrisk Universal Life LTC Policies Issued, D. Winrisk Term Policies Issued)
8.	It is recommended that the Company review its procedures to ensure illustrations are labeled appropriately as required by 18 Del. Admin. Code 1210 §6.1. (B. Winrisk Universal Life LTC Policies Issued)
9.	It is recommended that the Company review its procedures to ensure the writing

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	agent signs the illustration certification statement as required by 18 Del. Admin. Code 1210 §7.4.2. (A. Winrisk Universal Life Policies Issued)
10.	It is recommended that the Company review its procedures to ensure the proper acknowledgement and certification of the usage of an illustration at the time of application is completed as required by 18 Del. Admin. Code 1210 §9.1.1. (A. Winrisk Universal Life Policies Issued)
11.	It is recommended that the Company review its procedures to ensure revised illustrations are provided and labeled appropriately as required by 18 Del. Admin. Code 1210 §9.1.2. (A. Winrisk Universal Life Policies Issued, B. Winrisk Universal Life LTC Policies Issued, J. Winrisk Term Life Conversions)
12.	It is recommended that the Company review its procedures to ensure the proper acknowledgement and certification of the usage of an illustration at the time of application is completed as required by 18 Del. Admin. Code 1210 §9.2.1. (A. Winrisk Universal Life Policies Issued, B. Winrisk Universal Life LTC Policies Issued)
13.	It is recommended that the Company review its procedures to ensure the proper acknowledgement and certification of the illustration delivery is provided at the time of policy delivery as required by 18 Del. Admin. Code 1210 §9.2.2. (B. Winrisk Universal Life LTC Policies Issued)
14.	It is recommended that the Company review its procedures to ensure the applicable documents are maintained to facilitate the examination as required by 18 Del. C. §320. (G. Life Policies Declined)
15.	It is recommended that the Company review its procedures to ensure compliance with the form filing requirements of 18 Del. C. §2712. Filing, approval of forms. (Forms)
16.	It is recommended that the Company review its procedures to ensure compliance with the complaint record requirements of 18 Del. C. §2304(17). (Consumer Complaints)
17.	It is recommended that the Company review its procedures to ensure compliance with the agent appointment requirements 18 Del. C. §1715. Appointments. (Producer Licensing)
18.	It is recommended that the Company review its procedures to ensure compliance with producer variable life appointment requirements 18 Del. Admin. Code §11.0. (C. Winrisk Variable Universal Life Policies Issued)

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The examination conducted by Daniel Stemcosky, Roger Fournier, Frank Kyazze and Gwen Douglas is respectfully submitted.

A handwritten signature in black ink, appearing to read "Roger Fournier". The signature is fluid and cursive, with a large initial "R" and "F".

Roger Fournier, MCM, CIE
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance