



Illinois Department of Insurance

JB Pritzker
Governor

Robert H. Muriel
Director

VIA ELECTRONIC MAIL
VIA USPS CERTIFIED MAIL

August 4, 2020

Mr. David Thomas Chadwick
President
Primerica Life Insurance Company
1 Primerica Parkway
Duluth, GA. 30099

Re: Primerica Life Insurance Company, NAIC 65919
Market Conduct Examination Report Closing Letter

Dear Mr. Chadwick:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer
Chief Market Conduct Examiner
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
E-mail: Erica.Weyhenmeyer@Illinois.gov

**ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION**

PRIMERICA LIFE INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: August 19, 2019 through November 14, 2019

EXAMINATION OF: Primerica Life Insurance Company NAIC Number:
65919

LOCATION: 1 Primerica Parkway Center, Duluth, GA 30099

PERIOD COVERED: March 1, 2018 through February 28, 2019 – Claims
September 1, 2017 through February 28, 2019 –
Complaints

EXAMINERS: David Bradbury MCM, Examiner-in-Charge
Patricia Hahn MCM

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I. FOREWORD

This is a market conduct examination report of Primerica Life Insurance Company (the “Company”), NAIC Code 65919. This examination was conducted at the offices of the Company at 1 Primerica Parkway, Duluth, Georgia and the office of the Illinois Department of Insurance in Springfield, Illinois.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance (“IDOI” or “Department”).

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to, but not limited to, 215 ILCS 5/132.

The purpose of the examination was to determine if the Company complied with the Illinois Insurance Code (215 ILCS 5/1 et seq.), the Illinois Administrative Code (50 Ill. Admin. Code 101 et seq.), and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is March 1, 2018 through February 28, 2019 for claims, and September 1, 2017 through February 28, 2019 for complaints and appeals unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination involved the following business functions and lines of business: claims handling practices; policy forms and advertising in use; producer licensing; and the handling of consumer complaints, appeals, and Department complaints for all lines of business.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, products, forms, advertising, extra-contractual claim adjudication guidelines, and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

III. SUMMARY

The following represent general findings, however specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS							
Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
Paid Life	4 & 5	IIPRC-L-04-1, § 3(G) 215 ILCS 5/224(1)(l)	Failed to make payment of interest to the insured's beneficiary due to delayed claim.	638	109	2	2%
Paid Life	10	50 IAC 919.70(a)(2)	Failed to provide beneficiary with a reasonable written explanation when a claim is delayed beyond 45 days.	135	109	2	2%
Denied Life	8	50 IAC 919.70(a)(2)	Failed to provide beneficiary with a reasonable written explanation when a claim is delayed beyond 45 days.	43	43	1	2%
Denied Life	9	215 ILCS 5/154.6(i) and 50 IAC 919.50(a)(1)	Failed to affirm or deny coverage within 30 days.	43	43	9	21%
Paid Waiver of Premium	12	50 IAC 919.70(a)(2)	Failed to provide beneficiary with a reasonable written explanation when a claim is delayed beyond 45 days.	17	17	6	35%
Paid Waiver of Premium	13	215 ILCS 5/154.6(i) and 50 IAC 919.50(a)(1)	Failed to affirm or deny coverage within 30 days.	17	17	2	12%
Denied Waiver of Premium	16	50 IAC 919.70(a)(2)	Failed to provide beneficiary with a reasonable written explanation when a claim is delayed beyond 45 days.	9	9	1	11%
Denied Waiver of Premium	17	50 IAC 919.70(a)(2)	Failed to provide beneficiary with the "Notice of Availability of the Department of Insurance" on the 45 day delay letter.	9	9	2	22%

TABLE OF TOTAL VIOLATIONS

Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
Denied Waiver of Premium	14	215 ILCS 5/154.6(i) and 50 IAC 919.50(a)(1)	Failed to affirm or deny coverage within 30 days.	9	9	4	44%
Producer Licensing	22	215 ILCS 5/500-80	Payment of Commission to one (1) producer one (1) application to an unlicensed producer in the amount of \$104.90.	288/9259	288/9259	1	0.10%

IV. BACKGROUND

Primerica Life Insurance Company (Company) was founded as the Fraternal Protective Association of Boston in 1903. The Company incorporated in 1927 in the Commonwealth of Massachusetts under the name of Fraternal Protective Insurance Company. The name was changed in 1931 to Massachusetts Indemnity Insurance Company; in 1956 to Massachusetts Indemnity and Life Insurance Company; and in July 1992 to its present name.

The Company is currently licensed to sell insurance in all states except New York, as well as the District of Columbia, Guam, Puerto Rico, the Northern Mariana Islands and the U.S. Virgin Islands.

Primerica Life Insurance Company
2018 - Illinois Premium

Life Insurance
\$80,430,612

V. METHODOLOGY

The market conduct examination covered the business for the period of March 1, 2018 through February 28, 2019 for claims, and September 1, 2017 through February 28, 2019 for the complaint/appeal file review. Specifically, the examination focused on a review of the following areas:

- a. Producer Licensing
- b. Claims
- c. Department Complaints and Consumer Appeals

The review of the categories was accomplished through examination of appointed and terminated producer files, claim files, and complaint files. Each of the categories was examined for compliance with Department regulations and applicable state laws.

The report concerns itself with improper practices performed by the Company which resulted in failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid violations were cited in the report. The following methods were used to obtain the required samples and to assure a methodical selection:

Producer Licensing

New business was reviewed to determine if solicitations had been made by duly licensed persons.

Claims

- a. Paid Claims – Payment for claims made during the examination period.
- b. Denied Claims – Denial of benefits during the examination period for losses not covered by certificate of coverage provisions.

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

The Department defines due proof of loss as medical records, investigation materials, written proofs, claim forms, authorizations, or other reasonable evidence of claim that is ordinarily required of insureds or beneficiaries. The Department's position is that the 30 days to pay (31 days for interest) starts when the last proof required from the claimant (beneficiary), medical record, or investigation documentation is received by the Company.

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment or denial to the claimant. The period under review was March 1, 2018 through February 28, 2019.

Department Complaints and Consumer Appeals

The Department requested the Company provide all files relating to complaints received via the Department and those received directly from consumers. The Department also requested the Company provide files of all external independent reviews handled during the survey period.

Median periods were measured from the date of notification by the complainants to the date of response by the Company. The period under review was September 1, 2017 through February 28, 2019.

VI. SAMPLE SELECTION

<u>Survey</u>	<u>Population</u>	<u>Reviewed</u>	<u>% Reviewed</u>
CLAIMS ANALYSIS			
Paid Life	638	109	17%
Denied Life	43	43	100%
Closed Without Payment Life	2	2	100%
Compromised Life Claims	4	4	100%
Paid Waiver of Premium	17	17	100%
Denied Waiver of Premium	9	9	100%
Pending waiver of Premium	10	10	100%
Paid Accelerated Death	5	5	100%
Pending Accelerated Death	6	6	100%
COMPLAINTS			
Consumer Complaints	55	55	100%
Department of Insurance Complaints	15	15	100%
PRODUCER LICENSING			
Agents	288 Producers/ 9259 1 st Yr Commissions	288 Producers/ 9259 1 st Yr Commissions	100%
POLICY FORMS AND ADVERTISING			
Policy Forms	25	25	100%
Advertising	47	47	100%

VII. FINDINGS

a. Claims

i. Paid Life

1. In two (2) instances out of 109 files reviewed for an error percentage of 2%, the Company failed to make payment of interest when a claim remained unpaid for more than 31 days. This is a violation of IIPRC-L-04-1, § 3(G) and would be a violation of 215 ILCS 5/224(1)(l).

Criticism	Crit #	Statute Rule	Description of Violation
PH-04-Pd-Life	4	IIPRC-L-04-1, § 3(G)	Failed to pay interest on a life claim due to delayed claim payment
PH 05 Pd Life	5	IIPRC-L-04-1, § 3(G)	Failed to pay interest on a life claim due to delayed claim payment

2. In two (2) instances out of 109 files reviewed for an error percentage of 3%, the Company failed to provide the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a) (2).
3. The median for payment was four (4) days.

ii. Denied Life Claims

1. In one instance out of 43 files reviewed for an error percentage of two (2) % the Company failed to provide the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a)
2. In nine (9) instances out of 43 files reviewed for an error percentage of 21%, the Company failed to affirm or deny coverage within 30 days. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).
3. The median for denial was 19 days.

iii. Closed without Payment Life Claims

1. Two files were reviewed. No exceptions were noted.

iv. Paid by Compromise Life Claims

1. Four files were reviewed. No exceptions were noted.

v. Paid Waiver of Premium-Life

1. In six (6) instances out of 17 files reviewed for an error percentage of 35 % the Company failed to provide the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a).
2. In two (2) instances out of 17 files reviewed for an error percentage of 12%, the Company failed to affirm or deny coverage within 30 days. This is a violation of 215 ILCS 5/154.6(i) and 50 Ill. Admin. Code 919.50(a)(1).
3. The median for settlement was 22 days.

- vi. Denied Waiver of Premium
 1. In one (1) instance out of nine (9) files reviewed for an error percentage of 11 % the Company failed to provide the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a).
 2. In two (2) instances out of nine (9) files reviewed for an error percentage of 22 % the Company failed to provide the insured with the “Notice of Availability of the Department of Insurance” on the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a).
 3. In four (4) instances out of nine (9) files reviewed for an error percentage of 44%, the Company failure to affirm or deny coverage within 30 days. . This is a violation of 215 ILCS 5/154.6(i) and 50 Ill. Admin. Code 919.50(a)(1).
 4. The median for settlement was 23 days.
- vii. Pending Waiver of Premium
 1. Ten files were reviewed. No exceptions were noted.
- viii. Paid Accelerated Death Benefit Claims
 1. Five (5) files were reviewed. No exceptions were noted.
 2. The median for payment was five days.
- ix. Pending Accelerated Death Claims
 1. Six files were reviewed. No exceptions were noted.
- b. Complaints
 - i. Consumer Complaints
 1. Fifty-five consumer complaints were reviewed. No exceptions were noted.
 2. The median for response to the consumer was 20 days.
 - ii. Department of Insurance Complaints
 1. Fifteen files were reviewed. No exceptions were noted. The median for response to the Department was 18 days.
- c. Producer Licensing
 - i. A review of 288 agents and 9259 first year commissions was performed. The Company was criticized for paying commissions in the amount of \$104.90 to one producer for one application where the producer was unlicensed to sell life insurance in Illinois.
- d. Policy Forms and Advertising
 - i. Policy Forms
 1. Review of the 25 Illinois life and annuity policy forms filed produced no criticisms. The balance were Interstate Compact and Illinois forms in use outside of the scope of the exam.
 2. No exceptions were noted.
 - ii. Advertising
 1. Review of a sample 47 of a population of 47 advertising forms in use for the period under review produced no criticisms.

STATE OF ILLINOIS)
) ss
COUNTY OF SANGAMON)

David Bradbury, being first duly sworn upon his/her 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 Primerica Life Insurance Company (collectively the "Company").

That the Examiner-In-Charge 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 the Examiner-In-Charge nor any other persons so designated 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 a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated 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 she/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.


Examiner-In-Charge

Subscribed and sworn to before me
this 13th day of December 2019


Notary Public



STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**PRIMERICA LIFE INSURANCE COMPANY
1 PRIMERICA PARKWAY
DULUTH, GA. 30099**

STIPULATION AND CONSENT ORDER

WHEREAS, the 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, Primerica Life Insurance Company ("the Company"), NAIC 65919, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and

WHEREAS, the Market Conduct Examination 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; and

WHEREAS, the Company is aware of and understands their 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, they waive 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. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. 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 Department Regulations.

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

1. Institute and maintain policies and procedures whereby the Company shall provide the applicant with affirmation or denial of coverage within 30 days. 215 ILCS 5/154.6(i) and 50 IAC 919.50(a)(1)
2. Institute and maintain policies and procedures whereby the Company shall provide the beneficiary with a reasonable written explanation when a claim is delayed beyond 45 days. 50 IAC 919.70(a)(2)
3. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above two (2) orders within 30 days of execution of this Order.
4. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$10,000.00 to be paid within 10 days of execution of this Order.

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 PRIMERICA LIFE INSURANCE COMPANY

Vickie R. Bulger

Signature

Vickie R. Bulger

Name

SVP/Insurance Chief Compliance Officer

Title

Subscribed and sworn to before me this 10 day of June 2020.

Katrina Lett

Notary Public



DEPARTMENT OF INSURANCE of the State of Illinois:

DATE 6/9/20

Robert H. Muriel
Robert H. Muriel
Director

