

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

Monumental Life Insurance Company

NAIC # 66281

4333 Edgewood Road NE

Cedar Rapids, IA 52499

As of

December 31, 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 December 31, 2010 on

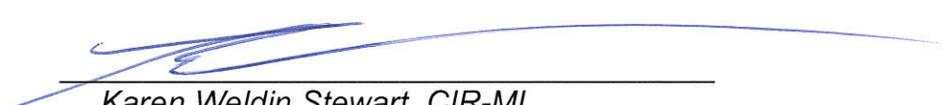
Monumental Life Insurance Company

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

Attest By: W. Andy A. J.



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



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



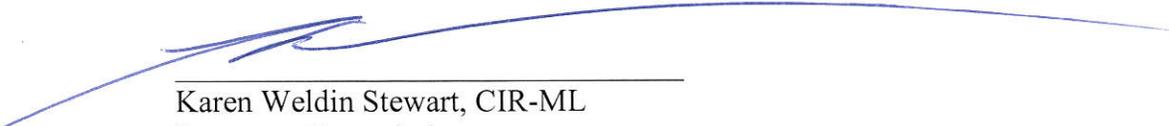
Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
Monumental Life Insurance Company
AS OF
December 31, 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

Table of Contents

EXECUTIVE SUMMARY	2
SCOPE OF EXAMINATION.....	3
METHODOLOGY	3
COMPANY HISTORY AND PROFILE	4
COMPANY OPERATIONS AND MANAGEMENT	5
A. Underwriting Guidelines	5
B. Internal Audit and Compliance Procedures.....	5
INDIVIDUAL UNDERWRITING.....	6
A. Whole Life Policies Issued	7
B. Interest Sensitive Life Policies Issued	8
C. Term Life Policies Issued.....	9
D. Universal Life Policies Issued.....	10
E. Mortgage Life Policies Issued	11
F. Life Policies Declined.....	12
G. Life Policies Not-Taken	12
H. Life Policies Rescinded	12
I. Term Life Conversions	13
FORMS.....	14
CONSUMER COMPLAINTS.....	14
ADVERTISING.....	15
PRODUCER LICENSING & OVERSIGHT	15
CONCLUSION.....	16

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 10.715, and pursuant to statutory provisions including 18 Del. C. §318-322, a market conduct examination has been conducted of the affairs and practices of:

Monumental Life Insurance Company

The examination was performed as of June 30, 2010. Monumental Life Insurance Company, hereinafter referred to as the "Company", was incorporated under the laws of Maryland and was redomiciled to Iowa. 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:

4333 Edgewood Rd. NE
Cedar Rapids, IA 52499

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.

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

EXECUTIVE SUMMARY

Monumental Life Insurance Company was originally domiciled in Maryland and incorporated under the laws of the State of Maryland. Monumental Life Insurance Company re-domiciled to Iowa in April, 2007.

According to the Company's 2010 annual statement filed with the Department, Monumental Life Insurance Company reported direct premium for ordinary life insurance in Delaware in the amount of \$6,150,370 and group life insurance premiums in the amount of \$1,995,619. The Company's main administrative offices are located in Cedar Rapids, Iowa

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.

Deficiencies in compliance with the following administrative requirements were noted during the course of the examination:

- 18 Del. Admin. Code 1203 §5.0 Disclosure Requirements
 - For failure to provide evidence that a Buyer's Guide was given to the proposed insured in 48 files.
- 18 Del. Admin. Code 1203 §5.0 Disclosure Requirements
 - For failure to provide evidence that a Policy Summary was given to the proposed insured in 30 files.
- 18 Del. Admin. Code 1210 §9.3 Delivery of Illustration and Record Retention
 - For failure to provide evidence that a copy of the illustration numeric summary page was provided to the insured.

Upon completion of the examination, the company reported improvements in their electronic processing which resulted in their ability to record proof of disclosure and delivery of each of the items noted above, therefore ultimately no exceptions were noted for purposes of this examination report.

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

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

- 31 Exceptions - 18 Del. C. §2712. Filing, approval of forms – The application form A95101 was utilized in 31 newly issued policy files that contained areas for a N/A answer to be applied and acceptable. The form was not filed with the department in that context

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 January 1, 2008, through December 31, 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 may 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.

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

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

Maryland Mutual Life and Fire Insurance Company incorporated in accordance with the laws of the State of Maryland on March 5, 1858. Operations commenced on May 22, 1860. In 1870, the name changed to Mutual Life Insurance Company of Baltimore. The Company converted to a stock company in 1928 and adopted its current name, Monumental Life Insurance Company during 1935.

In 1986 AEGON N.V., a Netherlands Corporation, purchased Monumental Life Insurance Company which became an indirectly wholly owned subsidiary of AEGON USA, Inc. (now AEGON USA, LLC). Capital General Development Corporation (99.72%) and Commonwealth General Corporation (.28%) constitute the current ownership of Monumental Life Insurance Company. Capital General Development Corporation is owned by Commonwealth General Corporation (18.79 shares of common stock) and AEGON USA, LLC (2.64 shares of common stock). AEGON USA, LLC and Commonwealth General Corporation are subsidiaries of AEGON U.S. Holding Corporation, an indirect, wholly owned subsidiary of AEGON N.V.

On November 30, 1998, three affiliated life insurance companies merged into Monumental Life Insurance Company. The names and states of domicile of these three companies are as follows: Capital Security Life Insurance Company (North Carolina), Commonwealth Life Insurance Company (Kentucky), and Peoples Security Life Insurance Company (North Carolina).

On October 1, 2004 an affiliated life insurance company, Pension Life Insurance Company of America (New Jersey) merged into Monumental Life Insurance Company.

On April 1, 2007, Monumental Life Insurance Company re-domiciled from Maryland to Iowa. The Company's main administrative offices are located in Cedar Rapids, Iowa.

On October 1, 2007, an affiliated life insurance company, Peoples Benefit Life Insurance Company (Iowa) merged into Monumental Life Insurance Company.

According to their 2010 annual statement filed with the Department, Monumental Life Insurance Company reported direct premium in Delaware for ordinary life insurance in the amount of \$6,150,370 and group life insurance premiums in the amount of

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

\$1,995,619.

COMPANY OPERATIONS AND MANAGEMENT

A. Underwriting Guidelines

The Company was requested to provide all underwriting guidelines, manuals, and policy procedures utilized during the experience period. The Company provided two manuals and two procedure guidelines. The materials were reviewed to ensure underwriting guidelines were in place and being followed in a uniform and consistent manner and 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.

The following manuals and guides were provided and reviewed:

1. Life Product Manual, Life Underwriting & Administration
2. Online web manual
3. Rescission Procedures
4. Declination Procedures

No exceptions were noted.

B. Internal Audit and Compliance Procedures

The Company was requested to provide copies of their internal audit and compliance procedures. The audits and procedures were reviewed to ensure the Company provided for the evaluation of compliance with all statutes and regulations dealing with sales methods, advertising, and filing and approval requirements for life insurance and annuities. In addition, the procedures were reviewed to ensure the Company has providing for the following:

- (1) Periodic reviews of consumer complaints in order to determine patterns of improper practices.

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

- (2) Regular reporting to senior officers and the board of directors or an appropriate committee thereof with respect to any significant findings.
- (3) The establishment of lines of communication, control and responsibility over the dissemination of advertising and promotional materials, including illustrations and illustration explanations, with the requirement that such materials shall not be used without the approval by company employees whose compensation, other than generally applicable company bonus or incentive plans, is not directly linked to marketing or sales.

No exceptions were noted.

INDIVIDUAL UNDERWRITING

The Underwriting file review was sorted and conducted in nine (9) general segments.

- A. Whole Life Policies Issued
- B. Interest Sensitive Life Policies Issued
- C. Term Life Policies Issued
- D. Universal Life Policies Issued
- E. Mortgage Life Policies Issued
- F. Life Policies Declined
- G. Life Policies Not-Taken
- H. Life Policies Rescinded
- I. 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

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

- 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. Whole Life Policies Issued

The Company identified a universe of 963 life policies issued during the experience period. A random sample of 50 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:

11 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.

Eleven (11) files did not contain evidence that a Buyers Guide was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that Buyer's Guides are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

10 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.

Ten (10) files did not contain evidence that a Policy Summary was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that policy summaries are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

Upon completion of the examination, the company reported improvements in their electronic processing which results in their ability to comply with the cited Codes, therefore ultimately exceptions were not noted for purposes of this examination report regarding Whole Life Policies Issued.

B. Interest Sensitive Life Policies Issued

The Company identified a universe of 993 Interest Sensitive Life policies issued during the experience period. A random sample of 50 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:

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

Eight (8) files did not contain evidence that a Policy Summary was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that policy summaries are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

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

Twenty (20) files did not contain evidence that a Buyers Guide was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that Buyer's Guides are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

45 Exceptions - 18 Del. Admin. Code 1210 §9.3 Delivery of Illustration and Record Retention

9.3 If the basic illustration or revised illustration is sent to the applicant or policy owner by mail from the insurer, it shall include instructions for the applicant or policy owner to sign the duplicate copy of the numeric summary page of the illustration for the policy issued and return the signed copy to the insurer. The insurer's obligation under this subsection shall be satisfied if it can demonstrate that it has made a diligent effort to secure a signed copy of the numeric summary page. The requirement to make a diligent effort shall be deemed satisfied if the insurer includes in the mailing a self-addressed postage prepaid envelope with instructions for the return of the signed numeric summary page.

Forty-five (45) files did not contain a signed copy of the illustration numeric summary page or verification that the insurer made a diligent effort to secure a copy upon the mailing of the basic or revised illustration to the policy owner or applicant.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence to verify a diligent effort was made to secure a signed copy of the illustration numeric summary page provided to applicants in accordance with 18 Del. Admin. Code 1210 §9.3.

Upon completion of the examination, the company reported improvements in their electronic processing which results in their ability to comply with the cited Code references, therefore ultimately exceptions were not noted for purposes of this examination report regarding Interest Sensitive Life Policies Issued.

C. Term Life Policies Issued

The Company identified a universe of 313 Term Life policies issued during the experience period. A random sample of 25 term life policies was requested, received and 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

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

Four (4) files did not contain evidence that a Policy Summary was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that policy summaries are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

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

Four (4) files did not contain evidence that a Buyers Guide was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that Buyer's Guides are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

14 Exceptions - 18 Del. Admin. Code 1210 §9.3 Delivery of Illustration and Record Retention

Fourteen (14) files did not contain a signed copy of the illustration numeric summary page or verification that the insurer made a diligent effort to secure a copy upon the mailing of the basic or revised illustration to the policy owner or applicant.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence to verify a diligent effort was made to secure a signed copy of the illustration numeric summary page provided to applicants in accordance with 18 Del. Admin. Code 1210 §9.3.

Upon completion of the examination, the company reported improvements in their electronic processing which results in their ability to comply with the cited Codes, therefore ultimately exceptions were not noted for purposes of this examination report regarding Term Life Policies Issued.

D. Universal Life Policies Issued

The Company identified a universe of 5 Universal Life policies issued during the experience period. All 5 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:

1 Exception - 18 Del. Admin. Code 1203 §5.0 Disclosure Requirements

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

One (1) file did not contain evidence that a Policy Summary was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that policy summaries are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

1 Exception - 18 Del. Admin. Code 1203 §5.0 Disclosure Requirements

One (1) file did not contain evidence that a Buyers Guide was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that Buyer's Guides are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

3 Exceptions - 18 Del. Admin. Code 1210 §9.3 Delivery of Illustration and Record Retention

Three (3) files did not contain a signed copy of the illustration numeric summary page or verification that the insurer made a diligent effort to secure a copy upon the mailing of the basic or revised illustration to the policy owner or applicant.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence to verify a diligent effort was made to secure a signed copy of the illustration numeric summary page provided to applicants in accordance with 18 Del. Admin. Code 1210 §9.3.

Upon completion of the examination, the company reported improvements in their electronic processing which results in their ability to comply with the cited Codes, therefore ultimately exceptions were not noted for purposes of this examination report regarding Universal Life Policies Issued.

E. Mortgage Life Policies Issued

The Company identified a universe of 8 individual mortgage life policies issued during the experience period. All 8 files were reviewed to determine compliance to issuance and underwriting statutes and regulations. The following exceptions were noted:

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

Eight (8) files did not contain evidence that a Buyers Guide was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that Buyer's Guides are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

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

Five (5) files did not contain evidence that a Policy Summary was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that policy summaries are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

Upon completion of the examination, the company reported improvements in their electronic processing which results in their ability to comply with the cited Codes, therefore ultimately exceptions were not noted for purposes of this examination report regarding Mortgage Life Policies Issued.

F. Life Policies Declined

The Company identified 109 life policies declined during the experience period. A random sample of 25 files was requested, received, and reviewed. The files were reviewed to ensure declinations were not the result of any discriminatory underwriting practice and the proper return of any unearned premium. No exceptions were noted.

G. Life Policies Not-Taken

The Company identified 185 individual life policies not-taken during the experience period. A random sample of 25 files was requested, received and reviewed. A not-taken policy by definition is a contract that is issued and the insured requests cancellation. The files were reviewed to ensure compliance with the 10 day premium refund provisions of the contract.

No exceptions were noted.

H. Life Policies Rescinded

The Company identified 13 life policies rescinded during the experience period. The 13 policies were reviewed to ensure compliance with contract provisions, termination laws and regulations, proper return of premium and a valid reason for rescission. 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.

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

The application form (A95101) utilized in in one sampled file contained areas for a N/A answer to be applied. The form was not filed with the Department in that context.

Recommendation: It is recommended that the Company review and revise its underwriting and forms approval procedures to ensure compliance with 18 Del. Admin. Code 1217 §3.0 and 18 Del. C. §2712.

I. Term Life Conversions

The Company identified a universe of 215 term life policies converted to individual life policies during the experience period. A random sample of 25 term life conversion files was requested, received and reviewed to determine compliance to issuance and underwriting statutes and regulations. The following exceptions were noted:

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

Two (2) files did not contain evidence that a Policy Summary was provided..

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that policy summaries are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

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

Four (4) files did not contain evidence that a Buyers Guide was provided.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence that Buyer's Guides are provided to applicants in accordance with 18 Del. Admin. Code 1203 §5.0.

14 Exceptions - 18 Del. Admin. Code 1210 §9.3 Delivery of Illustration and Record Retention

Fourteen (14) files did not contain a signed copy of the illustration numeric summary page or verification that the insurer made a diligent effort to secure a copy upon the mailing of the basic or revised illustration to the policy owner or applicant.

Recommendation: It is recommended that the Company review and revise internal control procedures to ensure it maintains evidence to verify a diligent effort was made to secure a signed copy of the illustration numeric summary page provided to applicants in accordance with 18 Del. Admin. Code 1210 §9.3.

Upon completion of the examination, the company reported improvements in their

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

electronic processing which results in their ability to comply with the cited Codes, therefore ultimately exceptions were not noted for purposes of this examination report regarding Term Life Conversions.

FORMS

The Company was requested to provide a list and copies of all policy and/or member forms, conversion contracts, applications, riders, amendments and endorsements used during the experience period. 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 exceptions were noted in the underwriting sections of the exam :

31 Exceptions – 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.

The application form (A95101) was utilized in the 31 newly issued policy files and a rescission case file that contained areas for a N/A answer to be applied. The form was not filed with the Department in that context.

Recommendation: It is recommended that the Company review and revise its internal procedures to ensure application forms that are filed and approved with the Department are utilized in the same context as required by 18 Del. C. §2712.

CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of consumer complaint logs for the experience period. The Company identified 9 consumer complaints received during the experience period. The 9 complaints received directly from consumers consisted of 5 complaints related to life insurance and 4 related to annuities or health coverage. The 5 complaint files related to life insurance coverage were requested, received, and reviewed.

The complaint files and complaint logs were reviewed for compliance with 18 Del. C. §2304 (17). This Section of the Code requires maintenance of a complete record of all complaints received since the date of its last examination. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaint and the time it took to process each complaint. Written complaint files involving claims were also reviewed for compliance with 18 Del. Admin. Code 902 §1.2.1.2.

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

No exceptions were noted.

ADVERTISING

The Company was requested to provide a list of all Advertising and Marketing Material utilized during the experience period. In addition, the Company was requested to provide a copy of the advertising certificate of compliance submitted to the Department during the experience period. The Company provided a list of 489 pieces of advertising utilized in the Commonwealth. The advertising consisted of: Letters, Direct Mailers, Brochures, Presentations, Telephone Scripts, Cards, Illustrations, Product Guides, Product Manuals and the Company's web page. A sample of 35 pieces of advertising was requested, received and reviewed.

The 35 advertising materials and the Company's web site 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:

- Appointment Procedures
- Product Training & Compliance
- Allegations of Misconduct Reports
- Producer Terminations
- Monitoring Producer Replacement Activity

The policies and procedures were received and reviewed. The Company provided a list of 480 active producers and 471 terminated producers. Random samples of 50 active producers and 25 terminated producers were compared to departmental records of producers to verify appointments, terminations and licensing. In addition, a comparison was made on the 163 producers identified on applications reviewed in the policy issued sections of the exam.

No exceptions were noted.

**Delaware Market Conduct Examination Report
Monumental Life Insurance Company**

CONCLUSION

The recommendation 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 and revise its internal procedures to ensure application forms that are filed and approved with the Department are utilized in the same context as required by 18 Del. C. §2712. (Forms, H. Life Policies Rescinded)

The examination conducted by Daniel Stemcosky, Brian Tinsley, Stephen Misenheimer and Heather Harley is respectfully submitted.



Brian Tinsley, AIE, MCM
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance