

STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

NORTH AMERICAN COMPANY FOR
LIFE AND HEALTH
4350 WESTOWN PARKWAY
WEST DES MOINES, IOWA 50266

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint David Bradbury, Examiner-In-Charge, Pat Hahn, John Staples and associates as the proper persons to examine the insurance business and affairs of North American Company for Life and Health of West Des Moines, Iowa, and to make a full and true report to me of the examination made by them of North American Company for Life and Health with a full statement of the condition and operation of the business and affairs of North American Company for Life and Health with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of North American Company for Life and Health.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 20th day of September, 2010

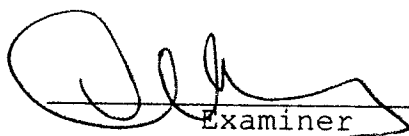


Michael T. McRaith Director



STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with Jill Williams, at the hour of 1025 AM.
on 10-22, A.D., 2010.


Examiner

David Bradbury

This Market Conduct Examination was conducted pursuant to Sections 5/131.21, 5/132, 5/402 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/402 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis Section

North American Company for Life and Health Insurance

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: January 4, 2011 through May 27, 2011

EXAMINATION OF: North American Company for Life and Health
NAIC #66974

LOCATION: 525 West Van Buren
Chicago, Illinois 60607

**PERIOD COVERED
BY EXAMINATION:** 10-01-09 through 9-30-10 – Claims
10-01-08 through 1-4-11 – Complaints

EXAMINERS: Pat Hahn
John Staples
David Bradbury, Examiner-in-Charge

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I. SUMMARY

1. The Company was criticized under 215 ILCS 5/224(l)(l) for failure to notify the insured's beneficiary at the time of claim that interest at the rate of 9% will accrue if claim payment is not made within 15 days of submission of due proof of loss.
2. The Company was criticized under 50 Ill. Adm. Code 3120.50(b) for failure to have a signed suitability form prior to issuance of one annuity.
3. The Company was criticized under 215 ILCS 5/234.1 for failure to give notice of all available options under the policy prior to enacting a non-forfeiture option.
4. The Company was criticized under 50 Ill. Adm. Code 1405.40(p) (3) for use of prohibited language in a policy form.

II. BACKGROUND

The Company was incorporated in Illinois on May 13, 1886 under the name North American Accident Association, a mutual assessment company. It was reincorporated as a stock company on August 16, 1899 under the title North American Accident Insurance Company. In 1958, the Company was purchased by CIT Financial Corporation. The Company's name was changed to The North American Company for Life, Accident and Health Insurance on January 1, 1960. The Company's present title, North American Company for Life and Health Insurance, was adopted September 30, 1967.

In 1984, the Company was acquired by RCA Corporation. In 1986, General Electric purchased RCA Corporation of which the Company was a part. In the same year, the company was sold by RCA Corporation to a private investor group, who had direct ownership of Founders Life Insurance Company (FLIC), a Texas corporation. At that time, IFLIC became the Company's parent corporation.

In 1996, Sammons Enterprises, Inc. (SEI), a Texas general business corporation, acquired NACOLAH Holding Corporation, the parent company of IFLIC. Effective January 1, 2002, NACOLAH Holding Corporation was merged into its parent, Sammons Financial Group Inc., formerly Sammons Financial Holdings, Inc., whose name was changed to Sammons Financial Group, Inc. (SFG) effective January 3, 2002; thereby making SFG the parent company of FLIC.

Effective April 1, 2003, FLIC was voluntarily dissolved and the Company assumed all of its policies pursuant to an assumption reinsurance agreement and all of IFLIC's remaining assets and liabilities were transferred to SFG, its parent. SEI is the ultimate parent of the Company. However, SFG, a wholly owned subsidiary of SEI, directly owns the Company.

The Company redomesticated to Iowa on September 27, 2007. The redomestication was made in order to simplify regulatory compliance for the Company's holding company system by utilizing a common regulator for the Company and its affiliates and to reduce current taxes and future tax costs related to the anticipated growth of the Company's annuity business.

North American Company for Life and Health Insurance's 2009 and 2010 Annual Statement Schedule T reflects the following Illinois direct premium.

	Life Insurance	Annuity Considerations	Accident and Health Insurance
2010	\$22,561,473	\$76,751,363	\$4,659
2009	\$ 21,730,288	\$45,905,472	\$5,179
2008	\$21,100,833	\$53,210,084	\$5,741.00

III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's system and procedures used in dealing with insureds and claimants.

The Market Conduct Examination did not examine all systems and procedures used in dealing with insureds and claimants. The following categories are the general areas examined:

1. Producer Licensing and Production Analysis
2. Policy Forms and Advertising Material Analysis
3. Claims
4. Consumer and Insurance Department Complaints

The review of these categories is accomplished through examination of producer files, cash surrendered policy files, extended term and reduced paid-up policy files, claim files, Insurance Department complaint files, policy forms and advertising material. Each of these categories is examined for compliance with selected Department regulations and applicable State laws. . The Market Conduct Examination did not examine compliance with the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/1.

The report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated to the insurer, but not cited in the report if not indicative of a general trend, except for annuity suitability issues, producer licensing or to the extent that there were underpayments in claim surveys or undercharges and/or overcharges in underwriting surveys. The following methods were used to obtain the required samples and to assure a methodical selection.

Producer Licensing and Production Analysis

Populations for the producer file reviews were determined by whether or not the producers were licensed by the State of Illinois. New business listings were retrieved from Company records selecting newly solicited insurance applications which reflected Illinois addresses for the applicants.

Policy Forms and Advertising Material Analysis

The Company was requested to provide specimen copies of all policy forms and samples of all advertising material in use during the survey period.

Claims

Claim surveys were selected using the following criteria:

1. Paid Claims - Payment for a coverage made during the examination period.
2. Denied Claims - Denial of benefits for losses not covered by policy provisions.
3. Individual or Franchise Claims - Determine whether the contracts were issued on an individual or franchise basis.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*).

All median payment periods were measured from the date necessary proofs of loss were received to the date of payment or denial to the insured or the beneficiary.

The examination period for the claims review was October 1, 2009 through September 30, 2010.

Consumer and Insurance Department Complaints

The Company was requested to provide all files relating to complaints which had been received via the Department of Insurance as well as those received directly by the Company from the insured or his/her representative. A copy of the Company's complaint register was also reviewed.

Median periods were measured from the date of notification of the complaint to the date of response to the Department.

The examination period for complaints was October 1, 2008 through January 4, 2011.

SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u>Reviewed</u>	<u>% Reviewed</u>
CLAIMS ANALYSIS			
Paid Individual Life	116	50	43
Denied Individual Life	1	1	100
Paid Group Life	4	4	100
Approved Waiver of Premium	1	1	1
Annuity Death Settlements	80	52	65
COMPLAINTS			
Department Complaints	8	8	100
Consumer Complaints	10	10	100
UNDERWRITING			
Annuity New Business	1182	115	10
Life Cash Surrenders	188	56	30
Annuity Cash Surrenders	171	55	32
Extended Term/Reduced Paid-Up	7	7	100
Annuity Replacements	53	53	100
Life Replacements	199	58	29
Declined Life Applications	65	65	100
POLICY FORMS & ADVERTISING			
Policy Forms /Advertising	105/137	105/137	100
PRODUCERS ANALYSIS			
Producer Licensing	759 Producers/2,148 policies		100

IV. FINDINGS

A. Claims Analysis

1. Paid Individual Life

A review of 50 of the 116 paid individual life claims produced one (1) general criticism.

A general Criticism was written under Section 224(l) of the Illinois Insurance Code which provides that "interest shall accrue on the proceeds payable because of the death of the insured, from date of death, at the rate of 9% on the total amount payable or the face amount if payments are to be made in installments until the total payment or first installment is paid, unless payment is made within fifteen (15) days from the date of receipt by the company of due proof of loss. This provision need not appear in the policy, however, the company shall notify the beneficiary at the time of claim of this provision."

In none of the 50 paid claim files reviewed were claimants provided with this notice. (It should be noted that while no notice was provided at the time of claim, interest was paid at 9% on the two claims that were not paid within 15 days of submission of due proof of loss.)

The median for payment was eight (8) days.

2. Denied Individual Life

A review of the single denied individual life claim produced no criticisms.

The median for denial could not be established.

3. Paid Group Life

A review of all four (4) of the paid group life files produced no criticisms.

The median for payment was three (3) days.

4. Approved Waiver of Premium

A review of the single approved waiver of premium file produced no criticisms

The median for payment could not be established.

5. Annuity Death Settlements

A review of 52 of the 80 annuity death settlements produced no criticisms.

The median for payment was five (5) days.

B. COMPLAINTS

1. Department of Insurance Complaints

A review of all eight (8) Department of Insurance complaints produced no criticisms.

The median for response to the Department was 15 days.

2. Consumer Complaints

A review of all ten (10) consumer complaints produced no criticisms.

The median for response to the consumer was 23 days.

C. UNDERWRITING

1. Annuity New Business

A review of 115 of the 1182 annuity new business files produced one (1) individual criticism. The criticism was written under 50 Ill. Adm. Code 3120.50(b). One file did not contain a signed suitability form prior to issuance of an annuity.

2. Life Cash Surrenders

A review of 56 of the 188 life cash surrender files produced no criticisms.

The median for processing of life cash surrender files was 14 days.

3. Annuity Cash Surrenders

A review of 55 of the 171 annuity cash surrender files produced no criticisms.

The median for processing of the annuity cash surrender was 32 days.

4. Extended Term/Reduced Paid-Up

A review of all seven (7) extended term insurance/reduced paid-up files produced a general criticism. The general criticism was written under 215 ILCS 5/234.1 for failure to provide a timely notice of all available options to the policy owner. For all of files reviewed, the Company failed to provide notice of all available options prior to enactment.

5. Annuity Replacements

A review of all 53 annuity replacement files produced no criticisms.

6. Life Replacements

A review of all 58 of the 199 life replacement files produced no criticisms.

7. Declined Life Applications

A review of all 65 declined life applications produced no criticisms.

The median processing time was 35 days.

D. POLICY FORMS AND ADVERTISING

A review of the 105 policy forms and 137 advertising materials produced one criticism. One policy form, criticized under 50 Ill. Adm. Code 1405.40(p) (3), excludes coverage under an Accidental Death Benefit Rider if death involves consumption of alcohol. The exclusion should be more specific and define it as intoxication above the legal limit.

E. PRODUCER ANALYSIS

1. Producer Licensing

A review of the 759 producer licensing files and 2,148 first year commission records produced no criticisms.

V. APPENDICES

None.

This Market Conduct Examination was conducted pursuant to Sections 5/131.21, 5/132, 5/402 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/402 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis Section

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

David Bradbury, being first duly sworn upon his oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of North American Company for Life and Health Insurance, NAIC # 66974, (the "Company") of West Des Moines, Iowa,

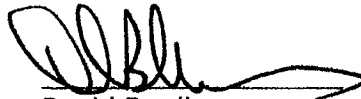
That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

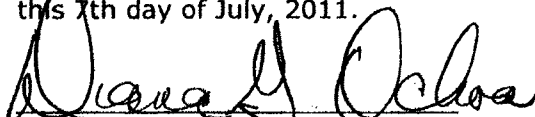
That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

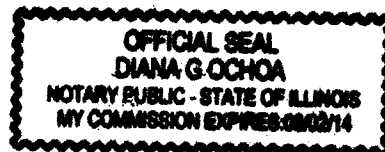
That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the company.


David Bradbury
Examiner-In-Charge

Subscribed and sworn to before me
this 7th day of July, 2011.


Notary Public





Illinois Department of Insurance

PAT QUINN
Governor

ANDREW R STOLFI
Acting Director

November 17, 2011

Steven Craig Palmitier
President
North American Company For Life & Health
NAIC # 66974
4350 Westown Parkway
West Des Moines, IA 50266

*sent via USPS certified mail
return receipt requested*

Dear Mr. Palmitier:

A Market Conduct Examination of your company was conducted by authorized examiners designated by the Director of Insurance pursuant to Illinois Insurance Code Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code. The examination covered the period 10-01-09 through 09-30-10 except for Department of Insurance Complaints for which the period examined was 10-01-08 through 1-4-11.

As required by Illinois Insurance Code Section 132, please find attached a copy of the verified examination report. This Department is providing your company an opportunity to make a written submission or rebuttal with respect to any matters in the attached report. Please provide any such written submission or rebuttals to the undersigned by close of business, Friday, December 23, 2011.

Illinois Insurance Code Section 132 provides that the Director of Insurance must afford your company an opportunity to demand a hearing with reference to the facts and other evidence contained in this report. Section 132 further provides that your company may request a Hearing within ten (10) days after receipt of the above Report by giving the Director of Insurance written notice of such request together with a statement of your objections. The deadline to request a hearing is hereby extended until December 23, 2011.

Please contact me if you have any questions.

Yours Truly,

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield IL 62767
312-833-5582 mobile
217-557-8463 fax
james.j.morris@illinois.gov



North American Companies
for Life and Health Insurance

Jill M. Williams
Assistant Vice President of Compliance

525 West Van Buren • Chicago, Illinois 60607
Phone: 800.800.3656, Ext. 87848 • Fax: 312.648.7778
E-Mail: jwilliams@sfgmembers.com

February 3, 2012

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield, IL 62767

RE: Examination Report of North American Company for Lie and Health
NAIC Number 66974

Dear Mr. Morris:

I am writing to you in response to your letter dated November 17, 2011. We have had an opportunity to read the examination report and do not have any objections.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads 'Jill Williams'.

Jill Williams
Assistant Vice President
Compliance
North American Company

Jill M. Williams
Assistant Vice President of Compliance



NA
North American Companies
for Life and Health Insurance

525 West Van Buren • Chicago, Illinois 60607
Phone: 800.800.3656, Ext. 87648 • Fax: 312.648.7778
E-Mail: jwilliams@sfgmembers.com

April 4, 2012

RECEIVED
LAH - FCS

APR 09 2012

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield, IL 62767

Via Overnight Mail

RE: Penalty - North American Company for Life and Health

Dear Mr. Morris:

Enclosed is a check in amount of \$3,000 for payment of the penalty assessed in the Stipulation and Consent Order.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads 'Jill Williams'.

Jill Williams
Assistant Vice President
Compliance
North American Company

Encl.

SWAMP OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:
NORTH AMERICAN COMPANY FOR LIFE
AND HEALTH INSURANCE
4350 WESTOWN PARKWAY
WEST DES MOINES, IA 50266

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, North American Company for Life and Health Insurance, NAIC # 66974, (Company) is authorized under the insurance laws of the State of Iowa and by the Director as a foreign stock company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by duly qualified examiners of the Department pursuant to Sections 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the Department examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by or in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Company and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That the Director and the Company consent to this order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain procedures to comply with 215 ILCS 5/224(l)(l) by notifying the insured's beneficiary at the time of claim that interest shall accrue at the rate of ten percent (10%) until total payment or first installment is paid unless payment is made within thirty-one (31) days from the occurrence of the last of the conditions set forth in 215 ILCS 5/224(1)(l).
2. Institute and maintain procedures to comply with 215 ILCS 5/234.1 by giving a notice to the policyowner prior to enacting a non-forfeiture option which notice explains the action and refers the policyowner to all available options, if any, under the provisions of the policy. Evidence of this notice shall be maintained by the Company.
3. Institute and maintain procedures to comply with the requirements of Title 50 Illinois Administrative Code Part 1405.40(p)(3) by not utilizing policy provisions for loss due to accident or accidental injury containing language limiting, reducing or excluding liability for a loss resulting from purely accidental circumstances (e.g., involuntary or unintentional ingestion of poison or an infectious organism, or inhalation of poisonous gases or fumes).
4. Submit to the Director of Insurance, proof of compliance with the above four (4) Orders within 30 days of the execution of these Orders.
5. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of three thousand dollars (\$3,000) to be paid within thirty (30) days of receipt of these Orders.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:

North American Company for Life and Health Insurance

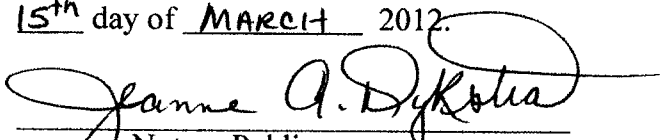


Signature:

STEVEN C. PALMITIER
Name:

PRESIDENT of COO
Title:

Subscribed and sworn to before me this
15th day of MARCH 2012.

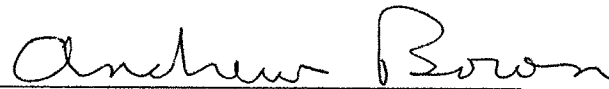


Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE 4/9/12



Andrew Boron
Director

Jill M. Williams
Assistant Vice President of Compliance



NA
North American Companies
for Life and Health Insurance

525 West Van Buren • Chicago, Illinois 60607
Phone: 800.800.3656, Ext. 87648 • Fax: 312.648.7778
E-Mail: jwilliams@sfgmembers.com

March 15, 2012

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield, IL 62767

Via Overnight Mail

RE: Stipulation and Consent Order – North American Company for Life and Health

Dear Mr. Morris:

Enclosed please find two signed copies of the Stipulation and Consent Order. A check in amount of \$3,000 has been sent under separate cover. North American I as completed the remediation of the following claims issues cited in the exam:

1. A procedure has been implemented to comply with 215ILCS 5/224(1). The acknowledgement letter sent to the beneficiary includes a statement indicating that interest shall accrue at the rate of 10% if the claim is not paid within 30days.
2. Policy Forms have been changed to comply with the requirements of Title 50 Illinois Administrative Code Part 1405.40(p)(3).

We continue to work on programming of the notice to the policyowner to comply with 215 ILCS 5/234.1. We intend to complete the programming of this notice within the next 90 days. I will notify you when this has been completed.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads 'Jill Williams'.

Jill Williams
Assistant Vice President
Compliance
North American Company

Enclosures

215 JUL 5/2012 (11)



North American Company
for Life and Health Insurance
Since 1885

On behalf of North American Company for Life and Health, please accept our sincere condolences, to you and your family.

We have included a packet of information to guide you through the claim process. Please refer to the instructions for completing the Proof of Death Claimant Statement, which outlines the documents needed to process your claim.

In addition, any life insurance coverage provided by an Additional Insured Rider, or Spousal Rider will terminate 31 days after the date of death. Prior to the termination date, any rider, who is eligible according to the terms of the policy, has the option to convert their coverage to any individual policy at the premium rates based on current age, without evidence of insurability.

If the insurance policy contained a Family Insurance Rider, we will provide separate information regarding coverage that may be provided under this rider.

Since this policy was issued in Illinois we are required to notify you that if there is a delay in processing your claim, once all requirements have been received from you, the following will apply for death claim interest.

“Interest shall accrue on the proceeds payable because of the death of the insured, from date of death, at the rate of 10% on the total amount payable or the face amount if payments are to be made in installments until the total payment or first installment is paid, unless payment is made within thirty-one (31) days from the date of receipt by the company of due proof of loss.”

Please contact our office or your agent for forms to apply for the conversion of coverage.

If you have questions, please call us toll free at 800-733-2524. We are available Monday through Thursday from 7:30 am to 5:00 pm (CST) and Friday from 7:30 am to 12:30 pm (CST). A claims representative will be happy to assist you.

Sincerely,

Claims and Benefits Department

215 JLCS 3/234-1



North American Company
for Life and Health Insurance
Since 1886

January 25, 2012

**IMPORTANT INFORMATION
NON-FORFEITURE OPTIONS**

Jane Doe
123 Park Way
Anywhere, SD 57000

RE: Insured – Jane Doe
Policy Number –

Dear Policyowner:

Thank you for choosing North American. *We're Here For Life®!*

Based on the terms of your contract, if a premium payment is not received by the end of the grace period, a non-forfeiture option of *Reduced Paid Up Insurance* will go into effect.

We appreciate the opportunity you have provided us to serve you. We encourage you to contact your agent or a service representative with any questions or concerns. You will also find helpful information on our website, www.nacolah.com.

Sincerely,

Policy Change and Reinstatement

Enclosure

CC: (Agent Info)

215 ILCS 5/243.1



North American Company
for Life and Health Insurance
Since 1888

January 25, 2012

**IMPORTANT INFORMATION
NON-FORFEITURE OPTIONS**

Jane Doe
123 Park Way
Anywhere, SD 57000

RE: Insured – Jane Doe
Policy Number –

Dear Policyowner:

Thank you for choosing North American. *We're Here For Life[®]!*

Based on the terms of your contract, if a premium payment is not received by the end of the grace period, a non-forfeiture option of Extended Term Insurance will go into effect.

We appreciate the opportunity you have provided us to serve you. We encourage you to contact your agent or a service representative with any questions or concerns. You will also find helpful information on our website, www.nacofah.com.

Sincerely,

Policy Change and Reinstatement

Enclosure

CC: (Agent Info)

215 ICS 51234.1



North American Company
for Life and Health Insurance
Since 1888

January 25, 2012

**IMPORTANT INFORMATION
NON-FORFEITURE OPTIONS**

Jane Doe
123 Park Way
Anywhere, SD 57000

RE: Insured – Jane Doe
Policy Number –

Dear Policyowner:

Thank you for choosing North American. *We're Here For Life®!*

Based on the terms of your contract, if a premium payment is not received by the end of the grace period, a non-forfeiture option of Extended Term Insurance will go into effect.

If you wish to exercise the non-forfeiture option of Reduced Paid Up Insurance, which is also available to you, please initial next to the option selected, sign, and date the information on the bottom of this letter and return this letter to the address listed below.

We appreciate the opportunity you have provided us to serve you. We encourage you to contact your agent or a service representative with any questions or concerns. You will also find helpful information on our website, www.nacolah.com.

Sincerely,

Policy Change and Reinstatement

Enclosure

CC: (Agent Info)

Please place my policy on the option:

Reduced Paid-Up

Signature of Owner

Date

Title 50 ILAC (art 1405.7(p)(3))



North American Company for Life and Health Insurance

Principal Office: 4350 Westown Parkway • West Des Moines • IA • 50266

Administrative Office: P.O. Box 5088 • Sioux Falls • SD • 57117-5088

www.nacolah.com

ACCIDENTAL DEATH BENEFIT RIDER

This Rider is a part of the policy. It is subject to all the terms of the policy unless We state otherwise.

EFFECTIVE DATE - This Rider is issued with the policy and is effective on the Policy Date.

CONSIDERATION - This Rider is issued in consideration of the application for this Rider and payment of the required Cost of Insurance for the Benefit Amount.

BENEFIT - This Rider provides accidental death insurance on the life of the person insured under this Rider. We will pay the Benefit Amount shown on the Schedule of Policy Benefits of the policy or a supplemental Schedule of Policy Benefits to the Beneficiary when We receive due proof that the death of the Insured:

1. was a direct result of accidental bodily injury;
2. occurred within 90 days from the date of the injury; and
3. the injury occurred while the policy and this Rider were in force.

AUTOPSY - We have the right to examine the body and to have an autopsy performed at Our expense unless prohibited by law.

BENEFIT AMOUNT - The amount of level term life insurance provided on the life of the person insured by this Rider, shown on the Schedule of Policy Benefits for the policy or in a supplemental Schedule of Policy Benefits.

COST OF INSURANCE - The Cost of Insurance rates for this Rider are based on the Insured's Policy Age on the Effective Date, Sex and Premium Class. We base the Cost of Insurance rates on future expectations as to Our investment earnings, mortality experience, persistency, and expenses. We will apply any change in Cost of Insurance rates to all insureds of the same class as the Insured. This Rider will stay in force provided the Cost of Insurance is paid or deducted from the policy Account Value when due. The Cost of Insurance for the Benefit Amount will cease when this Rider terminates.

CHANGES IN INSURANCE COVERAGE - The Benefit Amount may be decreased by Your written request. The decrease will become effective on the Monthly Deduction Day that falls on or next follows the date of Our receipt of Your written request. The change will be shown in a supplemental Schedule of Policy Benefits. No increases to the Benefit Amount are allowed.

INCONTESTABILITY - All statements made in the application for this Rider by or on behalf of the Insured will, except in the case of fraud, be deemed representations and not warranties. We cannot contest this Rider as to statements contained in the application after it has been in force, during the Insured's lifetime, for a period of two years from its Effective Date. We cannot contest this Rider after it has been in force, during the Insured's lifetime, for a period of two years from its reinstatement date.

MISSTATEMENT OF AGE OR SEX - If the Insured's age or sex has been misstated, We will adjust the Benefit Amount to be the amount which the most recent Cost of Insurance payment or deduction would have purchased at the Insured's correct age and sex.

EXCLUSIONS – The Benefit Amount will not be paid if the Insured's death results directly from any of the following:

1. suicide, or any attempt to commit suicide, while sane or insane.
2. service in the military, land, sea or air, while at war or an act of war, whether declared or undeclared.
3. legal intoxication and/or the voluntary taking of illegal drugs or intentional misuse of prescription or over the counter drugs.
4. disease of the body or mind in any form. However, bacterial infection resulting from an injury on the exterior of the body is covered.
5. operating, riding in, or descending from any kind of device for aerial navigation if the Insured is:
 - a) a pilot, officer, or member of the crew.
 - b) in flight or on duty in a military, naval or air force aircraft.

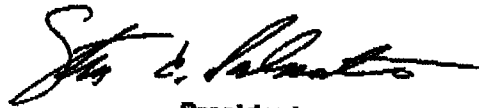
TERMINATION – This Rider terminates on the earliest of the following:

1. the date the policy terminates;
2. the Policy Anniversary which is nearest the Insured's 70th birthday;
3. on the Monthly Deduction Day that falls on or next follows the date We receive Your written request;
4. on the date coverage for the Insured under this Rider has ended due to death; or
5. on the date the payment or deduction of the Cost of Insurance is in default beyond the grace period.

Signed for the North American Company for Life and Health Insurance.



Secretary



President



CHECK HAS A COLORED BACKGROUND AND A PINK INK SQUARE IN BOTTOM RIGHT CORNER. RUB SQUARE AND INK WILL FADE AND REAPPEAR.

1600471523



North American Company for Life & Health Insurance
Principal Office: 4350 Westown Pkwy, West Des Moines, IA 50266
Administrative Office: P.O. Box 5088, Sioux Falls, SD 57117-5088

PAY TO THE ORDER OF

Wells Fargo Bank, N.A.
Denver, CO

DATE
03-28-2012

For Inquiries call: 1-800-288-3567 option 1, option 2

82-91
1021

AMOUNT
*****3,000.00*****

ILLINOIS DEPT OF INSURANCE
320 W WASHINGTON ST
SPRINGFIELD IL 62767

⑆1600471523⑆ ⑆102100918⑆ 4990017781⑆

1006012

21/03/40 P-1141 47114
⑆16000240⑆
6440-520

8 36 IP 12-04-29 1600471523 \$3,000.00

PAY TO THE ORDER OF
FIFTH THIRD BANK
FOR DEPOSIT ONLY 7298230244
OFFICE OF THE ILLINOIS STATE TREASURER
2370530314
GUARANTEED ENDORSEMENT

Item Details:

Amount: \$3,000.00
Check Number: 1600471523
Posting Date: 04/23/2012
As of Date: 04/23/2012

Account Name: Nacolah Controlled Disbursemen
Account Number: [REDACTED]
Routing Number: [REDACTED]
Type Code/Description: 475/CHECK PAID
Item Sequence Number: 8657194829

Additional Item Details: 0000130 +000000013186872
CHECK



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

January 18, 2013

Jill Williams
Assistant Vice President
Compliance
North American Company for Life & Health Insurance
525 West Van Buren Street
Chicago, IL 60607

Re: Stipulation and Consent Order
North American Company for Life & Health Insurance
NAIC # 66974

Dear Ms. Williams,

Your fax of 6-20-12 provided satisfactory proof of compliance with the Stipulation and Consent Order.

This Department will be closing its file on this examination. I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132. Please be advised that, if the Director so authorizes, the Report will be a public record and may be posted on the Department's website.

Please contact me if you have any questions.

Yours Truly,

James J. Morris
Assistant Deputy Director
Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington Street
Springfield IL 62767
312-833-5582 mobile
217-557-8494 fax
james.j.morris@illinois.gov