

STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

PHILADELPHIA AMERICAN LIFE
INSURANCE COMPANY
11720 KATY FREEWAY #1700
HOUSTON, TEXAS 77079

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 Danny Talkington, Examiner-In-Charge and associates as the proper persons to examine the insurance business and affairs of Philadelphia American Life Insurance Company of Galveston, Texas, and to make a full and true report to me of the examination made by them of Philadelphia American Life Insurance Company with a full statement of the condition and operation of the business and affairs of Philadelphia American Life Insurance Company with any other information as shall in my opinion be necessary to examine 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 Philadelphia American Life Insurance Company.

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 10th day of November, 2010



Michael T. McRaith
Michael T. McRaith

Director

This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 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

PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: May 2, 2011 through July 29, 2011

EXAMINATION OF: Philadelphia American Life Insurance
Company
NAIC # 67784

COMPANY ADDRESS: 11720 Katy Freeway, Suite 1700
Houston, Texas 77079

PERIOD COVERED
EXAMINATION: January 1, 2010 thru December 31, 2010

EXAMINERS: Danny L. Talkington
Examiner in Charge

INDEX

	<u>Page #</u>
I. SUMMARY	1
II. BACKGROUND	2
III. METHODOLOGY	3 - 4
IV. FINDINGS	6 - 10
A. Producer Analysis	
B. Claims Analysis	
C. Nonforfeiture Analysis	
D. Policy Forms & Advertising Material	
E. Complaint Analysis	
V. INTERRELATED FINDINGS	11
VI. TECHNICAL APPENDICES	12

I. SUMMARY

1. The Company was criticized for failure to notify the insured's beneficiary of the availability of interest payment due to delayed claim processing as required by Section 224(1)(l) of the Illinois Insurance Code, 215 ILCS 5/224(1)(l).
2. The Company was criticized under for failure to provide the insured Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).
3. The Company was criticized for failure to provide a Notice of Enactment of a Non-forfeiture Option as required by Section 234.1 of the Illinois Insurance Code, 215 ILCS 5/234.1.

II. BACKGROUND

Effective Jun 20, 1996 Philadelphia American Life Insurance Company (Philadelphia American) re-domesticated from Philadelphia, Pennsylvania to Houston, Texas by way of Charter Amendment. New Era Life Insurance Company acquired Philadelphia American Life Insurance Company effective June 27, 1996.

Effective May 4, 2000 Philadelphia American was authorized to operate as a third party administrator in the State of Texas. Effective June 27, 2002 Philadelphia American was approved to withdraw from writing association coverage insurance in Texas.

Effective September 1, 2002 Philadelphia American totally reinsured Bankers Commercial Life Insurance Company of Dallas, Texas. Effective January 1, 2004 Philadelphia American reinsured certain accident and health insurance policies of Occidental Life Insurance Company of North Carolina, Waco, Texas.

Effective December 31, 2005 Philadelphia American reinsured certain individual accident and health insurance policies from Central States Health & Life Company of Omaha, Omaha, Nebraska. Effective January 1, 2007 Philadelphia American reinsured certain individual long-term care policies of Life and Health Insurance Company of America, Plymouth Meeting, Pennsylvania.

Effective October 1, 2007 Philadelphia American reinsured deferred annuity contracts from London Pacific Life and Annuity Company of Raleigh, North Carolina.

Philadelphia American is licensed in the District of Columbia, the U. S. Virgin Islands and every state except New York and Rhode Island.

Illinois Insurance Department records indicate that the Company was initially licensed in Illinois effective March 1, 1978.

The Company's 2010 Annual Statement Schedule T reflects the following 2010 Illinois business:

Life Insurance Premiums Direct	Annuity Considerations Direct	Accident and Health Insurance Premiums Direct	Other Considerations Direct
78,105	0	6,595,601	0

III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's system and procedures used in dealing with insured's 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 & Production
2. Claims Analysis
3. Non-forfeiture Analysis
4. Policy Forms & Advertising Materials Review
5. Insurance Department and Consumer Complaints

The review of these categories was accomplished through examination of producer files, claim files, cash surrendered policy files, policy forms & advertising material, and Department of Insurance and consumer complaint files. Each of these categories was 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 practices. Individual criticisms were identified and communicated to the insurer, but not cited in the report if not indicative of a general trend, except to the extent that underpayments and/or overpayments in claim surveys or undercharges and/or overcharges in underwriting surveys were cited in the report.

The following methods were used to obtain the required samples and to assure a methodical selection:

Producer Licensing and Production

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 by selecting newly solicited insurance applications that reflected Illinois addresses for applicants.

The examination period for the producer analysis was January 1, 2010 through December 31, 2010.

Claims

1. Paid Claims - Payment for claims made during the examination period.
2. Denied Claims – Denial of benefits for losses not covered by policy provisions.

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

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment to the insured or the beneficiary. The examination period of the claims survey was January 1, 2010 through December 31, 2010.

Non-Forfeiture Analysis

Listings were requested of all life and annuity policies that were cash surrendered, placed on extended term insurance status, or converted to reduced paid-up insurance during the examination period. These listings were retrieved by a search of Illinois life policies that were either lapsed for nonpayment of premium or were non-forfeiture option conversions requested by the policyholders. The examination period for the Non-Forfeiture Analysis was January 1, 2010 through December 31, 2010.

Policy Forms & Advertising Material Review

All policy forms, form letters, riders and advertising materials used in Illinois during the examination period were requested. These were reviewed for compliance as to format, content and terminology as required by Illinois law. The examination period for the Policy Forms & Advertising Material Review was January 1, 2010 through December 31, 2010.

Insurance Department and Consumer Complaints

The Company was requested to provide all files relating to complaints received via the Department 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 by the complainant to the date of response to the Department. The examination period of this survey was January 1, 2010 through May 2, 2011.

SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
<u>Producers Analysis</u>			
Producers/Applications	60/546	60/546	100.00
Terminated Agents Review	0	0	00
<u>Claims Analysis</u>			
Paid Individual Life	26	26	100.00
Medicare Duplication Review	417	417	100.00
Paid Individual Long Term Care	12	12	100.00
Paid Individual Major Medical	23	23	100.00
Denied Individual Major Medical	7	7	100.00
Paid Individual Medicare Supplement	84,809	116	00.14
Denied Individual Medicare Supplement	3,454	116	03.35
Paid Group Accident	74	74	100.00
Denied Group Accident	2	2	100.00
Paid Individual Disability	1	1	100.00
Paid Individual Accident	2	2	100.00
Paid Individual Cancer	82	82	100.00
Denied Individual Cancer	8	8	100.00
Annuity Death Settlements	3	3	100.00
<u>Non-Forfeiture Analysis</u>			
Extended Term/Reduced Paid Up Insurance	10	10	100.00
Life Cash Surrenders	9	9	100.00
Annuity Cash Surrenders	3	3	100.00
<u>Policy Forms & Advertising</u>	132	132	100.00
<u>Complaint Analysis</u>			
Department of Insurance Complaints	1	1	100.00

IV. FINDINGS

A. Producer Analysis

1. A review of the 60 producers and 546 commission payments produced no criticisms.
2. There were no agents terminated for cause during the survey period.

B. Claims Analysis

1. Paid Individual Life

Twenty Six Paid Individual Life claim files were reviewed. Twenty Six files or 100% of the Paid Individual Life claim files reviewed were criticized. A general trend criticism was written under for failure to notify the insured's beneficiary of the availability of interest payment due to delayed claim processing as required by Section 5/224(1)(l) of the Illinois Insurance Code, 215 ILCS 5/224(1)(l). The Company agreed that it failed to provide the insured's beneficiary notice of the availability of interest due to delayed claim processing as required by 215 ILCS 5/224(1)(l). The median for payment was five (5) days. All claims were paid within fifteen days of receipt of due proof of loss. Therefore, no interest was required to be paid pursuant to Section 5/224(1)(l) of the Illinois Insurance Code, 215 ILCS 5/224(1)(l).

2. Paid Long Term Care

A review of twelve Paid Long Term Care claim files produced no criticisms.

The median for payment was one (1) day.

3. Paid Individual Major Medical

A review of twenty three Paid Individual Major Medical claim files produced no criticisms.

The median for payment was fourteen days.

4. Denied Individual Major Medical

Seven (7) Denied Individual Major Medical claim files were reviewed. Seven (7) files or 100% of the Denied Individual Major Medical claim files reviewed were criticized. A general trend criticism was written for failure to provide Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).

The Company agreed that it failed to provide Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).

The median for denial was seven (7) days.

5. Paid Individual Medicare Supplement

A review of one hundred sixteen Paid Individual Medicare Supplement claim files produced no criticisms.

The median for payment was Seven (7) days.

6. Denied Individual Medicare Supplement

One hundred sixteen Denied Individual Medicare Supplement claim files were reviewed. One hundred sixteen files or 100% of the Denied Individual Medicare Supplement claim files reviewed were criticized. A general trend criticism was written for failure to provide Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).

The Company agreed that it failed to provide Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).

The median for denial was eight (8) days.

7. Paid Group Accident

A review of seventy four Paid Group Accident claim files produced no criticisms.

The median for payment was three (3) days.

8. Denied Group Accident

Two (2) Denied Group Accident claim files were reviewed. Two (2) files or 100% of the Denied Group Accident claim files reviewed were criticized. A general trend criticism was written for failure to provide Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1). The Company agreed that it failed to provide Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).

No median for denial could be established.

9. Paid Individual Disability

A review of one (1) Paid Individual Disability claim file produced no criticisms.

No median for payment could be established.

10. Paid Individual Accident

A review of two (2) Paid Individual Accident claim files produced no criticisms.

The median for denial was ten (10) days.

11. Paid Individual Cancer

A review of eighty two Paid Individual Cancer claim files produced no criticisms.

The median for payment was nine (9) days.

12. Denied Individual Cancer

Eight (8) Denied Individual Cancer claim files were reviewed. Eight (8) files or 100% of the Denied Individual Cancer claim files reviewed were criticized. A general trend criticism was written for failure to provide Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).

The Company agreed that they failed to provide Notice of Availability of The Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).

The median for denial was five (5) days.

13. Paid Annuity Death Settlements

A review of three (3) Paid Annuity Death Settlement claim files produced no criticisms.

The median for payment was twenty seven days.

C. Non-forfeiture Analysis

1. Life Cash Surrenders

A review of nine (9) Life Cash Surrender files produced no criticisms.

The median for payment was eleven days.

2. Extended Term/Reduced Paid Up Insurance

Ten (10) Extended Term/Reduced Paid Up Insurance files were reviewed. Ten (10) files or 100% of the files reviewed were criticized. A general trend criticism was written under for failure to provide a Notice of Enactment of the Non-forfeiture Options as required by Section 234.1 of the Illinois Insurance Code, 215 ILCS 5/234.1. While the company did explain the non-forfeiture option being adopted, the company did not refer the policy owner to the other available options under the policy. The Company agreed that it failed to provide a Notice of Enactment of Non forfeiture Options as required by 215 ILCS 5/234.1.

3. Annuity Cash Surrenders

A review of three (3) Annuity Cash Surrender claim files produced no criticisms.

The Median for payment was four (4) days.

D. Policy Forms & Advertising Material

A review of one hundred thirty two policy forms and advertising brochures used during our survey period produced no criticisms.

E. Complaint Analysis

1. Department of Insurance Complaints

A review of one (1) Department of Insurance Complaint file produced no criticisms.

No median for response could be established.

V. INTERRELATED FINDINGS

None

VI. TECHNICAL APPENDICES

None



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW R STOLFI
Acting Director

November 14, 2011

Bill S Chen
President
Philadelphia American Life Insurance Company
NAIC # 67784
11720 Katy Freeway #1700
Houston, TX 77210

*sent via USPS certified mail
return receipt requested*

Dear Mr. Chen:

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 1-1-10 through 12-31-10 except for Department of Insurance Complaints for which the period examined was 1-1-10 through 5-2-11.

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, Tuesday, December 20, 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 20, 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



P.O. Box 4884 • Houston, Texas 77210 • (281) 368-7200

January 6, 2012

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

Re: Market Conduct Examination
Philadelphia American Life Insurance Company
NAIC Number: 67784

Dear Mr. Morris:

We acknowledge receipt of your letter dated November 14, 2011, which provided a copy of the verified report of the above referenced Examination. We have reviewed this report and find that we do not have any rebuttal or objection to the findings of the Examination.

If you have any questions or need additional information, please let me know.

Sincerely,

Susen Bookwalter, FLMI, ALHC, DIA
Vice President
Claims Review and Resolution

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:
PHILADELPHIA AMERICAN LIFE INSURANCE COMPANY

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, Philadelphia American Life Insurance Company (Company), NAIC # 67784, is authorized under the insurance laws of the State of Texas 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 5/131.21, 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 the Company 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.

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 notify the insured's beneficiary of the availability of interest payment due to delayed claim processing as required by Section 224(1)(l) of the Illinois Insurance Code, 215 ILCS 5/224(1)(l).
2. Institute and maintain procedures to provide the insured Notice of Availability of the Department of Insurance on denied claims as required by Title 50 Illinois Administrative Code 919.50(a)(1).
3. Institute and maintain procedures to provide a Notice of Enactment of a Non-forfeiture Option as required by Section 234.1 of the Illinois Insurance Code, 215 ILCS 5/234.1.
4. Submit to the Director of Insurance, proof of compliance with the above three (3) Orders within 30 days of the execution of these Orders.
5. Pay to the Illinois State Treasurer, c/o Director of Insurance, a civil forfeiture in the amount of five thousand dollars (\$5,000) 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:
Philadelphia American Life Insurance Company

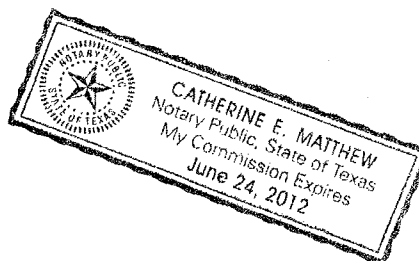
Bill S. Chen
Signature

Bill S. Chen
Name

President + CEO
Title

Subscribed and sworn to before me this
11th day of May A.D. 2012.

Catherine E. Matthe
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE 5-16-12

Andrew Boron
Andrew Boron
Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

May 21, 2012

Bill S. Chen
President
Philadelphia American Life Insurance Company
NAIC # 67784
11720 Katy Freeway #1700
Houston, Texas 77210

Re: Market Conduct Examination
Stipulation and Consent Order

Dear Mr. Chen,

Attached for your records is the captioned Stipulation and Consent Order which has been executed by yourself and Director Boron. Please be advised that the deadline to provide proof of compliance with Orders # 1, 2 and 3 and to submit the \$5,000 civil forfeiture agreed to Order # 5 is hereby extended to June 30, 2012.

Please contact me if you have any questions in this matter.

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



P.O. Box 4884 • Houston, Texas 77210 • (281) 368-7200

July 6, 2012

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

Re: Market Conduct Examination
Stipulation and Consent Order

Dear Mr. Morris:

As per our correspondence via email I am enclosing the following:

- Our payment of the \$5,000 civil forfeiture agreed to in Order #5
- Notice of availability of interest payment due to delayed claim processing - Order #1 (Letter sent to all IL claimants in response to initial notice of death claim)
- Notice of availability of Department of Insurance on denied claims - Order #2 (copies of our current Explanation of Benefits providing such notice automatically to IL policyholders).
- Notice of Enactment of a Non-Forfeiture Option - Order #3 (Letter is automatically generated by system upon enactment of non-forfeiture option of an IL policy).

If you have any questions or need additional information, please let me know.

Sincerely,

Susen Bookwalter, FLMI, ALHC, DIA
Vice President
Claims Review and Resolution

NEW ERA LIFE INSURANCE COMPANY



NEW ERA LIFE INSURANCE COMPANY
OF THE MIDWEST

Policy Number :
Insured/Annuitant:

Dear Mr.

We acknowledge you notifying us of the death of _____ Please accept our sincere sympathy in your loss. Our records indicate that the **beneficiary** of this policy is _____. In order to consider this claim we will need the documents as checked below:

- Claimant's Statement completed by the beneficiary(ies) as indicated above.
- Certified copy of the Death Certificate
- The original policy (If the original is lost, please indicate this in writing, sign it, date it and submit with the other documentation.)
- Copies of Letters of Administration or Letters Testamentary.
- Withholding Election Form completed by each beneficiary.
- Form W-9 completed and signed by each beneficiary.
- Other:

Upon receipt of the indicated information this claim will be given our prompt consideration.

Please be advised under Illinois law if payment of your claim is not made within 15 days of the date of receipt by the Company of due proof of loss, interest on the claim settlement will accrue at the rate of 9% from the date of death to the date of payment for the total amount payable.

If you have any questions, please feel free to contact me at (800) 552-7879, my extension is indicated below.

Sincerely,

Belinda Gonzalez
Claim Department
Extension 7393

P.O. Box 4884 – Houston, Texas 77210-4884
11720 Katy Freeway Suite 1700, Houston, TX 77079
Telephone: (281) 368-7200 – Toll Free (800) 552 7879

HEALTH INSURANCE EXPLANATION OF BENEFITS

CLAIM#	POLICY NO.	EOB DATE	Deductible	
				Accumulated
██████████	██████████	06/30/11		

NEBC311
DHS0010

Insured Name SSN
Address Patient Name
Patient #

Provider Name	Service Dates		Claim Amount	BC Code	Non-Covered Amount	NC Code	Deduct. Amount	Copy Amount	Payable Amount
	From	To							
ANES ASSOC	04/20/11	04/20/11	945.00	10	945.00	40	0.00	0.00	0.00

Totals: 945.00 945.00 0.00 0.00 0.00

BC Code: 10 ANESTHESIA SERVICES Deduction: 0.00
Benefit Paid: 0.00

NC Code: 40 PENDING ADDITIONAL INFORMATION-SEE COMMENTS

Comments: PLS REFILE WITH AETNAS EXPLANATION OF BENEFITS.

If you feel that we have misinterpreted any information submitted, or if you have any further information you feel should be considered please let us know. When communicating, always include your policy number.

Please refer to the proof of loss provision in your policy.
Claims should be filed in the time frame stated in this policy provision.

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 100 W. Randolph Street, Suite 15-100, Chicago, Illinois 60601 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767.

EXPLANATION OF BENEFITS

DATE: 07-12-2011 INSURED: [REDACTED]
 PATIENT: [REDACTED] REL: INS GROUP #: 000008556

PROVIDER NAME/ SERVICE DESCRIPTION	SERVICE DATES FROM TO	TOTAL BILLED	DISCOUNTS	NON- COVERED	REMARK CODES ***	COVERED CHARGE	APPLIED TO PLAN DEDUCTIBLE	CO- PAY	%	PAYABLE AMOUNT
ST ELIZABETH HOSPITAL INELIGIBLE	01/01 01/01/11	15.00		15.00	27					
PROVIDER TOTALS		15.00	0.00	15.00		0.00	0.00	0.00		
TOTAL PAYABLE										0.00

*** REMARK CODE 27 - NOT COVERED. SEE FREE-FORM COMMENT.

NOTE: IF THE EXPLANATION ABOVE INDICATES THAT YOUR CLAIM HAS BEEN DENIED, IN WHOLE OR IN PART, WE ARE WILLING TO REVIEW OUR DECISION. WE TRY TO GIVE EACH CLAIM OUR FULLEST CONSIDERATION. IF YOU FEEL THAT WE HAVE MISINTERPRETED ANY INFORMATION SUBMITTED, OR IF YOU HAVE ANY FURTHER INFORMATION YOU FEEL SHOULD BE CONSIDERED, PLEASE LET US KNOW. CLAIM APPEALS SHOULD BE SUBMITTED IN WRITING, TO THE ATTENTION OF THE 'CLAIM DEPARTMENT, ATTENTION: APPEALS'.

IL: PART 919 OF THE RULES OF THE ILLINOIS DEPARTMENT OF INSURANCE REQUIRES THAT OUR COMPANY ADVISE YOU THAT IF YOU WISH TO TAKE THIS MATTER UP WITH THE ILLINOIS DEPARTMENT OF INSURANCE, IT MAINTAINS A CONSUMER DIVISION IN CHICAGO AT 100 W. RANDOLPH STREET, SUITE 15-100, CHICAGO, ILLINOIS 60601 AND IN SPRINGFIELD AT 320 WEST WASHINGTON STREET, SPRINGFIELD, ILLINOIS 62767.

PLEASE REFER TO THE PROOF OF LOSS PROVISION IN YOUR POLICY.
 CLAIMS SHOULD BE FILED IN THE TIME FRAME STATED IN THIS POLICY PROVISION.

PAYMENT OF THIS CLAIM WILL NOT SET A PRECEDENT FOR FUTURE CLAIMS. ALL CLAIMS ARE EVALUATED INDIVIDUALLY BASED ON THE PROOF SUBMITTED AT THE TIME. THE COMPANY EXPRESSLY RESERVES THE RIGHT TO ASSERT ANY AND ALL POLICY DEFENSES, WHETHER KNOWN OR UNKNOWN AT THIS TIME, WITH RESPECT TO CLAIMS FOR THIS OR OTHER CONDITIONS.

CHAMPAIGN, IL 61825

000008556

Automatic NFO is ETI

Date

Name
Address
City, State

Re: Policy No. 9999999999

Dear Name:

When the grace period expired for the premium due mm/dd/yy, the cash value of your policy was used to purchase Extended-Term Insurance (ETI) in accordance with the non-forfeiture provision of your policy. The ETI death benefit is \$xx,xxx and the expiry date for the policy is mm/dd/yy. After the expiry date, there will be no further insurance coverage.

Other non-forfeiture provisions that may be available to you are Reduced Paid Up and Cash Surrender. Please refer to your policy to determine if these are applicable to your policy. If you wish to choose one of these options, please send us a written request.

If you would like to reinstate this policy, please complete the enclosed reinstatement application. Upon receipt, it will be referred to our Underwriting Department for consideration. If the application is approved by an Underwriter, we will notify you of the amount of premium due.

If you have any questions or we may be of further assistance, please contact our office at 800-552-7879.

Sincerely,

Policyholder Services Department

Automatic NFO is RPU

Date

Name
Address
City, State

Re: Policy No. 9999999999

Dear Name:

When the grace period expired for the premium due mm/dd/yy, the cash value of your policy was used to purchase a Reduced-Paid-Up policy in accordance with the non-forfeiture provision of your policy. The face amount of your policy is now \$xx.xxx, and no further payments are required.

Other non-forfeiture provisions that may be available to you are Extended Term Insurance and Cash Surrender. Please refer to your policy to determine if these are applicable to your policy. If you wish to choose one of these options, please send us a written request.

If you would like to reinstate this policy, please complete the enclosed reinstatement application. Upon receipt, it will be referred to our Underwriting Department for consideration. If the application is approved by an Underwriter, we will notify you of the amount of premium due.

If you have any questions, or if we may be of further assistance, please contact our office at 800-552-7879.

Sincerely,

Policyholder Services Department



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

July 25, 2012

Bill S. Chen, President
Philadelphia American Life Insurance Company
NAIC# 67784
11720 Katy Freeway #1700
Houston, TX 77210

Re: **Philadelphia American Life Insurance Company
Market Conduct Examination Report**

Dear Mr. Chen,

This is in response to your July 6, 2012 letter on this subject.

Attached to your letter was a \$5,000 check in payment of the civil forfeiture set forth in Order # 5 as well as proofs of compliance with Order # 1 through Order # 3 in the Stipulation and Consent Order. Ms. Bookwalter's July 24, 2012 email contained proof of compliance with Order # 4. These proofs of compliance have been reviewed and are satisfactory.

Accordingly, this Department is closing its file on this exam. I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132.

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